Project Tracking No.: 10242

Return on Investment (ROI) Program Funding Application

This template was built using the ITE ROI Submission Intranet application.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Enterprise is required to perform post implementation outcome audits for all Pooled Technology funded projects and may perform audits on other projects.

This is an IOWAccess Revolving Fund Request.

Amount of funding requested: Currently: $185,000
                                 Anticipated total: $ 185,000

The Iowa Department of Management (DOM) annual taxable property valuation collection process begins each year about November 1. The current process, which uses deployed desktop software, has been difficult as well as costly to manage and maintain across the many Windows operating systems. For the upcoming collection year, looking at the time and expense of making the desktop software operational with the new Vista operating system, while at the same time ensuring backward compatibility with the older operating systems, we prefer to allocate resources toward implementation of the proposed Internet based system by November 1, 2007. With that said, funding for both the Design Phase and the Implementation Phase is being requested in order to meet that goal. However, since the Design Phase is not yet complete, the Implementation Phase cost estimate does include unknown risks.

Section I: Proposal

Date:	7/7/07
Agency Name:	Iowa Department of Management
Project Name:	Property Valuation Submission (PVS)
Agency Manager:	Mike Albers
Agency Manager Phone Number / E-Mail:	515-281-5598
Executive Sponsor (Agency Director or Designee):	Charles Krogmeier
IOWAccess Project Process Phase:	☐ Scope Analysis ✓ Design ✓ Implementation

A. Project Summary: Describe the nature and use of the proposed project, including what is to be accomplished, how it will be accomplished, and what the costs and benefits will be.

County Auditors are required to annually report property valuations to the Department of Management by January 1. The Department of Management annually provides a custom desktop software package which is used by the 99 counties to create a file for reporting this data. Deploying and supporting the custom software is a very time-consuming and costly process for both the Department of Management and for the County Auditors. The Department has to make sure that the custom software will install, open files, save files, print reports, and be capable of adding & deleting taxing districts over the wide range of Windows operating systems and office suites installed across those 99 environments. Even with extensive testing, there are always PCs in the field upon which the software will not properly install or operate.

This project will establish a centralized database and application with Internet accessibility that would allow County Auditors to annually report property valuations for the coming budget year. The target is to provide functionality and features at least comparable to the existing desktop software. This architecture will eliminate the current process of duplicative reading and writing of valuation data that can introduce errors and dropped data.

In order for the County Auditors to report property valuations by January 1, 2008, the new system must be in production by November 1, 2007. If the new system cannot be completed by then, the state will incur additional expense to upgrade, test, and deploy out of date client software.

The new system will allow the individual 99 County Auditors to directly load their data to, and perform field validation on, a central database server residing at the Department of Management. Currently, the data is entered into the desktop valuation software. It is then modified as necessary and saved to a file. That file is then sent to the Department of Management. The Department of Management then takes that file and loads its data into a database. The current process, which uses the desk top software and manual transfer of data, opens the door for the data being incomplete, untimely, and/or inaccurate.

In addition to bring used by the Department of Management and the 99 County Auditor's offices, the proposed system will make early valuation data available on-line to 3,300 local property tax levying governments, plus financial advisors, other interested parties, and to the general public, as soon as the data is filed by the County Auditor.

Currently, early valuation data is only available on request through the County Auditors. If someone needs early data for a levying authority which spans multiple counties, such as for school districts and community colleges, they typically would have to separately contact the Auditor for each of the counties involved. Obtaining this data is inconvenient and time consuming for citizens plus it requires additional work by County Auditors to provide this information.

Under the new system the early valuation data will be instantly available on-line for use by interested parties. Also, individuals needing early valuation data will be able to obtain it on their schedule rather than based on the business hours of the County Auditor's offices.

B. Strategic Plan: How does the proposed project fit into the strategic plan of the requesting agency?

The local government division of the Department of Management recently completed a week long continuous improvement strategy session to indentify initiatives to improve the process and services provided by the Department. One of the major outcomes of this session was the recommendation to provide a web based data entry/retrieval system and central database for the 3,300 local tax certifying government budgets. The Property Valuation Submission project will provide a template for these future web based/central database systems for the local government budgets.

