ANALYSIS

Department of Geology and Mineral Industries
ePermitting

Analyst: Wendy Gibson

Request: Acknowledge receipt of a report on ePermitting system development.

Analysis: The Department of Geology and Mineral Industries (DOGAMI) submitted a report in response to a SB 5510 (2023) budget note.

> *The Department of Geology and Mineral Industries (DOGAMI) shall report to the Joint Committee on Ways and Means during the 2024 legislative session regarding the implementation of the Department's ePermitting system. This shall be a comprehensive report including, at a minimum, the following information:*
>
> - *Project governance, management, and staffing;*
> - *Project status, including Stage Gate status, schedule, budget, and total cost;*
> - *Current project risks, likely impacts, and mitigation strategies;*
> - *Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project.*
>
> *The report shall be provided to the Joint Committee on Ways and Means no later than January 31, 2024.*

SB 5510 (2023) appropriated $2 million General Fund for DOGAMI to develop an ePermitting system. Currently, the Mineral Land Regulation and Reclamation (MLRR) program utilizes paper-based tracking of permits, payments, and records, which is cumbersome and time-consuming for staff. The new ePermitting system would be paperless with an online customer interface to improve MLRR performance and delivery. The Department determined the most streamlined and cost-effective approach would be to add a fourth "wave" to the Department of Environmental Quality's (DEQ) permitting modernization project. DOGAMI's system would utilize the same underlying structure, vendor, and project management staff expertise to implement the independent ePermitting system.

DOGAMI initially anticipated a project start date in early 2023. According to the Department's report, DOGAMI delayed the project start date until the summer of 2024. The implementation delay is due to DEQ's project completion timeline extending from the end of 2022 into 2024. DEQ's project status reports indicate the agency needed additional time to accommodate the edition of a new Climate Protection Program, started under Executive Order 20-04. Additionally, DEQ's project team processed multiple change requests from other internal programs to make system adjustments.

DOGAMI's project utilizes the same resources as DEQ, and therefore, the Department must wait to start until DEQ has completed its build. DEQ's most recent project documentation shows an estimated go-live date of September 23, 2024, making early 2025 a more likely timeline for DOGAMI's build to start.

Several pieces of work can still be done ahead of the build, including project documentation, procurement preparation, and requirements gathering. DOGAMI reported submitting the business case, project charter, and initial complexity assessment documentation to receive Stage Gate 1 authorization from the Department of Administrative Services Enterprise Information Services (EIS).

On January 30, 2024, EIS notified DOGAMI of the conditional approval of Stage Gate 1 as an oversight level 2 project. The documentation shows the overall project budget estimate to be $3.1 million with a completion date of December 2026. DOGAMI anticipates $0.6 million of the costs will be supported by Other Funds revenue and a total of $2.5 million General Fund will be needed to complete the project. Given the delayed start, most of the $2 million investment made in SB 5510 (2023) will revert to the General Fund and will likely need to be reappropriated for 2025-27, when the expenses are anticipated to be incurred. The Department intends to address the need for additional General Fund in a policy option package during the 2025-27 budget build.

Recommendation: The Legislative Fiscal Office recommends that the Joint Committee on Ways and Means acknowledge receipt of the report.

Department of Geology and Mineral Industries
Beck

Request: Report on the online permitting solution project ("ePermitting Project") by the Department of Geology and Mineral Industries (DOGAMI).

Recommendation: Acknowledge receipt of the report.

Discussion: DOGAMI is submitting a report on the status of its ePermitting project, as required by a budget note included in the budget report for Senate Bill 5510 (2023):

> **Budget Note:**
> The Department of Geology and Mineral Industries (DOGAMI) shall report to the Joint Committee on Ways and Means during the 2024 legislative session regarding the implementation of the Department's ePermitting system. This shall be a comprehensive report including, at a minimum, the following information:
>
> - Project governance, management, and staffing;
> - Project status, including Stage Gate status, schedule, budget, and total cost;
> - Current project risks, likely impacts, and mitigation strategies;
> - Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project.

