



OFFICE OF THE CITY CLERK

KAREEMAH FOWLER, CITY CLERK

PERSONNEL & FINANCE

AUGUST 15, 2016 5:00 P.M.

Committee Members Present: Karen L. White, Regina Williams-Preston, John Voorde (late)

Other Council Present: Tim Scott, Jo M. Broden (late)

Committee Members Absent: Gavin Ferlic

Councilmembers Absent: Oliver Davis, Randy Kelly, Dr. David Varner

Others Present: City Clerk Kareemah Fowler, Jennifer Coffman, Kathleen Cekanski-Farrand, Adriana Rodriguez, John Murphy

Agenda: 2017 City-Wide Budget Overview
Administration
Innovation/Technology

Committee Chair Karen White called the meeting to order at 5:00 p.m. She thanked the Administration and explained the importance of the budget to the City as a whole.

Committee Chair White asked the Councilmembers to jot down questions as the departments make their presentations, and stated that the meetings go no longer than 7:00 p.m. Only one (1) off-site budget meeting is planned so far.

2017 City-Wide Budget Overview

Mayor Pete Buttigieg thanked everyone involved in the budget process.

South Bend is growing and we're in a healthy place in terms of finances. We continue to have a double-A bond rating, which is true of only a handful of communities around the State of Indiana, most of them wealthy Indianapolis suburbs, except us. That is a credit to a lot of groundwork of the Council and the Administration making tough choices and making sure we have healthy cash reserves so that if there is a recession or an unexpected economic shock, we would be in a position to avoid problems.

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JOSEPH MOLNAR
ORDINANCE VIOLATION CLERK

The other most important aspect of the 2017 budget is the fiscal challenges that we have. Tax revenues are not growing very quickly. We are mostly reliant on property taxes, there is always a bit of a lag, but you add to that some of the things that are going on in the statehouse, including a tax cut that is coming in 2020, the last act of HB 1001 that the City has been dealing with ever since.

At the same time, we are very much reliant on the gas tax when it comes to roads. The gas tax funds our roads. Gas prices are low, and people are buying more fuel efficient vehicles, and the gas tax was never pegged to inflation. So even though roads are more expensive to maintain, we aren't seeing an increase in funding.

Personnel costs are rising faster than inflation, the main driver being health care costs. This year we saw an eight percent (8%) increase. We are self-insured, but we are always going back to our broker to make sure we are getting the best deal that we can, but they're continuing to rise at a faster rate than revenue.

The big initiatives that you've heard about are on track. We are continuing to pursue the GVI, our diversity and inclusion effort, we are still working on workforce development, we are down from the big glut of vacant and abandoned houses and we want to make sure that never creeps up on us again. Also, a number of quality of place improvements including Smart Streets are in progress.

When it comes to the values that are going to guide our City, we are really focused on excellence, accountability, innovation, inclusion, and empowerment. Every City employee knows that I may be inclined to pull them aside and ask them to repeat our values.

Excellence means that we are finding a way to be the best in the state or the country in everything we do. Accountability means that we are transparent and efficient, putting residents first. Innovation means that we are always looking for better ways to provide services. Inclusion means that we are ensuring that as an employer and a purchaser, we are reflecting our community and celebrating our diversity. Empowerment means that we are creating an environment that empowers employees at every level to contribute in the richest possible way.

Based on the listening that we've done, the following is what we believe to be some of the major priorities that were expressed by the Council when it comes to the 2017 budget. Some are steady from before like interest in Shot Spotter, dumping and graffiti, traffic, and grass cutting were big themes last year. This year we heard about diversity and public safety, community policing, fighting in neighborhoods, City infrastructure, vacant lots, Code Enforcement, and curbs and sidewalks. Newer themes for this year include planning and making sure that DCI is strong in neighborhood planning and policy, making sure that technology is available for residents so they are not left out, and the City ID program that became possible by last year's passing of the budget.

In the meantime, if you were on hand for the budget kickoff, we are focusing on Priority Based Budgeting beginning with establishing priorities at the highest level. We took surveys from the public and internally, and we arrived at six (6) priorities for the community: A safe community

for everyone, a strong inclusive economy, thriving public spaces, vibrant welcoming neighborhoods, a robust and well-planned infrastructure, and making sure that all residents are empowered by education, mobility and technology. We keep those goals in mind while making our budget decisions.

As always, public safety is going to command the majority of the General Fund. About twenty percent (20%) of the General Fund is going to public safety. If you look at the General Plus, Public Safety, LOIT, COIT, and EDIT it is eighty percent (82%) of the budget. Right now the Police Department is undergoing a reorganization, and the goal is to find efficiency. Most importantly, it will gear the department toward being responsive to the community. That is a continuing effort that the command staff is leading.

You will also see investments in water and wastewater, they have always been extremely important, but there is a new awareness around the country about how extremely important that is, so we're trying to make sure we are keeping up when it comes to water and wastewater.

You'll also see some investments in EMS and Fire.

