NOTICE OF PUBLIC MEETING
PHOENIX CITY COUNCIL
FINANCE, EFFICIENCY, ECONOMY AND SUSTAINABILITY SUBCOMMITTEE

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **FINANCE, EFFICIENCY, ECONOMY AND SUSTAINABILITY SUBCOMMITTEE** and to the general public, that the **FINANCE, EFFICIENCY, ECONOMY AND SUSTAINABILITY SUBCOMMITTEE** will hold a meeting open to the public on **May 21, 2014, at 10:00 a.m. located in Phoenix City Hall, Assembly Rooms A, B & C, 200 W. Washington Street, Phoenix, Arizona.**

One or more board members may participate via teleconference.

The agenda for the meeting is as follows:

1.	**Call to Order**	Chairman Gates
2.	**Approval of April 16, 2014 Minutes**	Subcommittee
3.	**FINDINGS AND RECOMMENDATIONS REGARDING PRINTER AND COPIER REDUCTION INITIATIVE** This report provides the Subcommittee an overview of a recent analysis performed on the City's use of copiers, multifunction devices and printers, including recommendations for improving the efficiency and cost effectiveness of the City's copier and printer fleet and seeks approval of staff's recommendation to establish a Managed Print Services Program. **This item is for Discussion and Possible Action.**	Neal Young, Chief Financial Officer Page 7
4.	**EXCESS CITY-OWNED PROPERTY UPDATE** This report provides follow-up information to the Subcommittee regarding the implementation of the excess city-owned property policy. **This item is for Information and Discussion.**	Neal Young, Chief Financial Officer Hank Marshall, Acting Community and Economic Development Director Page 11
5.	**OPEN DATA POLICY UPDATE** This report provides the Subcommittee an update regarding the City's Open Data strategy and draft Open Data Policy. **This item is for Discussion and Action.**	Debbie Cotton, Chief Information Officer Page 13

6.	**CITYWIDE EMAIL AND CALENDAR SYSTEM UPDATE** This report provides information to the Subcommittee regarding the City's email and calendar systems, and plans for consolidation and replacement. **This item is for Information and Discussion.**	Debbie Cotton, Chief Information Officer Page 15
7.	**Call to the Public**	Chairman Gates
8.	**Future Agenda Items**	Chairman Gates
9.	**Adjournment**	Chairman Gates

For further information, please call Sam Feldman, Management Assistant II, City Manager's Office at 602-534-3916.

Persons paid to lobby on behalf of persons or organizations other than themselves shall register with the City Clerk prior to lobbying or within five business days thereafter, and must register annually to continue lobbying. If you have any questions about registration or whether or not you must register, please contact the City Clerk's Office at 602-262-6811.

For reasonable accommodations, call Sam Feldman at Voice/602-534-3916 or TTY/602-534-5500 as early as possible to coordinate needed arrangements.

May 15, 2014

Assembly Rooms A, B, and C
Phoenix City Hall
200 West Washington Street
Phoenix, AZ 85003

Council Members Present
Councilman Bill Gates, Chair
Councilman Daniel Valenzuela
Councilman Michael Nowakowski
Vice Mayor Jim Waring

City Staff Present

Ed Zuercher	Cheryl Griemsmann	Beth Barstack
Juanita Carver	Debbie Cotton	Rob Sweeney
Luis Schmidt	Mayra Baquera	

Public Present

Richard Rea	Greta Rogers

1. Call to Order
Chairman Bill Gates called the meeting to order at 10:05 a.m. with Council members Michael Nowakowski and Jim Waring present. Councilman Daniel Valenzuela joined the meeting via telephone.

2. Approval of Minutes of the March 19, 2014 Meeting
Councilman Nowakowski moved approval of the March 19, 2014 meeting minutes. Vice Mayor Waring seconded the motion, which was approved unanimously.

3. Update Regarding Printer And Copier Reduction Analysis And Report
Chief Financial Officer Neal Young provided a presentation on completed activities which include the Request for Proposal process and a contractor draft report. He stated the report will be finalized at the end of May at which time the findings will be presented to the Finance, Efficiency, Economy and Sustainability Subcommittee. Mr. Young provided details of the study's preliminary findings including types of equipment used, annual costs and savings opportunities.