DOGAMI's Mined Land Regulation and Reclamation (MLRR) program is responsible for the oversight and regulation of surface mining and exploration activities, as well as oil, gas, and geothermal well drilling. Currently, the MLRR program operates primarily through the use of paper applications, record requests, permit renewals, and payments. Senate Bill 5510 (2023) appropriated $2.0 million General Fund towards the implementation of an ePermitting system to streamline these processes for DOGAMI staff and members of the industry. The ePermitting project builds on work completed by the Department of Environmental Quality (DEQ) for their electronic data management system (EDMS), which equates to substantial savings of time and cost by eliminating duplicative project initiation and development processes. DEQ has successfully launched the first two waves of the agency's in-scope programs, and has built valuable vendor relationships, system knowledge base, and outreach materials. To avoid creating scope and schedule risk for DEQ, DOGAMI's ePermitting project will be integrated as the 4th wave of DEQ's EDMS project after DEQ's existing scope has been implemented. Recent communication with DEQ suggests DOGAMI's project work may begin in Summer 2024.

The ePermitting project will be supported by existing DOGAMI staff, as well as limited duration positions approved in the 2023-25 budget. Notably, Senate Bill 5510 provided two limited duration positions for project management and IT support, which will be filled by staff currently associated with the DEQ EDMS project. DOGAMI's IT Governance Committee (also the ePermitting project governance committee) meets routinely to continue planning the project.

DOGAMI submitted project initiation artifacts for oversight level determination and approval, now under review by EIS, and submitted a request for Special Procurement, also under review by the Department of Administrative Services. The project is currently in its "Initiation" phase, with a plan to move into the "Planning" phase in Spring 2024 and an anticipated go-live in early 2026.

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State of Oregon
Oregon
Tina Kotek, Governor

January 16, 2024

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request
DOGAMI has prepared the following information in response to the budget note included in DOGAMI's 2023-25 Budget Bill (SB5510) as detailed here:

The Department of Geology and Mineral Industries (DOGAMI) shall report to the Joint Committee on Ways and Means during the 2024 legislative session regarding the implementation of the Department's ePermitting system. This shall be a comprehensive report including, at a minimum, the following information:
- *Project governance, management, and staffing;*
- *Project status, including Stage Gate status, schedule, budget, and total cost;*
- *Current project risks, likely impacts, and mitigation strategies;*
- *Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project.*

The report shall be provided to the Joint Committee on Ways and Means no later than January 31, 2024.

Agency Action
This IT modernization project will implement an online permitting solution for DOGAMI regulatory programs for surface mining and exploration activities, oil, gas and geothermal well drilling. The project has the support of stakeholders and the regulated community and received legislative funding for the 2023-35 biennium. ePermitting will improve the efficiency of DOGAMI's regulatory program by using appropriate and emerging technologies to transform permit processing from paper-based legacy files to modern online system.

DOGAMI's ePermitting project builds on work already completed by the Department of Environmental Quality (DEQ) for their electronic data management system (EDMS). This project will be integrated as the 4th wave of DEQ's EDMS project in order to leverage existing state resources and reduce risk by having demonstrated the ability meet the state's needs. The

feasibility of this project partnership was explored and documented in response to a budget note included in DOGAMI's 2021-23 Budget Bill (SB5510).

The proposed solution includes a DOGAMI-branded entry portal, with segregated data architecture to avoid permittee and public confusion between the DEQ and DOGAMI permitting platforms. The system will process surface mining, exploration and drilling permit applications, permit renewals, fee payments, complaint intake and public records requests.

To avoid creating scope and schedule risk for DEQ's EDMS project, DOGAMI's project work will begin after DEQ's existing scope has been implemented. Recent communication with DEQ suggests DOGAMI project work may begin in summer 2024. DOGAMI has submitted project initiation artifacts for oversight level determination and approval, now under review by EIS, and submitted a request for Special Procurement, also under review by DAS.
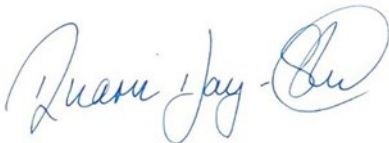
Action Requested
DOGAMI requests acknowledgement of the receipt of this report.

Legislation Affected
None.