When it comes to having a strong economy, Community Investment is important, mostly working off of TIF and Enterprise Funds. The work we are doing on workforce development programing, the pathways program and the youth mentoring program at the MLK Center are reflected.

We are continuing to try to make sure that the wireless access points are more broadly distributed in the community. We are trying to make sure that people without it at home aren't being left out of the digital economy.

You'll see public spaces represented, such as the Charles Black Center. We got the EPA to expedite the sampling that is nearest to Charles Black Center so we can get answers sooner rather than later on whether or not we can go ahead with that project.

A policy shift you are going to see is turning to TIF, especially in quality of place enhancements. TIF dollars have helped with the Howard Park Ice Rink.

More broadly when it comes to how we handle place and space making, really starting to think of all of our community assets as under one roof. You'll hear the term venues parks and arts, that's how we are talking about Parks and Recreation, the Morris, Century Center and downtown assets like parking garages. We are thinking of all of that now as one department, and Aaron Perri is going to be able to better explain more details on that.

Meanwhile, and thankfully not depending on City tax payers, we've had a chance to think about how the City addresses our rivers thanks to the Blueways project. We have \$5 million more to work with than we did a few weeks ago. We've now gotten through the biggest hurdle when it comes to Regional Cities.

We are continuing to invest in Light Up South Bend, making sure that we are there in terms of neighborhood investment opportunities, and dealing with the remaining vacant and abandoned properties. We are down by about 1100 vacant and abandoned properties.

When it comes to paving curbs and sidewalks, we are doing a chunk of that work in house. You'll see Public Works tell you more about how the shared time with those folks is broken out. We also got a special LOIT distribution, where we have a million dollar program for improvements that we think are most urgently needed.

A reminder that we budget \$659,000 to the SRO program, but we plan to get half of that back as part of our cost-sharing program with the schools. We also shoulder the cost of crossing guards, worth \$125,000. We also programmed the funds for bus shelters, and we continue to work with Transpo to make sure we're seeing bus shelters where they're most needed, as well as exploring the possibility of the bike sharing program.

I mentioned the six (6) community priorities, and we have a corresponding set of internal priorities. What kind of Administration do we want to be? We think about what kind of employer we are, how we are maintaining our fiscal strength, are we efficient and cutting edge in what we do, do we reflect the values, are we taking good care of our assets, are we doing well with risk management and compliance, and are we able to be responsive both internally and with the public.

We believe that being a great employer is making sure that we are paying well. Before I went marching off to demand the minimum wage increase, I had to make sure that our City is in order. We are now in the middle of a three (3) year path to make sure that the lowest paid City employee is not making less than \$10.10 per hour. That was chosen because it is pretty close to the purchasing power of the minimum wage in 1968 when the Fair Labor Standards Act took effect. This year's target is \$9.15, which will affect some of the departments.

We are absorbing the eight percent (8%) increase in healthcare.

We are investing in the ability to identify savings. The business analysts are here to help us run more efficiently and identify areas where we can cut costs or provide better services with the dollars we have.

We are making sure that we are implementing our diversity and inclusion program and funding that office properly along with our employee recognition program, especially when our employees have been living the values we're talking about.

We are also making sure we are investing in our assets and doing what we can do. We are coming up on the 10,000th APRA Request since this Administration has been in office, and we are averaging a forty-eight (48) hour turnaround, which is much faster than required by law.

There are costs, so when you're hearing about the Legal Department budget, it takes resources and it takes people's time, but we think it is the right thing to do, so that's why it is reflected in the way we do business.

We are making sure we are more hands-on about claims, making sure the City doesn't get taken advantage of, and making sure that the best way to stay ahead of liability is to not run into some of these problems in the first place. We are also making sure through initiatives such as 311 that we are doing well when it comes to responsiveness and communication.

The fiscal issue is that there is a certain drop-off on property tax revenues corresponding with a changing (inaudible) but also a recession. It is starting to pick up, and you would expect assessments to start floating up and see some revenue growth, but in 2020 if these estimates hold up, we'll see less dollars coming in than today, and that is not adjusting for inflation. So we're in a \$3 million pickle if you're looking at the General Fund and Parks, if you add in TIF that is another \$3.8 million. Overall, that's about \$7 million, with healthcare costs escalating and in general, our costs grow faster than inflation, if we just did everything business as usual, we could be looking at a hole of \$10 million. If we act now, in the first two (2) years of these four (4) years leading to 2020, I'm confident we can do it without savage cuts.

The other side of the coin is income tax revenues, because we don't have to wait on assessments, and because it doesn't have the same kind of property tax cap, income tax revenues have been pretty healthy. In the last few years, we had eight percent (8%) growth in 2014, and three percent (3%) growth in 2015. We don't know yet what the 2017 numbers are like, and we estimated conservatively because our 311 Center will need a chunk of this. As long as the economy is growing, we should see this number continue to rise. As a City, we depend much less on income taxes than we do on property taxes. St. Joseph County income taxes are actually lower than many surrounding counties. Elkhart County, for example, is a quarter of a percent higher. We are at one point seven five percent (1.75%) in St. Joseph County, and that gives us \$25 million roughly divided among the economic development and public safety portions.