This project fits into the strategic plan of DOM by eliminating the use of client software which must be installed, maintained, and used on up to 150 individual PCs in the State's counties (some counties install the software on more than one PC). By going to a web based architecture and central database DOM will be able to eliminate duplicative reading and writing of the valuation data. The new system would allow the County Auditors to directly load valuation data into, and edit the data on, the central database.

C. Current Technology: Provide a summary of the technology used by the current system. How does the proposed project impact the agency's technological direction? Are programming elements consistent with a Service Oriented Architecture (SOA) approach? Are programming elements consistent with existing enterprise standards?

The technology of the current system has been addressed previously. This project will create a browser based system for entering and updating valuations data, eliminating the need for the Department of Management to deliver and support custom desktop software on an annual basis. The development of the application is consistent with a Service Oriented Architecture (SOA).

D. Statutory or Other Requirements

Is this project or expenditure necessary for compliance with a Federal law, rule, or order?

No

☐   YES (If "Yes", cite the specific Federal law, rule or order, with a short explanation of how this project is impacted by it.)
Explanation:

Is this project or expenditure required by state law, rule or order?

No, but DOM has statutory authority for prescribing the forms for submission.

☐   YES (If "YES", cite the specific state law, rule or order, with a short explanation of how this project is impacted by it.)
Explanation:

Does this project or expenditure meet a health, safety or security requirement?

No

☐   YES (If "YES", explain.)
Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?

Yes

☐   YES (If "YES", cite the specific standard.)
Explanation:
Currently, the PCs in 99 County Auditor's offices are not standard on a specific operating system; therefore, the current client based software must be maintained and upgraded to operate on a variety of PC Operating Systems. The new web based system would allow standardization on web browsers - Internet Explorer or Firefox.

[This section to be scored by application evaluator.]

Evaluation (15 Points Maximum)
If the answer to these criteria is "no," the point value is zero (0). Depending upon how directly a qualifying project or expenditure may relate to a particular requirement (federal mandate, state mandate, health-safety-security issue, or compliance with an enterprise technology standard), or satisfies more than one requirement (e.g. it is mandated by state and federal law and fulfills a health and safety mandate), 1-15 points awarded.

E. Impact on Iowa's Citizens

1. **Project Participants** - List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, other levels of government, etc.) and provide commentary concerning the nature of participant involvement. Be sure to specify who and how many **direct** users the system will impact. Also specify whether the system will be of use to other interested parties: who they may be, how many people are estimated, and how they will use the system.

The new system will be directly used by the 99 County Auditor's offices and the Department of Management for annual property valuation submissions. 3,300 local tax levying authorities have an interest in the data and would likely annually retrieve their valuation data directly from this system as opposed to getting it manually from the County Auditor. Other interested parties include numerous local government financial advisors, financial bond counsel, as well as the general public. Valuation data will be instantly available on-line for use by interested parties as soon as it is filed by the County Auditor. Individuals that need this data will be able to on their schedule rather than based on the business hours of the County Auditor's offices.

2. Service Improvements - Summarize the extent to which the project or expenditure improves service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

The move to a web based system will save the individual County Auditor's offices and the Department of Management the time and effort associated with having to distribute, install, troubleshoot, and support the desktop software. Also, the effort involved in creating, transmitting, and uploading the data files created by the desktop software will be eliminated.

By eliminating the need to manually research and respond to requests for early valuation data, there will be significant time and cost savings for the County Auditors and citizens who need this data, thereby reducing the Government hassle factor.

3. Citizen Impact – Summarize how the project leads to a more informed citizenry, facilitates accountability, and encourages participatory democracy. If this is an extension of another project, what has been the adoption rate of Iowa's citizens or government employees with the preceding project?

Currently, local governments and citizens have limited access to early valuation data. In order to obtain this information, individuals must contact the various County Auditors. Under the proposed system early data would be available on the web on a 24/7 basis.

For example, let's say a citizen analyzing a proposed city budget wants to compare the taxable valuation base of their city to 20 similar-sized cities in the State. Right now that citizen would have to make individual contact with up to 20 County Auditors for that data. Under the proposed system the data could be obtained from a single source on the web.

Likewise, let's say a citizen wants to know how much of the taxable valuation base is being used for Tax Increment Financing (TIF) in their city compared to what is being used in 20 other similar-sized cities in the state. Again, that citizen would have to make individual contact with up to 20 County Auditors for the data that we are proposing to have available on the web.

