



**City of Grass Valley  
City Council  
Agenda Action Sheet**

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**Title:** Transition to internally managed Information Technology operations and reduce outside managed service provider reliance

**Recommendation:** That the Council approve the transition of Information Technology in-house, by: (1) Approving the creation of the IT Manager job description, associated salary range, and employment contract, subject to legal review; (2) authorizing the reclassification, associated salary range, and job description of the Information Systems Analyst to a flexibly staffed I/II position, subject to legal review; (3) approving the agreement with the City's Managed Services Provider (MSP), subject to legal review; and (4) directing the Finance Director to make the necessary budget adjustments and amendments to support these staffing and MSP Agreement changes.

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**Prepared by:** Alexander K. Gammelgard, Chief of Police

**Council Meeting Date:** 01/28/2025

**Date Prepared:** 01/23/2025

**Agenda:** Administrative

**Background Information:** As the City's technological demands continue to grow, it has become evident that strengthening in-house information technology (IT) capabilities is essential for efficient and effective operations. Historically, the City has relied heavily on an external managed services provider (MSP) for comprehensive IT support, including daily operational resources and a virtual Chief Information Officer (CIO) who provides recommendations. MSP services have been sufficient; however, this model limits our ability to provide strategic, responsive, tailored IT solutions aligned with the City's long-term goals. Due to an expiring contract term with our existing provider, the City recently issued an RFP to renew similar services. Responses from several providers indicated that the financial commitment to retain a similar model would include significant cost escalation with minimal on-site services. As a result, staff researched the costs/benefits of moving IT services in house. It was determined that in-house IT would address existing shortfalls as well as help curtail potential cost escalations.

Transition to an in-house model will occur over time and will be coordinated by staff and our existing MSP.

The following steps are proposed:

1. The creation of an IT Manager position to lead the City's IT operations, strategic planning, and governance, reducing reliance on MSP leadership functions.
2. The reclassification of the existing Information Systems Analyst to a flexibly staffed I/II position, supporting both entry-level and advanced IT roles, fostering career development and scalability.

3. Short/Long term reduction in the scope of the MSP contract, maintaining vendor support for specialized functions while shifting operational leadership and day-to-day IT management in-house.

**Summary of Staffing and Contract Changes**

**IT Manager Position**

**Purpose:** Provide leadership for the City’s IT initiatives, manage budgets, develop policies, and oversee IT operations and personnel. This position is a contract position.

	Min	Mid	Max
IT Manager	\$57.39	\$70.28	\$83.17

**Reclassification of Information Systems Analyst I/II**

**Purpose:** This flexible classification will support the recruitment and retention of IT talent, ensuring scalability and adaptability of the City’s IT workforce. This position would remain as a Unit 1 position and the City has met/conferred with Unit 1 representatives related to this action.

	Step A	Step B	Step C	Step D	Step E
ISA I	\$39.33	\$41.30	\$43.36	\$45.53	\$47.81
ISA II	\$43.46	\$45.63	\$47.91	\$50.31	\$52.83

**Agreement with MSP**

**Purpose:** Transition the City’s reliance on the Managed Services Provider (MSP) to a more focused support model aligned with our in-house IT capabilities.

**Approach:**

1. Initial Three-Month Full Support Period (January – March 2025): The MSP will provide comprehensive IT support for the first three months of the transition. This includes day-to-day operations, system monitoring, security management, and IT leadership. This phase ensures continuity while transitioning the incumbent IT Analyst to Manager and onboarding the Information Systems Analyst to the I/II classification.

2. **Scaling Back (April-May 2025):** During months four and five, the MSP's scope will be reduced to critical functions, including:
  - Basic help desk tasks
  - Network and system monitoring.
  - Backup management and disaster recovery tasks.
3. **Full In-House Support (June 2025):** By month six, the City will transition to a primarily in-house IT support model. The MSP will only retain responsibility for specific, specialized functions, as needed, through project-based or limited ongoing support agreements.

This phased approach allows for a smooth transition of responsibilities to in-house staff while maintaining critical IT functions. Larger IT projects during this period and ongoing will be outsourced to vendors on an as-needed basis. It provides flexibility to address larger projects without overburdening internal resources.

### **Fiscal Summary**

The proposed transition to in-house IT management is designed to remain within the approved FY 2024-2025 budget of \$405,000, while ensuring uninterrupted IT operations and positioning for long-term cost savings.

1. **Current Position Transition:**

- The costs for the newly established IT Manager position are fully offset by transitioning the funding for the current position, resulting in minimal fiscal impact.

2. **MSP Costs:**

- **January–March:** Full support at **\$21,121 per month**, totaling **\$63,363**.
- **April–May:** Scaled-back services at **\$14,363 per month**, totaling **\$28,726**.
- **June:** Minimal services at **\$2,754**.
- **Total MSP Costs (January–June): \$94,843.**

3. **In-House Support:**

- An Information Systems Analyst I will start March 1, 2025, with costs estimated to be **\$8,714 per month**, totaling **\$34,856** through June.

4. **Total Expenditures (estimated):**

- **July–December 2024: \$266,170** (including MSP, licensing and consulting).
- **January–June 2025: \$129,700** (adjusted MSP, licensing and in-house staffing).
- **Total FY 2024-2025 Costs: \$396,000**

**Conclusion:** The proposed transition plan is projected to remain within the FY 2024-2025 budget. This ensures continuity of IT operations while preparing for long-term cost efficiency through reduced MSP reliance and enhanced in-house capabilities.

**Council Goals/Objectives:** These actions align with the following Council Strategic Goals:

**Goal #6:** Safe, modern, and well-managed City operations that support a high quality of life for residents and businesses.

**Fiscal Impact:** The proposed changes are expected to be cost-neutral. The introduction of the IT Manager role will streamline operations and enhance service delivery, potentially reducing long-term operational costs as compared to MSP contracting in the long term. By scaling back the MSP contract and reducing outsourced costs, funds can be reallocated to cover the salary and benefits of the IT Manager and support the reclassification of the Information Systems Analyst I/II position.

**Funds Available:** Yes **Account #:** 100-105-51110

**Reviewed by:** City Manager

**Attachments:**  
IT Manager job description  
Employment agreement for IT Manager position  
IT Analyst I/II job description  
MSP Agreement