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March 4, 2015

Senator Tim Neville, Chair
Joint Technology Committee
200 East Colfax Avenue, Room 029
Colorado State Capitol
Denver, CO 80203

Dear Senator Neville:

The Joint Budget Committee requests a recommendation from the Joint Technology Committee on a request from the Department of Revenue for an add-on amendment to H.B. 14-1336 (Long Bill) providing "roll-forward" authority of an appropriation made during the regular FY 2014-15 budget cycle via addition of a footnote.

JBC staff provided the following analysis in the Figure Setting Recommendation for the Department of Revenue:

Last year, the Department requested and the Joint Budget Committee approved a budget request from the Department of Revenue for R2 Customer Service Enhancements. As part of this request, the Department received an appropriation \$1,492,103 General Fund to expand the "Wait Less" queuing and data management technology to a total of 43 new offices throughout the state. The appropriation was calculated with the assumption that each office would cost approximately \$34,700.

Currently 15 of the 36 state-operated driver's license offices have the Wait Less system installed. At the time the original budget request was submitted, 13 locations had the system installed. The Wait Less system is an office management and appointment scheduling system that measures and manages the efficiency of driver's license and motor vehicle services. The system collects data regarding wait times, transaction times, and provides online appointment booking. When the project is complete, the Department expects all but five state-run offices, which typically see little to no wait, to have the technology. The Department has stressed that this initiative is a high priority for its effort to reduce wait times in driver's license offices and to improve customer service.

With the request funded in the FY 2014-15 budget, the Department issued a request for proposals (RPFs) to deploy the technology on October 24, 2014. The solicitation sought a contractor for hardware and installation of that hardware in FY 2014-15. The Department worked collaboratively with the Governor's Office of Information Technology (OIT) to develop the RFP to ensure that all technology specifications and requirements were included. The Department received no bids.

After the RFP period closed, the Department received an unsolicited letter from one of the potential vendors explaining some of the reasons that vendor chose not to bid. The vendor described the reasons for not bidding included a lack of clarity concerning responsibility for existing queuing software, a desire to more clearly understand the OIT security requirements, and that the contract parameters were "unduly restrictive" for a project this size.

The Department investigated several options including entering into negotiations with OIT to explore whether it had the capacity to build the Wait Less system internally. At the same time, the Department began revising its proposal. After OIT determined it did not have the capacity to provide an in-house solution, the Department reissued its revised RFP on January 9, 2015 with proposals due February 9, 2015.

The Department expects to have a vendor selected by the end of May 2015. The Department would like to extend the performance period through the end of calendar year 2015. Because it is unlikely the contractor will be able to complete the project in FY 2014-15, the Department seeks this amendment to the FY 2014-15 Long Bill.

Staff is concerned about the track this project is on. The original budget request that was approved appropriated \$1,492,103 General Fund for the Wait Less Technology in 43 offices including state and county-run ones. The request amount was based on an estimate that each office would require \$34,700 to outfit with the systems. This request rolls-forward the same appropriation value into FY 2015-16, even though the Department is now stating this appropriation will only fund the Wait Less technology in 31 of 36 state-run offices.

Despite acknowledging the difference between the original request and this one, the Department states it respectfully requests roll-forward authority for the entire original appropriation. It says its estimates were calculated on the basis of the project costing \$34,700 per office but now it does not know final pricing because procurement for a vendor is still in process. The Department explains that its cost estimate was based on the how much it cost to roll out the first phase of Wait Less, to the thirteen original offices. The Department responded to questions about the calculation and discrepancies between the FY 2014-15 request about this add-on and explains how it arrived at 43 offices and states the need is now reduced because some county-run offices installed their own queuing systems and other offices do not have a workload that requires it. While this explains why they no longer need the technology in 43 more offices, it does not explain why they are requesting the full appropriation to be rolled-forward. While staff believes that installing the Wait Less queuing technology is an important goal for the Department to accomplish, staff recommends rejecting the request to provide roll-forward authority via footnote in a Long Bill add on for FY 2014-15.

Attached to this letter is the original official request from the Department of Revenue dated February 11, 2015. The Joint Budget Committee respectfully requests recommendations by March 16, 2015, to ensure the recommendations are considered prior to introduction of general appropriations bill.

