



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 26-323

Meeting Date: 10/13/2026

TITLE:

PROPOSED INFORMATION TECHNOLOGY STRATEGIC PLAN PHASE II STUDY SESSION

DEPARTMENT: INFORMATION TECHNOLOGY

PRESENTED BY: STEVE ELY, INFORMATION TECHNOLOGY DIRECTOR

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RECOMMENDATION:

Staff recommends the City Council receive staff presentation on the proposed Information Technology Strategic Plan (ITSP) Phase II (Attachment 1) and Implementation Roadmap (Attachment 2) and provide feedback for consideration.

BACKGROUND:

ITSP Phase I

In 2020, the City of Costa Mesa ITSP Phase I identified 21 mainly software projects and an additional 18 to-be-determined (TBD) projects. The TBD projects were to be initiated depending on funding availability, and also if required. Due to COVID-19, operations were impacted in 2020, delaying the implementation of the ITSP Phase I projects, which did not start until 2021. Of the 21 planned projects, 15 have been completed successfully. This includes implementation of TESSA, Mobile Data computers for both Police and Fire departments, Office 365 installation and annual replacement of Computer systems citywide.

The remaining six planned projects are currently in progress and are funded by appropriations specifically budgeted for their implementation. There is sufficient funding in the ITSP Phase I budget to successfully complete the following projects:

- Enterprise Resource Planning (ERP)
 - Finance
 - HR/Payroll, and Budget
- Computer-Aided Dispatch/Records Management System (CAD/RMS)
 - Review/study for Public Safety
- Voice-over Internet Protocol (VoIP) project's prerequisites
 - Category 6A cabling in progress
 - Replacement of AVAYA phone switches (complete)
- Enterprise Geographic Information System (GIS)
 - Masterplan review/study

- Disaster Recovery (DR)
 - Draft Disaster Recovery Request for Proposal is ready for review
- Laserfiche
 - Redirected to Council Chamber Audio Visual.

ITSP Phase II

The ITSP Phase II Roadmap is a continuation of the 2020 plan with an emphasis on hardware and infrastructure. The ITSP Phase II has 30 planned and 34 to-be-determined projects. The ITSP Phase II is the result of a comprehensive and thorough assessment of the City's existing technologies, operational requirements, and service delivery needs. The ITSP Phase II is a technologically strategic, operationally responsive, and fiscally responsible plan. It addresses the requirements of mission-critical business needs of the City and its customers.

ANALYSIS:

The ITSP Phase II Roadmap prepared by ThirdWave Corporation, is the product of a collaborative effort with City of Costa Mesa's Management and Staff who made valuable contributions throughout the project. A focus was placed on addressing management, operational, and technology challenges that could be mitigated with strategic investments in proven and emerging technologies. The roadmap proposes a phased five-year modernization of City information technology. It schedules 30 initiatives totaling approximately \$8.5 million in FY 26-27 through FY 2030-31, with 34 additional initiatives identified for future funding consideration. The initial years emphasize network infrastructure, public safety systems, and hardware. The latter years include software for records, citizen requests, Council initiative tracking and artificial intelligence.

The roadmap serves as an effective capital and implementation planning tool. While adopting, funding, and implementing the ITSP Phase II Roadmap presents challenges; its five-year timeline provides flexibility to implement the identified technology initiatives. As a living document, the ITSP Phase II Roadmap can be reviewed and adjusted on a yearly basis, as needed. It provides an opportunity to enhance service delivery through more efficient practices supported by strategic technology investments.

