**City of Boiling Spring Lakes**
**Board of Commissioners Workshop Minutes**
**February 14, 2013**
**City Hall – 6:00 PM**

*PLEASE TURN OFF CELL PHONES*

I. **IT Assessment Findings & Recommendations/Cloud Computing Solutions for Local Government – Presentation by VC3**

City Manager Jeff Repp introduced VC3.

Jeff Kerr, Account Executive and Kevin Eves, Virtual CIO (Virtual Chief Information Officer) with VC3 presented the Board of Commissioners with a presentation identifying the City's strengths and weaknesses with respect to its IT system, its current needs and future needs. VC3 presented the Board with the attached presentation package which is incorporated by reference and hereby made part of these Minutes.

*Following are the questions from the Board Members and the answers from Kevin Eves and Jeff Kerr of VC3:*

Commissioner Glidden asked why the software couldn't be downloaded to the server and then to each PC. Kevin Eves responded that is definitely option and would be centralized management.

Commissioner Carroll asked if individuals could download their own software such as Excel or Word. Kevin Eves responded that the City already has the software needed to work but yes, the employees can download toolbars, coupon software, etc.

Commissioner Carroll then asked if any unlicensed software had been downloaded. Kevin Eves stated he did not see any pirated software. Commissioner Carroll stated his concern where someone could put a private copy of Photoshop onto an office computer which would be considered a violation of the license. Kevin Eves responded that he did not see that.

City Manager Repp stated, in response to Commissioner Glidden's inquiry, that the system is capable to do what you said, but you need to be connected to the server in order to do it and a lot of the computers outside of the building are not connected to the server. Commissioner Glidden asked if they could be and City Manager Repp replied they could. Kevin Eves stated that 40% of the computers are not connected back into the main system. Commissioner Glidden asked if there was a way to connect them and Kevin Eves responded yes and is a matter of cost. If you try to connect them back into the main system, it would require some recurring fees for the network connections to get back in. At the end of the presentation we will make recommendations for the most efficient way.

Commissioner Forte asked if wireless capability is brought in to the offices, could someone use their laptop in the hearing room. Would it make the building Wi-Fi? Kevin Eves answered that he would recommend putting Wi-Fi in the entire building, yes. Commissioner Carroll asked if it would be secure with a password. City Manager Repp responded there would be a public side and a private side. Kevin Eves stated that there would be public access that would just allow citizens to get out to the internet and the private side for the staff that allows them to access your internal resources and they would be totally separate from each other.

Commissioner Carroll asked if we are getting our service through the phone company or the cable company. City Manager Repp responded through ATMC. Commissioner Carroll asked what level of residence service are we getting. Kevin Eves stated each building has its own connection. Some are borderline adequate and some are too slow. City Manager Repp stated that the building has residential DSL service. Commissioner Glidden asked if ATMC has business service. City Manager Repp stated they do. Commissioner Carroll commented that our bandwidth is shared with everyone in the office. Kevin Eves stated they found it is too slow for the amount of people.

The two options recommended (managed services vs. cloud based) for the City are to upgrade everything which would be $83,000 (managed services) and is a one-time charge. Thereafter, it would be an estimated monthly charge of $3,600 for supporting the infrastructure. If you just update the network (cloud based), the core that connects everything together, then there is a much lower cost than to also update all workstations and servers. The cost to do that is $26,000 and then because you didn't update all of that stuff you are moving to a cloud service, the monthly cost for that service being done by a third party is a little bit more than it would be to provide IT support for everything here at the City but not much more - $3,600 versus $3,900. It is not a lot more to go with the cloud versus the managed services, but you have to spend a lot less fixing things here because instead of fixing it all, some of it you can make obsolete. Because of the significant difference in the cost to update all of the equipment, the recommended overall solution would be to go to a hosted desktop/cloud based solution.

Mayor White stated you are talking about $127,000 the first year. Kevin Eves responded if you take the $3,600/month for 12 months for the first year of support and all of that upgrade, yes, that would be the number.

Commissioner Glidden asked was it feasible to break up the cost in a 2 year, 3 year plan. Kevin Eves responded you could with a 1 or 2 year plan and they would recommend high priority things you need to start with, which would be more than half, and then a few lower priority items to do in the future.