Sincerely,

A handwritten signature in black ink, reading "Kent D. Lambert". The signature is written in a cursive style with a large, stylized "K" and "L".

Senator Kent Lambert, Chair
Joint Budget Committee



COLORADO

Department of Revenue

Executive Director's Office

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1375 Sherman Street
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Denver, CO 80217-0087

February 11, 2015

Senator Kent Lambert, Chair
Joint Budget Committee
200 East 14th Avenue, 3rd Floor
Legislative Services Building
Denver, CO 80203

Dear Senator Lambert:

The Department of Revenue requests that roll-forward language for the expansion of the "Wait Less" project be included as a footnote to H.B. 14-1336 – (4) Division of Motor Vehicles, (B) Driver Services, Operating Expenses. The recommended language is "Department of Revenue, Division of Motor Vehicles—Of this appropriation, \$1,492,103 General Fund remains available in FY 2015-16 for the expansion of the Wait Less system."

Background

Currently 15 of the 36 state-operated driver's license offices have the Wait Less system. This system is an office management and appointment scheduling system that measures and manages the efficiency of driver's license and motor vehicle services. The system collects vital data regarding wait times and transaction times and other statistical information, and provides online appointment scheduling.

Phase 1 of the Wait Less system included the installation of kiosks and software in 13 driver's license offices in 2012. An additional two offices were added in June 2014. Phase 2, funded in H.B. 14-1336, will expand the system to an additional 16 offices. When this project is completed, all but five state-operated driver's license offices will have the Wait Less system. These offices are small with little or no wait times and will not need this technology.

The Wait Less project, which was funded in the 2014-15 Long Bill as a budget initiative of the Department, is a high priority in the Department's effort to reduce wait times in driver's license offices and to improve customer service.

Current Situation

On October 24, 2014, the Department issued a "request for proposals" (RFP), for the expansion of the Wait Less system. The RFP solicited bids for hardware and installation of said hardware in 16 driver's license offices identified to receive the Wait Less system in FY 2014-15. The Department worked collaboratively with the Office of Information Technology (OIT) to develop the RFP to ensure that all the technology specifications and requirements were included.

The RFP responses were due on November 25, 2014, but no proposals were submitted at that time. After the response period closed, one vendor sent the Department an unsolicited letter stating the reasons why they did not submit a proposal. The vendor's primary concerns were: lack of clarity concerning responsibility for existing queuing software, desire to more clearly understand OIT security requirements as related to system architecture, and contract parameters that were unduly restrictive for a project of this size.

In light of the "no-bid" response, the Department's project team explored the following options:

- Negotiation of a single-source contract
- Explore OIT providing the Wait Less solution
- Revise and re-issue the RFP

After consultation with the Department's purchasing staff, the team eliminated the pursuit of a single-source contract. The number of changes to the project's requirements required the Department to either source the project with OIT or re-issue the RFP. During December, the team pursued the parallel tracks of revising the RFP and entering into discussions with OIT. In early January, OIT decided that they did not have the capacity to provide a Wait Less system. The revised RFP was finalized and re-issued on January 9, 2015. Proposals were due February 10, 2015.

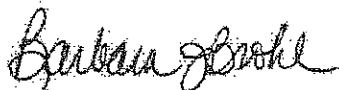
The Department expects to have a vendor selected and a contract signed no later than May 31, 2015. Although this will be within the FY 2014-15 fiscal year, it does not give the Department sufficient time to complete the Wait Less project prior to June 30, 2015.

The Department would like to modify the project end date in the RFP to the end of calendar year 2015 to allow sufficient time for project completion. However, for this modification to be implemented, approval of a footnote to H.B. 14-1336 is requested.

The Department discussed the request with the Office of the State Controller (OSC) on January 20, 2015. The request does not meet the criteria for a roll-forward under the authority of the OSC. Instead, and with the recommendation and support of OSC, the Department requests a footnote to H.B. 14-1336 permitting the continued availability of the FY 2014-15 funding in FY 2015-16 to complete the Wait Less project. The Department understands that these requests are not common and appreciates your consideration.

