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MANAGER'S REPORT NO.
COUNCIL MEETING 85/04/15

RE: STATUS OF IMPLEMENTATION OF THE STRATEGIC PLAN FOR INFORMATION MANAGEMENT

ACTING MUNICIPAL MANAGER'S RECOMMENDATION:

1. *THAT the recommendation of the Director Administrative & Community Services be adopted.*

* * * * *

1985 April 11

TO: MUNICIPAL MANAGER
FROM: DIRECTOR ADMINISTRATIVE & COMMUNITY SERVICES
RE: STATUS OF IMPLEMENTATION OF THE STRATEGIC PLAN FOR
INFORMATION MANAGEMENT

RECOMMENDATION:

1. THAT this report be received for information purposes.

SUMMARY:

During 1984, the Council approved a Strategic Plan for Information Management, and subsequently authorized the acquisition of a new computer system. Since that time, new staff have been hired, training has begun, computer hardware and software have been purchased and installed, and work has begun on the development of a series of new systems to support operations and decision making.

This report addresses the status and funding of the overall information project, and provides some detail on the provisions made in the 1985 Annual Budget for the implementation of the Plan. There is provision in the Annual Budget for an additional \$350,000 from the 1984 surplus to augment the reserve for renovations and furniture costs; an additional \$190,000 for Information Services operating costs in 1985 not provided for at Provisional time, and an update on the Capital Acquisitions Reserve and the Non-Recurring Development Costs Reserve.

The implementation of the 1984 Strategic Plan is, varying with different aspects of the project, some three to six months behind schedule. As was originally envisaged the Plan is being reviewed and updated so as to more accurately reflect the current estimates of time required.

With the exception of the amount for renovations and furniture costs which were not addressed in the Strategic Plan, the orders of magnitude of budget for the project set out in the 1984 reports are not significantly different than current estimates.

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Introduction:

The purpose of this report is to bring the Council up to date with the progress on implementing the Strategic Plan for Information Management; to address a number of funding issues with regard to the implementation of that plan; to relate the progress and funding to the Strategic Plan and Equipment Selection reports already adopted by the Council; and most importantly to relate the current status to the 1985 Annual Operating Budget. Several provisions have been made in the 1985 Annual Operating Budget submissions for Information Services, the consideration of which will be facilitated by this informational report.

Background:

On 1984 April 24, Council adopted a Strategic Plan for Information Management, prepared by Robert Liley & Associates, and put forward by the Municipal Manager and Management Committee. By adopting that report, Council approved a number of recommendations which set the municipality on a multi-year process for the installation of a whole new approach to Information Management within the Corporation.

Amongst other things, that approval started a process which resulted in the selection of prime vendors for hardware and software for that information system, again utilizing the assistance of Robert Liley & Associates in a consulting capacity. That computer evaluation and selection process resulted in a second major report which was adopted by Council on 1984 October 29 which had the effect of actually approving the acquisition of \$2.3 million in computer hardware and software through July of 1985, and setting out a hardware and software acquisition plan, in six phases through to the end of 1987, totalling \$3,277,400.

Current Status of Hardware and Software Acquisition:

Since the adoption by Council of the report on Computer Evaluation and Selection, significant progress has been made on many parts of the Strategic Plan for Information Management. The Information Services Director has been recruited and has been on staff for a number of months; major efforts have been underway on the Human Resource Management System (Personnel and Payroll) and the Job Costing System; and much of the hardware and software recommended in the early phases of the Strategic Plan is now in place and functional within the Municipal Hall. The Information Services Director is actively recruiting for several of the additional Information Services Division staff approved as a part of the Strategic Plan, while at the same time evaluations are underway of the new hardware and software already in place, before we finalize the Phase III equipment orders now scheduled for delivery during the summer of 1985.