Vice Mayor Waring asked what the study has cost.

Deputy Finance Director James Scarboro replied approximately $70,000.

Chairman Gates thanked the presenters for the information and commented that preliminary findings already show there are savings opportunities similar to the change in font for agendas which will uses less toner and produce savings in toner costs.

4. Update On Tax Simplification Efforts With Arizona Department Of Revenue

Chief Financial Officer Neal Young and Deputy Finance Director Sandra Schilling provided a presentation on the city's ongoing efforts with the Arizona Department of Revenue and the planned implementation of HB 2111 to streamline the administrations of Arizona's transaction privilege sales tax.

Chairman Gates asked if an increase in collection rate is expected.

Mr. Young responded the current city practice is to aggressively pursue collections and will continue to do so until December 31 at which time collections will be pursued by the Department of Revenue.

Councilman Daniel Valenzuela arrived at the meeting at 10:26 a.m.

Chairman Gates inquired if a significant loss of revenue is expected.

Mr. Young replied at this time it is difficult to detect a significant loss in revenue although interest earnings will be lost. He added the main concern is maintaining proper cash flow where a delay could cause issues. He concluded once the new program is in place city staff will monitor data and compare it to historical data to detect any issues that may pose a negative impact.

5. Recommendation To Establish City Of Phoenix Procurement Code
Chief Financial Officer Neal Young, Assistant Finance Director Denise Olson and Deputy Finance Director James Scarboro provided an overview of the proposed code, including current administrative regulations and proposed revisions, a recommended code structure, and authorization thresholds compared to benchmark governments.

Mr. Young requested the Subcommittee approve staff's recommendation to establish a new City of Phoenix procurement code consistent with the American Bar Association's model procurement code, increase the informal competitive threshold from $100 to $5,000, and decrease the contract authorization threshold from $50,000 to $35,000, increase the payment authorization threshold from $8600 to $35,000, and contracts between $8600 and $35,000 will be authorized through an annual process.

Chairman Gates asked if the procurement code would go to the full City Council for approval and how administrative regulations would be established.

Mr. Scarboro replied if the Subcommittee approves staff's recommendation today then the item would be presented to the entire Council. He stated administrative regulations would be subject to the normal establishment through the City Manager's office.

Chairman Gates inquired if there is an oversight body which reviews established administrative regulations.

City Manager Ed Zuercher replied administrative regulations are reviewed by the Law department and departments affected by the regulation.

Chairman Gates suggested establishing formal review process might be helpful considering some of the administrative regulations impact businesses within the city of Phoenix.

Vice Mayor Waring asked if the number of payment ordinances presented for approval at City Council Formal meetings would increase or decrease after the new procurement code is established.

Mr. Young answered the list of payment ordinances will decrease and the list of formal procurement items will increase.

Vice Mayor asked if with the new procurement code the Council would be approving more contracts and less payment ordinances.

Mr. Zuercher replied that is correct because the contract approval will also approve the payment.

Vice Mayor if the payment ordinance process requires a lot of man power.

Ms. Olson replied each invoice requires research to assure it is part of contract and within the guidelines.

Mr. Zuercher stated the combination of the procurement code and E-Procurement will produce much efficiencies.

Chairman Gates opened the floor for public comment.

Luis Schmidt commented he would like to see measures in place to hold vendors accountable just like employees are held accountable to established contracts.

Mr. Zuercher responded that formal training for contract management is in the works and will be available to all contract managers at the city.

Councilman Nowakowski asked if vendors are pre-certified before they are awarded contracts and if that includes a credit history check.

Mr. Scarboro responded there is a registration process but it does not include pre-qualifications other than for small business entities. Mr. Young added there is a credit check which is included as part of the formal procurement process.

Councilman Nowakowski suggested vendors should be required to pass a credit check as part of the registration process and an annual review or report card to get an idea of the vendor history with the city. He also would like to see an e-Bay type system where vendors can place bids on the services or items the city needs and the lowest bidder is awarded the contract.