Our General Fund Plus, the General Fund, Public Safety, LOIT, COIT and EDIT, you'll see that the vast majority is going to public safety. The next biggest chunk is going to economic development, and then Innovation and Technology, which includes 311. Mayor Buttigieg went on to point out the breakdown of the budget, which can be found on his presentation on file in the City Clerk's Office.

When you look at where we're headed with the General Fund, Public Safety accounts for eighty-five percent (85%) of what we are proposing, Administration is twelve percent (12%) and Economic Development is three percent (3%). Most of the other economic development is coming out of funds like TIF.

Overall, we are seeing fewer City personnel, we are running leaner than we were at the beginning of the decade. The Zoo and the 911 Center account for the drop-off. There are still people doing that work, but they are no longer City employees. Some people are showing up on Parks books that are accounted for by DTSSB. They were City supported positions all along, but now we are accounting for them as our own.

The other thing that is happening here is six (6) EMS and Fire positions are available because of their success and the more diverse pool of recruits than we've had in the past. The idea here isn't

really a permanent net increase in Fire staffing, but it makes sense financially because we have retirements coming up. We'll be seeing less overtime if we frontload some of these hires.

There are three-hundred and one (301) employees in Public Works, over half of our City employees in Police and Fire, the next biggest category is Parks and Arts, but there are tons of part-time and seasonal folks. The numbers shown in the Mayor's presentation only represent full-time positions. This is budgeted, so it is not unusual for a training department to always run behind what is budgeted, because it takes time to get those people into their positions. We're trying to budget as accurately as possible in terms of what we have.

There are fewer shiny objects, as a function of making sure that we are positioning ourselves well to prepare for the fiscal curb. We only have a couple of years to get that in order. The expenditures are down from 2015, because of differences in sewer bonds and capital expenditures. Expenditures will be higher than revenue because we do cash accounting in the bond proceeds, so it can throw the numbers off a bit.

For there to be a long-term sustainable balance, we are relying on reserves, enough that we have some decisions to make in order to make sure we are sustainable.

We believe this budget is the right mix of investment and restraint in partnership with the Council and we're looking forward to its passage.

Committee Chair White told the Mayor that once the Council has a chance to read through and digest his comments, they will have questions for him. She stated that she is pleased that the Administration heard some of the Council priorities such as focusing on the neighborhoods and curbs and sidewalks, and she looks forward to good budget hearings.

Administration

John Murphy, City Controller with offices on the 12th floor of the County-City Building, began by introducing his team and explaining their mission to provide efficient internal services that unlock the full potential of our human and financial capital for the long run. [JRM1]

Administration and Finance is generally an internal department. With the exception of Human Rights which services the public, we mainly support other departments in the City. Mr. Murphy introduced the staff of Administration and Finance to the Committee.

There are a number of personnel moves this year. We are moving IT and performance management to a separate fund #279. That was the fund originally set up for 311, it is an internal service fund, and IT is ideally suited to be an internal service fund, so we thought it was appropriate as they are merging for them to merge into the same fund. It makes it a little tricky the first year, but in the long run it is a good idea.

We also moved fiscal officers from various departments, not physically, but they are now in our budget because there is a reporting requirement to our office. They are not new positions, they are just being reduced from their department budget and included in our budget. One financial

specialist position is being eliminated through attrition, pending retirement at some point. A grants administrator from DCI is a transfer position, it is not a new position. Grants has been a pesky thing, there is no major problem with misspending in the City, but some of the accounting is common error, and it is really important to get everything lined up on federal grants as far as reporting, so we have one (1) person in mind who does a lot of that already, so he'll be the person mainly responsible for all grants accounting for the Police Department, Community Investment and Human Rights.

Human Rights is eliminating one (1) position due to a lower case load, and Lonnie Douglas can talk about that further next. We are adding one (1) administrative assistant out of two (2) part-time positions. In Human Resources, we reduced one (1) part-time receptionist position. She found a full-time job.

Mr. Murphy discussed their old and newly proposed organization charts, which are available along with his full presentation in the City Clerk's Office.

There are a few salary ordinance changes, and these are maximum salaries, there is no expectation that people get paid the maximum, but they will get the salaries more in line with the market and more in line with other similar positions in the City of South Bend as well as other cities. The centralized grants administrator is a position that hasn't existed in South Bend, but the proposed salary is slightly less than what other Cities use.

COIT Fund #404 is a point six percent (.6%) income tax, we're assuming a two percent (2%) increase for 2017 which is good, but we are hoping that is conservative. We'll know at the end of September what that really is. All IT expenditures were moved out of the COIT Fund and moved into a new fund, so that is a big change in how we are accounting. There is also a \$1 million dollar transfer for curbs and sidewalks. The EDIT fund is a point four percent (.4%) income tax, its balance for 2017 includes a variety of things. CCD Fund #406 is a property tax fund, it is used for leasing of Police vehicles primarily.

