

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

**98-462**

**SYNOPSIS —**

**AGENDA:**

The Information Technology (IT) Department will be reorganized to more suitably provide the support services that are becoming increasingly critical to the City.

**OCTOBER 5, 1998**

**SUBJECT:**

The reorganization of Information Technology will accomplish three goals:

**REORGANIZATION OF  
INFORMATION  
TECHNOLOGY  
DEPARTMENT**

\* A technical support structure suitable for building and maintaining an effective computing environment will be established.

\* Support for networks, advanced client/server systems and desktop applications will improve.

**TYPE:**

\* Substantial annual savings will be achieved.

**RESOLUTION  
ORDINANCE  
RECEIVE/FILE**

**FISCAL IMPACT -**

**SUBMITTED BY:**

The total Information Technology Operating Budget for Fiscal Year (FY) 1998/1999 is \$3,236,816. These funds are allocated in the following Index Codes:

**MICHAEL ARMSTRONG  
INFORMATION  
TECHNOLOGY  
DIRECTOR**

<b>Index Code</b>	<b>Title</b>	<b>FY 98/99 Allocation</b>
110361	Telephone Communications	\$626,576
111062	Information Technology	\$2,566,740
116368	PC Repair/Replacement	\$43,500
	<b>Total IT Operating Budget</b>	<b>\$3,236,816</b>

Personnel costs account for \$1,876,287 of the budgeted total for FY98/99.

A mainframe environment is expensive to operate and maintain. Equipment, maintenance, software, and personnel costs are all high in a mainframe environment. Nearly 70 percent of the IT budget (Index Code 111062) currently supports the mainframe environment. These costs are shown below:

<b>Mainframe-related Salaries and Benefits</b>		<b>\$1,426,200</b>
Software Licenses	\$272,300	
Printer Purchase	8,960	
Hardware Maintenance	67,400	
<b>Total Hardware/Software Cost</b>		<b>348,660</b>
<b>Total Annual Mainframe Operating Cost</b>		<b>\$1,774,860</b>

It is apparent that the greatest potential for cost savings is the complete elimination of the mainframe environment. The new organizational structure anticipates this change.

Salary and benefit costs for the new structure are estimated to be \$1,019,319. (Based on existing Supervisory, Professional, and Management (SPM) and Municipal Employee Association (MEA) classifications, with 38 percent of base salary added for benefit costs.) This is an estimated net reduction in annual IT personnel costs of \$856,967.

Additional savings can be expected from the elimination of other mainframe-related costs. These costs are currently \$348,660. Anticipated support and licensing costs for new systems are approximately \$200,000. This results in net savings of approximately \$148,660.

Total anticipated annual savings from restructuring and elimination of the mainframe environment are \$1,005,567.

**RECOMMENDATION -**

**The recommendation to Council is to receive and file this memorandum describing the reorganization of Information Technology and the attached position classifications.**

#### **BACKGROUND -**

On January 5, 1998, Council created the IT Department (Ordinance #13,554). By the same action, all positions that were then assigned to the Data Processing Division of the Department of Finance were transferred to IT (see Attachment A).

This organizational structure places great emphasis on mainframe skills and does not reflect a computing environment that is changing very rapidly. This structure is no longer suitable for the IT Department for the following reasons:

1. The amount of mainframe-related work is rapidly decreasing. On the date IT was created, three large systems were resident on the mainframe. One of these systems (Library Management) was moved to a client/server platform on October 2, 1998. A second (Financial Management) is being replaced by the PeopleSoft Financial and Human Resources Management system. When this move is complete (initial modules active on December 1, 1998, with additional modules installed no later than July 1, 1999) only one large system will remain resident on the mainframe--Public Safety Dispatch and Case Management. Several other smaller systems will be replaced by PeopleSoft modules and by commercially available applications.

2. The existing structure does not permit the development of a support structure with the strong technical skills required by new applications. Our considerable mainframe skill set is not suitable for a radically different environment. The lack of depth of required technical skills has been demonstrated by our difficulty in providing the levels of support required for the PeopleSoft implementation. We have experienced an increased reliance on expensive consultant services

during this implementation that is directly related to the lack of well-developed client/server skills on the IT staff.

3. The existing structure does not effectively reflect the changing mission of IT. The change from an agency that provides services to one that provides support requires a different structure as well as different skills.

4. Little staff support is provided in the current structure. This results in technical personnel spending valuable time on administrative tasks rather than technical tasks. It also requires that the IT Director perform administrative tasks that can more economically be performed by properly trained administrative personnel. The new structure assigns appropriate administrative (purchasing, budget control, training coordination) tasks to a staff support position.

This reorganization will result in an organization structure that is shown in Attachment C. This structure provides a base for developing the technical and support skills that are required by a distributed IT environment. It reflects the current and developing requirements of operating departments and the advanced applications that those departments require to fulfill their missions.

The new structure includes entirely new position descriptions (attached) and represents a substantial reduction in IT staff. It is anticipated that a number of current employees will leave the organization. Severance benefits are described in a separate Council Communication from William Stowe, Human Resources Director.

## **POSITIONS**

The current authorized strength of IT is 30 full-time and one part-time position. The new organizational structure for IT projects is 18 full-time positions.

This reorganization will result in a net reduction of 12 full-time positions and one part-time position in the City's workforce.

All new positions will be competitive. Current employees will be encouraged to apply for positions for

which they feel they may be qualified. A substantial amount of training has been provided to existing IT staff during the past year. This training has been designed to provide a base upon which more advanced skills can be developed. To the extent possible, current employees have been assigned tasks that would expose them to newer technologies.

Skills assessment by outside parties will be used to evaluate applicants for new positions.

Substantial time pressures may require that one or more new positions be filled, at least initially, by contract employees.

## **IMPLEMENTATION**

The key to achieving the savings projected above is the elimination of all mainframe systems. The need to maintain critical systems, such as Public Safety applications, and some applications that will be replaced by PeopleSoft modules, will determine the timing of the transition between the current and new organizational structures.

The need to begin building the new structure, along with the requirement to continue some mainframe operations will result in some temporary overlap of the current and parts of the new structure. The hiring process for new supervisory and staff support positions should begin immediately, with recruitment for subordinate positions following as soon as those employees are in place. The need for two of the new positions, the Database Administrator and the Systems Administrator, are immediate and pressing. The hiring process for those positions should also begin immediately.

The timetable to accomplish the transition from the existing structure to the new structure projects replacement of mainframe systems and elimination of all current positions by July 1, 1999. If it should be necessary to maintain mainframe systems beyond this date, contract services will be used.

Attachments

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