Chairman Gates asked if E-Procurement would have a similar feature.

Ms. Olson replied it does and would also include online catalogs.

Chairman Gates inquired what a pre-credit check process would look like.

Mr. Young responded staff would have to do research on that process.

Vice Mayor Waring moved approval of staff's recommendation and Councilman Nowakowski seconded the motion, which was approved unanimously.

6. Five-Year Information Technology Plan Funding Proposal
Chief Information Officer Debbie Cotton and Assistant Chief Information Officer Rob Sweeney presented information on each of the proposed items for the 2014-15 technology plan. Ms. Cotton concluded that at the Formal meeting later in the day Council will be asked to approve the creation of a Technology Summit to help move the city's use of technology forward with recommendations presented to the Council in the fall.

Councilman Nowakowski remarked he likes the purpose of the Technology Summit and believes information technology infrastructure is very important.

Chairman Gates opened the floor for public comment.

Richard Rea commented investing in technology is vital to the city and is disappointed there is not more funding for it.

Councilman Valenzuela indicated he will support the Technology Summit and agrees with the comment that investing in technology is vital to the city.

7. Call to the Public
Greta Rogers spoke in support of items three and four on the agenda. She encouraged the city to invest wisely in technology including printers and recommended an increase in inspections to ensure businesses operating with a license.

8. Future Agenda Items
Councilman Nowakowski requested a monthly report with data on each department's budget forecast and expenditures and to include it as part of the Performance Dashboard.

Mr. Zuercher indicated a report on a certification program for bidders will be added to the list.

Councilman Valenzuela requested an update on the changes that have occurred with the city's pension program.

9. Adjournment
Chairman Gates adjourned the meeting at 11:29 a.m.

Respectfully Submitted,

Mayra Z. Baquera
Budget and Research Department

CITY COUNCIL REPORT

TO: Ed Zuercher
              City Manager

FROM: Neal Young
              Chief Financial Officer

              Debbie Cotton
              Chief Information Officer

SUBJECT: FINDINGS AND RECOMMENDATIONS REGARDING PRINTER AND COPIER REDUCTION INITIATIVE

This report provides the Finance, Efficiency, Economy and Sustainability Subcommittee (FEES) an overview of a recent analysis performed on the City's use of copiers, multifunction devices and printers, including recommendations for improving the efficiency and cost effectiveness of the City's copier and printer fleet. This report further seeks Subcommittee approval of staff's recommendation to establish a Managed Print Services Program.

BACKGROUND

As recommended by the Finance, Efficiency, Innovation and Sustainability Subcommittee (FEIS) on December 19, 2012, Finance Department staff created and implemented a procurement to assess the City's current printer and copier infrastructure, and determine what steps if any could be taken to improve effectiveness while lowering overall cost. After a successful solicitation process in 2013, the City entered into contract with print management consulting firm, ProBuyers, IIC, on January 15, 2014. With support from the Information Technology Services (ITS) and Finance departments, the contractor completed their analysis and submitted their draft report on April 9, 2014.

DISCUSSION

The Information Technology Services (ITS) and Finance departments have provided the contractor with feedback on the draft report. The contractor is now assembling the final report. Although the final report is still being completed, the contractor identified several recommendations, including general and program specific recommendations, as follows.

General Recommendations - The report recommended implementing a copier / multifunction device (MFD) and laser printer phase-in plan in order to eliminate older, less well-configured and excess varieties of devices. The report also recommended combining copier / MFD and laser printers under a single contract that also included dedicated factory-trained technicians to support City departments. The report further targets a specific portion of the City's copier / MFD fleet for right-sizing. The report goes on to recommend synchronizing the expiration dates of all copier / MFDs, standardizing

the specifications for copier / MFDs across all City departments, establishment of standards for laser printers to better control the cost-per-page and to reduce the number of these devices over time. Finally, the report recommended limiting the inclusion of volume guarantees in any subsequent contracts for Copier / MFDs.