4. Public Health and/or Safety – Explain requirements or impact on the health and safety of the public.

> **[This section to be scored by application evaluator.]**
> **Evaluation (15 Points Maximum)**
> - Minimally directly impacts Iowa citizens (0-5 points).
> - Moderately directly impacts Iowa citizens (6-10 points).
> - Significantly directly impacts Iowa citizens (11-15 points).

> **[This section to be scored by application evaluator.]**
> **Evaluation (10 Points Maximum)**
> - Minimally improves customer service (0-3 points).
> - Moderately improves customer service (4-6 points).
> - Significantly improves customer service (7-10 points).

F. Process Reengineering

Provide a pre-project or pre-expenditure (before implementation) description of the impacted system or process.   Be sure to include the procedures used to administer the impacted system or process and how citizens interact with the current system.

Response:

County Auditors are required to annually report property valuations to the Department of Management by January 1. The Department of Management provides a custom desktop software package used by the 99 counties to create a file for reporting valuation data. Deploying and supporting the custom software is a very time-consuming and costly process for both the Department of Management and for the County Auditors. The Department has to make sure that the custom software will install, open files, save files, print reports, and be capable of adding and deleting taxing districts over the wide range of Windows operating systems and office suites installed across those 99 environments. Even with extensive testing, there are always PCs in the field upon which the software will not properly install or operate.

Currently, early valuation data is only available on request through the County Auditors. If a citizen wants early valuation data for a levying authority which spans multiple counties, such as is the case for school districts and community colleges, the citizen would have to separately contact the County Auditor in each of the counties involved. Obtaining early valuation data is both inconvenient and time consuming for citizens plus the requests create additional work for the County Auditors.

Provide a post-project or post-expenditure (after implementation) description of the impacted system or process. Be sure to include the procedures used to administer the impacted system or process and how citizens will interact with the proposed system. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response:

By establishing a central database with access through a web based application, the County Auditors will more efficiently and effectively report annually property valuations each year. The new system will eliminate the current process of duplicative reading and writing of valuation data that can introduce errors and dropped data.

This project will make use of web-based technology to replace outdated client software.

8. Property Valuation Submission ROI.doc

This system will make early valuation data available on-line, saving significant time and effort for parties looking for such data as well as for the County Auditors. The new system will eliminate the manual process required to obtain early data and allow data to be quickly and efficiently retrieved.

[This section to be scored by application evaluator.]
Evaluation (10 Points Maximum)

- <u>Minimal</u> use of information technology to reengineer government processes (0-3 points).

- <u>Moderate</u> use of information technology to reengineer government processes (4-6 points).

- <u>Significant</u> use of information technology to reengineer government processes (7-10).

G. Timeline

Provide a projected timeline for this project. Include such items as **start date**, planning, database design, coding, implementation, testing, conversion, parallel installation, and date of final release. Also include the parties responsible for each item.

Milestones	Scheduled Completion Dates	Responsible Party
Initiation Phase		
Assessment / Concept Document Completed	Done	
Scope Analysis		
IOW Access Funding Approved	May-09	
Project Kick Off Meeting Held	May-23	
Design Phase Project Plan & Estimate Completed	Jul-06	DOM / ITE
ROI Document for Design Phase Completed	Jul-06	DOM / ITE
Project Estimate for Implementation Phase Completed	Jul-06	ITE
IOW Access Funding for Design Phase Obtained (plus Implementation Phase Dollars)	Jul-11	DOM
Design		
Design Phase Begins	Jul-16	DOM / ITE
Mock Ups / Prototype Completed and Approved	Jul-31	DOM / ITE
Requirements Specifications Completed and Approved	Jul-31	DOM / ITE
Statement Of Work Completed	Jul-31	ITE
Design Phase Completed	Jul-31	ITE
Implementation - Execution and Closure		
Construction (Coding) Begins	Aug-01	ITE
IOW Access Meeting	Sep-12	DOM
Construction (Coding) Completed	Sep-30	ITE
ITE Functional Testing Begins	Oct-01	ITE
ITE Functional Testing Completed	Oct-15	ITE
ITE Follow Up and Modifications Completed	Oct-15	ITE
Customer Acceptance Testing Completed	Oct-26	DOM
Launch to Production Version 1	Oct-31	ITE
Project Closure - Lesson Learned; Archive	Dec-01	DOM / ITE

[This section to be scored by application evaluator.]
Evaluation (10 Points Maximum)

- The timeline contains several problem areas (0-3 points).