Thank you for your consideration of this request. If you have any questions, please contact me at 971-610-8968.

Sincerely,

Ruarri J. Day-Stirrat
Executive Director/State Geologist

cc: Kate Nass, Chief Financial Office
         Kendra Beck, Chief Financial Office
         Karin Power, Governor's Office
         Wendy Gibson, Legislative Fiscal Office
         Amanda Beitel, Legislative Fiscal Office

DOGAMI has prepared the following information in response to the budget note included in DOGAMI's 2023-25 Budget Bill (SB5510) as detailed here:

> *The Department of Geology and Mineral Industries (DOGAMI) shall report to the Joint Committee on Ways and Means during the 2024 legislative session regarding the implementation of the Department's ePermitting system. This shall be a comprehensive report including, at a minimum, the following information:*
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> *The report shall be provided to the Joint Committee on Ways and Means no later than January 31, 2024.*

DOGAMI's ePermitting Project Overview

This IT modernization project will implement an online permitting solution for DOGAMI regulatory programs (ORS 517, 520, 522) for surface mining and exploration activities, oil, gas and geothermal well drilling. The project has the support of stakeholders and the regulated community and received legislative funding for the 2023-25 biennium. ePermitting will improve the efficiency of DOGAMI's regulatory program by using appropriate and emerging technologies to transform permit processing from paper-based legacy files to modern online system.

DOGAMI's ePermitting project builds on work already completed by the Department of Environmental Quality (DEQ) for their electronic data management system (EDMS). Utilizing the database structure DEQ developed with a third-party contractor (enfoTech) realizes significant efficiencies and substantial savings of time and cost by eliminating duplicative project initiation and development processes that have already been completed. DEQ has successfully launched the first two waves of the agency's in-scope programs, and has built valuable vendor relationships, system knowledge base, and outreach materials.

Integrating DOGAMI's ePermitting project as the 4th wave of DEQ's EDMS project leverages existing state resources and reduces risk by having demonstrated the ability to meet the state's needs. With over 20% of DOGAMI's surface mining sites also holding a DEQ permit, close alignment of the systems is a desirable outcome. The feasibility of this project partnership was explored and documented in response to a budget note included in DOGAMI's 2021-23 Budget Bill (SB5510).

The proposed enfoTech solution includes a DOGAMI-branded entry portal, with segregated data architecture to avoid permittee and public confusion between the DEQ and DOGAMI permitting platforms. The system will process surface mining, exploration and drilling permit applications, permit renewals, fee payments, complaint intake and public records requests.

To avoid creating scope and schedule risk for DEQ's EDMS project, DOGAMI's project work will begin after DEQ's existing scope has been implemented. Recent communication with DEQ suggests DOGAMI project work may begin in summer 2024. DOGAMI has submitted project initiation artifacts for oversight level determination and approval, now under review by EIS, and submitted a request for Special Procurement, also under review by DAS.

Project Development Team
- Sarah Lewis, MLRR Program Manager, DOGAMI
- Ed Buchner, IT/GIS Analyst, DOGAMI
- Ryan Parent, Senior IT Portfolio Manager, EIS
- Angel Gillette, Chief Information Officer, DEQ
- Krysta Storer, EDMS Project Manager, DEQ

Project Governance
DOGAMI's IT Governance Committee meets routinely as part of DOGAMI's monthly Leadership Team Meeting. Because of the small size of the agency, the IT Governance Committee will act as the ePermitting project governance committee. The ePermitting project is the highest priority IT modernization for the agency.

Current members of DOGAMI's IT Governance Committee include:
- Ruarri Day-Stirrat, Director, DOGAMI
- Steve Dahlberg, CFO, DOGAMI
- Jason McClaughry, Geological Survey and Services Program Manager, DOGAMI
- Sarah Lewis, Mineral Lands Regulation and Reclamation Program Manager, DOGAMI
- Rudie Watzig, IT Lead, DOGAMI
- Sean McMullen, CIO, Department of State Lands
- Dan Miller, ASCIO, Enterprise Information Systems

DOGAMI anticipates convening a project steering committee of key project partners as part of project governance. The Steering Committee will provide oversight and direction to ensure the project achieves its goals and aligns with overall vision and strategy, as well as act as a decision-making body for large changes to scope, schedule, and budget.