If you have any questions regarding this request, please contact Heather Copp, Deputy Executive Director heather.copp@state.co.us or (303) 866-4994.

Sincerely,



Barbara J. Brohl

Senator Kent Lambert, Chair
February 11, 2015
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Cc: Senator Kevin Grantham, Joint Budget Committee
Senator Pat Steadman, Joint Budget Committee
Representative Millie Hamner, Vice Chair, Joint Budget Committee
Representative Dave Young, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Henry Sobanet, Director, Office of State Planning and Budgeting
Erick Scheminske, Deputy Director, Office of State Planning and Budgeting
Alice Wheat, Staff, Office of State Planning and Budgeting
Scott Thompson, Staff, Joint Budget Committee

PROJECT NAME: Wait Less Expansion**Request**

The Department of Revenue (DOR), Division of Motor Vehicles (DMV) is requesting an add-on amendment to the 2014 Long Bill to provide roll-forward authority for an appropriation made in FY 2014-15. An operating budget appropriation was made in FY 2014-15 for \$1,492,103 General Fund to expand "Wait Less" queuing and data management technology to a total of 43 DMV offices throughout the state. DOR is requesting that a footnote be added to the 2014 Long Bill to permit the continued availability of the FY 2014-15 funding in FY 2015-16 to complete the Wait Less project.

Background

Pursuant to Rule 45 (a)(3)(B) of the Joint Rules of the Senate and the House of Representatives, the Joint Technology Committee (JTC) shall review any operating budget request for information technology that the Joint Budget Committee (JBC) forwards to the JTC for review. On March 4, 2015, the JBC forwarded the request to the JTC. The JBC is requesting a recommendation from the JTC by March 16, 2015, to ensure the recommendation is considered prior to the introduction of the 2015 Long Bill.

On February 11, 2015, DOR submitted a letter to the JBC requesting roll-forward language for the Wait Less project. In the letter, DOR explains the original FY 2014-15 appropriation as a high priority in the department's effort to reduce wait times in driver's license offices and to improve customer service. The original operating budget request in FY 2014-15 for R-2 DMV Customer Service Enhancements states, "the system collects vital data regarding wait times and transaction times, provides statistical information to improve office procedures, and provides on-line appointment scheduling."

JBC staff provided an analysis of the request during the 2015 figure setting for the department. Currently, 15 of the 36 state-operated DMV offices have the Wait Less system installed. When the project is complete, the department expects all but five state-run offices to have the technology. The original request was based on installing the Wait Less technology in 43 offices. The department is now stating that the appropriation will only be used to install the system in 31 of the 36 state-run offices, but it is still requesting the full appropriation to be rolled forward. Because of this discrepancy, JBC recommended rejecting the request as submitted.

Project Description / Scope of Work

The DMV originally requested the "Wait Less" queuing and management system for installation in 43 driver's license offices. The technology is designed to save time by allowing residents to schedule appointments on-line. Once at the DMV office, there is a check-in kiosk station designed to reduce wait times and allow multiple customers to check-in. The original request called for 23 state-run and 20 county-run offices to be outfitted with the system at an estimated cost of \$34,700 per office. Each installation includes two kiosks, two media players, and two tablets. At the time the original budget request was submitted, 13 offices had the system already installed. In 2014, the system was installed in two additional offices. The department is now requesting to expand the system to an additional 16 offices and to replace it in the 15 offices where it is already installed, for installation in a total of 31 offices.

Project Delay

The initial request for proposals (RFP), developed collaboratively with the Office of Information Technology (OIT), was released on October 24, 2014. The RFP solicited bids for

the installation of both hardware and software in 16 pre-selected driver's license offices during FY 2014-15. Proposals were due back to DOR by November 25, 2014; however, no responses were received. One vendor sent an "unsolicited" response to the department, citing concerns with lack of clarity regarding responsibility for the existing queuing software, lack of understanding regarding OIT's security requirements, and unduly restrictive contract parameters. The department then explored several options, including negotiating a single-source contract, developing an in-house solution with OIT, and revising and reissuing the RFP. After thorough analysis, the department decided to reissue the RFP on January 9, 2015 with responses due back on February 10, 2015. DOR expects to have a contract signed by May 31, 2015, with project completion in FY 2015-16.

