



Memorandum

TO: MAYOR REED

FROM: Councilmember Pierluigi Oliverio

SUBJECT: BUDGET DOCUMENT

DATE: May 25, 2011

Approved

Pierluigi Oliverio
by D.F.

Date

5/25/2011

RECOMMENDATION

That the following recommendation be enacted.

Proposal

Program/Project Title: IT Phone Service

Amount of City Funding Required: \$ 400,000

Fund Type Council District Office Budget Carry Over from fiscal year 2010-2011

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

Management partners study for the City of San Jose showed that we spend less than 1% percent of the budget on information technology while other comparable cities spend 5-7% on information technology. Because of this the City of San Jose for example, currently runs on desktop software that is 10 years old. The Capital of Silicon Valley needs to do a bit better.

The City of San Jose has two phone systems one is a VOIP system that costs approximately \$300K a year. The other system is a legacy Centrex ATT system that costs approximately \$2.1 million a year. To replace this legacy system will cost \$1 million in one time costs however it would generate approximately \$1 million in annual savings afterwards.

There is \$600,000 in reserves for this project however \$400,000 is needed to move forward. I would suggest allocating the first \$400,000 from the portion of the Council offices rollovers that will be swept into general fund (as was done last year in the Mayor's budget) be allocated to this upgrade. The ongoing savings should be allocated to the Information Technology Dept to allow for the further investment of money, time and implementations of new web based technologies that allow for residents to interact easier with City Government as we will need to do more with less resources.

Program/Project Title: **Phone Service**

Amount of City Funding Change: **\$400,000**

Fund Type (i.e. General Fund, C&C funds, etc.) **Council District Office Budget Carry Over from Fiscal year 2010-2011**

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

See Above

Department or Organization: **IT**

Department or Organization Contact (Please list contact information for the individual that certified cost estimates contained within your recommendation.)

Name: Vijay Sammeta

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This change is:

X One-time _____ **Ongoing**

The City Service Area to which the change best relates:

- Community and Economic Development Services
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- X Strategic Support**
- Transportation and Aviation Services