CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: MAYOR LICCARDO

FROM: Councilmember Johnny Khamis

SUBJECT: BUDGET DOCUMENT

DATE: May 20, 2015

Approved	Date 05/20/15

RECOMMENDATION

Direct the City Manager to approve one-time funding for a full implementation of OpenGov in FY 2015-2016; identify ongoing funding support for future years; and complete the initial, partial implementation of OpenGov by FYE June 30, 2015.

Proposal

Program/Project Title: **Financial Transparency Initiative**

Amount of City Funding Required: **$29,000**

Fund Type (i.e. General Fund, C&C funds, etc.): **General Fund**

This change is:

___X__ One-time   ___X__ Ongoing

Proposal Description, including anticipated outcomes (describe how change would affect services for San José residents, businesses, community groups, etc.):

This proposal will provide the funds necessary to expand the pilot subscription to OpenGov's full, web-based government financial transparency platform, including checkbook data, vendor contracts, monthly financials, and complete financial details. This expansion is consistent with the Strategic Support City Service Area goal of deploying innovative solutions for enhanced productivity and civic transparency.

Background

Last year, Councilmember Khamis made a budget request for $29,000 for an open data platform, called OpenGov, to help make our revenue and expenses more accessible to citizens and staff. This request was approved as part of the FY 2014-2015 Budget. While some progress has been made toward implementation, it has been well over a year and our City data is still not up on the OpenGov platform, due to repeated delays. We still have huge binders of paper to look through with limited graphical views and no way to search, sort, or analyze the data effectively.

During FY 2014-2015, the former city manager negotiated a partial subscription to OpenGov, intending to make available only the Bi-Monthly Financial Report. A stated reason for limiting the financial data to be exported to OpenGov was that the City would soon acquire a new budget system and staff did not want to make a heavy commitment to OpenGov if it would duplicate the data display and analysis capabilities of the new budget system. Recently, the Council approved direction to the City Manager's Office to negotiate for the new budget system. The City Manager's Office is now moving forward with these negotiations, however, the new budget system is not anticipated to be live until FY 2017-18, three years from now! In addition, there are no plans for upgrading other City financial systems. Therefore, data analysis and graphical depictions of data will continue to be a manual and limited exercise for many years to come.

Our financial data resides in at least three different main systems, and several shadow systems, and sending the appropriate data set from each system to OpenGov would make it possible for City staff and residents to see combined financial data in one place, with analytical capability and multiple graphical views. It is estimated that one person from the Finance Department, the Budget Office, and the Information Technology Department would spend approximately eight to ten hours, combined, on implementation, over the course of the typically thirty days it takes to make our data live and fully accessible. To date, OpenGov has already uploaded our 200,000 line Chart of Accounts, and has worked with staff to ensure that it is set up in accordance with the current Chart of Accounts, as well as the updated Chart of Accounts planned for the new budget system. Once the up-front work is completed, the anticipated on-going time commitment would be approximately 15 minutes per month for City staff to generate the required data files and transmit them to OpenGov. The cost savings in efficiency gains alone will more than recover the annual fee, as well as the costs for staff time to transmit the files.

Subscribing to OpenGov's full platform now will allow us to see our combined financial information now. It took ten OpenGov programmers one year to create their initial platform. Under our current budget constraints, it is not feasible to consider that we could produce a similar data visualization tool in-house. In addition, OpenGov's team of engineers is constantly working on updates and improvements, which are included in the low annual subscription fee, and rolled out seamlessly once they are available.

Benefits for Decision-Makers
- A full OpenGov subscription will allow us to look at our data by program, moving us immediately closer to Mayor Liccardo's stated goal of modified Zero-Based Budgeting.

- Other cities currently using the OpenGov platform have found that time spent answering public records requests with regard to City finances has been greatly reduced. In discussions with the CIO for the City of Palo Alto, we learned that their public records requests dropped significantly. An OpenGov subscription will reduce our need to hire more staff to handle public records requests.

- OpenGov's web-based business intelligence platform empowers senior City executives to see trends, drill down to transaction-level details, and quickly compare actual spending to the budget. City analysts would spend less time calculating variances and YTD numbers, and more time analyzing the data to solve problems and improve efficiencies. The City Auditor would no longer have to scrape data from PDFs in order to produce graphs and analyze data. With current year and historical data readily available, staff would potentially save hundreds of hours in gathering, formatting, and reporting data. Currently, there is a significant lag time between when financial data is generated and when it is made available for analysis. By the time City department heads receive data about their department, it is often stale. Instead of planning for the future, they are analyzing the distant past.

Benefits for Residents

- Making our City's financial data accessible through OpenGov will allow our residents to see exactly how money flows through our organization. The interface allows users to view the data in whichever graphical format they prefer, and brings the data to life in a way that enables them to see where revenues derive from, how the funds are distributed, and the cost of services provided to the community.

- In the three years since OpenGov launched, over 275 governments have subscribed to their platform to allow access to complete and graphically represented data about their respective government's finances. Over 100 of these governments are in California, including seven of the largest cities in the state such as Los Angeles, Riverside, and Fresno, as well as 16 Bay Area cities such as Palo Alto, Mountain View, Cupertino, and Menlo Park. As the Capital of Silicon Valley, a subscription to OpenGov will demonstrate our commitment to transparency and to the use of the world-class technologies and tools that our community creates.

Sole-Source Provider

One of the objections from the former City Manager was that spending over $10,000 would require the City to put forth an RFP to allow competing vendors the chance to bid. Fortunately, we now have the opportunity to leverage the work of other agencies on this matter. For example, the City of San Diego reviewed several open source and closed source solutions on the market for budget visualization, but none came close to delivering the value, granularity, and analytical capabilities provided by OpenGov. San Diego determined that OpenGov is a sole-source provider and, therefore, the RFP process was not required. We have the opportunity to save considerable time and money by utilizing their research efforts for our benefit.

Funding Source

☒ Essential Services Reserve ($2.5 million): **One-time**

☒ Other (Program/Project/Fund): **Strategic Support CSA/ITD/Open Data Initiative - Ongoing**

It is recommended that the Essential Services Reserve be reduced by $29,000 for the 2015-2016 Budget Year and that the annual subscription fee be added to the annual funds budgeted for the Strategic Support CSA.

NOTE: Cost estimates obtained directly from vendor.

Department or Organization: **Information Technology Department**

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

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