- The timeline seems reasonable with few problem areas (4-6 points).

- The timeline seems reasonable with no problem areas (7-10).

H. Funding Requirements

On a fiscal year basis, enter the estimated cost by funding source: Be sure to include developmental costs and ongoing costs, such as those for hosting the site, maintenance, upgrades.

	FY08		FY09		FY10	
	Cost($)	% Total Cost	Cost($)	% Total Cost	Cost($)	% Total Cost
State General Fund	$0	0%	$0	0%	$0	0%
Pooled Tech. Fund /IOWAccess Fund	$185,000	100%	$0	0%	$0	0%
Federal Funds	$0	0%	$0	0%	$0	0%
Local Gov. Funds	$0	0%	$0	0%	$0	0%
Grant or Private Funds	$0	0%	$0	0%	$0	0%
Other Funds (Specify)	$0	0%	$0	0%	$0	0%
Total Project Cost	$185,000	100%	$0	0%	$0	0%
Non-Pooled Tech. Total	$0	0%	$0	0%	$0	0%

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- The funding request contains questionable items (0-3 points).

- The funding request seems reasonable with few questionable items (4-6 points).

- The funding request seems reasonable with no problem areas (7-10).

I. Scope

Is this project the first part of a future, larger project?

No

☐ YES (If "YES", explain.)   √ NO, it is a stand-alone project.
Explanation:

Is this project a continuation of a previously begun project?
No

☐ YES (If "YES", explain.)
Explanation:

[This section to be scored by application evaluator.]

Evaluation **(10 Points Maximum)**

- This is the first year of a multi-year project / expenditure or project / expenditure duration is one year (0-5 points)

- The project / expenditure is of a multi-year nature and each annual component produces a definable and stand-alone outcome, result or product (2-8 points).

- This is beyond the first year of a multi-year project / expenditure (6-10 points)

The last part of this criteria involves rating the extent to which a project or expenditure is at an advanced stage of implementation and termination of the project / expenditure would waste previously invested resources.

J. Source of Funds

On a fiscal year basis, how much of the total project cost ($ amount and %) would be absorbed by your agency from non-Pooled Technology and/or IOWAccess funds? If desired, provide additional comment / response below.

Response:

On going software maintenance and hosting would be absorbed by the Department.

[This section to be scored by application evaluator.]

Evaluation **(5 Points Maximum)**

- 0% (0 points)

- 1%-12% (1 point)

- 13%-25% (2 points)

- 25%-38% (3 points)

- 39%-50% (4 points)

- Over 50% (5 points)

Section II: Financial Analysis

A. Project Budget Table

It is necessary to <u>estimate and assign</u> a useful life figure to <u>each</u> cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all <u>new</u> annual ongoing costs that are project related.

The Total Annual Prorated Cost (State Share) will be calculated based on the following equation:

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right) \times \%\ State\ Share\right] + \left(Annual\ Ongoing\ Cost \times \%\ State\ Share\right) = Annual\ Prorated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff						
Software	$185,000	4	100%	See Note /1		$46,250
Hardware						
Training	$5,000	1		$2,000		$2,000
Facilities						
Professional Services /2				$9,250		$9,250
ITD Services						
Supplies, Maint, etc.						
Other						
Totals	$190,000			$11,250		$57,500

Notes:
1. New Software will be hosted in DOM's current environment so there are no incremental hosting costs
2. Professional Services for ITE Software Maintenance and Support

B. Spending plan

Explain how the funds will be allocated.

C. Tangible and/or Intangible Benefits

Respond to the following and transfer data to the ROI Financial Worksheet as necessary:

1. **Annual Pre-Project Cost** - This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.
Quantify actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process <u>prior to </u>project implementation.

Describe Annual Pre-Project Cost:

About 1,200 hours of time each year across 99 counties and the state government for the following work items <u>will be redirected</u>:

- Build, test, and distribute software CD each year
- Upgrade software to operate on new operating systems
- Install software from CD by each County Auditors
- State providing Help Desk functions supporting of County Auditors
- Responding to requests for early valuation data

Quantify Annual Pre-Project Cost:

	State Total
FTE Cost(salary plus benefits): Includes some support costs	$55,009
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$0.00
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$0.00
Total Annual Pre-Project Cost:	$55,009

2. **Annual Post-Project Cost** - This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation. **Quantify actual state government direct and indirect costs** (personnel, support, equipment, etc.) associated with the activity, system or process <u>after </u>project implementation.