Mayor White asked if the $127,000 to start and the $43,000 to keep it going, does that include Citipak. City Manager Repp replied that it does not. Mayor White asked was it $12,000 - $13,000. City Manager Repp replied no. Mayor White asked Police Chief Shirley how much was Policepak. Chief Shirley replied for the maintenance it is about $3,700 per year. City Manager Repp also replied that the City already owns it and only

pays the ongoing maintenance – about $3,000 for Citipak and about the same for Policepak.

Mayor White asked how much is LEADS per year. Chief Shirley replied he thought it was about $1600 per year.

Mayor White asked how much is NCIC - $150 per quarter. Chief Shirley replied he thought it was more and it is paid yearly. Mayor White asked if it was $2,000. City Manager Repp stated he could provide them with actual numbers but did not have them off the top of his head.

Commissioner Carroll and Mayor White asked about Lexis Nexis and thought it was about $50 a month. City Manager Repp stated it was not too much.

Mayor White asked about the MDTs for the cars – how much is the server. Chief Shirley asked if he was asking about SEGen and stated he was not sure how much it costs. He further replied that they access SEGen with their desktops. If we got MDTs, the per car/per unit cost he believed is the same as accessing VCI but it just gives you better versatility having it in the car. Mayor White asked if that would that be around $100. Chief Shirley stated it depends on how it is accessed - if modems are used or air cards, which is what most agencies use. Commissioner Carroll stated that is about $30 a month.

Mayor White stated we have $17,000 toward the managed software or lease agreements above and beyond the $27,000. We are funding $17,000 a year on programs. City Manager Repp stated the $127,000 is under the managed service model - all computers are replaced and everything is kept internal. With the cloud, that annual cost would be one time at $72,770.

Mayor White asked if these figures include phone service. City Manager Repp replied no, though you would see a net saving with phone service because ideally what we are doing is connecting the Community Center and Public Works to this building and then eliminating their existing phone service. They would then use the internet for phone service coming out of this building. But that is the second phase.

Mayor White asked if the City maintains the current programs that have been budgeted in the past and went the $83,000 route, it would be $144,000 the first year and then get in the phone service. That would be what we would fund the first year. Commissioner Carroll commented that with the second option, $26,000 plus the $3,900, which comes to about $73,000, then it would be added onto. Kevin Eves replied that there the savings come from not having to replace everything. The older equipment we have not been spending regular cost on upgrading so you limp along for awhile then take a big leap forward and skip over that. Jeff Kerr stated some of the equipment you would be purchasing would be beneficial if you went to VOIP because you would not have to purchase that equipment, it would already be in place which would be a cost savings for your phone service. City Manager Repp replied to keep in mind of that $83,000, about half of it in three years would be replaced – all of the workstations and equipment we

own and then upgrade again when the time comes. Kevin Eves replied that the servers should be replaced every 5 years and workstations/laptops every 3 - 5 years. So if you go with the service model, you do not have to worry about unexpected cost when something breaks because you are paying a consistent amount every month per user and makes it very simple for budgeting as well as scaling up or down with staff.

Commissioner Carroll stated regardless of what we do now or in the future this is something that would have to be addressed. City Manager Repp replied that the smart phone has changed life. Most communities have their own app where the citizen clicks it pays bills, files complaints and expects a response back. Kevin Eves further remarked the City should look at this with the approach of investment and what you get out of it instead of minimizing your cost which is shortsighted and you are missing out on opportunities. Commissioner Carroll stated the City may just have to stair-step into it and need to be realistic about it. Kevin Eves replied that what you are looking at is catching up because of multiple years of getting nothing. Commissioner Glidden asked why are the servers going down so often now if they were recently purchased in 2011. Kevin Eves replied it is not because of age but because how they are managed. They are not being done in a manner that gives optimal performance and availability. Commissioner Glidden asked who manages it. City Manager Repp stated in all honesty, no one. The servers were purchased and the software installed and everything was fine. Since that time there have been upgrades which probably changed settings and over time things were loaded on the server since it was purchased which causes hiccups and no one manages or monitors it. Another continuing problem, updates come in to existing workstations and those workstations can no longer handle the updates. Commissioner Caster asked if we use Bill Blake for our computers. City Manager Repp stated we do for workstations and laptops but not the servers. He comes in, takes the computer back to his place, and brings it back once it is fixed. Then you need to look at your loss of productivity time because there is no computer for the employee to work. Kevin Eves remarked that the City needs a higher level of service.