ThirdWave Corporation, the vendor selected for the project, will present its findings (Attachment 3). They identified numerous strengths at the City, including the following:

- Under the direction of the City Manager and Director, the execution of the 5-year ITSP Phase II is a healthy indicator of the City's intent to intelligently plan the future use of emerging technology.
- City Staff have a strong level of professionalism and are open to embrace information technologies with a conscientious commitment to deliver exemplary services to the public.
- Community engagement is very instrumental in the IT Strategic plan. A community survey was performed, and a total of 261 residents responded, which is outstanding.
- The level of engagement of staff in the online survey provided significant feedback in their written comments throughout the survey, providing considerable and valuable insights into end-user requirements.
- The City's Leadership Team is highly committed to the fullest use of automation to provide extraordinary customer service.
- The City IT Department did an exceptional job implementing the initial 5-year ITSP, completing

a substantial number of initiatives identified therein. Examples include:

- TESSA: Access to real-time data and streamlined processes.
- Desktop Replacements/Single Device Strategy/Mobile Data Computer Replacements.
- The City is well-positioned to build upon the initial Plan and leverage the current wave of emerging information technologies for the benefit of the Costa Mesa Community.
- The adoption and implementation of the ITSP Phase II will leverage effective investment in information technologies, while supporting the City of Costa Mesa's mission-critical services.

The ITSP Phase II Roadmap represents the result of a comprehensive City-wide assessment of the City's IT needs. It provides a high-level technical specification for 30 planned information technology projects, and a compelling business case for each. There are also 34 to-be-determined projects, which may be delivered upon funding availability.

The ITSP Findings and Recommendations (Attachment 1, Sections 3 and 4) contain objectives guiding how the City delivers innovative and effective services internally and to the public, as well as key findings that will modernize technology, improve efficiencies across departments, customer experience, records management, process improvement, and data storage.

Summary of Key Findings:

The ITSP Phase II Project identified approximately 64 strategic initiatives spanning management, operational, and technology areas of opportunity. Many of these represent solutions that widely impact customer service and are foundational to adopting emerging technologies or provide staff with the fundamental tools they need to perform their operational/service delivery responsibilities.

The following provides a summary of the top 10 findings and recommendations for the City of Costa Mesa; however, they are not listed in priority order:

1. City Hall Emergency Operations Center (EOC) and Police Department Uninterrupted Power Supply (UPS)

The Infrastructure IT Focus Group with IT Staff and Management revealed the City's UPS is coming to end-of-life and will no longer be supported in two years. If the City Hall UPS fails, the City's systems and services will stop working. City Hall needs to install an enterprise grade UPS with redundancy.

2. City Hall Back-Up Servers, Nimble Storage and Network (SAN) Replacement

The Infrastructure IT Focus Group with IT Staff and Management revealed the City's current Nimble SANs are a bottleneck for accessing data due to slow speed of the SAN technology. The technology is getting older. Storage space has decreased, and the current SAN will also run out of support soon. PD's SAN technology is more than six years old, and City Hall's SAN is five years old and needs to be replaced in the next two years before support expires and the product is end-of-life.

3. Public Safety IT Service Model

The Rapid Workflow® workshops with the Fire & Rescue and Police Departments revealed concerns with the current IT service level support model, as users have assumed greater responsibility for system issue support and resolution than they feel qualified to handle.

4. Citizen Request Management

The Rapid Workflow® workshop with the City Manager's Office and Economic Development revealed the lack of a public engagement system assisting the process of starting a business. Business information is entered into Excel or not being captured, resulting in lost leads, applicants losing interest, or not starting a business in Costa Mesa. Departments use a variety of siloed systems. Having limited means of public input limits the City's ability to improve over time and cannot establish metrics or do performance measurements.

5. Enterprise Content Management System, Laserfiche

Laserfiche, the City's Enterprise Content Management System (ECMS), implemented 11 years ago, was raised multiple times during Phase II discussions with Management. City-wide adoption and use challenges persist; the system remains underutilized, and many departments continue to rely on hardcopy documents, leading to inefficiencies, increased staff time, and higher likelihood of errors.

6. Real Time Information Center (RTIC)

The Rapid Workflow® workshop with the Police Department revealed the City is currently engaged in surveying what other cities are doing with RTICs, where they should be located, staff resource requirements, and the technologies to be deployed.