Program Recommendations - Noting the importance of executive support from City leadership, the report recommends the establishment of a Managed Print Services (MPS) program in order to implement the strategies set forth in the report. The report recommends that this program be led by the Information Technology Services (ITS) Department, with contractual support to be provided by the Procurement Division of the Finance Department. The report further recommends that a component of this program include the establishment of a MPS committee composed of stakeholders from the City's larger departments.

OTHER INFORMATION

Asset Inventory and Supplies - Counts and Costs

According to the report, the City currently maintains a fleet of 688 copiers / MFDs at a cost (cost per-copy lease) of approximately $2.3 million per year. The City maintains 1,448 laser printers at an annual cost of over $649,000 (annual costs due to print cartridges, not including the cost of the printers themselves). The City consumes over 68 million pages of paper per year at an annual cost of approximately $460,000 (not including paper purchased for the City's central print shop which holds a separate paper contract).

Current Challenges and Opportunities for Savings

The effective cost per impression (CPI; an impression is equal to one copy/print; duplex [two-sided] pages count as two impressions) is $.0619 (6.19 cents) for monochrome copier / MFDs and $.0858 (8.58 cents) for color copier / MFDs. According to the report, these CPIs are significantly higher than the combined CPI national standard of $.0223 (2.23 cents). The report suggests that the City's current cost per-copy contract pricing is less competitive than similar contracts that are currently available and does not include further volume-based discounts for purchasing like models. The report also identifies the guaranteed minimum print volumes in the contract as contributing to the City's higher annual costs. The report includes 24 specific recommendations for right-sizing and standardizing the City's Copier / MFD fleet that may generate over $700,000 in annual savings.

For laser printers, the effective CPI is $.017 (1.7 cents), again, not including the printers' purchase price or other service charges. Although the City's laser printer CPI was actually slightly better than the national standard of $.018 (1.8 cents), this amount does not include the upfront purchase price for the printers. The report did note a general trend of departments moving their print output from laser printers to copier / MFDs. This is a positive finding as the typical CPI for copiers / MFDs is approximately 40% lower than the typical laser printer CPI. The report recommends continuing this transition and eventually eliminating any non-network laser printers (printers connected directly to individual computers that cannot be seen and managed on a central network). The

report includes seven specific recommendations for continued improvement of the City's laser printers that may generate over $200,000 in annual savings.

Last, the City's price per sheet of paper is $.0035 (0.35 cents) per page, which according to the report is very competitive. The report suggests that further cost savings could be realized through consolidation of the City's other paper purchases, e.g., central print shop.

<u>Print Solicitation</u>

Using the recommendations contained in the report, staff will draft a new solicitation that includes the provision, maintenance and management of copiers, MFDs and laser printers. This solicitation will be awarded to a single service provider based on the terms and conditions specified in the report. The solicitation is expected to be implemented in early Fall 2014.

With the new solicitation, the vendor and City would begin to retire, upgrade or replace copiers and MFDs identified in the report that were underperforming or causing unnecessary costs. Due to variation in lease expiration dates for copiers, the full savings will be realized over multiple years.

<u>RECOMMENDATION</u>

Staff recommends Subcommittee approval of the contractor's recommendations on the establishment of a Managed Print Services (MPS) Program which will be led by the ITS Department and supported by the Finance Department. Future actions will include a procurement for print/copy services.

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CITY COUNCIL REPORT

TO: Ed Zuercher
               City Manager

               Paul Blue
               Deputy City Manager

FROM: Neal Young
               Chief Financial Officer

               Hank Marshall
               Acting Community and Economic
               Development Director

SUBJECT: EXCESS CITY-OWNED PROPERTY UPDATE

This report provides follow-up information to the Finance, Efficiency, Economy and Sustainability Subcommittee regarding the implementation of the excess city-owned property policy.

THE ISSUE

On March 19, 2014, the Finance, Efficiency, Economy, and Sustainability Subcommittee concurred with staff's recommendation to proceed with the marketing of additional excess City property, and the full council authorized the disposition of additional properties on April 16, 2014.