Commissioner Carroll stated his concerns with employees bringing in their home laptop which opens the City up to viruses coming in or sensitive information getting out. Jeff Kerr remarked that it should be a scare since it opens the City up to tremendous liability. Commissioner Glidden asked how much do we spend on computer repair and IT itself. City Manager Repp stated there was no specific line item for IT. It was difficult trying to get the information to VC3 so they could make the presentation.

Commissioner Caster asked how does the City stack up with other cities. Jeff Kerr stated when he was a City Manager, his numbers looked similar. His IT assessment was very similar to this and had a lot of the same problems. Commissioner Caster appreciates the presentation but worries not about getting the proper equipment, but getting the $130,000 paid. That is a big concern. Mayor White asked if the $3,600/month is a yearly quote and will that price be subject to an increase. Jeff Kerr responded that the City's Statement of Work was written as a three year contract which means that fee would not change during that time. The City will always know how to budget for the next three years. Kevin Eves further remarked that this assessment is something you can take to any

managed services company and compare prices and services. Bottom line is there are support needs not currently being met and this is how you can get there.

Commissioner Carroll asked how does it affect the numbers if we wanted a five year contract. Kevin Eves replied that when setting up the services for a contract there is a lot of up front work done. If you go with a longer contract, then you get a discount on the upfront work that has to be done. All the investment in getting you to a managed solution where everything is being controlled, with a 3 year contract maybe that would cost the equivalent of 2 months of service. That is something you would pay up front and then pay the recurring service fee. If you went with a longer contract, maybe they would cut that down to just one month worth of service for the upfront service to get you up to par. Also you are locking in a lower rate.

Commissioner Forte stated that this week we would be state of the art if we went with the managed service model but two months from now we would be last year's model. With managed service model, next year or two years from now when the server becomes outdated, you replace that at your cost, it would not cost us anything. City Manager Repp replied, they are not the managed services model, they are the cloud model. Kevin Eves replied that they do offer both. With the managed services model, the strategic plan that goes with it is a plan for the replacement of your devices so you would know when they have to be replaced and how much it would cost. It would be your asset and your money to replace it. The contrast is with the cloud service model where you do not own all of the technology assets, you just own the network that allows you to get out to it, but the servers, workstation are owned by service provider so you do not have to worry about replacing them. Jeff Kerr remarked that if hardware breaks today, you will have a replacement by tomorrow. This is for the cloud-based service. I also have a short presentation for the managed services. If you want to we can through that presentation.

Commissioner Glidden asked to recap her numbers. She asked is the managed service model approximately $144,000. Jeff Kerr replied the first because you have to buy all the equipment. Glidden asked then after that it would be around $48,000 a year. If we went to the cloud service, it would be approximately $73,000 the first year and then the second year would be $48,000. Jeff Kerr replied in the first model – the managed services model – keep in mind a little over half of the $83,000 you would have to spend again in another three to five years.

Commissioner Carroll asked if the City went with the cloud model, basically most of the equipment is not ours. Jeff Kerr replied you are renting space on our servers. There are a lot of other pieces we have not gotten to. Commissioner Carroll asked the disadvantage of doing that. Why would we not choose that over managed services. Jeff Kerr replied for me if I were a City Manager, I would not want to be in the IT business. If there is a problem about to happen, in the cloud model, VC3 is not just reactive but proactive. We know of a problem before you would. Cost would be, in today's environment, one of the biggest issues why I would do it. I cannot think why I would not want to do it.

Commissioner Carroll stated it seems like the best way to go and there are always two sides to everything. Jeff Kerr stated this is not a sales presentation and you can take our assessment and go to any reputable managed service company and get a quote probably within 10% of our quote. The best solution is the cloud based solution and we have that solution but we have not even touched on disaster recovery. There are pluses with cloud based services which allows employees to access work from home and other options. Also, with respect to back-up, you back up to our enterprises data center in Columbia, SC but you also back up to two other data centers in Washington DC and Charlotte, NC. So if a hurricane hits and our enterprise data center went down, the City would still be up and running because we are backed up in two other places and I do not believe you have that now.