In general, while there has been excellent progress on all aspects of the implementation of the Strategic Plan, we are, to varying extents, behind the time lines envisaged in that plan. In most cases, the staffing changes and physical changes have taken longer than planned, with the result that the application development activities are also behind schedule, by varying amounts from three to six months. I do not consider any of those to be a serious problem, since we have quite deliberately taken the time we felt was necessary to properly and responsibly introduce change into the organization, and to be sure that we were moving in the right directions both technically and organizationally. I am currently working with the Information Services Director in the first annual review of the Strategic Plan, with the goal of introducing a revised and updated Strategic Plan. A revision of all time estimates will be a part of that new plan, of course.

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A. SOURCES OF FUNDING:

As we moved into the preparation and approval of the Strategic Plan for Information Management, the Corporation began to put in place and gradually update a series of funding mechanisms for the Management Information project, recognizing that there would be large capital and development costs, and fairly significant changes in the annual operating cost of the Information Management function.

A-I. CAPITAL ACQUISITIONS RESERVE:

When the Strategic Plan for Information Management was adopted by Council in April of 1984, approval was given to the appropriation of \$2.5 million from the Tax Sale fund to create a source of funds for the actual acquisition of equipment. It was assumed that the decision to lease or purchase the equipment would be made on the basis of the most advantageous approach, and that the Reserve was available in the event that the purchase option was selected.

A-II. NON-RECURRING DEVELOPMENT COSTS RESERVE:

Earlier on, Council had also recognized that there would be development costs associated with both the preparation of a Strategic Plan, and the implementation of that plan once it was developed. In 1983, the Council first approved the establishment of a reserve in the amount of \$100,000., in the first instance for funding the costs associated with developing the Strategic Plan. That initial amount was supplemented during 1984, at the time of the approval of the Strategic Plan for Information Management, with a provision of \$1.25 million in the Annual Operating Budget. In addition, the \$90,000. sum contributed by the Province of British Columbia for the development of a payroll system for the nurses was also placed in that reserve.

As a result that application development reserve has been funded to the amount of \$1.44 million, with the stated purpose of funding being those one-time non-recurring development cost associated with the implementation of any new Information Management System.

A-III. RENOVATIONS AND FURNITURE RESERVE:

In 1984, during the preparation of the 1984 Recast Budget, a further provision was made in the amount of \$100,000. for a separate reserve, recognizing that there would be a number of necessary physical and furnishing changes to the Municipal Hall. Those changes are required to -

- . accommodate the eight new Information Services staff previously approved;
- . handle significant amounts of new equipment in a building already near capacity;
- . provide for furniture designed to handle computer equipment and the "ergonomic" requirements of those operating that equipment. (Members of Council will recall that this has been a major concern of CUPE Local 23).

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Continued... RENOVATIONS AND FURNITURE RESERVE:

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That \$100,000 provision at 1984 Recast, then, was a preliminary amount established without any firm estimate of the eventual cost, and subject to change based on the recommendations to be put forward by the Civic Project Coordination Committee, and the interior design consultant engaged to study the overall issue.

A-IV. OPERATING COSTS:

Finally, as a result of the implementation of the Strategic Plan for Information Management, it was clear that there would be significant impacts on the Operating Budget for the Information Services function, as the new staff and new equipment came on line. Many of those costs were addressed in the Strategic Plan and to the extent possible provision was made in the 1985 Provisional Budget for those operating costs which were beyond the more traditional costs associated with the old Computer Services (Finance) and Mapping (Engineering) functions already in the Operating Budgets for operation of the old Sperry and Mapping Computer systems.

B. CURRENT STATUS OF PROJECT FUNDING:

The attached Appendices present in summary form the expenditures set out in the Strategic Plan, the Equipment Selection Report, and current projections (Appendix I) and set out a summary of the expected costs for the Non-Recurring Development Costs Reserve (Appendix II) and the Renovation and Furniture Reserve (Appendix III). Comments on each of those follow.

B-I. CAPITAL ACQUISITIONS RESERVE:

After carefully evaluating the lease versus purchase option, the decision was made to actually purchase the computer hardware. There was little difference between the two approaches from a technical perspective, leaving the financial considerations as the major deciding factor. There was no advantage to be gained financially from leasing and, with some of the negotiations underway with our major suppliers, it was determined that the actual purchase option was preferable.