OTHER INFORMATION

Staff continues to make progress refining the fixed asset data in the City's accounting system and reconciling it with County Assessor data. The process remains on schedule to test a GIS interface of scrubbed data in July. Jones Lang LaSalle (JLL) will, at that same time, begin assessing the data in accordance with the methodology set forth in the contract, including verification of the data with CoStar and mapping programs, determining operational needs for property, and conducting space standards analyses.

The status of properties currently authorized by Council and being marketed by JLL is as follows:

Address	Dept	Size	Property Type	Status
2222 W. Greenway	Police	8.4 Acres	RE-43	Under contract at appraised value, all cash, closing scheduled June 11, 2014
5347 N. 19th Ave	Public Transit	7,216 sq.ft.	Commercial	Being actively marketed by JLL

1124 W. Camelback	Public Transit	6,174 sq.ft.	Commercial	Being actively marketed by JLL
4056 E Washington	Fire	12,758 sq.ft.	Commercial	Pre-marketing/materials preparation
139 E. Jesse Owens Parkway	Finance	9.46 Acres	Multi Family/ Commercial	Being actively marketed by JLL
12th Street & Greenway	Streets & Library	6.94 Acres	Multi-Family/ Commercial	Being actively marketed by JLL

JLL is strategically marketing the authorized properties to investors, developers, and targeted users.

In addition to those properties listed above, the Community and Economic Development (CED) Department is issuing requests for proposals (RFPs) for disposition and redevelopment of City-owned sites where commercial or residential market interest is high. The status of these RFPs is as follows:

- Phoenix Central Station (Transit Property) – RFP issued in December; development proposals received in February; evaluation panel recommended proceeding with negotiations in May.
- 19th Ave and Montebello Park and Ride (Transit Property) – RFP to be issued in 2014 / 2015.
- 19th Ave and Camelback Park and Ride – RFP to be issued in 2014 / 2015.
- Barrister Building and Property (General Fund/Transit Property) – RFP issued in April; proposals due in July.
- Central and Columbus Ave (Housing Property) – RFP to be issued when viable private sector interest materializes.

CED staff continues to evaluate additional City-owned sites for potential redevelopment opportunities through future RFPs. The former site of the Pappas School at 5th Avenue and Fillmore Street, with ownership split between the City and Maricopa County, is among the potential future RFP sites.

RECOMMENDATION

This report is for informational purposes only.

CITY COUNCIL REPORT

TO: Paul Blue
            Deputy City Manager

FROM: Debbie Cotton
            Chief Information Officer

SUBJECT: OPEN DATA POLICY UPDATE

This report provides the Finance, Efficiency, Economy and Sustainability Subcommittee an update regarding the City's Open Data strategy and draft Open Data Policy.

THE ISSUE

The City has been working to increase transparency of information to the public. The City's website, phoenix.gov, has been awarded a Sunny Award four years in a row by Sunshine Review, a non-profit organization dedicated to state and local government transparency. The Mayor and City Council have further advanced transparency through initiatives including televised City Council and Subcommittee meetings, and interactive online budget hearings. Other recent transparency efforts include a searchable online Campaign Finance database and the City's online checkbook.

Open Data, or the practice of making certain data freely available to the public to use as they wish, is an expansion of government transparency in the digital age. Public records requirements provide transparency, but require that individuals or groups define and request specific information. The City's website greatly increased transparency, but the information on the website is formatted in ways that limit the public's ability to manipulate data. Open Data focuses on being proactive, actionable, and readily available, providing information to users without their having to request it, allowing them to use the data in a manner that suits their objectives, and available to them at any time.

Open Data is also important to economic development, as businesses can use government data in the operation of their business and create applications which use the data to provide services to consumers. This approach can help improve customer service while allowing the city to avoid the costs of developing or providing these applications directly.

A successful Open Data initiative requires a strategy that provides useful data to the community, while safeguarding data such as Personally Identifying Information (PII) and other legally restricted information. Information Technology Services, having worked with the Information Technology Governance Board and the Task Force on Technology Advancement, developed a two-pronged Open Data strategy:

- Identify information which is already provided to the public in some manner, and, where possible, provide that data in a format which allows automated processing. As an example, the Public Transit Department published transit schedule information in raw data format for use by the application development community.
- Create an Open Data Policy.