Commissioner Carroll stated if we are using the cloud system that gives us the option to sit down with the manager's recommendations and see if we need to buy two new PCs or four. City Manager Repp and Jeff Kerr both stated there would be no PCs. Jeff Kerr added that there would be what is called a thin client and they would provide that. Commissioner Carroll asked and if that broke. Jeff Kerr stated that would be on them to replace. It is a monitor, keyboard, mouse and a thin disk-type hardware that sits behind the monitor. Commissioner Carroll remarked that everything is working off of VC3. Commissioner Forte asked in the cloud, each workstation is working off of a server located elsewhere. If a workstation breaks, VC3 would come in and replace it. Jeff Kerr replied correct. Commissioner Forte then asked after spending the initial $26,000 up front for equipment, it would be $46,620 per year the City can budget annually and that is all we are spending. Jeff Kerr replied $26,000 is for the infrastructure and some other equipment. Mayor White asked is that is all four departments together. City Manager Repp replied yes. Keep in mind the $26,000 is making us wireless, connectivity, but its not paying for the equipment because that is included. Commissioner Caster asked if that is one time. Kevin Eves stated the $26,000, yes. Commissioner Carroll asked if the $3900 per month is for three years. Jeff Kerr replied a longer contract can be provided. Commissioner Forte asked for budgetary reasons, the City Manager can come to us with $46,620 this year for IT and that is it. Kevin Eves replied keep in mind that is what it takes to run all the software, you still have to buy support from Southern Software, OSSI or FMS. Commissioner Forte stated that price is just for VC3. Jeff Kerr replied yes. Commission Carroll stated this takes care of all of the hardware solutions and the rest is software. City Manager Repp replied yes and it is scalable. What you see is what we are today. If tomorrow we have 2 more employees leave, the contract goes down because we can take the two computers off the contract or the opposite, if we hire two people, it will go up because two more are added.

Commissioner Glidden asked if we go with the cloud model, page 25 would then be all green. Jeff Kerr replied it better be! Commissioner Glidden further asked if the City would be technical and advanced as far as what we need. Kevin Eves replied spending that $86,000 would also be getting you green. Commissioner Glidden stated that somewhere along the line in three years we would come into a yellow again because something needs to be updated. Jeff Kerr replied if the City goes with the managed services, the City buys everything and whoever manages it, services it. In the cloud base

environment, we provide hardware and provide 24/7 - 365 day a year service including Christmas Day.

Commissioner Caster asked what the City gets for the $3900/month or $46,000/year. Kevin Eves replied you get every bit of hardware needed to work, all server back end that manages that, storage space, hardware that runs the programs, monitoring – everything you need on a per individual basis and you get everything the employees need from a technical perspective. Commission Caster asked if the price goes up. City Manager Repp replied the City would have a three or five year contract same price for all that. Jeff Kerr replied if the technology goes up, we take care of that. The City would also get Kevin Eves, your own VCIO and he works closely with the City Manager. You would pay a lot more for an IT person. Commissioner Caster stated just looking at the figures, maintaining the City's equipment is $47,000 a year, to me that sounds like a lot of money. Kevin Eves, replied what you would be getting is a lot more than you have in the past. City Manager Repp added and has not paid for.

Mayor White asked if VC3 would install the updates for our software. Kevin Eves replied that they do install the updates. Jeff Kerr further replied that they would work with all of the City's third party vendors however; the City has to give permission to VC3 to work with its vendors and advise the vendors.

Kevin Eves added he thought it may be a larger number than expected. That it may be the case that the City we are already paying that number because not all being wrapped up into once concise package.

Commissioner Forte asked suppose there was a breach. Who is responsible, the City or VC3. Kevin Eves responded that it depends on where it came from. If it was neglect on the City's part, then it would be the City. If it was from the outside world, a hacker in China for instance, that would be VC3's responsibility.

Mayor White stated in order to make informed decision, the Board needs an itemized list of all the programs the City has so they can make a decision because that has to be added to the total cost. Commissioner Forte added plus what we have spent too.
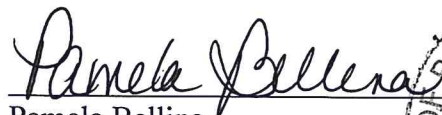
## II. Discussion of budget goals FY 2014

The Board discussed Commissioner Carroll's request that the $100,000 per year that is being saved by paying off the paving bond be utilized as a tax cut for the citizens of Boiling Spring Lakes. Commissioner Glidden verified that Commissioner Carroll is asking City Manager Repp to do a budget using the tax rate as it is today and then the same number figures using a tax cut. Commissioner Carroll replied yes. Mayor White replied he certainly did not see a problem with that.

**III. Adjourn**

**A motion** was made by Commissioner Caster and seconded by Commissioner Glidden to adjourn the workshop at 7:45 PM.

**Vote 5 – 0**

Richard D. White, Mayor

Pamela Bellina
City Clerk