Project Management
DOGAMI lacks internal IT project management staff, and received two positions in the 2023-25 budget to manage the ePermitting project and provide expanded IT support. These positions will be filled by staff currently associated with the EDMS project at DEQ once they are available to transition to supporting DOGAMI's ePermitting project. Being able to staff the project with those familiar with the EDMS system and have existing relationships with the vendor and an understanding of the project management requirements is a key benefit for project success. The ePermitting Project Manager will report out to the IT Governance Committee and ePermitting Steering Committee and be supervised by the MLRR Program Manager.

Staffing
In addition to the project management and governance roles described above, staffing for the project includes:
- Information Systems Specialist (ISS5). DOGAMI-MLRR's current IT/GIS Specialist will act as assistant project manager. This position is the current database administrator, subject matter expert on permitting workflows, and co-developer of formal business case and governance materials.
- Information Systems Specialist (ISS3) This new LD position was established to provide direct IT support to the ePermitting project and cover IT duties currently performed by MLRR's GIS Specialist (ISS5) as described above.

- 12 technical and administrative staff in the MLRR program, acting as SMEs on the permitting process and training to use the system and support the regulated community and the public in using the system.
- DOGAMI (Agency staff) support, including CFO (project sponsor), Public Affairs Coordinator (outreach and communication), IT/GIS lead (coordination with enterprise systems) and business office staff (contract and invoice management).

Project Budget

DOGAMI requested and received General Fund in the 2023-25 Legislatively Adopted Budget (LAB) to begin the development and implementation of the project (year 1-2). The project will cross biennia and additional funds will be requested in a Policy Option Package for the 2025-27 Agency Request Budget (ARB) (year 2-3) for completion of the implementation phase. Ongoing system hosting and support (years 3-5) will be funded through a technology fee on transactions in the system, approved by the legislature in SB221.

Table 1: Project Cost (as estimated March 2022)

	Total Costs	General Fund	Other Fund / Technology Fee (SB 211)
Vendor costs			
Vendor implementation	$ 1,396,050	$ 1,396,050	$ -
System Hosting & Support (years 1 and 2)	$ 336,800	$ 336,800	$ -
System Hosting & Support (years 3 and 4)	$ 505,200	$ -	$ 505,200
	$ 2,238,050	$ 1,732,850	$ 505,200
New Staffing costs			
Proj Manager (PM2)	$ 242,000	$ 242,000	$ -
ISS3 - 1 FTE (years 1 and 2)	$ 197,550	$ 197,550	$ -
ISS3 - 0.5 FTE (years 3 and 4)	$ 98,775		$ 98,775
	$ 538,325	$ 439,550	$ 98,775
Existing staff			
Staff during Implementation	$ 327,600	$ 327,600	$ -
	$ 3,103,975	$ 2,500,000	$ 603,975
23-25 Biennium funding received		$ 2,000,000	$ -
25-27 Biennium funding required		$ 500,000	$ 603,975

Based on DOGAMI's preliminary requirements in 2021, enfoTech provided a 5-year cost estimate which includes implementation, hosting at enfoTech's datacenter, and support services. In preparation for the 2023-25 legislative session the agency prepared a 3-year development and

implementation budget. The vendor estimate and associated staffing costs will be updated in Spring 2024 as part of the contract procurement process. At this time, it is anticipated that the agency will be able to fully utilize the GF allocation for the 23-25 biennium, and will request additional funding for the 25-27 biennium as originally scoped.

Project Status and Timeline
Project History (2016 – 2023)

2016:   ePermitting identified as key IT modernization for MLRR program.

2017-2019:   Initial market research, Request for Quotes (RFQ) in coordination with DEQ and DSL and DOGAMI Business Case development. Funding for DOGAMI project not secured.

2021-2022:   At legislative direction, coordinated with DEQ to develop proposal leveraging existing system infrastructure. Refinement of DOGAMI business processes and resubmission of business case and project cost estimate.