JTC Staff Recommendation

The project is behind schedule due to limited response to the initial RFP. The department has since re-issued the RFP and expects to execute a final contract by May 31, 2015. However, the department says this does not allow sufficient time to complete the Wait Less project before the end of FY 2014-15. Therefore, DOR is requesting that the availability of funding be extended through FY 2015-16. Since the initial appropriation was based on installing the system in 43 driver's license offices, and it is now anticipated to be installed in only 31 state-run offices, *JTC staff is recommending a reduction in the initial appropriation.* Of the original 43 offices, 20 county-run offices were included. The department says these offices either now have a queuing system established or have minimal wait times that do not require a new system.

Despite the reduction in the number of offices at which Wait Less will be installed, the department is not requesting a corresponding reduction in the original appropriation. Furthermore, the department acknowledges that the 15 offices that currently have the Wait Less system are in need of a system replacement. Thirteen of these systems were installed in 2012, and two others were installed in 2014. JTC staff would expect the hardware (kiosks) for these systems to have a life span of longer than one to three years. ***JTC staff recommends adding a footnote in the 2014 Long Bill authorizing roll-forward authority (\$1,075,700) for the Wait Less Project in FY 2015-16.*** In the absence of more detailed cost estimates, the recommended roll-forward appropriation is based on 31 offices at a cost of \$34,700 each.

Staff Questions

- 1. The original funding request for FY 2014-15 was for the Wait Less queuing and management system to be installed in 43 offices. How many offices will actually be completed under this project's funding? How many total offices (both state and county) will have this system installed?**

While developing requirements for the Phase 2 RFP, the DMV examined the volume of documents issued per day in each of the state and county offices. The eight county offices that generated the most volume of documents issued per day were in Arapahoe, Douglas, and El Paso. Those three counties already have their own queuing system. The remaining twelve county offices had volumes of less than 10 documents per day and therefore do not necessitate appointment scheduling or queuing. DMV utilized the same methodology regarding the state offices, which resulted in the identification of five state offices that did not necessitate appointment scheduling or queuing. The DMV

identified 16 state offices in which customers would benefit from appointment scheduling and queuing capabilities.

The DMV further examined the existing 15 offices that currently have appointment scheduling and queuing capabilities. Both OIT and the DMV agreed that the current hardware in these offices needed to be replaced. The existing hardware is at end of life, is expensive and complex to maintain. Frequent downtime and loss of productivity are experienced. Maintenance has been done by OIT and requires frequent trips to the DMV Offices.

The RFP requires that maintenance be provided by the new vendor. Neither OIT or the Department will be responsible for system maintenance. A liquidated damage clause for system downtime will be negotiated during the contracting process. Expansion to the additional 16 state offices includes costs for licensing, data integration, hardware, and maintenance. The existing 15 offices will only require hardware and maintenance as the infrastructure and software licenses are already in place. As discussed previously, the need to replace hardware at the Phase 1 sites was not known at the time of the FY 2014-15 budget request.

The original estimate of \$34,700 per office was based on the Phase 1 average cost. Now that replacement hardware is a component of Phase 2, coupled with the fact that the vendor contract has not been awarded, the cost of Phase 2 will be unknown until the contract award occurs at end of March 2015. The total appropriated amount of \$1,492,103 may not be necessary to complete Phase 2; however there must be adequate spending authority in place to execute the contract with the vendor and complete the project. The Department intends only to utilize the amount needed for implementation of Phase 2 and restrict the remaining portion of the appropriation to be reverted.

2. The original funding request was for installation at 23 state and 20 county operated offices. Are these numbers still accurate? If not, what are the updated numbers?

See response above. There were be 16 new offices and replacement of hardware in the original 15 offices.

3. The referenced letter stated "An additional two offices were added in June 2015." Please verify that there were 15 offices completed under Phase 1 of the project.

Yes there were 15 offices which currently have wait less.

4. As of February 11, 2015, 15 of the state's 36 offices had the system installed. How many county offices had the system installed as of February 11, 2015?

See response above. Arapahoe, Douglas, and El Paso have their own queuing systems installed in the eight offices where they issue Driver Licenses.