SUMMARY and FISCAL NOTE

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1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to certain functions of the executive branch of City government; creating a Seattle Information Technology Department; establishing the powers and duties of the new department; abolishing the Department of Information Technology and transferring functions currently performed by that department; transferring functions currently performed by other departments in the executive branch; making provisions for transition; adding Chapter 3.23; repealing Chapters 3.22 and 18.14; and amending Sections 3.39.020, 4.13.010, 5.09.020, 10.02.060, 15.32.300, and 21.60.040 of the Seattle Municipal Code.

Summary and background of the Legislation: This legislation consolidates most information technology services in the City into a new Seattle Information Technology Department (Seattle IT), abolishes the old Department of Information Technology (DoIT), and makes associated changes to the Seattle Municipal Code.

Currently, Seattle municipal government follows a largely decentralized strategy for providing information technology service. Many departments independently develop, implement and expand new technology to support their department mission. In addition, DoIT provides certain infrastructure services to multiple departments. Of the roughly 750 information technology employees in the City, 228 work for DoIT, and the rest work for other departments.

This current decentralized strategy leads to duplicative and contradictory investments in technology by different City departments, and very little comprehensive planning effort. There are multiple service desk, desktop support and network infrastructure groups, each with associated and duplicative operational systems. Not only do duplicate systems waste resources, but separate service organizations miss opportunities to share best practices and take advantage of scale to improve technical depth, response time and coverage. Application investments are not currently coordinated, missing the opportunity for common platforms.

With the reality of finite budgets and increasing demand for technology, the City needs to find ways to increase its capacity to deliver technology within existing staffing and resource levels. By bringing together IT employees from across departments and moving to a new delivery model, the City can better leverage its collective strengths and meet the growing demand for innovative technology solutions. The consolidation effort is designed to:

- Create capacity to deliver on the most important technology projects in the City within current levels of staffing

- Establish consistent standards and priorities for IT investments

- Make IT a strategic business partner, enabling the delivery of IT solutions for a safe, affordable, vibrant and innovative city

- Protect our resources from threats, especially related to security and privacy risks

- Develop our workforce to evolve with technology, helping us to continually deliver technology solutions to meet the City's objectives.

The expertise, business knowledge and working relationships of technology staff are the foundation of great service, and the deliberate pace of the transition plan honors how technology employees work today. While budgeted positions will transfer from originating departments to Seattle IT next April, reporting relationships for most people will not change at that time. Employees will continue to work where they currently work, doing the same work they are currently doing, and generally reporting to their current supervisors. In most departments, the lead information technology manager in that department will report to the deputy CTO, and continue to work closely with their originating department to coordinate services for that department. This strategy provides continuity of expertise and business knowledge to departments, while allowing Seattle IT to begin deeper coordination across departments.

Over the remainder of 2016, Seattle will gradually and carefully bring together staff working on some infrastructure functions—such as Service Desks, Network and Desktop support, Security support, and similar functions. How each service will be integrated will depend on the details of the functions and will be guided by knowledgeable staff from across City departments who can help bring best practices to each activity.

During 2017, Seattle IT will functionally integrate city-wide and department applications development, GIS, and Web services. By the end of 2018, with the integration of Application Operations and Support, the consolidation will be complete.

Consolidation doesn't necessarily mean that staff will relocate or have a different reporting structure—there are strong arguments for keeping some IT employees with deep knowledge of their departments' business functions located close to the customers they serve. But it does mean that work will be performed in a more standardized way with deeper common reservoirs of expertise and support.

The 2016 Proposed Budget includes appropriations for two departments; in general, DoIT appropriations reflect current DoIT operations for the first three months of the year as well as all proposed changes to DoIT's budget, and Seattle IT appropriations reflect the operations of the consolidated department beginning on April 6, 2016. Because Seattle IT has many more employees than DoIT, the Seattle IT budget is bigger than DoIT's on an annualized basis. However, this change is a transfer of staff between departments and there is very little change in total City expenditures for information technology as a result of consolidation.

This consolidation ordinance makes no appropriations. It does make the changes to Seattle Municipal Code necessary to abolish the Department of Information Technology (DoIT) and

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create the Seattle Information Technology Department (Seattle IT). It also transfers information technology positions in Executive departments to the new Seattle IT. Only Executive departments are affected by this consolidation; departments directed in a manner independent of the Mayor, including departments led by other elected officials and the Seattle Public Library, are not included in this consolidation. The following table shows the count of positions, including both temporary and permanent positions, transferring from Executive departments to Seattle IT:

Department Name	No. of Positions (regular employees)	No. of Temporary Employees	Dept. Total
Office of Arts and Culture	1		1
Dept. of Information Technology	207	21	228
Department of Neighborhoods	1 (part-time)		1 (part-time)
Department of Planning & Development	26	4	30
Finance & Administrative Services	34	6	40
Fire Department	20		20
Human Services Department	11		11
Office for Civil Rights	1		1
Office of Housing	1		1
Parks Department	12	1	13
Police Department	20	1	21
Seattle Center	7		7
Seattle City Light	104	31	135
Seattle Dept of Transportation	24	1	25
Seattle Public Utilities	107	12	119
Total	576	77	653

Seattle IT will not include all Executive employees in information technology job titles. For example, those employees that operate and maintain utility Supervisory Control and Data Acquisition (SCADA) systems will remain in those departments because of the tight integration with utility infrastructure. Also, because of issues associated with the consent decree for the Seattle Police Department, Police applications development will remain in the Police Department at this time.