We pay a Century Center bond, and that will be paid off in 2018. There may be some opportunity for that fund to cover a different bond. A liability insurance fund also houses safety and risk, and that is balanced for 2017 and it includes workers compensation claims, liability claims which are administered by the Legal Department, but we're happy to announce that is balanced for 2017. Staying with the self-funded benefits fund, Fund #711 Health Insurance Fund, there is an eight percent (8%) increase in that fund, including the cost of the Activate Clinic which is about \$1 million per year, but we think it is going to save more than \$1 million.

The rainy day fund is \$10.2 million. A lot of Cities don't have that, and most have burned through their rainy day fund. We've never spent that in twenty (20) years, and I'd recommend that we don't spend that. We are paying off the Century Center Bond in February 2018, then there will be a small property tax decrease for everyone in the City.

Some accomplishments are the bond refinancing with a \$5.6 million savings in 2015. That is mostly for wastewater and water. We hired the first diversity and inclusion officer who created a really interesting plan, and we're proud of Activate Health and Wellness Center. It is saving

money, but we also think it is a great benefit. We've talked about the GFOA awards, and Priority Based Budgeting is something we are working on and beginning forecasting and analyzing for the fiscal curb.

We are consolidating fiscal officers into Administration and Finance, IT, Innovation and 311, verified reporting structures, and managing worker's compensation claims. It used to be around \$700,000, and now it's about \$400,000. The municipal ID program is moving along, Casa De Amistad is working on it too. We're training, doing financial reporting, and we'll be refining the Priority Based Budgeting process in year two (2). [JRM2] We have good information but next year will be even better.

We also plan to maintain our AA bond rating, actually it is a AA+ for property tax debt supported funds, and that is the highest possible.

Our highest programs are accounts payable, financial reporting, personnel records management, payroll processing, budget development and talent management.

The health insurance plan is probably going to be paying dividends. As of June 30, our total revenue was \$7.7 million and our total expenses were \$6.6 million, so we are about 1 million dollars ahead on the revenue side. It is always going to be some kind of an increase, but we're hoping that will really help.

On page seventy-nine (79), we're setting up a couple different funds in 2017. It is not new spending, it is the vehicle equipment and leasing fund. We keep track of it in excel and we do a lot of leasing for police vehicles and public works vehicles. We've always kept that in a separate file, but we're integrating it into our financial system because it is more transparent and will make it easier to complete the CAFR.

Councilmember Jo M. Broden asked what was projected as the breakeven point for the clinic. Mr. Murphy stated that after a year we would have a better analysis on whether or not we were breaking even. South Bend Community Schools has broken even with Activate, and they made money during their first year. We didn't set a certain target date, but we're hopeful.

Lonnie Douglas, Director of the South Bend Human Rights Commission, the commission has always been an effective part of the City Administration, and we feel as though we have made some great accomplishments this year and we've gone above and beyond what we are called to do. One of the calls that we are trying to take into consideration is that we must try to deal with how the entire City interacts with one another. We are really excited to have a diversity and inclusion officer. When you start to think about accomplishments, there are so many that it is hard to decide what you want to put up there.

We continue to do training for the Police and occasionally the Fire Department in terms of diversity, because we want them to understand that diversity and inclusion is very important in our City, and we want them to go forward and do great things.

It is important for us to become part of the EEOC-FEPA Committee, which meets with the federal government in terms of what local cities are doing, and we're the only city represented in the entire United States of America. We are proud of that, and again ask to be involved in that. We managed to save ourselves \$40,000 because of our involvement. We will continue to work on our cases in terms of the number of cases that we have. They are going down, and one (1) of the reasons is that we are making an impact on the community, but when cases go down, our workload goes down in terms of being able to create income from the federal government, which causes us to look at how we can better save money. We are trying to get as many grants as we possibly can and we are proud of the fact that we gave out \$6,000 in scholarships to students who wrote different papers about human and civil rights, and the money was awarded in three (3) increments.

Our goals are to maintain our contractual end of independence with the EEOC and HUD to reach the hours that they put into our contract. They want more for less, and so does everyone else. One last thing about working with HUD is that they pay well for what we do, we get anywhere from \$2200 per case to \$3600 per case. The EEOC only pays seven-hundred and fifty dollars (\$750) per case, and we do more EEOC cases than HUD cases. We're still working with the City of Mishawaka and the County about trying to go county-wide. Only Evansville/Vanderburgh County has a county-wide human rights organization, and we want to be the second in the state.

The reason for that is we feel that handling cases close to home is easier for everyone. Justice delayed is justice denied. So when we are working with people in our community, we feel that we are best equipped to help people in our community. We continue to seek grants in other forms, and were fortunate last year and the year before when we received \$250,000 in grants. We spent it on education and outreach, and one of the befuddling thing is that unless people have an interest in what you are doing, they will not come. But we continue to do it because we know we need to reach everyone in the community to let them know what we are doing and where we're going.