Reference to the Appendix I will indicate that, to the end of Phase VI, the actual cost of equipment acquisition was estimated at \$2.55 million in the Strategic Plan and \$3,277.4 million in the Equipment Selection Report. The original Capital account was established in the amount of \$2.5 million, from the Tax Sale fund. Based on the totals now shown in Appendix I the projected expenditure is within \$30,000 of the total set out in the Equipment Selection Report. A further \$800,000 will be required by the end of Phase VI (late 1987 or early 1988) to fund the balance of the equipment acquisitions.

This amount does not take into account interest earned on the reserve. In addition members of Council are also aware of staff efforts at generating revenues from other aspects of our systems development. Further reports on those efforts should be forthcoming within the next one to two months.

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It is important to emphasize the fact that all of these capital expenditures are based on the equipment levels and configurations set down in the earlier reports prepared by Robert Liley & Associates. As we are now in the process of preparing the 1985 revised Strategic Plan for Information Management, we are already aware of a number of areas where additional or upgraded equipment has been requested to meet the needs of the organization, and provide maximum efficiency and effectiveness. Similarly, there are other areas where we expect that the equipment requirements will be more modest than called for in the Plan. Those increases, decreases and changes are being reviewed as a part of the updating of the Strategic Plan, which will be the subject of a later report to the Council following its review by the Municipal Manager and Management Committee.

B-II.**NON-RECURRING DEVELOPMENT COSTS RESERVE:**

Reference to the Appendix will also indicate that the special reserve established to fund the non-recurring one-time only application development costs is projected over the five-year period to be \$206,100. under spent not including any interest on the reserve. We have to the maximum extent possible made provision in that estimate for all of the consulting, training, software package acquisition and modification, and staff replacement costs, along with reasonably generous contingencies. The "surplus" funds in that reserve should be applied to any development costs not yet foreseen and/or to offset the funds still required for Capital acquisitions as described in B-I.

B-III.**RENOVATIONS AND FURNITURE RESERVE:**

Members of Council will recall that an arrangement was recently approved whereby Burnett Resource Surveys Ltd. will provide certain computer mapping data in return for the Corporation's surplus ST700 Computerized Mapping System. The 1985 Annual Budget contains a provision for an expenditure of \$150,000. for those services, and shows an offsetting revenue of \$150,000 which will be added to the Renovations and Furniture Reserve. In addition, there may be some revenue, albeit small, from the disposal in the future of our now obsolete Sperry 90/30 system.

The major area of difficulty at the present time has to do with the preliminary estimates for the cost of accommodating significant amounts of new equipment within the building, placing that equipment on suitable ergonomically designed furniture and making the actual physical changes to the building necessary to accommodate new technology and new methods of doing business. The preliminary estimates from our interior design consultant and the Project Coordination Committee, which will be the subject of a report within the next two to three weeks, are approximately \$600,000. including contingency over a three year period. As noted above, a preliminary provision was made in the 1984 Recast Operating Budget to establish a reserve for this purpose in the amount of \$100,000. In order to bring that reserve to the approximate level required as a result of now having a far more informed estimate of the costs necessary to accommodate the new technology, the 1985 Annual Operating Budget has made provision for a contribution of \$350,000. to that Reserve from the 1984 Operating Surplus, along with the \$150,000 proceeds from the sale of the Mapping Computer discussed earlier.

B-IV. 1985 ANNUAL OPERATING BUDGET - INFORMATION SERVICES:

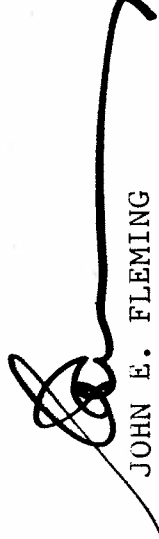
In reviewing the 1985 Annual Operating Budget submissions, members of Council will note that the budget for the Information Services Division of the Administrative and Community Services Department is approximately \$190,000. larger than the 1985 Provisional Operating Budget. That annual Operating Budget has had the benefit of an intensive review by the Director Administrative and Community Services, and subsequently the Municipal Manager and the Management Committee, as a result of the relatively large difference from Provisional to Annual. Wherever possible, reductions have been made to that Operating Budget, with the result that the Municipal Manager and the Management Committee now recommend to the Council an Operating Budget for the Information Services function at the level included in the budget submission.