Describe Annual Post-Project Cost:

Redirected costs by DOM (from above) will include spending about 50 hours the first year for training the County Auditors on the new system and an estimated $9,250 annually for software maintenance and support.

Quantify Annual Post-Project Cost:

The hours of savings provided by the new system will allow the ability to improve customer service for citizens and local governments. Productivity improvements will be applied to providing more timely and accessible property valuations to the citizens of Iowa. The various local governments will benefit as well by having more accessibility to data.

	State Total
FTE Cost(salary plus benefits): Includes some support costs	$55,009
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$0.00
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$0.00
Total Annual Pre-Project Cost:	$55,009

3. **Citizen Benefit** - Quantify the estimated annual value of the project to Iowa citizens. This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time.

Describe savings justification:

It is assumed that on average about 10 requests per county for early Properly Valuation data are made to the County Auditor. Over a 4 year period it is estimated that this number will be reduced by 90% as more and more people use the web site instead of contacting the County Auditor directly.

Transaction Savings	
Number of annual online transactions:	990
Hours saved/transaction:	0.5
Number of Citizens affected:	990
Value of Citizen Hour	$10
Total Transaction Savings:	$2,970 (See Note Below)
Other Savings (Describe)	
Total Savings:	**$2,970**

Note: Annualized calculations are based on an increasing annual adoption rate of 25% per year for 4 years.

4. **Opportunity Value/Risk or Loss Avoidance** - Quantify the estimated annual <u>non-operations</u> benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or Federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc. **Response:**

ROI Financial Worksheet	
A. Total Annual Pre-Project cost (State Share from Section II C1):	
B. Total Annual Post-Project cost (State Share from Section II C2):	
State Government Benefit (= A-B):	$55,181
Annual Benefit Summary:	
State Government Benefit:	$55,181
Citizen Benefit:	$2,970
Opportunity Value or Risk/Loss Avoidance Benefit:	
C. Total Annual Project Benefit:	$58,151
D. Annual Prorated Cost (From Budget Table):	$57,500
Benefit / Cost Ratio: (C/D) =	1.01
Return On Investment (ROI): ((C-D) / Requested Project Funds) * 100 =	0.35

 5. **Benefits Not Readily Quantifiable** - List and summarize the overall non-quantifiable benefits (i.e., IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.).
Response:

- Citizens gain enhanced ability to view property valuations of other local governments during the local governments' budget cycle.
- Citizens have enhanced ability to view early data that is not easily available.
- 3,300 local governments will have web based access to early property valuations for their jurisdiction and other jurisdictions for comparison.
- 3,300 local governments and citizens will have access to early valuation information during the budget cycle to help determine policies and strategies.
- This project provides a model for State Government Continuous Improvement and Results from the Lean Management Process to move to central databases with web interfaces so that data handoffs and delays are reduced.

[This section to be scored by application evaluator.]
Evaluation (15 Points Maximum)

- The financial analysis contains several questionable entries and provides minimal financial benefit to citizens (0-5 points).

- The financial analysis seems reasonable with few questionable entries and provides a moderate financial benefit to citizens (6-10 points).

- The financial analysis seems reasonable with no problem areas and provides maximum financial benefit to citizens (11-15).

Appendix A. Auditable Outcome Measures

For each of the following categories, <u>list the auditable metrics for success</u> after implementation and <u>identify how they will be measured.</u>

1. Improved customer service

Measure the number of visits to the new web site to determine the amount of usage that will indicate the level of improved customer service which reduces number of calls to County Auditors.

2. Citizen impact

3. Cost Savings

Measure the number of visits to the new web site to determine the amount of usage that will indicate cost savings by reducing the number of calls to County Auditors.

4. Project reengineering

Measure the number of Counties that provide property valuations by January 1 each year, which may indicate an improvement over the current number of Counties filing on time, due to heighten awareness since the data will be available on the web.

5. Source of funds (Budget %)

6. Tangible/Intangible benefits