In terms of personnel costs and key programs, we spend a large amount of money doing federally mandated investigations. We have to spend more money on outreach and training than we would have to spend on investigating cases, because investigating cases can take anywhere from thirty (30) to one-hundred and eighty (180) days, which is our goal. Settlements and withdrawals are worked on very hard because any time we have a case in our office, we ask what we can do to resolve it that day. If there is an inkling that we can resolve it that day, we will. Normally, the person filing the charge and the respondent are not that far apart, it is just that they aren't communicating. We take great pride in resolving charges, and we have been able to garner about \$33,000 for people who have been willing to settle.

We spend more money on housing that we do on EEOC Investigations. But, housing investigations pay us about the same as our EEOC investigations when you add it all up. EEOC and HUD both require training, and according to the City, there should be no discrimination or red lining where banks lend money in one area and not in another. We also work very hard against steering. We want to make sure that realtors are not steering people into areas where they do not want to be in the City. We are also spending money training our Human Rights

Commissioners, who are required to do training twice a year. We also do retreats for them where we bring in people from the outside to learn more about what they should be doing.

This year's accomplishments also include our reports. So far this year, we have investigated two-hundred and forty (240) cases. We have had an intake of more than that, but about one-hundred and forty-seven (147) of those cases got sent to the EEOC once we started our initial investigation because they were not something we could investigate, such as age. We are working to get age included in our ordinance, but it wouldn't mean anything if the state didn't add it to theirs. Right now our pending inventory is fifty-eight (58) charges. That is not enough charges to sustain my entire staff.

Committee Chair White asked if Mr. Douglas is seeing a trend in certain concerns not being raised and being brought to the Human Rights Commission if it is housing or employment. Mr. Douglas stated that they have noticed a downward trend in those cases across the country. Eventually, the pendulum will go far enough down that it will come back up again. The motivator is to get cases in and out, no one wants to be waiting one (1) year or two (2) for results of a case that should have been handled in one-hundred and eighty (180) days.

Committee Chair White clarified that the receptionists would be paired down into one full-time administrative assistant position. Mr. Douglas answered yes, that will work better for their office.

Innovation/Technology

Santiago Garces, 14th Floor of the County City Building, Innovation and Technology includes IT, 311, Performance Management and Innovation. We are always looking how to better track and create synergy by putting all of those together.

The intent is to empower and connect the workforce and the community, which is done through technology and process, a strategic choice that empowers and enables the residents but also our workforce.

The budget for 2017 is in the context of the IT strategic plan that was approved by the Council in 2013, which includes transparency, reporting, and using centralization of information and technology resources. We've accomplished some of those, and we want to make further strides as we approach 2017 and look at the challenges that lie ahead, and we use Innovation and Technology as a strategic resource.

We've started a reorganization that builds capacity through centralization and facilitation. We'll address decades of deferred maintenance and refreshing infrastructure and platforms. When we have a computer that doesn't work, that computer or asset is not doing anything for our workforce. If we have servers that are running slow and people are having to wait to do their work, they are not being productive. We want to empower departments and residents, and we want to be inclusive in our access to technology resources both in the workforce and to our community.

We believe that what we are proposing creates a strategic tool that enables us to be fiscally sustainable in the long run, and these are types of practices that other cities and private organizations are starting to look toward to stay competitive.

In the past we had a highly decentralized structure where we had several groups within Administration and Finance, and several groups across the City. What we're proposing is creating a structure where there is a centralized staff that specialize in certain functions that allows us to do things we've never been able to do in the past, things that are requirements in this age of technology where people are relying more both on the City in our community, but also within the City government. We have a services addition. Looking at the fulfillment of our contracts whenever someone is experiencing an issue with our services, we have an infrastructure group that looks at the servers and our network, we're maintaining running IT at the City, which is significantly more complex than a home router, we are running a program across a large geography, with different levels of state or federal requirements based on the individual programs.

We have an applications group that is constantly looking at how we can leverage more of the software that we have and make it more interconnected so things feel more intuitive and work better for us. We have a performance management and innovation group that is looking at identifying how we streamline processes to empower our workforce. We have 311 which is looking at bridging communication between the City and the residents. We've made some strides and we have a great group, and based on the improvements we are making, we'll be able to solidify and be able to do more things in ways that ensures the fiscal sustainability of our activity and other departments.

In the past, some of these positions were budgeted in different areas, and now they'll be budgeted out of the new fund. Four (4) positions were in COIT, seven (7) were in Administration and Finance which included the IT staff and then the performance manager, there were three (3) police IT positions, in Parks there was one (1) full-time and two (2) part-time positions that we're going to consolidate into one (1) full-time position as an applications developer. There is one (1) full-time position in Waterworks, and there are IT responsibilities that people in those departments had that we are assuming, but we are not taking over the FT, those people are now going to be able to focus on other responsibilities within their departments. These are complex systems in Utilities such as meter, billing, and asset management that are highly regulated. Same goes for Wastewater and we are bringing in a position from Engineering. We'll be leaner than we were before, and we'll be able to enhance the types of things that the workforce and the residents can expect from us.