The 1985 Provisional Operating Budget was prepared prior to the arrival of the Information Services Director, and was based to a large extent on the Strategic Plan figures, and very early estimates of staff. One of the principal areas of difference has to do with the costs for maintenance of both hardware and software. Those costs which were included in amortized acquisition figures in the Strategic Plan, and were fairly significantly under-estimated when the Strategic Plan was developed, were not included in the Provisional Operating Budget. The figures in the Annual Budget are precise ones, and accurately reflect the true 1985 costs.

BENEFITS OF THE SYSTEM:

Staff believe that it is important that we not lose sight of the essential cost-benefit balance associated with the implementation of the Strategic Plan. Council members will recall that the Plan addressed benefits in both quantified and anticipated terms, and concluded both the benefits over the long term justified the costs of the new system. When all of the costs discussed in this report are balanced against the earlier figures, we remain convinced that the long term benefits to the Corporation still justify these costs. The revised Strategic Plan now in preparation will address that issue further.

This report is submitted for the information of Council.



JOHN E. FLEMING
DIRECTOR

Attach.
cc: Information Services Director
Management Committee

Appendix I

COMPARATIVE COST ANALYSIS SUMMARY

	<u>STRATEGIC PLAN</u>	<u>EQUIPMENT SELECTION REPORT</u>	<u>SPENT</u>	<u>ACTUAL PROJECTED</u>	<u>TOTAL</u>
CENTRAL SITE	\$881.0	\$1,773.3	\$1,057.6	\$588.9	\$1,646.5
SYNERCOM	450.0	450.0	328.3	161.7	490.0
PLOTTER	20.0	35.0	35.3		35.3
TEK TERMINALS	818.0	513.2	449.8	105.6	555.4
DEC TERMINALS	344.7	355.9	293.3	135.3	428.6
CONTINGENCY	36.3	150.0		150.0	150.0
TOTAL:	\$2,550.0	\$3,277.4	\$2,164.3	\$1,141.5	\$3,305.8

NOTES:

- (1) Comparison includes only equipment/software purchases, i.e., that to be funded from \$2.5 million reserve.
- (2) Costs do not include requests for increases, decreases or changes to equipment now being reviewed as a part of updating the Strategic Plan.

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Appendix II

SUMMARY

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NON-RECURRING DEVELOPMENT COST RESERVE

Description	
Operating Systems	
Hardware/software Implementation	
Consulting	
Training	
Procedures development	\$ 152,500
Human Resources Management System	
Packaged Software	
Consulting	
Modifications and miscellaneous	204,000
Job Costing System	
Consulting and miscellaneous	
(development in house)	17,000
General Accounting System	
Packaged Software	
Modifications	180,000
Word Processing	
Training	12,000
Miscellaneous Expenses	
Taxation System	
Equipment Management System	
Licence/permits System	
Program Registration System	
Facilities Management System	
Stores Inventory System	
Other Systems	144,000
Audit Review of Systems Development	100,000
Staff Replacement Costs	149,400
Staff Training	70,000
Contingency	<u>205,000</u>
Total	\$1,233,900

Opening Reserve balance	\$1,440,000 *
1985 January	
Total 1985 - 1989	<u>1,233,900</u>
Balance	\$ 206,100 *

* Excludes interest on the reserve.

SUMMARY

RENOVATIONS AND FURNITURE RESERVE *

Description	
Design consultant	30,000
Renovations and ergonomic Furniture - Phase I-III (1985)	250,700
- Phase IV (1985/86)	70,400
- Phase V (1986/87)	70,000
Electrical/mechanical/storage	102,000
Training equipment	6,700
Renovations	
- 4th floor - Information Services	12,000
- Mapping (Engineering)	20,000
Halon (fire protection) System	20,000
Contingency	18,200
Total	<u>\$600,000</u>

* Subject to final estimates and report from design consultant and Project Coordination Committee, to be submitted to Council by 1985 May.