7. Capital Improvement (CIP) Management

The Rapid Workflow® workshop and Management Interviews with Public Works revealed it lacks in-house Project Management Software to manage projects, schedules, resources, budgets, etc. Staff rely on Excel spreadsheets to manage projects and budgets, document project status individually in Word/Excel, and then compile the data. Each Project Manager does this in different ways.

8. Employee Information Application

The Rapid Workflow® workshop with EOC - Communication Staff revealed the inability to maintain updated employee contact information. This is a labor-intensive process. Human Resources has to go through their files, update the information, then enter it into a spreadsheet. This also results in the inability to make timely notifications to Staff during a critical incident and limits the ability to effectuate a Disaster Recovery Plan.

9. IT Staff Resources

The need for additional IT expertise and resources was noted in several project tasks related to the City's Public Safety Departments. Workshops with Police, Fire & Rescue, and Emergency Operations Center revealed a need for subject matter experts (SME) who have expertise with current and future public safety systems.

10. Computerized Maintenance Management System

The Rapid Workflow® workshop with Public Works revealed the City has two separate systems, 311 and Costa Mesa Maintenance Work Orders. These systems do not communicate. Work orders are printed or done in hardcopy and scanned. Information is kept in Excel and handwritten logs. This results in wasted Staff time, inefficiencies, and impacts customer service.

Artificial Intelligence

The topic of Artificial Intelligence (AI) surfaced repeatedly throughout the ITSP project. Further, City Council has identified other cities utilizing AI and have expressed interest in such technology to improve efficiencies in city operations. For example, the City of Laguna Beach recently launched an AI pilot program to integrate AI into its building and zoning permit review process. The goal is to speed up reviews by screening applications, highlighting missing documents, and pre-checking for complex plans. Staff will continue to explore best practices implemented successfully in other cities.

Today, most software includes built-in AI capabilities. Accordingly, a general recommendation is that end users and IT staff evaluate AI features as part of all future technology deployments to possibly improve the efficiency of current business processes and service delivery to the Public. The City should promote an AI strategy, including clear business objectives: determine desired outcomes and metrics. This can be achieved by prioritizing service delivery use cases aligned with the ITSP. Technical performance parameters include:

- Data strategy, e.g., use of current data, data quality, governance, and privacy;
- Technology and architecture: cloud versus on-premises, integration;
- Operating model and ownership: who does what and owners of AI use cases;
- Talent and capability plan: needed skills, training for non-technical staff;
- Responsible AI and risk management ethics, bias, fairness, and security;
- Change management and adoption, training, and feedback;
- Metrics: KPIs, performance, risk, and compliance metrics.

ITSP Phase II Roadmap Benefits

The ITSP Project identified substantial potential benefits that could be realized by implementing the strategy. Qualitative and quantitative benefits were identified in the Rapid Workflow® workshops. This information was leveraged to prioritize ITSP Initiatives. A total of 400 potential benefits were identified in 38 types of benefit categories in the Rapid Workflow® business process workshops. The top five (5) potential benefits are:

1. Improve customer experience mentioned fifty-four (54) times during Rapid Workflow® workshops.
2. Increase efficiency mentioned 51 times during Rapid Workflow® workshops.
3. Better documents/records management was mentioned 31 times during Rapid Workflow® workshops.
4. Business process improvements mentioned 24 times during Rapid Workflow® workshops.
5. Improve data storage mentioned 19 times during Rapid Workflow® workshops.

Next Steps

Staff will assess the City Council feedback and incorporate it into the final ITSP Phase II Roadmap and bring it forward for City Council consideration at a future date.

Once approved, staff will commence the implementation phase and will provide the City Council and FiPAC with an annual ITSP status report.

ALTERNATIVES:

The City Council may elect not to adopt the proposed ITSP Phase II. Staff does not recommend this action since this may cause a delay in procuring and installing critical infrastructure to keep the City running and serving its residents.