In order to create this new organizational structure, and make sure we are a great employer who can attract great employees, we're creating a director that hadn't existed in the past to make sure that all of the directors are on the same level. Part of this has to do with the competitive market in technology, it is difficult to attract and retain top technical talent. What we're proposing is not necessarily on par with the market, but we think that it's what enables us to attract and retain these people who are making life better for our residents and employees. When you do the math, certain functions that we were outsourcing in professional services, we're now insourcing activities that make it a good economic deal.

We're establishing functions with directors, we're reducing salary disparities with the market and making sure we are a great employer that recognizes our employees, we're outsourcing low activities and insourcing high activities which makes the most sense overall financially. We've been able to reduce the number of people demoted to doing some of the lower activities, and we've been able to focus on things that are more important like our infrastructure and security in a world where we are increasingly more exposed to people who are trying to have foul play with social security numbers, credit card information, highly sensitive systems, that we are well protected and in a good position. We are also planning on increasing capacity, we're going to be leveraging more technology in process improvement and maintaining a high standard. This year we have been focused on projects that are important to our reorganization but that have also been listed as priorities by the Council in the past, including Kronos, a time and attendance system. This is going to allow the Police Department to stop using the blue cards and having a paper-based system to track overtime. Automatically when the officers request overtime, it will be validated based on whether they are eligible for that overtime. It is also going to allow them to request their vacation.

Council President Tim Scott explained that the overtime and any other thing outside of the normal pay was turned in on a card, and there were administrators that would go through and tally up their overtime, and that was one thing that the Council has been pushing to upgrade.

Mr. Garces continued that we've partnered on downtown wireless with other organizations including the Community Foundation, and we've also enabled access to free wireless in community centers, also something that surfaced from the Council priorities. One of the things that we recognize in the digital divide is that it is not only about devices, but also about data. This will allow people to search for jobs, pay their bills, learn new things, and entertain themselves. We are making sure that we have equal access.

We have a new and improved open data portal. It is enhanced to be faster and it has the ability to connect CB data, and we'll be publishing more data to be more transparent. Based on the skills of the people we've hired, we are able to do this work at a far less cost than we were paying for our old data portal, we're saving about \$40,000 per year. We are connecting people in a more effective way, for example we changed the call order when people call into 311 by presenting the automatic payment option for utilities first, which has reduced forty percent (40%) of the calls that were being transferred from 311. In the past we received about 8,000 calls per year just making those erroneous transfers, so this enhances people's ability to interactions and we're being good stewards of their time.

We've partnered with the community to do summer programs with the ^[JRM3]Bowman Creek educational ecosystem where we're giving access to students who are in Riley and Washington High School and IVY Tech, IUSB and Notre Dame to look at the City and create technology that improves the quality of life in their neighborhoods including how you automatically detect when drains get clogged. We've been supporting their efforts. We relaunched the Falcam website, which gets one-fourth (1/4) of the City's web traffic. It is of high importance to the community, so we were able to partner with South Bend Code School and kids who tend to be

underrepresented in their access to technology, so they can learn about the technology and the falcons, and create a new website that looks better and is faster.

For 2017, in listening to the Council, the departments and the residents, we know we need to do some overhaul to our current website. It is difficult to navigate, it is not mobile friendly, and a lot of the web traffic we receive is through mobile devices, so that is a big project.

We will also be working on document management, meaning from the creation of information from forms, to how we store and access the information. We need to make sure we are transparent, and the system needs to help that work smoothly.

With a centralized IT, we have to support all of the programs that are important to the departments. For Utilities, we are looking at what the new types of meters are going to be, for Fire and Police, how is it that we are able to support the public safety app and the PSAP and changes in terms of systems there. In Forestry, we're helping them with how to streamline their process and report more efficiently and communicate better with residents. We also want to have more open data in terms of having more current data and more interesting data.

We want to keep supporting our employees and residents, helping them find opportunities for improvement. The last item is preparing for a PRP upgrade. Naviline manages all of our finances and payroll, billing and fleet management and a number of other business critical applications are built on top of technology that is reaching end of life. We want to make sure that the systems remain functional for our employees and residents, but supporting a system after its end of life is more expensive.

We expect to reduce what we were spending in 2017 from 2016 for 311. The major increases in salaries, especially of the managerial side still account for only point one four percent (.14%) of the total City budget, and this is a group that supports enterprise funds and connects everyone. In the past couple of weeks we saw the value of being able to track the storm damage through 311.

