

Joint Committee on Ways and Means Subcommittee on Capital Construction

May 19, 2017

SB5505

POP 101/Property Valuation System Project (PVS)

Summary

We're seeking a computer-assisted mass appraisal (CAMA) software solution to replace our current central assessment and industrial property valuation systems and to consolidate many of our existing processes. In July 2015, the Legislature approved \$1.88 million in bond financing to pursue the purchase of a new software system. Policy Option Package (POP) 101 is for the amount of \$3.4 million with the caveat that the number will need to be adjusted to reflect proposals from the current request for proposal (RFP) process, which should be finalized in May.

Comments

For the record, my name is Gary Humphrey, Oregon Department of Revenue Property Tax Division administrator and executive sponsor for the Property Valuation System Project.

Readiness

The following work is underway or has been completed since we provided an update to the Joint Emergency Board Interim Subcommittee on General Government in December 2016:

- External quality assurance (QA) services have been procured.
- Risk assessments and reports have been completed.
- Draft documents for Stage Gate Three approval have been submitted for review to the Office of the State Chief Information Officer (OSCIO).
- The PVS RFP Evaluation Committee is concluding their evaluation process.
- Project planning has continued on schedule.
 - Completed work: inventory of interfaces, revisions and streamlining of forms, inventory of letters.
 - Continuation of work: preparation for data conversion, inventorying reports.

We anticipate the following project activity in May/June 2017:

- Issue an intent to award for the solution vendor.
- Negotiate contract with solution vendor.
- Receive Stage Gate Three approval.
- Secure funding for the PVS project.

Legislative Testimony

We were authorized \$445,120 from the February 2017 bond sale for project management and quality assurance services. In the 2015–17 Legislatively Adopted Budget Information Technology Summary, LFO recommended that we hire, retain, or contract for qualified project management services, with an emphasis on experience in planning and managing projects of this type, scope, and magnitude.

The current RFP process was initiated in fall 2016 and resulted in three vendor proposals to evaluate. Our timeline calls for the vendor contract to be executed in June 2017. Until a vendor is selected, we won't know vendor availability or actual cost. Those details may impact our schedule and budget.

In assigning staff to the project, we're mindful of the resource needs of Core Systems Replacement (CSR) Project. The expertise we've gained during the CSR Project is assisting our efforts on the PVS Project.

Scope

We are seeking a software solution to replace the antiquated systems and manual processes we currently use for valuation activities. The full scope of the PVS project includes implementing the systems and processes necessary to conduct industrial and centrally assessed valuation work and engaging with businesses and counties. Risks of not completing the project include:

- Expending limited resources on maintaining ineffective and obsolete applications.
- Inability to complete statutorily-required work.
- Inconsistent valuation of property.
- Data-integrity errors.
- Continuing to rely on paper-centric processes in an electronic environment with computer-savvy taxpayers.

To refine the scope of the project, the PVS project team has confirmed the business needs and requirements of the department and its partners and gained approval from key stakeholders. Data cleansing and conversion requirements will depend on the solution selected.

A scope-change management process will be put in place and approved through the project's Change Control Board.

Schedule

Our current timeline has a go-live target of fall 2018. The go-live target is dependent upon vendor availability and is likely to change based on vendor responses.

Due to the complexity of Oregon's property tax system (Measures 5 and 50) and the statutory work required for industrial properties and centrally-assessed businesses, vendors have to customize their existing products. Recent responses from vendors gave estimated timelines

Legislative Testimony

that extend past our target date. We'll carefully monitor our progress and regularly report to the Legislature on the project's adherence to the established timeline.

Risk/issue management

The PVS project team has drafted an initial risk and issue management plan for the project. We'll work closely with the QA vendor to identify risks and issues, develop mitigation strategies, and initiate corrective-action plans to resolve issues as quickly as possible.

Quality assurance update

An initial risk assessment and regular reports have been prepared and shared with oversight groups and key stakeholders. A quality management plan has been developed.

Budget update

In July 2015, the Legislature approved bond financing for our PVS project. The project's funding was authorized by SB 5507 and included a budget note requiring us to report on the project's status to the Joint Interim Committee on Ways and Means. In the February 2016 session, an update was given to the Joint Committee on Information Management and Technology. In May 2016, an update was given to the Joint Interim Committee on Ways and Means. In December 2016, an update was given to the Joint Emergency Board Interim Subcommittee on General Government.

HB 5005 authorized \$1.88 million in bond sales for this project. The PVS Project received \$445,120 from the February bond sale to cover the cost incurred in this biennium for initiation and planning activities. POP 101 requests an additional \$3.4 million with the caveat that the number will be adjusted as we get more information and a better understanding of the total cost of implementation.

As we have proceeded through the Stage Gate process, we have updated the cost estimates for two of the three major services that will be needed for this project: project management and QA. We are in the RFP process for the solution provider now. Actual costs for the solution will be known in June 2017. We anticipate requesting additional bond financing during the 2017 Legislative Session to cover our updated estimate. This includes revised QA and project management costs if the choice of software vendor results in the project completion date extending beyond fall 2018.

For more information about this testimony, contact Gary Humphrey at (503) 945-8661.