

ANALYSIS

Item 55: Department of State Lands Land Administration System

Analyst: Matt Stayner

Request: Increase Other Funds expenditure limitation for the Department of State Lands by \$2,451,520 for the Land Administration System replacement project

Analysis: For the past two biennia, the Department of State Lands (DSL) has been working on a project to replace the information technology systems that support their Lands Administration functions. The current Land Administration System (LAS) was initially deployed in 1999 and the foundational technologies that underpin the current LAS are no longer supported. The agency received Stage Gate 1 endorsement from the State Chief Information Officer in July 2018 to continue the planning phase for the project. The Legislature authorized \$1.1 million in expenditure limitation for 2021-23 biennial costs of the quality assurance and project management contracts related to the project so that the agency could continue its planning, including issuance of a request for proposals upon the attainment of the Stage Gate 2 endorsement. DSL obtained that endorsement in October 2021. Following the receipt and evaluation of vendor proposals, DSL has selected a solution and begun contract negotiations. Stage Gate 3 endorsement was provided to DSL for the project in August 2022, allowing the agency to move forward with an executed contract with the solution vendor.

DSL has estimated that project implementation in the 2021-23 biennium will include approximately \$1.8 million in payments to the solution vendor and \$1.7 million for project management and quality assurance contracted services. These amounts, less the previously authorized \$1.1 million, leave an anticipated shortfall in expenditure limitation for the project of a little less than \$2.5 million.

Both the project management and quality assurance contract costs exceed the original expectations due to the appropriate solution moving from an “off-the-shelf” package to a configured platform solution. In addition, the project management contract was amended to include organizational change management activities. At the time of this request, the final contract with the solution vendor had not been completed and the additional expenditure limitation represents the agency’s best estimate. The implementation timeline, and associated vendor payments, may vary significantly from this estimate. It is anticipated that implementation will extend well into the next biennium and the agency will request expenditure limitation for that work, and any work that is not completed in this biennium, as part of their 2023-25 budget request.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase the Other Funds expenditure limitation for the Department of State Lands by \$2,451,520, for the Land Administration System replacement project.

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Department of State Lands
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Request: Increase Other Funds expenditure limitation by \$2,451,520 for the Department of State Lands to cover costs associated with the Land Administration System (LAS) replacement project.

Recommendation: Approve the request.

Discussion: The Department of State Lands (DSL) has been working on replacing their Land Administrative System (LAS) for several years. In 2018, the Department received a Stage Gate 1 endorsement but struggled with managing internal Information Technology (IT) resources. During the 2019-21 biennium, the Department was directed to eliminate a project management position in favor of contracting for those services. DSL was also required to conduct a comprehensive assessment of their IT-related operations, in conjunction with the Department of Administrative Service, Enterprise Information Services (EIS). The assessment resulted in a 2021-23 policy package approval of \$1.1 million Other Funds expenditure limitation to cover costs for a quality assurance and project management contract for the LAS replacement project.

The LAS replacement project is expected to create a web-based portal for DSL customers to submit applications, make payments, and upload signed agreements. Additionally, the Department's Geographical Information System (GIS) will be integrated into the business processes where both customers and staff could access the geographical features and maps, which would allow for more accurate and timely recording of information.

Since the submission of this request, DSL received the Stage Gate 3 endorsement for this project. The Department contracted with North Highland for Project Management and Public Knowledge is the quality assurance vendor. DSL expects to complete implementation contract negotiations and have a signed vendor contract by the end of September 2022. DSL has requested a policy package for the 2023-25 biennium and expects to have the project completed by mid-2024. The overall project is currently estimated at just over \$8.5 million.

Legal Reference: Increase Other Funds expenditure limitation established by chapter 607, section 1(1), Oregon Laws 2021, for the Department of State Lands, Common School Fund programs, by \$2,451,520 for the 2021-23 biennium.



Oregon

Kate Brown, Governor

Department of State Lands

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August 26, 2022

Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

State Land Board

Kate Brown
Governor

Shemia Fagan
Secretary of State

Dear Co-Chairs:

Tobias Read
State Treasurer

Nature of the [Emergency/Request]

The Department of State Lands (Department) respectfully requests an expenditure limitation increase of \$2,451,520 Other Funds to complete the Land Administration System (LAS) Replacement Project.

Agency Action

The LAS originally went into service in 1999 and reached the end of its lifecycle and became unsupported more than a decade ago. The project met the Enterprise Information Systems oversight requirements received a Stage Gate 2 endorsement in October of 2021. The planning phase was funded during the 2021 Regular Session for \$1,100,000 million Other Fund.

In the planning phase, the Department has developed system requirements, issued and RFP for a system vendor, and contracted with North Highland for Project Management and Organizational Change Management, Public Knowledge for independent oversight, and is negotiating a contract for the delivery of a new system. New workflows have been developed to streamline processing of permits, leases, and management of wetlands.

The current replacement project successfully completed Stage Gates 1 and 2. Strong support from the Department's leadership, stakeholder engagement, thorough planning, and helpful oversight have contributed to the project success so far. The Department is ready to build on this to complete its replacement of the Land Administration System (LAS).

Next, the implementation phase will add critical functionality including a full featured full replacement of the current LAS; and a web portal allowing the Department's customers to submit applications, make payments, and sign agreements. The Department's Geographical Information System (GIS) will be integrated into all business processes to allow customers and staff to access geographical features and maps for a more accurate and timely recording of this information. This new system will also improve management of the Statewide Land Inventory, which includes management and retention of deeds of all property owned by the State of Oregon. A significant portion of the cost for this phase will be the configuration of this new system that will become a system of record for the departments business.

This request will enable the agency to enter the implementation phase of the project with the Project Management, Organizational Change Management, Independent oversight, and implementation vendor through June 30, 2023. The project is estimated to be completed in early 2024. The total cost for the 2021-2023 biennium for all contractor costs is estimated at \$3,551,520.

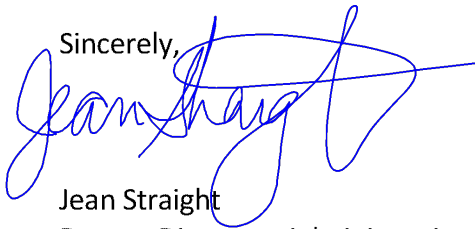
Action Requested

Approve an increase in Other Funds expenditure limitation of \$2,451,520 in the 2021-23 biennium.

Legislation Affected

Chapter 607, Section 1, Oregon Laws 2021.

Sincerely,



Jean Straight
Deputy Director - Administration

cc: Michelle Lisper, DAS Chief Financial Officer
Matt Stayner, Legislative Fiscal Office
Vicki Walker, Director, DSL
Bill Ryan, Deputy Director - Operations