We've been able to reduce expenses in Innovation and Technology which includes the services, infrastructure, applications, and the performance management and Innovation. The highlight is being able to reduce professional services by over \$1 million by increasing salaries and fringe benefits by \$260,000. We'll be able to do what was going to cost four (4) times more by insourcing this high quality talent.

We're proposing less expenditures than we were in the previous year, and as you see the projections for 2020, you'll see that we are going to continue to reduce the technology expenditures, but also enable more savings and better performance in some of the other departments.

Kronos will be a one-time expenditure of \$190,000. We did a couple of assessments, and the projected return on that investment is about \$1 million in terms of reduction in hours for payroll, reduction in time people are entering information and the time managers were spending to approve and manage payroll. 311 and the CRM project will have a one-time implementation of

\$230,000. We foresee that adding technology to 311 will allow them to be more consistent with their information, and allow people to access those types of requests and the types of information online in a friendly way.

The mobile platform we had for 311 costs about \$12,000 per year, whereas the new system will cost \$4,000 per year and be more robust. The system we're building will allow residents and the Council to be completely transparent. If you see a pothole, you submit it and include a picture, you get a tracking number, and you'll be able to see when the pothole goes to a supervisor who will make the determination of whether or not the pothole will be patched. If we are not going to act upon it, you'll get a message, but if it moves forward, you can keep track of the progress. From the managerial standpoint, we can also see when things exceed their service level agreement. We'll be able to flag which are outside of their SLA. It will also give the Council the ability to see when things are or aren't getting done and why. It is also going to include a knowledge base to make sure that our processes are documented across the City and they are exposed to the residents, so the residents don't have to guess how we work.

Using the combination of the human power we have in 311 and the technology and access, we think we'll be a leader in our City management [JRM4].

Council President Scott clarified that the projected return is within the year of 2017.

Mr. Garces explained that some of the numbers are one-time returns, and others are recurring. Typically, we would account for the recurring returns in three (3) years.

We've been doing security assessments, which in the past we haven't. We believe that reducing the opportunity, which is low probability but very high impact of getting hacked or having an attack be successful.

Wireless in the youth centers downtown is hard to calculate the return, but it is something that is important. \$625,000 includes the two-way radio connectivity, the system that Parks is using to communicate, plus some other costs associated with connectivity from AT&T. We are looking at how to contain that number. Specifically the two-way radios have been increasing four percent (4%) to five percent (5%) yearly, due to deferred maintenance. GIS improvements and being able to find the right addresses for 911 calls would have required outsourcing in the past, but we've been able to do it in house for about one-tenth (1/10) of the cost.

Committeemember John Voorde asked what measures are taken to protect all of the data against a disaster.

Mr. Garces explained that planning and making sure that we have updated systems helps the City have less vulnerabilities. Outdated systems stop providing protections, which is why we make sure we are fresh and current with our infrastructure. We have a team of experts now that can plan and make sure we have the right technology to protect this, and also make sure that we have the right procedures. We have moved our data to the cloud, which is more secure. Instead of having our highly sensitive information on premise where someone can just walk in, we keep it

in data centers with backups. We're constantly planning to make sure we have business continuity, but also that we could recover from any type of those situations.

Councilmember Regina Williams-Preston stated that she is excited about 311.

Council President Tim Scott complimented Mr. Garces and his group for coming a long way. He stated that he has been interested in the consolidation of IT for a while. He stated that the group is headed on the right path. The big catch is the interfund allocations. The allocations from the Council and the other departments build their \$1.5 million budget. Council President Scott asked Mr. Murphy to weigh in.

Mr. Murphy explained that there used to be four (4) different IT allocations, the 311 Center, GIS, IT, then the balance of the cost was paid out of the COIT Fund, which was around \$3 million. One of the strategies was to put IT into its own separate fund for operational reasons, as well as for this accounting reason. All of the costs of that department are allocated to the other departments based on usage, number of computers, etc. COIT was subsidizing a lot of IT costs, so the cost did not go up.

Council President Scott said that a lot of departments, including himself, wondered what they are getting for that amount of money.

Mr. Murphy said that from an accounting standpoint, this is what we are supposed to be doing, we should put everything into a fund and then allocate it. This way we can track the performance of the fund.

Mr. Garces explained that they are trying to make sure their expenses are under control and continuously decreasing, and the allocation has started a healthy dialogue with the departments about what the expectations are, making sure that we are working on the priorities that they have, and that we are being responsible. We are happy to perform under this scrutiny, because it is good for the taxpayers to see what the technology is supporting.

Doing the allocations has relieved about \$1 million of pressure on the General Fund and COIT. The two (2) way radios that benefit the utility end and are necessary for the operations, are being supported out of the General Fund. No allocation is perfect, it doesn't always match its usage, but when we did the exercise going through the costs, you get very close to the actual cost of delivering services.

Council President Scott mentioned the slight bump in the forecast for 2018, and asked why it is there.

Mr. Garces explained that they will be replacing Naviline, and that is their initial assumption. Based on the numbers they are running, they expect the new program to be less expensive than Naviline. There will probably be a one (1) time expenditure and a multi-year project.