Project Initiation Phase (July 2023 - Winter 2024) – CURRENT STATUS

July 2023:   Received legislative approval and General Fund to begin implementation and development. Legislature approves technology fee to fund future system support and maintenance (SB221).

Fall 2023 -

Winter 2024:   Initiation. Pre-project work and submission of project artifacts to EIS. DOGAMI works with EIS to ensure required endorsements are obtained. Continued coordination with DEQ, specifically around project timing.

Project Planning Phase (Spring 2024 - Fall 2024)

Spring -

Summer 2024: Resource/Solution analysis: Develop and submit project management and procurement documents, refine project budget based on anticipated timeline. DOGAMI works with EIS to ensure required endorsements are obtained.

Summer -

Fall 2024:   Implementation Planning: Conduct Special Procurement, refine project costs based on vendor response. Determine scope, schedule and budget baselines. Develop Policy Option Package request for 2025-2027. DOGAMI works with EIS to ensure required endorsements are obtained. Work during this phase depends on onboarding of full time project management and IT support staff, which is contingent on DEQ's EDMS project timeline.

Project Execution (Fall 2024 – Spring 2027)

Detailed project timelines will be developed during Implementation Planning. The project is anticipated to go-live in early 2026.

Project Risks & Mitigation

Risks to project success and mitigation strategies are broadly presented below. These assessments will be updated and expanded as the project and oversight process proceed.

Agency Expertise

Risk: DOGAMI is a small agency with limited internal capacity to realize the project.

- The Agency does not have the staff resources or expertise to build, implement or support a customized software solution. The Agency's IT staff consists of two individuals neither of whom have software development backgrounds.
- The Agency does not have Business Analysts on staff, nor project managers with experience with IT modernization efforts to oversee the project.

Mitigation:

- The program will have funding adequate to hire project management and implementation staff, utilize contractors, or work with enterprise partners.

Risk: The Agency has not undertaken an IT modernization project of this complexity under the current leadership team, which lacks a CIO position (removed in FY2021).

Mitigation: The agency has IT Governance in place and will follow enterprise practices, such as stage gate oversight, to ensure appropriate and rigorous project guidance. DOGAMI will also benefit from the oversight and experience that staff who have worked on the DEQ EDMS project will provide.

Program Capacity

Risk: Workload exceeds staff ability to process and administer permits.

- Staffing levels for the MLRR Program have not increased with recent increases in permit applications and workload. Technical and administrative staff are fully allocated and not able to meet the routine permitting functions of the program. Staff will be stretched to also incorporate the transition to a new system. Permitting workload timelines may lengthen during the transition without addressing the need for additional technical staff.

Mitigation:

- The 2025-27 ARB will include a Legislative Concept for a fee increase and a Policy Option Package for additional positions to "right-size" the program for efficient permit processing, site inspections and responsive customer service. Concurrent with project implementation, the agency will make opportunity hires within existing funding limits to bolster technical positions.
- Functions of the ePermitting system may be implemented in phases to allow for effective business process adaptation and migration while maintaining routine program functions.

Project Funding

Risk:

- Initial funding for the ePermitting system was procured via legislative action for the 2023-2025 biennium. Without additional funds for future biennia the project may not be completed.

Mitigation:
- The 2025-27 ARB will include a Policy Option package requesting the estimated remaining funds needed to complete the implementation and development of ePermitting.
- Ongoing maintenance of the system will be funded through a technology fee passed by the legislature in the 2023 session on transactions in the system (SB211). This fee is anticipated to go into effect in year 3 of the project and cover 0.5 FTE IT support and vendor system hosting and service. The technology fee will be reviewed biennially and adjusted to cover ongoing project maintenance.

Project Timing

Risk: DOGAMI does not have certainty on the timing of project initiation.

- Utilizing partner agency vendor and project management staff and sequencing this project after the completion of the DEQ project results in dependence on DEQ project completion.
- A delayed ePermitting project start may result in a shift of when the General Fund allocated for the project is needed and a later go-live date.

Mitigation:
- The benefits of access to DEQ's experience, existing project management expertise and materials far outweighs any risk to the project proposed by a delay in go-live date. DEQ and DOGAMI continue to coordinate closely on the planning and have good and open communication.