Staff drafted an Open Data Policy (Policy), which is currently under internal review. The Policy was drafted utilizing best practices as defined by the Sunlight Foundation, a nonpartisan, nonprofit organization which works for greater government openness and transparency.   Additionally, the Policy includes lessons learned from other jurisdictions. The Draft Policy includes the following elements:

- Establishes that City data will be, 'open by default,' meaning, data will assume to be publicly consumable unless defined as PII, confidential and/or sensitive information
- Preserves the public trust
- Ensures open formats for government data; data shall be machine-readable, searchable, sortable, and non-proprietary
- Ensures data is available proactively, with low to no barriers for its reuse or consumption
- Ensures currency of data
- Eliminates restrictions for accessing information, such as registration requirements, access fees, and usage limits
- Ensures legal protection of the City and its data being used by third parties
- Defines a central web portal by which Open Data will be available
- Encourages community engagement through competitions/challenges to foster innovation

ITS will recommend Open Data Policy for review and possible Subcommittee action in June, 2014.

RECOMMENDATION

This report is for information and discussion only.

CITY COUNCIL REPORT

TO: Paul Blue
             Deputy City Manager

FROM: Debbie Cotton
             Chief Information Officer

SUBJECT: CITYWIDE EMAIL AND CALENDAR SYSTEM UPDATE

This report provides information to the Finance, Efficiency, Economy and Sustainability Subcommittee regarding the City's email and calendar systems, and plans for consolidation and replacement.

THE ISSUE

The City currently operates two email systems, Microsoft Exchange for Police Department staff and Lotus Notes for all other City users. The Lotus Notes system has limited capabilities related to litigation holds and public records requests. Owning and operating two separate email systems is inefficient, and requires redundancy in support structures. Additionally, the two email systems are incompatible with each other, adding technical complexity and administrative burden to email delivery and calendar scheduling.

The Information Technology Services (ITS) department has been working on the replacement of the Lotus Notes email and calendar system. Funding for the replacement is included in the City Manager's Proposed FY 2014-15 Budget. The recommendation of the Finance Department and ITS was to determine a Citywide Information Technology (IT) Standard for an email system, based on technical and security requirements. The recommendation that the City consolidate onto one email system, with Microsoft Exchange as the City Standard, was approved by the IT Governance Board, an executive-level body which approves projects and funding for information technology.

Once funding is secured, ITS will proceed with a formal procurement and implementation of a consolidated email system. The implementation of the new email and calendar system will include a determination of the most cost-effective and efficient means of operation, with cloud-based delivery and user-driven licensing models being considered.

OTHER INFORMATION

While procurement strategy and funding considerations have delayed the schedule for Citywide email replacement, multiple technical enhancements have been made to the current Lotus Notes environment. These enhancements have mitigated many of the immediate concerns regarding stability of the system, and have resulted in cost avoidance. ITS' recent implementation of a Shared IT Service Model, or private cloud, allowed the City to forego a necessary upgrade of aging email servers by migrating the

email back-end into the new virtualized environment. This eliminated the need to purchase new servers, and has also saved the City on licensing, storage, back-up, and maintenance costs. Additionally, ITS launched Lotus Traveler, a mobile service that allows City Staff to access their email and calendars via mobile devices.

Although technology enhancements have stabilized the Lotus Notes email system, the lack of centralized eDiscovery and archival capabilities remains a problem. Additionally, the support of two separate email systems remains costly and inefficient, and staffing levels dedicated to the support of the email systems are well below industry standard. Therefore, consolidation to Microsoft Exchange remains the recommended approach.

The project to migrate to Microsoft Exchange will take approximately 18 months. The City will need to continue to maintain the existing Lotus Notes environment until it is ultimately replaced. The City will work to leverage external resources to maintain the existing infrastructure while we migrate to the new email and calendaring environment.

RECOMMENDATION

This report is for information only.