Council President Scott asked how much money is allocated to the transition to PSAP on the City side.

Mr. Garces explained that they had it budgeted, but they have been spending a significant amount of time making sure that they are providing guidance to the Police and Fire Departments. We just started being involved in the past couple of weeks, but we hope to create a plan that allows us to forecast how time-intensive it will be.

Council President Scott asked if they are going towards Gratis because we're in that partnership.

Mr. Garces stated no, we're not, and at this point we are adding some technical assistance.

Council President Scott asked Councilmember Voorde to have PSAP come give an update at some point. He stated that they are trying to ask for the exact number or more than what it was before they consolidated. Right now they are over their budget quite a bit. While it's really the County that bears that burden, we do too, because the services are almost a year behind.

Committee Chair White stated that they had anticipated there would be some challenges with that.

Council President Scott stated going through this exercise has helped him, but the Council needs to think about whether or not they really need stationary computers, because they are not in their offices. He stated can do handle his Council responsibilities on his iPad. [JRM5]

He agreed with Mr. Garces that the data portal is buried.

Councilmember Regina Williams Preston asked if they will be working on 311 for 2017, or if they will be up and running then.

Mr. Garces stated that they actually started the implementation of the new 311 system last year. It will mature over time, and getting the knowledge of how the processes are structured to that level of detail will take time, so we hope that some functionality over the next few months will be released and we'll keep getting better at it. For Code Enforcement, there are some things based on the Landlord Registration that will be coming out.

Committee Chair White asked if there is a timeframe for 311.

Mr. Garces stated that it will be sometime between the end of the year and then early next year, so it depends on the timing.

Committee Chair White stated that it would be very beneficial for Code to be part of 311. She clarified that 311 would have three-hundred (300) extra calls per day, and its current staff would be able to handle those calls.

Cynthia [JRM6] Simmons, Director of 311, stated that currently the call center is handling seventy-five (75) to two-hundred (200) calls per person in the call center between six (6) full-time and two (2) part-time employees. It has peaked at three-hundred (300) calls in the earlier days, but process improvements have reduced the number of calls. She has been tracking the number of

calls Code Enforcement and the Building Department get every month, and it averages about one-hundred (100) calls each per day.

Mr. Garces stated that they are going to be changing the way they communicate with the departments to make sure they are streamlining and consistent.

Council President Scott asked what is the average time per call, and Ms. Simmons |JRM7| responded one (1) minute and two (2) seconds.

Council President Scott asked how much dedicated time is included for internal training and external training for other departments.

Mr. Garces stated that they have created a matrix of skills and competencies for each of the functions, and they'll be requesting the directors to make sure all of the skills and competencies have training time attached to them and we'll be tracking them.

Committee Chair White asked if any of the current positions are at the cap.

Mr. Garces stated that some people at 311 are at the cap, and there are people who are taking almost half of the pay they would get in the private sector when they took their current jobs with the City, so we are trying to raise the bar so we can retain those individuals. We are trying to work toward some continuity across the new organization we've inherited.

Committee Chair White asked what he is projecting to be able to do.

Mr. Garces stated that the assumption from a budgetary perspective is that everyone will be making close to the cap, and the new caps should be in the documentation they have in front of them.

Committee Chair White asked what would be the total dollar amount to build the organization to the strength that he is proposing.

Mr. Garces stated that they would need an additional \$200,000. We see this as a good investment, because it avoids the higher costs of professional services.

Committee Chair White asked if Mr. Garces has a replacement timeframe for outdated equipment and technology.

Mr. Garces stated that some of this is building on top of what the City is already doing with the IT refresh. Sometime this year or next year all of the PCs will be on a refresh schedule. Our capital expenditure is zero (0) because we're either leasing the technology or we're going to the cloud, which means that we are always with the most up to date technology. It also keeps us honest, because instead of having big capital expenditures in certain years, you're accounting for it throughout the lifetime of the device.

Mike Sniadecki, 14th Floor of the County City Building, stated that the network is on the cloud instead of on aging equipment, so we are always going to be on the high end, and we will not have to buy new hardware every five (5) years. Instead of buying, we'll be leasing for our refreshes, so instead of buying and replacing every five (5) years, we'll lease for three (3) years, so we'll stay more up to date with technology.

Mr. Garces stated that they are always updating their firewall, and the network will have a ten (10) GB backbone. Naviline will be the biggest legacy system, and unfortunately it is one where both the software and the hardware are legacy.

Committee Chair White thanked Mr. Garces for his presentation, and stated that Councilmember Dr. Varner called to say that he would have been at today's meeting, but he had to attend an out of state funeral.

Committee Chair White announced that she would see everyone at Wednesday's meeting to discuss the Mayor's Office, the Legal Department, and Public Works.

Committee Chair White adjourned the meeting at 6:51 PM.

Respectfully Submitted,

Karen White, Chairperson