FISCAL REVIEW:

In evaluating the possibilities for funding the ITSP Phase II, IT and Finance worked collaboratively to determine the best way to fund not only the 30 ITSP Phase II planned projects, but also 34 to-be-determined projects.

In 2020, the Capital Asset Needs (CAN) Ordinance (2020-06) was updated to include an annual commitment of 1.5% of General Fund revenues towards citywide technology needs. All funds are deposited into the IT Replacement Fund (Fund 603). As of June 30, 2026, the unaudited fund balance in Fund 603 is approximately \$9.9 million.

Funding for the six (6) remaining projects from the ITSP Phase I, in the amount of \$6.5 million, is fully accounted for in the IT Replacement Fund. The remaining funds, plus the annual 1.5% allocation from General Fund will be utilized towards funding the 30 planned projects, as well as the 34 to-be-determined projects (currently estimated at \$11.3 million) subject to availability of resources.

Table 1 below depicts the available funding sources for ITSP Phase II funds over the next five (5) years based only on the CAN 1.5% calculation and repayment of CAN deferral from prior year. The table also displays the expenses for ITSP Phase II.

Table 1: ITSP Phase II Funding

Funding Sources	FY2026/2027	FY2027/2028	FY2028/2029	FY2029/2030	FY2030/2031	TOTAL:
Estimated Revenue ¹	\$199,966,575	\$206,319,859	\$212,227,506	\$218,320,057	\$224,603,746	
CAN 1.5%	\$2,999,499	\$3,094,798	\$3,183,413	\$3,274,801	\$3,369,056	\$15,921,567
CAN Deferral Repayment	\$116,310	\$116,310	\$116,310	\$116,310	\$116,310	\$581,550
Total Funding	\$3,115,809	\$3,211,108	\$3,299,723	\$3,391,111	\$3,485,366	\$16,503,117
ITSP Phase II	FY2026/2027	FY2027/2028	FY2028/2029	FY2029/2030	FY2030/2031	TOTAL:
Implementation & Integration	\$1,634,674	\$2,188,284	\$2,249,214	\$2,087,087	\$1,920,221	\$10,079,480
Other Equipment ³	\$585,189					
Staffing Costs ²	\$895,946	\$922,824	\$950,509	\$1,204,024	\$1,465,145	\$5,438,448
TOTAL	\$3,115,809	\$3,111,108	\$3,199,723	\$3,291,111	\$3,385,366	\$15,517,928

Notes:

1. Estimated revenue increases by 3% annually.
2. Staffing costs increase by 3% annually. Table includes three (3) existing FTE's, plus two (2) additional FTE's: a Public Safety Application Analyst proposed in FY 2029/2030 and a TESSA Application Analyst proposed in FY 2030/2031.
3. Other Equipment includes project-related expenses (\$485,189) and depreciation (\$100,000).

The budget estimate included in the ITSP Phase II Roadmap reflects a comprehensive analysis, drawing on specific data collected in the course of the ITSP Phase II Roadmap project; however, these are only preliminary estimates. Exact costs cannot be determined until the formal procurements are conducted and bids are received. If additional funds are available from project savings and fund balance, this would provide funding for the implementation of systems currently shown in the "Future/TBD" column once a more thorough evaluation of those needs can be completed.

LEGAL REVIEW:

The City Attorney's office has reviewed this report and approves it as to form.

CITY COUNCIL GOALS AND PRIORITIES:

City Council Goal:

- Maintain and enhance the City's infrastructure, facilities, equipment, and technology.
- Strengthen the Public's safety and improve the quality of life.

CONCLUSION:

Staff is seeking City Council input on the proposed Information Technology Strategic Plan (ITSP) Phase II Roadmap. The feedback received will be assessed and incorporated into the final proposed plan that will be presented for City Council consideration at a future date.