In the future, other departments or department units could choose to receive services from Seattle IT.

2. CAPITAL IMPROVEMENT PROGRAM

____   This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

X___ **This legislation does not have direct financial implications.**

3.c. Positions

____ **This legislation adds, changes, or deletes positions.**

Position Notes: This ordinance transfers 576 permanent positions and 77 temporary employees from Executive departments, including DoIT, to the new Seattle IT, as described in the summary section of this document.

4. OTHER IMPLICATIONS

a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**
IT consolidation is expected to increase the efficiency with which IT services are provided in the long term, and allow IT effort to be repurposed to address unmet needs. While this ordinance makes no appropriations, the following City-wide net fiscal impacts are associated with IT consolidation aspects of the 2016 Proposed Budget:

- The 2016 budget includes $1,134,000 in one-time costs associated with the consolidation, including $500,000 for space planning and move costs included in 2016 IT rates and cost allocations, and $634,000 in process redesign support costs funded from Information Technology Fund balances.
- The 2016 budget includes about $124,000 for 1.0 FTE of increased financial analyst support for the consolidated department funded by rates and cost allocations. These expenses are expected to be on-going.
- The 2016 budget includes $239,000 for 1.0 FTE permanent position and 1.0 FTE term-limited position in additional human resources support for Seattle IT. The cost of these positions will be recovered through charges to Seattle IT customers, and are designed to be cost-neutral city-wide in 2016.

  This addition was necessary because over 400 IT staff from departments other than DoIT will transfer to Seattle IT, and Seattle IT needs about 4.0 FTE in human resources employees to support them. 2.0 FTE in human resources support was included as transfers of existing staff from large departments (one each from Seattle Public Utilities and Seattle City Light), but it was not reasonable to transfer human resources staff from departments from which few IT employees were transferring. As a result, the 2016 budget adds 2.0 FTE for human resources support work, one of which is term limited in anticipation that human resources workload may decline after consolidation is complete. Citywide, the 2016 proposed budget is arranged so that human resources staffing changes do not increase total costs. The cost of all 4.0 FTE will be billed to each customer department as an overhead fee on the direct labor costs of the employees who originated with that department. SPU and SCL retain the budget for the HR

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employees transferring from them, so they have the budget required to pay the overhead fee. Other department budgets were not increased to account for this fee, which means that costs will be borne through IT vacancy or offsetting reductions elsewhere in department budgets. The expected cost of Seattle IT human resources support is about $1,100 per transferred IT employee.

b) **Is there financial cost or other impacts of not implementing the legislation?**
Without this legislation, goals of increasing IT efficiency, improving information security, and deepening the technical expertise of IT staff will not be met.

c) **Does this legislation affect any departments besides the originating department?**
This legislation affects virtually all Executive departments, including the Office of Arts & Cultural Affairs, Seattle Center, the Department of Information Technology, the Department of Neighborhoods, the Department of Planning & Development, the Parks Department, Finance and Administrative Services, the Human Services Department, the Office for Civil Rights, the Office of Housing, Seattle City Light, the Seattle Department of Transportation, the Fire Department, the Police Department, and Seattle Public Utilities. Information technology employees will transfer from these departments to the new Seattle IT department. In 2016, the cost of IT services to these departments (with the exception of DoIT) is not affected by consolidation: department costs literally reflect the pre-consolidation organizational structure. In the future, minor shifts in cost allocation may occur between departments to reflect new processes of rate setting and cost allocation for consolidated services. Citywide, consolidation is expected to provide more service for the same total cost. Over time, the nature of expenditure items will shift from current practice – for example, where software licensing costs now appear in customer department budgets as line items, in the future, these costs will typically appear in the Seattle IT budget, and customer departments will pay their share through an interfund payment to Seattle IT. Again, these changes will improve pricing power and cost management, but are not expected to cause a substantial shift in total IT costs between customer departments.

d) **Is a public hearing required for this legislation?**
No.

e) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.

f) **Does this legislation affect a piece of property?**
No.

g) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**
Consolidation is not expected to have any significant impact on vulnerable or historically disadvantage communities. As IT best practices are implemented Citywide, IT service

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levels and information security will improve. These improvements should generally improve City service delivery, including improving services to disadvantaged communities.

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.
One of the best practices that this consolidation will implement Citywide is the collection of measurements of IT performance. A success factors and metrics transition team is working to identify appropriate best practices so that Seattle IT can demonstrate its performance to its customers.

i) Other Issues:

List attachments below: