

**Centralized Revenue Opportunity
System (CROS) Project**



State Board of Equalization

Special Project Report

Project Number 0860-094

March 15, 2012

**Prepared by:
CROS Project Team
California State Board of Equalization
Sacramento, California**

**Prepared for:
California Technology Agency
Sacramento, California**

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Table of Contents

Table of Contents	3
1.0 Executive Project Approval Transmittal	5
2.0 Information Technology: Project Summary Package	7
2.1 Section A: Executive Summary.....	7
2.1 Section A: Executive Summary (Continued)	8
2.2 Section B: Project Contacts	9
2.3 Section C: Project Relevance to State and/or Departmental Plans	10
2.4 Section D: Budget Information	11
2.5 Section E: Vendor Project Budget.....	12
2.6 Section F: Risk Assessment Information.....	13
3.0 Proposed Project Change	14
3.1 Project Background/Summary	14
3.2 Project Status	15
3.3 Reason for the proposed change	16
3.4 Proposed Project Change	19
3.4.1 Accessibility	26
3.4.2 Impact of Proposed Changes on the Project	26
3.4.3 Feasible Alternatives Considered	26
3.4.4 Implementation Plan	26
4.0 Updated Project Management Plan	27
4.1 Project Manager Qualifications	27
4.2 Project Management Methodology	27
4.3 Project Organization	27
4.4 Project Priorities	27

4.5 Project Plan	28
4.5.1 Project Scope.....	28
4.5.2 Project Assumptions	28
4.5.3 Project Phasing.....	28
4.5.4 Project Roles and Responsibilities	28
4.5.5 Revised Project Schedule	30
4.6 Project Monitoring and Oversight.....	32
4.7 Project Quality	32
4.8 Change Management	32
4.9 Authorization Required	32
5.0 Updated Risk Management Plan	33
5.1 Risk Register	33
6.0 Updated Economic Analysis Worksheets (EAWs)	33
7.0 Attachments	33

1.0 Executive Project Approval Transmittal

Information Technology Project Request			
Special Project Report Executive Approval Transmittal			
Department Name			
California State Board of Equalization			
Project Title (maximum of 75 characters)			Project Acronym
Centralized Revenue Opportunity System			CROS
FSR Project ID	FSR Approval Date	Department Priority	Agency Priority
0860-094	09/07/2011	1	1
<p>I am submitting the attached Special Project Report (SPR) in support of our request for the California Technology Agency's approval to continue development and/or implementation of this project.</p> <p>I certify that the SPR was prepared in accordance with the State Administrative Manual Sections 4945-4945.2 and that the proposed project changes are consistent with our information management strategy as expressed in our current Agency Information Management Strategy (AIMS).</p> <p>I have reviewed and agree with the information in the attached Special Project Report.</p> <p>I also certify that the acquisition of the applicable information technology (IT) product(s) or service(s) required by my department that are subject to Government Code 11135 applying Section 508 of the Rehabilitation Act of 1973 as amended meets the requirements or qualifies for one or more exceptions (see following page).</p>			
APPROVAL SIGNATURES			
Chief Information Officer			Date Signed
			3/22/12
Printed name:	Brenda Fleming		
Budget Officer			Date Signed
			3/22/12
Printed name:	Larry Norris		
Program Directors			Date Signed
			3/22/12
Printed name:	Jeffrey McGuire, Sales and Uses Taxes		
			3/22/12
Printed name:	David Gau, Property and Special Taxes		
Executive Director			Date Signed
			3/22/12
Printed name:	Kristine Cazadd		

Executive Approval Transmittal IT Accessibility Certification

Yes or No

Yes	The Proposed Project Meets Government Code 11135 / Section 508 Requirements and no exceptions apply.
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Exceptions Not Requiring Alternative Means of Access

Yes or No	Accessibility Exception Justification
N/A	The IT project meets the definition of a national security system.
N/A	The IT project will be located in spaces frequented only by service personnel for maintenance, repair, or occasional monitoring of equipment (i.e., "Back Office Exception.")
N/A	The IT acquisition is acquired by a contractor incidental to a contract.

Exceptions Requiring Alternative Means of Access for Persons with Disabilities

Yes or No	Accessibility Exception Justification
N/A	Meeting the accessibility requirements would constitute an "undue burden" (i.e., a significant difficulty or expense considering all agency resources). Explain: Describe the alternative means of access that will be provided that will allow individuals with disabilities to obtain the information or access the technology.
N/A	No commercial solution is available to meet the requirements for the IT project that provides for accessibility. Explain: Describe the alternative means of access that will be provided that will allow individuals with disabilities to obtain the information or access the technology.
N/A	No solution is available to meet the requirements for the IT project that does not require a fundamental alteration in the nature of the product or its components. Explain: Describe the alternative means of access that will be provided that will allow individuals with disabilities to obtain the information or access the technology.

2.0 Information Technology: Project Summary Package

2.1 SECTION A: EXECUTIVE SUMMARY

1. Submittal Date	March 15, 2012
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2. Type of Document	FSR	SPR	PSP Only	Other:
Project Number	0860-094	X		

3. Project Title	Centralized Revenue Opportunity System	Estimated Project Dates	
		Start	End
Project Acronym	CROS	09/01/2010	06/30/17

4 Submitting Department	Board of Equalization
5 Reporting Agency	N/A

6. Project Objectives	8. Major Milestones	Est. Complete Date
<p>The BOE has developed long range business and strategic plans which include a technology component. This project will decrease the tax gap through increasing voluntary compliance, improving customer online services, and improving audit, collection and return processing activities. Revenues from these activities will be achieved earlier in the procurement process than originally anticipated in the FSR. A key factor to achieving BOE's long range goals is to create an expanded and responsive tax infrastructure by moving to a functional organizational structure and creating a customer-centric automation system. BOE will use a systematic approach to change and be more responsive to the needs of its customers. A new system will allow the BOE to reengineer current program processes, adopt tax administration best practices, and obtain an effective case management system. This will enhance the efficiencies of BOE employees by streamlining and automating current program processes, reducing paper, and providing the ability to work securely anytime and from anyplace. An intuitive and easy to use system will also reduce staff training time and will improve shared access to internal and external data for BOE employees and federal, state, and local tax partners. Obtaining flexible, agile, expandable, and sustainable technology will support program changes that will allow the timely implementation of legislative changes. The replacement of current standalone support systems and utilization of component based architecture of re-usable and shared services will allow the BOE to grow with new technology. This project will allow the BOE to meet the expectation of all of its customers into future years.</p>	<p>Obtain CTA approval of FSR</p> <p>SPR Approval</p> <p>Release RFP to vendor pool</p> <p>Receive final Bid Proposals</p> <p>Obtain CTA approval of SPR for selected bid proposal</p> <p>Procure RFP vendor and sign contract</p> <p>Begin development and implementation</p> <p>Project completion</p>	<p>09/07/2011</p> <p>03/30/2012</p> <p>10/22/2012</p> <p>11/12/2013</p> <p>04/18/2014</p> <p>06/30/2014</p> <p>07/01/2014</p> <p>06/30/2017</p>
	PIER	1/31/2019
	Key Deliverables will be identified in SPR	

2.1 SECTION A: EXECUTIVE SUMMARY (CONTINUED)

7.	Proposed Solution
<p>The BOE expects the solution to generate additional revenue into the State General Fund. The CROS Project will replace the Integrated Revenue Information System (IRIS) and Automated Compliance Management System (ACMS) and develop an enterprise data warehouse. The proposed system will provide an integrated and automated solution that will use up-to-date tax collection, storage, account management, and data retrieval technologies to maximize the effectiveness of BOE's operations and staff. The proposed system will also provide efficiencies to businesses reducing the time and effort needed to interact with the BOE. BOE proposes a solution involving a performance-based, benefits-funded procurement of a vendor contract and BOE in-house development of specific components. The vendor contract will be for the purchase of an existing software product, necessary hardware, and vendor resources to customize the software according to BOE's needs. This software will provide the primary functionality for supporting program activities and generation of management reports. The vendor will be responsible for the overall project integration and assist in project change management activities. BOE staff will work with the vendor to provide legacy system data migration and modifications needed for ancillary systems to accommodate the new system and functionality.</p> <p>This project will be funded by increased revenue from implementation of the proposed system. Vendors must agree to provide the initial funding for hardware, software, and custom development and be paid by a portion of the revenue the proposed solution generates. The vendor contract will contain a maximum dollar cap for the vendor and the vendor will not receive full compensation if sufficient revenue levels are not met or if business program process deliverables are not provided.</p>	

INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE

2.2 SECTION B: PROJECT CONTACTS

Project #	0860-094
Doc. Type	SPR

Executive Contacts								
	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
Executive Director	Kristine	Cazadd	916	445-4380		916	324-2586	Kristine.Cazadd@boe.ca.gov
Program Directors	Jeffrey	McGuire	916	445-1441		916	322-7175	Jeffrey.McGuire@boe.ca.gov
	David	Gau	916	445-1516		916	323-8765	David.Gau@boe.ca.gov
Budget Officer	Larry	Norris	916	323-5128		916	322-3184	Larry.Norris@boe.ca.gov
CIO	Brenda	Fleming	916	445-8677		916	327-3483	Brenda.Fleming@boe.ca.gov
Project Sponsors	Jeffrey	McGuire	916	445-1441		916	322-7175	Jeffrey.McGuire@boe.ca.gov
	David	Gau	916	445-1516		916	323-8765	David.Gau@boe.ca.gov
Project Director	Eric	Steen	916	322-9918		916	322-3391	Eric.Steen@boe.ca.gov
Direct Contacts								
	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
Primary Contact	Eric	Steen	916	322-9918		916	322-3391	Eric.Steen@boe.ca.gov
Technical Project Manager	Chris	Kahue	916	323-4333		916	322-3391	Chris.Kahue@boe.ca.gov
Business Project Manager	Michael	Skikos	916	322-5994		916	322-3391	Mike.Skikos@boe.ca.gov

INFORMATION TECHNOLOGY PROJECT SUMMARY

2.3 SECTION C: PROJECT RELEVANCE TO STATE AND/OR DEPARTMENTAL PLANS

1.	What is the date of your current Operational Recovery Plan (ORP)?	Date	04/15/10		
2.	What is the date of your current Agency Information Management Strategy (AIMS)?	Date	02/02/09	Project #	0860-094
3.	For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.	Doc.	Information Management Strategy (AIMS)	Doc. Type	SPR
		Page #	18		

4.	Is the project reportable to control agencies?	Yes	No
		X	
	If YES, CHECK all that apply:		
X	a) The project involves a budget action.		
	b) A new system development or acquisition that is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation.		
X	c) The estimated total development and acquisition cost exceeds the departmental cost threshold and the project does not meet the criteria of a desktop and mobile computing commodity expenditure (see SAM 4989 – 4989.3).		
	d) The project meets a condition previously imposed by Technology Agency.		

INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE

2.4 SECTION D: BUDGET INFORMATION

Project #	0860-094
Doc. Type	SPR

Budget Augmentation Required?	No								
	Yes	X	If YES, indicate fiscal year(s) and associated amount:						
			FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
		\$0	\$0	\$9,014,597	\$9,876,299	\$74,414,716	\$73,734,164	\$50,177,689	\$7,555,317

PROJECT COSTS

1.	Fiscal Year	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	TOTAL
2.	One-Time Cost	\$547,059	\$3,296,213	\$8,991,404	\$9,329,283	\$66,882,711	\$60,246,044	\$35,844,789	\$0	\$185,137,502
3.	Continuing Costs	\$0	\$0	\$23,193	\$547,016	\$12,689,156	\$18,692,736	\$22,928,491	\$29,399,174	\$84,279,765
4.	TOTAL PROJECT BUDGET	\$547,059	\$3,296,213	\$9,014,597	\$9,876,299	\$79,571,867	\$78,938,780	\$58,773,280	\$29,399,174	\$269,417,269

PROJECT FINANCIAL BENEFITS

5.	Cost Savings/Avoidances	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	CROS Revenue Increase	\$0	\$0	\$0	\$0	\$75,000,000	\$90,000,000	\$120,000,000	\$191,939,376	\$476,939,376
7.	Support Effort Revenue Increase	\$0	\$0	\$38,745,000	\$66,529,000	\$66,529,000	\$66,529,000	\$66,529,000	\$66,529,000	\$371,390,000

INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE

2.5 SECTION E: VENDOR PROJECT BUDGET

Vendor Cost for FSR Development (if applicable)	N/A
Vendor Name	

Project #	0860-094
Doc. Type	SPR

VENDOR PROJECT BUDGET

1.	Fiscal Year	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	TOTAL
2.	Primary Vendor Budget	\$0	\$0	\$0	\$0	\$31,490,000	\$45,859,000	\$26,782,750	\$0	\$104,131,750
3.	Independent Oversight Budget	\$0	\$45,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$0	\$920,000
4.	IV&V Budget	\$0	\$0	\$0	\$0	\$674,700	\$674,700	\$674,700	\$0	\$2,024,100
5.	Other Budget	\$0	\$896,107	\$2,129,600	\$2,883,200	\$2,830,400	\$2,830,400	\$2,830,400	\$0	\$14,400,107
6.	TOTAL VENDOR BUDGET	\$0	\$941,107	\$2,304,600	\$3,058,200	\$35,170,100	\$46,939,100	\$27,862,850	\$0	\$116,275,958

----- (Applies to SPR only) -----

PRIMARY VENDOR HISTORY SPECIFIC TO THIS PROJECT

7.	Primary Vendor									
8.	Contract Start Date									
9.	Contract End Date (projected)									
10.	Amount	\$								

PRIMARY VENDOR CONTACTS

	Vendor	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail

INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE

2.6 SECTION F: RISK ASSESSMENT INFORMATION

Project #	0860-094
Doc. Type	SPR

RISK ASSESSMENT

	Yes	No
Has a Risk Management Plan been developed for this project?	X	

General Comment(s)

All identified risks **will be included in the** detailed Risk Management Plan in accordance with the BOE Project Management Methodology (PMM).

The project manager will have primary day-to-day responsibility for managing risks and will conduct a risk analysis for the project. Risks will be analyzed, classified and prioritized to reflect probability of occurrence and impact. The project manager will be responsible for tracking risks, determining status relative to risk triggers and implement risk responses as necessary. Identified risks will be escalated to the appropriate levels as necessary in order to properly mitigate the risks. An update on the condition of these risks will be included in the on-going status report to management.

3.0 Proposed Project Change

This section provides an overview and background of the existing BOE tax collection system. This Special Project Report (SPR) is submitted to address the changes in schedule, cost and scope affecting the project.

3.1 PROJECT BACKGROUND/SUMMARY

Program Overview

The Board of Equalization (BOE) administers over 20 different tax and fee programs which provide nearly 35% of the State's annual revenue. These taxes and fees generated \$50.7 billion in revenue during Fiscal Year (FY) 2010-11. Revenues collected by the BOE programs support public safety, transportation, housing, health and social services, and natural resources management. Of the sales and use tax revenues \$13.3 billion are allocated to local tax jurisdictions. To carry out the mission and goals of the agency, the BOE employs more than 4,700 employees in its Sacramento Headquarters and 26 field offices, including three out of state offices.

As a principal revenue-generating agency of the State, the BOE is often required to interpret and implement statutory changes mandated by the legislature. With the current budgetary environment, the legislature has sought new revenue sources and passed legislation that changed the number of tax/fee programs, expanded the number of customers that are required to register with BOE and modified existing tax/fee rates.

Detailed analysis is required to evaluate the workload impact on existing programs and information technology prior to implementation of statutory changes. Significant resources from both program and information technology are needed to implement statutory changes that involve, but are not limited to, modifying and/or creating tax forms, developing new program policies and procedures, notifying impacted customers, reprogramming existing systems and adding system applications.

Project Background

On May 23, 2011 the BOE submitted a Feasibility Study Report (FSR) in support of the Centralized Revenue Opportunity System (CROS) Project, which will replace the Integrated Revenue Information System (IRIS) and Automated Compliance Management System (ACMS) and develop an enterprise data warehouse. The proposed system will provide an integrated and automated solution that will use up-to-date tax collection, storage, account management and data retrieval technologies to maximize the effectiveness of BOE's operations and staff.

The proposed system will also provide efficiencies to businesses by reducing the time and effort needed to interact with the BOE. BOE proposes a solution involving a performance-based, benefits-funded procurement of a vendor contract.

This State will ultimately be reimbursed for project costs by increased revenue from the implementation of the proposed system. Vendors must agree to provide the funding for hardware, software and custom development and be paid a portion of the revenue the proposed

solution generates. The vendor contract will contain a maximum dollar cap for the vendor, and the vendor will not receive full compensation if sufficient revenue levels are not met or if business program process deliverables are not provided.

- Long term revenues associated with this project are now estimated at over \$476 million over the life of the project. The overall project revenue decreased from \$640 million to \$476 million primarily because of the delay from FY 13/14 to FY 14/15 in awarding the contract to the vendor. The revenue increase was originally planned in the FSR to start January 1, 2014 and is now projected to start on July 1, 2014. This delay does not change the anticipated on-going revenues from the projects implementation. However, the delay reduces the number of months the implemented solution revenues is displayed in the economic analysis worksheets, thereby appearing as a revenue decrease.

3.2 PROJECT STATUS

Since the approval of the FSR several issues have arisen that necessitate the need to revise the project schedule, scope and cost. The revisions are due in part to the conditions placed upon the project by the California Technology Agency (CTA). The conditional approval of the FSR required that:

- BOE work with the Franchise Tax Board (FTB) and the Employment Development Department (EDD) on the procurement strategy so as to leverage their lessons learned from recent IT procurements.
- BOE consult with FTB and EDD on opportunities to coordinate and collaborate on various aspects of the business process affected by CROS and seek to avoid unnecessary duplication and incompatibility of systems and business methods.

BOE work with FTB and EDD to identify opportunities to share data and processes between the agencies' IT systems as part of the ongoing IT project efforts of the three agencies, including CROS, the Enterprise Data to Revenue (EDR) project and the Accounting and Compliance Enterprise Systems (ACES) project, to the extent feasible without significant disruption or risk to those projects.

Scope

To meet the conditional requirements of the FSR, BOE immediately met with representative of FTB and EDD and analyzed their respective projects. Additionally, BOE's analysis included lessons learned in reviewing other in-state and out-of-state enterprise projects. This analysis consistently identified areas of significant risk, discussed below, that must be addressed prior to the implementation of the new system.

Primarily, the analysis showed that the project must address data cleansing and conversion, external interfaces and significant backlogs resulting from impure data and insufficient data matching capabilities much earlier than initially planned.

Since the FSR was approved, BOE continues to see new tax initiatives and mandates which require system implementation and maintenance. The FSR plan to use redirected technology resources and freeze the existing systems is found to be impractical. Considering the lessons learned from other projects and the continued mandatory maintenance workload, existing

technology resources would be stretched to a breaking point, negatively impacting the ongoing support of the business programs and endangering the success of the project.

Schedule

The FSR schedule to award a vendor contract in January 30, 2014, has been delayed until June 30, 2014. This adjustment is due in part to a 3-month delay starting the Request for Proposal (RFP) pending approval of the FSR. Additionally, during the review of the Information Technology Project Plan (ITPP) timeline, the Department of General Services (DGS) felt that more time was needed for the vendors to prepare their responses to the conceptual draft, and final proposals, and to allow time for vendors to make adjustments to their proposals based upon feedback from the confidential discussions. This procurement requirement impacted the timeline by 4 months. The Revised Project Schedule is provided in Section 4.5.5.

Cost

The total project costs are now estimated to decrease by approximately \$8.7 million over the life of the project. This decrease is primarily due to a shift in resource costs from the solution provider to BOE business and technology staff supplemented with contracted expertise to address two key lessons learned discovered when reviewing other enterprise projects – data conversion and external data exchange interfaces. However, increased revenues generated by augmenting the business program activities with auditors, collectors and support positions will cover overall project costs in addition to contributing to the success of the project. The augmented business program staff will provide the CROS project the opportunity to validate the success of the data cleansing and conversion prior to the implementation of the new system. Revenues from the expanded business operations are estimated at \$38.8 million in FY 12/13 and \$66.5 million in FY 13/14 and ongoing, in addition to the revenues originally projected from the project. The revenues attributable to the business backlog activities are separately identified in the Economic Analysis Worksheets. BOE is required by the Budget Act annually to report revenue information to the Legislature each December, and intends to include these new business revenues as a part of that report.

3.3 REASON FOR THE PROPOSED CHANGE

As discussed under Sections 3.1 and 3.2, there are 4 reasons for the proposed change:

- **Reduce Project risks from lessons learned** from government enterprise projects related to data cleansing and conversion, and external interfaces.
- **Provide adequate project technical resources** for implementation and maintenance reduces reliance on contractors at higher costs.
- **More clearly define RFP business rules** in preparation for system integration.
- **Backlogs - Improve data resulting in increased revenue** by addressing audit, collection and registration backlogs increase revenues through leads developed by improved data.

The proposed changes are the result of BOE adopting similar methodologies used by both the FTB and EDD in their respective projects. This includes obtaining addition resources to address ongoing workload issues and to pursue an early effort to clean and convert current system data prior to the implementation of the new system. Additionally, the BOE will address significant program area backlogs that could negatively impact the success of the new system. The

proposed changes will also allow the BOE to continue the CROS procurement process without excessively delaying statutory tax and fee program adjustments or ongoing program and technical activities resulting in revenue losses.

Project Approach

Originally the procurement phase was supported by redirection of internal resources and funds. Submitting a Budget Change Proposal (BCP) was envisioned during the implementation. Based on the need to place more emphasis on data conversion, external interfaces, and documenting business rules during procurement, the BOE has submitted a Spring Finance Letter, which will be revised to conform to an approved SPR.

Reduce Project risks from lessons learned - Data Cleansing, Conversion and External Interfaces

Both FTB and EDD noted the importance of having the existing data clean and properly converted prior to the implementation of a new system. Each agency expended resources resolving data issues prior to the implementation of their new systems. Addressing data cleansing and conversion issues early will:

- Format existing data using current industry standards.
- Reduce the time and cost needed for any vendor to transition the data to a new system.
- Reduce data errors prior to the implementation of the new system.
- Increase our ability to import data from external data sources (other state agencies and 3rd party businesses).
- Allow the BOE to validate the improved data through actual audit, collection, appeals and registration activities and generate additional revenues.

When the BOE implemented its current systems in the late 1990's, the data was not completely cleaned and converted to a state that eliminated inconsistencies. In the years following, standard data formats were not consistently used as new information was added to IRIS and ACMS. Data problems were increased because not all of the BOE tax and fee programs were transitioned to IRIS and ACMS at the same time. Many of the special tax and fee programs were not moved to the current systems until years later. This disjointed effort to combine tax and fee programs into IRIS and ACMS resulted in information that is difficult to locate or match internally between BOE tax and fee programs and with external data sources.

Provide adequate project technical resources and eliminate redirection of staff

As noted in the FSR, BOE must devote significant program and information technology resources to implement statutory changes that involve modifying and/or creating tax forms, developing new program policies and procedures, notifying impacted customers, reprogramming existing systems and adding system applications. This is in addition to numerous minor modifications and the ongoing routine maintenance work that takes place each year.

Many of the technical resources needed for CROS were anticipated to be redirected based on the assumption that BOE would freeze changes to the existing legacy systems while CROS was being brought up. This strategy has been deemed impractical and costly given BOE's historical tax/fee mandates and the amount of projected system down time. Manual workarounds have and will continue to delay the implementation of revenue generating system changes or updates. This critical change in project assumption recognizes the past 3 year trend in the number of legislative mandates BOE has been required to implement. BOE also recognizes the need to fund sufficient technology resources earlier than anticipated.

By accelerating efforts which were originally considered within selected vendor's scope, the BOE reduces the overall cost of CROS in three ways: 1) the BOE can undertake these activities for less than what a vendor would charge. 2) Putting off high-risk tasks such as these invites challenges and increased costs. Tackling risks early in the project life cycle enables the BOE to more effectively focus on unanticipated risks that will likely emerge later in the project. 3) As shall be demonstrated in the subsequent section, these tasks position the BOE to generate more revenue sooner.

More clearly define RFP business rules

Even though the scope of the effort to document the business rules was not clearly defined in the FSR, the business requirements within the CROS RFP refer to business rules, policy, or law. CROS plans to collect, document, and prepare these rules so that when the vendor is selected and engaged, the business rules are readily available to enhance configuration of these rules in the new system.

Backlogs - Improve data resulting in increased revenue

During the initial procurement phase of the CROS project, business program area workgroups were created to develop current business process flows, document system and business process deficiencies and identify areas for new system and business process improvements. The results of the business workgroups coupled with separate but related analysis showed a need to clean up several business program area backlogs to get ready for the reengineering and implementation of the new system, particularly in the area of data conversion. Better data will allow the BOE to reduce the amount of bad data to be converted in to the new system, at the same time improve its ability to select productive audits, collect on liabilities previously determined uncollectible, identify unregistered accounts and resolve appeals cases earlier. While reducing data conversion problems/risks, these actions will also generate additional revenue of approximately \$38.8 million in FY 12/13 and \$66.5 million in FY 13/14 and ongoing.

The backlog at BOE is the result of: 1) Collections - Accounts receivables have increased by 121% over the past 4 years exceeding \$2 Billion, 2) Audits - Approximately 17,600 accounts have the potential to be productive audits, at the margin annually, and only 40% of those are audited with existing resources, 3) Statewide Compliance and Outreach Program (SCOP) - Over 100,000 new regular seller permits are issued each year with countless other businesses operating without a sellers permit, 4) Settlement and Offer in Compromise - due to technology limitations (i.e. reliance on paper audit work papers).

The FTB found a similar need to identify and clean up the current, ongoing return processing, and collections backlogs to get ready for the reengineering and implementation of the new return processes with the EDR solution. They found that the backlog would negatively impact the availability of data, revenue, and customer service. Deferring this cleanup effort to the

system development phase of the project would have deferred revenue, resulted in competing resources, and risked the timely completion and quality of both activities, adding further risk to the EDR project. In response to this need, additional business resources were authorized to reduce the backlog prior to the implementation of the new system and in turn generate additional revenue. Based on FTB's experience, BOE estimates that cleaning up the backlog now will be less costly than if this process was undertaken by the prime vendor. In addition, this will reduce the risk of project delays due to data/conversion issues.

Following the FTB methodology, BOE is requesting new auditor, collector and support resources to address the backlog assignments to ensure a successful implementation of the new systems. As stated above, this approach will result in increased revenues to the state. The additional resources are justified at this time to address the increase in audit, collection and registration leads that will be developed with the improved data.

3.4 PROPOSED PROJECT CHANGE

The following changes are described in Sections 3.2 and 3.3.

Schedule

The procurement approach is consistent with the FSR. BOE proposes to delay the award of the vendor contract from January 30, 2014 to June 30, 2014 as shown in Section 4.5.5. See Sections 3.2 and 3.3 for background.

Scope

Based on information discussed in Section 3.3, four significant scope changes proposed are outlined below.

This strategy includes bringing resources/positions to the project earlier to focus on cleansing and synthesizing data from multiple legacy assets in preparation for data conversion; and establishing a Managed File Transfer (MFT) solution that streamlines data sharing with external partners.

The analysis of the EDR and ACES projects in addition to ongoing discussions with FTB and EDD staff caused the BOE to reevaluate the early stages of the CROS project. To leverage the lessons learned from the other projects, the BOE choose to address the issues relating to data cleansing and conversion, external interfaces and backlog cases earlier in the procurement phase. The proposed changes are needed to ensure the success of CROS based on proven methods utilized in EDR and ACES. Additionally, these changes will allow the program and technical areas to address the impure data issues with validation by program staff (auditors and collectors) prior to the implementation of the new system.

Data cleansing and conversion

IT Projects encounter problems in two areas – data readiness and interfaces. Data readiness is the process by which data across legacy assets are cleansed and synthesized, and interfaces address the way data are shared internally and externally. Over the past few months, BOE has been analyzing legacy data and believes it will reduce risk and accelerate the implementation of the solution if CROS focuses on analyzing, converting and cleansing legacy system data. In

addition to an internal review of data assets, CROS has been meeting with FTB and EDD to share lessons learned and one of the lessons they both spoke about was the importance of data readiness. As stated in the FSR, BOE started data conversion/cleansing activities in parallel with the development of the RFP. As more was understood, CROS decided to enhance and accelerate work in this area. To that end, CROS plans to secure contracted expertise to supplement BOE technical staff to conduct data extraction, transformation tasks.

BOE is equipped to succeed on the data conversion rather than the prime vendor for several reasons:

- Expertise of the individuals hired to plan, lead and conduct these activities – the resources CROS hired to work on these activities have experience in the legacy database system CROS is converting from and converting to;
- Expertise of the individuals from BOE business and technology staff that are on the CROS project – CROS team members have knowledge of the logical and physical IRIS database structures;
- CROS has the time now to devote to this undertaking – CROS is starting a little over 2 years before the vendor is on board; any work done will be beneficial to the implementation;
- Off loading this significant activity makes it easier for the CROS solution provider to focus on delivering the core solution, the data warehouse and the internal and external customer interfaces.

The approach for data cleansing and conversion will begin by creating subject area data models driven by the business requirements. These subject areas will align with the business functional areas within the scope of CROS. The entities and data elements within the subject area model will be used to identify the data stores in the legacy source systems that will be analyzed, converted and cleansed. CROS plans to focus the initial data conversion efforts on the IRIS legacy system due to the fact that the underlying integrity of the data within IRIS is questionable, and the data that is stored within IRIS is in an older, non-relational format. CROS believes this system will be the most problematic of the legacy data stores to convert to the new platform.

The approach will be an iterative approach and will follow the high level steps below:

Planning

- Data migration strategy
- Environment set-up and readiness
- Standards and processes

Data Preparation

- Prepare data source
- Document data files/tables to be converted
- Develop data model for target database

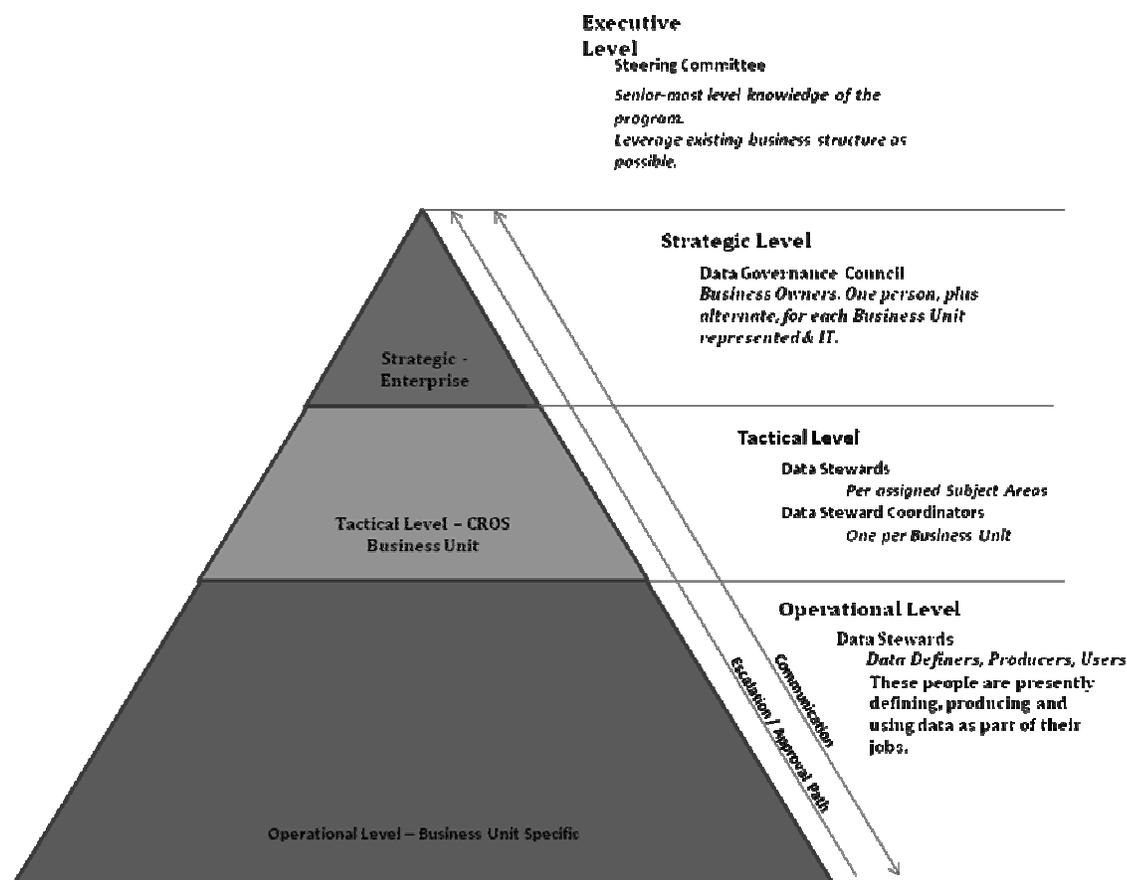
Enact data quality - iteration

- Update migration routines/ETL scripts
- Execute programs and scripts
- Develop initial data validation and data cleanup approach
- Data cleansing

CROS project management currently plans four-to-five overlapping iterations, each lasting approximately six months particularly due to the fact that until the data is analyzed, mapped and some quality profiling is completed, the current state and complexity of the data will be unknown. The iteration timeline may be adjusted once the state of the data and the scope and size of the cleanup effort is known.

Governance

One of the critical components of data cleansing and conversion is the authority and control over the management of the converted/cleansed data assets – data governance. The following chart depicts the structure under which CROS will facilitate and escalate decisions pertaining to data definitions and standardization issues that arise.



CROS understands the importance of involving business and technical staff and has incorporated business stewards and technical custodian resources to work on data conversion/cleansing activities. Data stewards and custodians will be empowered to weigh in on and make decisions pertaining to data, for example, data quality, security,

access, etc. Organizational decisions pertaining to standards, integration between different programs to accomplish one common set of data is facilitated through the Data Governance Council. The Data Governance Council and Steering Committee are comprised of manager and executive level members representing all business areas within the scope of CROS and the technology area. Roles supporting the data conversion/cleansing and the data governance structure can be found in Section 4.5.4.

External Interfaces

The CROS project plans to streamline and automate external data interfaces prior to the implementation. Currently, BOE provides and consumes numerous files with internal and external partners. While internal file sharing should be significantly reduced given the solution's centralized operational database, file exchange with external parties remains critical.

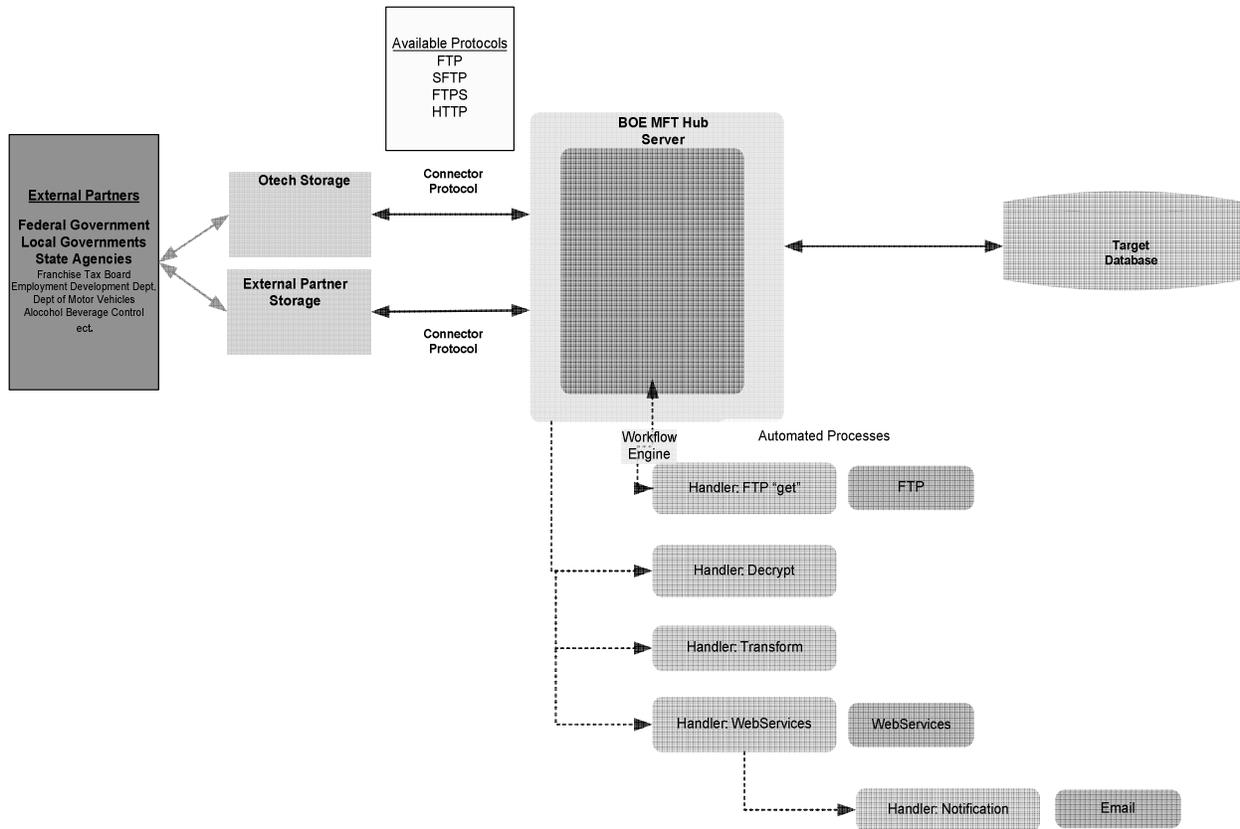
Currently files are shared using various mediums such as email, FTP, and even hand-delivered on CD, and so on. File formats are varied and inconsistent. Files may be imported, exported, exchanged (send & received) or directly accessed by BOE staff. When files are imported, they may be loaded to a database or the legacy system. Or the file could also be delivered to the program area where it is analyzed and manually cleansed before being loaded into legacy system. The reverse process occurs when a file is exported or exchanged. Direct access occurs when BOE is given permission to log into an external partner's system and view the data directly from within BOE.

Because BOE regularly shares large data files with partners, CROS plans to implement a facility to support managed file transfer (MFT) and data assimilation in a consistent and secure way, making it easy for external partners to automate file submission. The BOE envisions an MFT solution that functions as a centralized gateway for all file-based transactions. It also envisions a means by which data within files are transformed irrespective of format (e.g., fixed-length, comma delimited, pipe-delimited, XML) and appropriately applied to internal data stores. Implementing this aspect of the solution will require significant analysis of existing interfaces and working closely with external partners to modify the way files are shared. In some cases, agreements must be forged regarding security standards, protocols, and file formats. Some BOE partners may be willing to standardize on XML-based schemas that make it simpler to share data. Desirable is a solution that adheres to technical format standards instituted by the X12 subcommittee, Tax Implementation Group for Electronic Commerce Requirements Standardization (TIGERS).

In advance of selecting a prime vendor for CROS, the BOE intends to implement a managed file transfer solution to orchestrate file-based interfaces. The BOE embarked on this approach based on recommendations made by EDD, the experience of CROS management on similar projects, and based on the stipulations outlined within the CROS FSR approval letter that BOE explore ways to improve data sharing with the other revenue agencies.

The following diagram represents a conceptual view of the architecture the project is planning to implement related to the data exchange interfaces.

Managed File Transfer



The first step in this exercise is to catalog all file-based interfaces between BOE and external partners. CROS is creating an inventory of these interfaces documenting the format, frequency, source, medium, file layout, etc. There are over 100 documented interfaces; but only a small sample are found in Attachment A due to the sensitivity of some of the information documented in the inventory. External incoming, outgoing, batch, and file interfaces are within the scope of this effort; real time (transaction level) interfaces are out of scope. Once the inventory is complete, it will be analyzed and prioritized and CROS will conduct outreach activities to discuss ways to streamline and automate manual interfaces with the external entity. The effort required on the part of the external partner will depend on the approach decided to streamline/automate the interface. Roles and responsibilities for the resources conducting activities related to the external interfaces can be found in Section 4.5.4

Security of the interfaces will be addressed as required and methods such as secure file transfer protocols or data encryption utilizing public/private keys may be employed. When working on the SLA or contract with external partners, CROS will ensure procedures and contacts information has been defined for error situations such as a file that generates an error or a missed submission.

To allow maximum flexibility to bidding vendors and so that the project does not preclude a more streamlined, efficient interface solution, the CROS project plans to allow bidder's to propose how they would implement the data exchange interfaces within the constraints of their proposed solution. For example, the vendors could choose to integrate their solution with the CROS data mart (where interface data will be stored), the CROS MFT, or the vendor could integrate the (CROS developed) standard interfaces directly with their solution. In either scenario, the work the CROS project is doing to standardize and automate these interfaces will be valuable in implementing the proposed solution.

Business Rules

Many of the business rules needed for the new system are hardcoded in legacy programs. CROS Project Management plans to piggy back on the data conversion efforts to review and extract business rules from the legacy code as the data conversion team works its way through legacy systems.

Additionally, program SMEs will research and gather policy and business rule documents defining rules that are not stored in program code.

Integration

Once one of the conditions of the CTA approval letter is for BOE to consult with FTB and EDD on opportunities to coordinate and collaborate on various aspects of the business processes affected by CROS and seek to avoid unnecessary duplication and incompatibility of systems and business methods. BOE has started a dialogue with FTB and EDD sharing lessons learned on their initiatives, discussing common data elements. To enhance these discussions, CROS plans to hire an Integration Architect (IA) to review system architectures, product capabilities, standards, and process compatibilities to better understand where synergies can be achieved. The IA is also responsible for improving the way BOE shares data with external and internal parties such as FTB, EDD, the Department of Motor Vehicles, the Internal Revenue Service, etc. The IA will be responsible for examining and making recommendations as it pertains to protocols (e.g., FTP, SFTP, FTPS, Web Services), security and encryption standards, file format standards, and data transformation capabilities and guiding the BOE in its ability to apply incoming data to operational data stores or staging areas for analytics.

The CROS and BOE TSD project management teams met with EDD on data conversion 3 times. EDD is implementing a data warehouse. Some of the specific lesson learned CROS gleaned from these meetings include:

- Plan for a staging area in between the source and target databases; EDD used the staging area (separate from the warehouse) to load the data and from which the vendor extracted and loaded into the target database; record counts were performed at the legacy extract, staging load, and target load;
- State employees must assist in the mapping of legacy data to target system;
- Make the vendor ultimately responsible for the data conversion;
- Allow as much time as possible for data conversion/cleansing activities; EDD took 14 months from start to finish; this was somewhat aggressive and required a great deal of overtime to complete on schedule;

- Plan a reasonable/realistic timeframe for these activities: to meet the 14 month timeframe, a lot of overtime was taken which became an issue for the project; some of the state staff who worked a lot of overtime got burnt out;

CROS and EDD also participate on a Joint Application Data Sharing Team. This collaborative effort resulted in EDD providing:

- a web tool they used to document the inventory of all data interface exchanges;
- input on what meta data to collect and manage.

Cost

BOE plans to add resources to address data cleaning and conversion and external interfaces and provide sufficient technical resources to avoid freezing changes to the existing legacy systems while CROS was being brought up, this SPR results in a decrease in the total project costs by approximately \$8.7 million over the life of the project. This decrease is due mainly to the data conversion and cleansing, external interfaces and business rules activities being performed earlier in the project by BOE staff and selected contract staff at lower cost than could be completed by the system integrator during implementation phase. Some costs categories showed zero or minimal cost changes. The categories that account for the majority of the overall project cost increases and decreases are summarized below.

BOE plans to address backlogs that will result in better data in preparation for data conversion and in more program leads – which are projected to generate an estimated \$66.5 million in increased revenue.

Hardware Purchases

One-time \$1.1 M (Increase) - Equipment for new staff; network and storage for scope change; delayed Documentum hardware purchase moves costs out one year.

Software Purchases/License

One-time \$0.3 M (Increase) - Data cleansing server software; software for new staff; and delayed CROS implementation software costs.

Continuing \$3.8 M (Decrease) - Effect of having six months less on-going costs due to project delay.

Software Customization

One-time \$11.9 M (Decrease) - Reduced software customization costs due to estimated effect of parallel initiatives.

Attachment B provides a detailed explanation of how the cost of the parallel initiatives of \$10.2 Million achieves a \$11.9 Million reduction in system integrator costs and a total net savings of 2.4 Million.

Contract Services

One-time \$12.3 M (Increase) - Consultants to address the scope changes not anticipated in the FSR. Experts are being added to the project as compared to the redirection of technical staff.

Telecommunications

Continuing \$1.1 M (Decrease) - Delayed vendor implementation cost.

3.4.1 Accessibility

The project plans to comply with the accessibility requirements of Government Code 11135/ Section 508 by specifying this compliance in the Request for Proposal (RFP), evaluating vendors for how well the proposed solution will comply with the accessibility requirement, and use our Independent Verification and Validation (IV&V) consultants to check the solutions actual conformance with Section 508.

3.4.2 Impact of Proposed Changes on the Project

The intended deliverables remain the same as stated in the FSR although full project implementation is delayed.

3.4.3 Feasible Alternatives Considered

There are no feasible alternatives available to address the issues identified beyond the proposed changes. The changes identified in this document are primarily being implemented based on the conditional requirements imposed by the California Technology Agency.

3.4.4 Implementation Plan

The CROS Project Implementation approach identified in the FSR will not change other than a revision to the projected implementation start date and a realignment of project costs.

4.0 Updated Project Management Plan

The BOE is committed to the success of the CROS project. To this end, BOE has developed a project management plan that uses the CTA’s Project Management Methodology (CA PMM), as presented in the State Information Management Manual (SIMM).

This project management plan is presented in the following sections:

- 4.1 Project Manager Qualifications
- 4.2 Project Management Methodology
- 4.3 Project Organization
- 4.4 Project Priorities
- 4.5 Project Plan
- 4.6 Project Monitoring
- 4.7 Project Quality
- 4.8 Change Management
- 4.9 Authorization Required

4.1 PROJECT MANAGER QUALIFICATIONS

The full-time project manager continues to manage the CROS Project.

4.2 PROJECT MANAGEMENT METHODOLOGY

The project management methodology described in the FSR Project Management Methodology, Section 6.2, continues to be followed, and is aligned with the California Project Management Methodology (SIMM section 17).

4.3 PROJECT ORGANIZATION

A revised Project Organization Chart is provided in Attachment C.

4.4 PROJECT PRIORITIES

The project trade-off matrix shows the priority of importance of project schedule, scope, resources and quality, and uses a factor of 1 (highest) to 4 (lowest) for each of the categories. The project priorities have not changed from those provided in the FSR.

Schedule	Scope	Resources	Quality
3	1	4	2

4.5 PROJECT PLAN

4.5.1 Project Scope

The CROS project was approved to:

- Replace the IRIS and ACMS systems,
- Provide an enterprise data warehouse,
- Expand customer online services,
- Provide assistance with Organizational Change Management, and
- Acquire a new system through the use of a performance-based, benefits-funded vendor contract.

While the final scope of the CROS project has not changed, the analysis of EDR and ACES showed that the project must pursue focused efforts earlier in the procurement process addressing data conversion, external interfaces and significant backlogs resulting from impure data and insufficient data matching capabilities.

4.5.2 Project Assumptions

The major assumptions outlined in the FSR will remain the same.

4.5.3 Project Phasing

The CROS project implementation approach identified in the FSR will not change.

4.5.4 Project Roles and Responsibilities

The roles and responsibilities of the major participants in the project have not changed; however, we have added the participants involved in data cleansing and conversion, external interfaces and business rules activities.

Position	Roles & Responsibilities
Infrastructure Architect	<ul style="list-style-type: none"> • Guide BOE to implement processes and tool(s) to manage data sharing in a unified way.
Conversion Specialist	<ul style="list-style-type: none"> • Provide strategic guidance, data quality and conversion tools, craft ETL scripts.
Data Architect	<ul style="list-style-type: none"> • Build comprehensive logical data models, data dictionaries, model BI schemas, and assist with ETL.
Data Steward	<ul style="list-style-type: none"> • Responsible for data content, context, and associated business rules. • Communicates the purpose, data needs, security level of data being stored, and the business reason for creating the data store.
Data Custodian	<ul style="list-style-type: none"> • Safeguards custody, transport, storage of the data and implementation of the business rules.

Position	Roles & Responsibilities
Data Owner	<ul style="list-style-type: none"> The entity within BOE that can authorize or deny access to certain data, and is responsible for its accuracy, integrity and timeliness.
Data Governance Council	<ul style="list-style-type: none"> Approves enterprise data definitions, data governance program decision-making and issue resolution.
External Agency Liaison (data exchange interfaces)	<ul style="list-style-type: none"> A resource at the external agency that will work with BOE to reach agreement on the scope of changes to the interface, ensure updates to the SLA/contract are implemented. Facilitate implementation of programmatic modifications to interfaces as required.
Procurement Advisor	<ul style="list-style-type: none"> Provides guidance on procurement process and ensures that it satisfies legal and regulatory requirements while minimizing risks and identifying potential hazards. Provides confidentiality training.
Procurement Lead	<ul style="list-style-type: none"> Sole communicator with vendors pertaining to the RFP. Prepares specifications, statements of work, and procurement related technical material for incorporation in the RFP document. Ensures contractor performance objectives are established. Serves on evaluation panels. Coordinates with Procurement Advisor. Liaison with DGS on all procurement matters.
Project Management Support	<ul style="list-style-type: none"> Plans, manages and coordinates execution and integration of procurement, data conversion, external interfaces and business rule activities. Develops and maintains project plans, schedule, risks, costs, and prepares monthly CTA report. Works with Director to respond to control agency inquiries/issues/findings. Manage project management documentation, processes and repositories. Provides periodic status to project director.
Technology Project Manager	<ul style="list-style-type: none"> Manages day-to-day tasks and provides direction to technical team members. Conducts final review of all technical deliverables. Works with project management support to update schedule and ensure technical activities are executed. Provides periodic status of technical activities to the Project Director.

Position	Roles & Responsibilities
Business Project Manager	<ul style="list-style-type: none"> Manages day-to-day tasks and provides direction to Business team members. Conducts final review of all business deliverables. Works with project management support to update schedule and ensure business activities are executed. Provides periodic status of business activities to the Project Director. Approves routine project expenditures.
Project Director	<ul style="list-style-type: none"> Leads the Overall Project. Directs the planning, execution, and evaluation of all project activities, managers, team, and resources toward project success. Reports project status to the Board Members, Project Steering Committee, Department Head Committee, and all external stakeholders. Accepts all project deliverables. Approves all project requirements, project schedule and cost changes. Approves all project contract terms, conditions, changes and all major project acquisitions. Recommends project funding or staff resource augmentations. Responds to all oversight findings.

4.5.5 Revised Project Schedule

The most significant change in schedule is that the contract award is projected for June 30, 2014 instead of January 30, 2014.

Task	Start	Finish
RFP/Solicitation		
Pre-Solicitation		
Release RFI and copy of draft RFP	7/20/2012	7/20/2012
Solicitation		
RFP Released	10/22/2012	10/22/2012
Bidders Conference	12/5/2012	12/5/2012
Compliance Phase		
Receive Conceptual Proposals	1/22/2013	1/22/2013
Confidential Discussions with Individual Bidders	2/4/2013	2/20/2013
Final Phase		
Receive Draft Proposals	7/22/2013	7/22/2013
Receive Final Proposals	11/12/2013	11/12/2013
Conduct Cost Opening	3/13/2014	3/13/2014

Task	Start	Finish
Select Bidder	3/24/2014	3/24/2014
Special Project Report (SPR)	4/3/2014	4/18/2014
Notify Joint Legislative Budget Committee (Section 11)	6/13/2014	6/30/2014
Board Members Approval of Contract	6/18/2014	6/18/2014
Issue Letter of Intent to Award	6/18/2014	6/18/2014
Award Contract	6/30/2014	6/30/2014
Start Development	7/1/2014	7/1/2014

Task	Start	Finish
Parallel Initiatives		
Planning and environment setup	3/1/2012	6/30/2012
Data Conversion/Data Exchange Interfaces - Iteration #1	7/1/2012	1/1/2013
Analysis Inventory data sources Document legacy data sources to be converted Establish data model Prepare source data Document data quality rules	7/1/2012	10/1/2012
Design Design prototype data migration maps Determine initial data validation and data cleanup approach	9/15/2012	11/15/2012
Development Develop ETL scripts Run programs/scripts Load data	11/1/2012	12/1/2012
Test Review data Test quality rules Refine data cleanup approach Ongoing data cleansing	12/1/2012	1/1/2013
Data Conversion/Data Exchange Interfaces - Iteration #2	1/1/2013	7/1/2013
Data Conversion/Data Exchange Interfaces - Iteration #3	7/1/2013	1/1/2014
Data Conversion/Data Exchange Interfaces - Iteration #4	1/1/2014	6/30/2014
Business Rules		
Planning Establish/organize document repository Communication/feedback loop	5/1/2012	7/1/2012

Task	Start	Finish
Business Rules - Subject Area #1 Identify rule references Review legacy system code Gather policies/tables/rules Update documentation	7/1/2012	1/1/2013
Business Rules - Subject Area #2	1/1/2013	7/1/2013
Business Rules - Subject Area #3	7/1/2013	1/1/2014
Business Rules - Subject Area #4	1/1/2014	6/30/2014

4.6 PROJECT MONITORING AND OVERSIGHT

The project monitoring processes described in the FSR continue, including the use of an experienced contract Independent Project Oversight Consultant (IPOC).

4.7 PROJECT QUALITY

The BOE's commitment to project quality continues, along with the established quality assurance processes approved in the FSR.

4.8 CHANGE MANAGEMENT

The change management methodology approved in the FSR remains in place and is being used to manage change throughout the duration of the Project.

4.9 AUTHORIZATION REQUIRED

N/A

5.0 Updated Risk Management Plan

A Risk Management Plan was identified in the FSR, and it documents the process and procedures that BOE is using to manage project risks.

5.1 RISK REGISTER

See Attachment D for an updated risk log.

6.0 Updated Economic Analysis Worksheets (EAWs)

Attachment E - FSR to SPR Cost Comparison provides a detailed cost comparison between the FSR and the SPR. The costs shown in the Attachment E, FSR to SPR Comparison, only includes the CROS project specific costs. The business resources to address the backlogs will not be shown in this SPR but have been included in a related Spring Finance Letter. The additional business resources will augment the existing business program staff and results of this effort will be tracked and reported along with other program area resource augmentations consistent with BOE's current Budget Supplemental Report Language requirements.

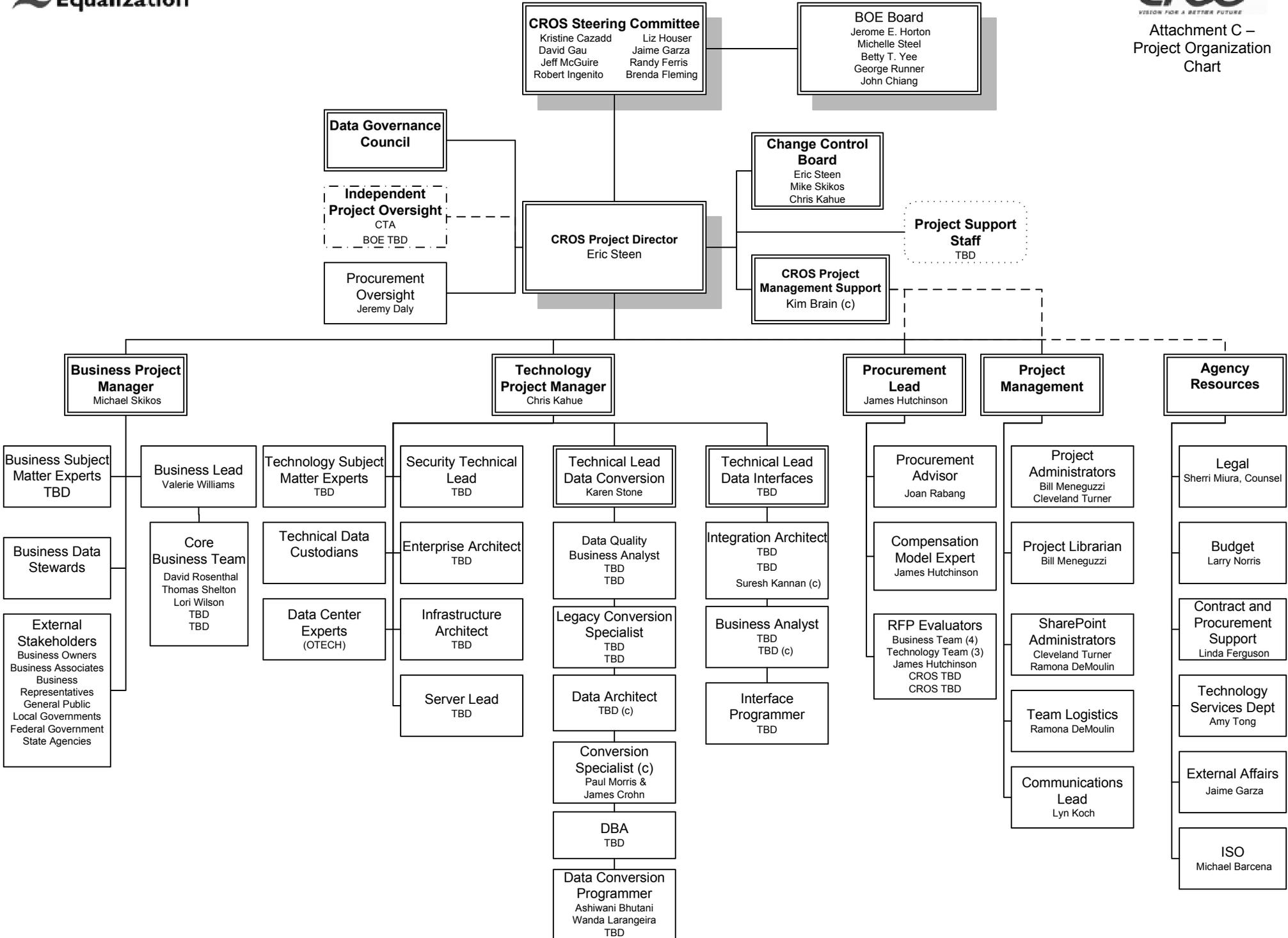
See Attachment F for the required SPR EAWs.

7.0 Attachments

- Attachment A – Data Interfaces
- Attachment B – Parallel Initiatives Costs & Savings
- Attachment C – Revised Organizational Chart
- Attachment D – Risk Log
- Attachment E - FSR to SPR Cost comparison
- Attachment F – EAWs
- Attachment G – Approved FSR

Attachment A - Data Interfaces*

Data Asset Provider	External Entity receiving BOE Data (if applicable)	Description	Import, Export, Exchange, or Direct Access	Data Owner	Frequency
<i>Name of the entity that is providing the asset data</i>	<i>If the data is exported to or exchanged with an outside agency or vendor, specify here. Don't list if the data is for import only.</i>	<i>Brief description of Scope and purpose of the work per the agreement</i>	<i>Defines if BOE is receiving, sending, exchanging (both receive and send), or direct access.</i>	<i>The responsible unit and division that maintains ownership of the business operations of a particular data source.</i>	<i>Identifies how often the asset data is received or sent by BOE.</i>
BOE Excise Tax Division	Alcoholic Beverage Control	ABC and ETD work together to license and regulate the manufacture, sale, purchase, possession and transportation of alcoholic beverages within California	Export	Excise Tax Division	Other (not listed)
BOE Motor Carrier Section	All IFTA Jurisdictions	BOE furnishes information to other government agencies, data that is essential for enforcement of motor fuel tax laws.	Export	Fuel Tax Division	Upon request
Secretary of State		Legal Entity Ownership Program - Identify change in control of legal entities.	Direct Access		Continuously/ Ongoing
Department of Motor Vehicles		DMV to provide the collection of vehicle/vessel and special taxes for BOE.	Import	Consumer Use Tax Section	
BOE Motor Carrier Section	IFTA Member Jurisdictions	To facilitate the administration of the International Fuel Tax Agreement (IFTA) as mandated by the provisions of the Intermodal Surface Transportation Efficiency Act of 1991, and to provide the basis for the processing of participant jurisdiction (base state) fuel tax returns subject to IFTA.	Exchange	Motor Carrier Section	Continuously/ Ongoing
CA County Assessors	CA County Assessors	Maintain statewide file of claims that have been filed to transfer base year value from properties that have been taken by governmental action.	Exchange	Property Tax Division	Continuously/ Ongoing



Attachment D - CROS Risk Log

Risk/ Issue	Id No	Date Created	Source	Category	Risk Description	Affected Areas	Trigger	Trigger Date	Probability	Impact	Exposure	Severity	Owner	Status	Actions Taken	Contingency Plans/ Mitigations
Risk	31	6/11/2010	FSR	Requirements	Data cleansing, data validation, and data mapping activities result in IRIS and ACMS data being converted incorrectly into the CROS solution.	Quality Schedule Cost	Implementation starts	7/1/2014	70.00%	5	3.5	Medium	Eric	Open	6/11/10 Form knowledgeable business workgroups and include SMEs to define data cleansing and data validation rules. Form knowledgeable team of programming staff to develop the programming codes to clean and validate. Develop a comprehensive testing plan which includes comprehensive test files for conversion testing. Ensure that backup files are retained and a process is in place to recover backup data in the event of data being converted incorrectly. 2/6/12 Parallel Initiatives charter being developed; planning underway. KB	Revert back to old data and system and redefine system requirements. Implement data that converted correctly and review and analyze incorrectly converted data for re-implementation.
Risk	34	6/11/2010	FSR	Project Management	Contractor's system design for the CROS solution, its implementation, and/or its execution fails resulting in the business not being able to perform their critical processes.	Schedule Cost	Implementation starts	7/1/2014	30.00%	5	1.5	Low	Eric	Open	Involve SMEs and other key stakeholders in system design meetings and walk-throughs. Employ rigorous unit testing, Require the Contractor to perform rigorous system integration testing (SIT) prior to unit testing. Ensure CROS is incorporated in the BOE Business Continuity / Disaster Recovery (BCDR) Plan.	Implement BCDR Plan.
Risk	35	6/11/2010	FSR	Project Management	Selected Contractor is not able to produce the solution as defined in the contract.	Cost Schedule	Implementation starts	7/1/2014	30.00%	5	1.5	Low	James	Open	Ensure that penalties for non-performance are stipulated in the RFP and the contract. Engage IV&V and IPOC.	Work with Contractor to identify solution elements that will not fulfill the objectives of the SOW. Investigate alternative solutions and/or alternative third party vendors that may be able to supplement Contractor's deficiencies. Impose penalties for non-performance of contract.
Risk	37	6/11/2010	FSR	Project Management	The Revenue estimate is lower than required to support payment to the vendors; the project scope will be impacted.	Scope Cost	Cost opening	3/14/2014	30.00%	4	1.2	Low	Eric	Open	Develop statistical models and trending analyses to base estimates from. 12/15/12 Level4 conducted independent analysis of comp model; BOE developed, ball park revenue estimates confirmed. KB	Determine the impact of the lower revenue to the scope of the project. Remove non-critical functionality from project scope for future inclusion.

Attachment D - CROS Risk Log

Risk/ Issue	Id No	Date Created	Source	Category	Risk Description	Affected Areas	Trigger	Trigger Date	Probability	Impact	Exposure	Severity	Owner	Status	Actions Taken	Contingency Plans/ Mitigations
Risk	39	6/11/2010	FSR	Procurement	Lack of a competitive procurement process will result in the selection of a solution that is not the best value for the State and may not be approved and funded.	Quality	Final Proposals	11/12/2013	10.00%	5	0.5	Low	Eric	Open	<p>Make approved CROS FSR available to the public.</p> <p>Contract terms and conditions for room to negotiate.</p> <p>Make comprehensive bidders' library available to prospective vendors.</p> <p>Conduct general and technical bidders' conferences.</p> <p>Establish Q&A forum for vendors.</p> <p>Use Solution Based Procurement model (emphasize problems, objectives and partnering).</p>	<p>Designate the RFP as a draft RFP and revise requirements based on the responses to the draft RFP. Issue a Final RFP based on the revisions.</p>

Attachment E - FSR to SPR Cost comparison

Staff (Salaries & Benefits)

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR	3,434,616	5,208,103	3,510,340	6,567,233	8,856,317	6,588,737	6,467,632		40,632,978
SPR	499,503	1,982,125	4,676,291	5,829,185	9,942,444	8,860,858	7,866,939		39,657,345
Change	(2,935,113)	(3,225,978)	1,165,951	(738,048)	1,086,127	2,272,121	1,399,307		(975,633)
Explanation	Revised staffing needs based on project implementation schedule and the emphasis on parallel initiatives.								

Hardware Purchase

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR	-	-	-	4,723,000	-	4,230,000	-	-	8,953,000
SPR	-	95,170	845,400	48,200	4,877,900	4,230,000	-	-	10,096,670
Change	-	95,170	845,400	(4,674,800)	4,877,900	-	-	-	1,143,670
Explanation	Standard Equipment (computer, printer, monitor) for PYs of \$95,170 in 11/12; \$184,400 in 12/13; \$40,213 in 13/14; \$154,900 in 14/15; Parallel Initiatives server, network and storage \$660,000 in 12/13; Documentum hardware purchase delayed from FY 13/14 to 14/15.								

Software Purchase/License

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR	-	-	-	8,036,812	8,653,890	-	-	-	16,690,702
SPR	-	155,160	882,498	23,582	15,968,940	-	-	-	17,030,180
Change	-	155,160	882,498	(8,013,230)	7,315,050	-	-	-	339,478
Explanation	Data cleansing server software \$795,200 in 2012/13; Standard software related to PYs \$87,298 in 12/13; \$23,582 in 13/14; \$73,438 in 14/15; Delay of CROS implementation shifted costs from 13/14 to 14/15 and reduced by data cleansing software purchased in 12/13.								

Telecommunications

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR				487,000					487,000
SPR			429	629	487,000				488,058
Change			429	(486,371)	487,000				1,058
Explanation	One-time Telecommunications of \$429 in 12/13; \$629 in 13/14; Delayed CROS implementation delays the one-time purchase of network hardware \$487,000 from 13/14 to 14/15.								

Attachment E - FSR to SPR Cost comparison

Contract Services
Software Customization

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR				12,104,000	29,010,000	51,218,000	23,708,000		116,040,000
SPR					31,490,000	45,859,000	26,782,750		104,131,750
Change				(12,104,000)	2,480,000	(5,359,000)	3,074,750		(11,908,250)
Explanation	Delayed selection of CROS Vendor from 13/14 to 14/15 shifts costs to future fiscal years; Parallel Initiatives data cleansing and integration work estimated to reduce cost of system integrator effort by 40,433 hours at an estimated blended rate of \$250 per hour, resulting in a contract reduction of by 11,908,250. See Attachment B for additional details.								

Project Management

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR	75,000	187,500	187,500	187,500	187,500	187,500	187,500		1,200,000
SPR		182,720	230,400	230,400	230,400	230,400	230,400		1,334,720
Change	(75,000)	(4,780)	42,900	42,900	42,900	42,900	42,900		134,720
Explanation	Project management started later than planned and costs estimated \$42,900 more per FY based on actual contract rate.								-

Project Oversight

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR		95,000	190,000	190,000	190,000	190,000	190,000		1,045,000
SPR		45,000	175,000	175,000	175,000	175,000	175,000		920,000
Change		(50,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)		(125,000)
Explanation	Project oversight delayed in FY 11/12 and estimated IPOC cost reduced by \$15,000 per FY.								-

IV&V Services

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR				674,700	674,700	674,700	674,700		2,698,800
SPR					674,700	674,700	674,700		2,024,100
Change		-	-	(674,700)	-	-	-		(674,700)
Explanation	IV&V was initially planned to start 6 month before selection and end 6 months after implementation. New plan has IV&V starting when implementation begins and ending when implementation is complete.								

Attachment E - FSR to SPR Cost comparison

Other Contract Services

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR	188,500	585,513							774,013
SPR	-	713,387	1,899,200	2,652,800	2,600,000				7,865,387
Change	(188,500)	127,874	1,899,200	2,652,800	2,600,000	-	-		7,091,374
Explanation	<p>Technical advisor cost reduced from \$175,000 to \$64,000 Delayed from 10/11 to 11/12. Project advisor consultant \$223,500 cost reduced to \$159,525. IT consultant cost reduced from \$272,750 to \$115,851. Contract negotiation and legal review cancelled as DGS will perform this function. Cost/benefit realism consultant added \$79,200 in 12/13; \$52,800 in 13/14 to provide expertise for assessing vendor proposal. Parallel Initiatives contract services (2,000 hours per year @ \$130/hr). Includes Integration Architect (beginning 13/14), Data Architect (1), Business Analyst (1), Conversion Architect (1), Conversion specialists (2). Added \$525,070 in FY 11/12; \$1,300,000 in 12/13; \$1,560,000 in 13/14 thru 15/16 for consultants. See Attachment H for additional detail. TSD Backfill contractors: 2 positions 12/13 and 4 positions in 13/14 and 14/15; (2,000 hours each @ \$130/hr) adds \$520,000 12-13 and \$1,040,000 in 13-14 and 14-15.</p>								

Data Center Services

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR		150,000	50,000	67,020	57,820	55,520			380,360
SPR	4,877	2,890	50,000	50,000	74,840	55,520	50,000		288,127
Change	4,877	(147,110)	-	(17,020)	17,020	-	50,000		(92,233)
Explanation	<p>Data conversion processing of \$150,000 in 11/12 due project delay and a revised approach based on the Parallel Initiatives. Data cleansing \$50,000 extended through FY 16/17 with revised implementation schedule.</p>								

Agency Facilities

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR									-
SPR									-
Change		-	-	-	-	-	-		-
Explanation	<p>No change</p>								

Other

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR		32,360	32,186	336,487	296,487	95,566			793,086
SPR	42,679	119,761	232,186	319,487	361,487	160,566	65,000		1,301,166
Change	42,679	87,401	200,000	(17,000)	65,000	65,000	65,000		508,080
Explanation	<p>Increased costs of \$42,679 in 10/11; \$119,761 in 11/12 related to revised travel for outreach and workgroup travel FY 12/13 \$200,000 one-time training effort for TSD technical staff. In-state travel for project mgmt team for board status reporting activities \$15,000 in FY 13/14; \$45,000 in 14/15 through 16/17. Extend network travel support \$20,000 from FY 14/15 to 16/17. Out of state travel support for implementation & training (out of state districts offices) \$24,000 in 14/15; \$33,000 in 15/16.</p>								

Attachment E - FSR to SPR Cost comparison

Continuing IT Project Costs

Staff (Salaries & Benefits)

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR					1,145,968	1,193,433	4,584,409	11,055,092	17,978,902
SPR					1,145,968	1,193,433	4,584,409	11,055,092	17,978,902
Change		-	-	-	-	-	-	-	-
Explanation	No change; Continuing IT cost will be re-evaluated with selected solution.								

Hardware Lease/Maintenance

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR					1,868,911	1,868,911	2,714,911	2,714,911	9,167,644
SPR			3,600	174,600	1,111,711	2,088,011	2,934,011	2,934,011	9,245,944
Change		-	3,600	174,600	(757,200)	219,100	219,100	219,100	78,300
Explanation	Standard PY - PC, printer and replacement and repair costs: \$3,600 in 12/13; \$42,600 in 13/14; \$55,400 in 14/15; \$87,100 in 15/16 and ongoing. Parallel Initiatives storage, server and network maintenance costs \$72,000 in 13/14 and ongoing.								

Software Maintenance/Licenses

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR					5,366,227	5,366,227	5,366,227	5,366,227	21,464,908
SPR			6,993	229,620	633,372	5,613,187	5,611,966	5,611,966	17,707,104
Change		-	6,993	229,620	(4,732,855)	246,960	245,739	245,739	(3,757,804)
Explanation	Software maintenance related to data warehouse & cleansing effort \$209,040 in 13/14 and ongoing. Standard PY software maintenance \$6,993 in 12/13; \$20,580 in 13/14; \$29,563 in 14/15; \$37,920 in 15/16; \$36,699 in 16/17 and ongoing. Delayed vendor implementation eliminates estimated implementation need of \$4,971,478 in FY 2014/15.								

Telecommunications

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR				1,134,339	2,208,708	2,208,708	2,208,708	2,208,708	9,969,171
SPR			5,100	5,200	2,213,908	2,213,908	2,213,908	2,213,908	8,865,932
Change		-	5,100	(1,129,139)	5,200	5,200	5,200	5,200	(1,103,239)
Explanation	Ongoing telecommunications of \$5,100 in 12/13; \$5,200 in 13/14; and ongoing Delayed vendor selection delays need for enhanced network reducing costs by \$1,134,339 in FY 13/14.								

Attachment E - FSR to SPR Cost comparison

Contract Services

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR									-
SPR									-
Change		-	-	-	-	-	-	-	-
Explanation	No changes								

Data Center Services

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR				987,688	7,433,809	7,433,809	7,433,809	7,433,809	30,722,924
SPR			-	-	7,433,809	7,433,809	7,433,809	7,433,809	29,735,236
Change		-	-	(987,688)	-	-	-	-	(987,688)
Explanation	Delays of selected vendor shifts estimated CROS implementation cost at OTECH of \$987,688 in 13/14.								

Agency Facilities

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR									-
SPR									-
Change		-	-	-	-	-	-	-	-
Explanation	No change								

Other

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR								214,007	214,007
SPR			7,500	137,596	150,388	150,388	150,388	150,388	746,648
Change		-	7,500	137,596	150,388	150,388	150,388	(63,619)	532,641
Explanation	PY driven - office supplies and misc equipment \$5,396 in 13/14; \$6,188 in 14/15; TSD training cost \$7,500 in FY 12/13; \$132,200 in 13/14 and ongoing. In-state travel in support of enhanced CROS network of \$12,000 in 14/15 and ongoing								

Attachment E - FSR to SPR Cost comparison

Total One-Time Costs

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR	3,698,116	6,258,476	3,970,026	33,373,752	47,926,714	63,240,023	31,227,832	-	189,694,939
SPR	547,059	3,296,213	8,991,404	9,329,283	66,882,711	60,246,044	35,844,789	-	185,137,503
Change	(3,151,057)	(2,962,263)	5,021,378	(24,044,469)	18,955,997	(2,993,979)	4,616,957	-	(4,557,436)

Total Continuing Costs

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR	-	-	-	2,122,027	18,023,623	18,071,088	22,308,064	28,992,754	89,517,556
SPR	-	-	23,193	547,016	12,689,156	18,692,736	22,928,491	29,399,174	84,279,766
Change	-	-	18,093	(445,872)	(5,339,667)	616,448	615,227	401,220	(4,134,551)

Total Project Costs

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	Total
FSR	3,698,116	6,258,476	3,970,026	35,495,779	65,950,337	81,311,111	53,535,896	28,992,754	279,212,495
SPR	547,059	3,296,213	9,014,597	9,876,299	79,571,867	78,938,780	58,773,280	29,399,174	269,417,269
Change	(3,151,057)	(2,962,263)	5,039,471	(24,490,341)	13,616,330	(2,377,531)	5,232,184	401,220	(8,691,987)

SIMM 20C30C, Rev. 08/2010

Department: Board of Equalization

Project: CROS

EXISTING SYSTEM/BASELINE COST WORKSHEET

All costs to be shown in whole (unrounded) dollars.

Date Prepared: 03/8/12

	FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		TOTAL	
	PYs	Amts	PYs	Amts														
Continuing Information																		
Technology Costs																		
Staff (salaries & benefits)	122.0	\$11,038,500	122.0	\$11,038,500	122.0	\$11,038,500	122.0	\$11,038,500	122.0	\$11,038,500	122.0	\$11,038,500	122.0	\$11,038,500	122.0	\$11,038,500	976.0	\$88,307,998
Hardware Lease/Maintenance		\$ 924,311		\$ 924,311		\$ 924,311		\$ 924,311		\$ 924,311		\$ 924,311		\$ 924,311		\$ 924,311		\$ 7,394,488
Software Maintenance/Licenses		\$ 776,633		\$ 776,633		\$ 776,633		\$ 776,633		\$ 776,633		\$ 776,633		\$ 776,633		\$ 776,633		\$6,213,066
Telecommunications		\$ 594,183		\$ 594,183		\$ 594,183		\$ 594,183		\$ 594,183		\$ 594,183		\$ 594,183		\$ 594,183		\$ 4,753,464
Contract Services		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Data Center Services		\$ 8,296,223		\$ 8,296,223		\$ 8,296,223		\$ 8,296,223		\$ 8,296,223		\$ 8,296,223		\$ 8,296,223		\$ 8,296,223		\$ 66,369,784
Agency Facilities		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Other		\$ 214,007		\$ 214,007		\$ 214,007		\$ 214,007		\$ 214,007		\$ 214,007		\$ 214,007		\$ 214,007		\$ 1,712,056
Total IT Costs	122.0	\$21,843,857	976.0	\$174,750,856														
Continuing Program Costs:																		
Staff	2645.6	\$189,804,851	2645.6	\$189,804,851	2645.6	\$189,804,851	2645.6	\$189,804,851	2645.6	\$189,804,851	2645.6	\$189,804,851	2645.6	\$189,804,851	2645.6	\$189,804,851	21164.8	\$1,518,438,808
Other		\$9,247,002		\$9,247,002		\$9,247,002		\$9,247,002		\$9,247,002	0.0	\$9,247,002		\$9,247,002		\$9,247,002		\$73,976,016
Total Program Costs	2645.6	\$199,051,853	21164.8	\$1,592,414,824														
TOTAL EXISTING SYSTEM COSTS	2767.6	\$220,895,710	22140.8	\$1,767,165,680														

California State Board of Equalization
Centralized Revenue Opportunity System (CROS) Project



SIMM 20C30C, Rev. 08/2010

PROPOSED ALTERNATIVE:

Performance-Based CROS Project

Date Prepared: 03/8/12

Department: Board of Equalization
Project: CROS

	FY 2010/11 *		FY 2011/12 **		FY 2012/13		FY 2013/14		FY 2014/15**		FY 2015/16**		FY 2016/17**		FY 2017/18**		TOTAL		
	PYs	Amts	PYs	Amts															
One-Time IT Project Costs																			
Staff (Salaries & Benefits)	7.1	\$499,503	21.8	\$1,982,125	48.2	\$4,676,291	63.0	\$5,829,185	110.2	\$9,942,444	92.9	\$8,860,858	82.0	\$7,866,939	0.0	\$-	425.2	\$39,657,344	
Hardware Purchase		\$0		\$95,170		\$845,400		\$48,200		\$4,877,900		\$4,230,000		\$-		\$0		\$10,096,670	
Software Purchase/License		\$0		\$155,160		\$882,498		\$23,582		\$15,968,940		\$0		\$0		\$0		\$17,030,180	
Telecommunications		\$0		\$0		\$429		\$629		\$487,000		\$-		\$-		\$-		\$488,058	
Contract Services																			
Software Customization		\$0		\$0		\$0		\$0		\$31,490,000		\$45,859,000		\$26,782,750		\$0		\$104,131,750	
Project Management		\$0		\$182,720		\$230,400		\$230,400		\$230,400		\$230,400		\$230,400		\$0		\$1,334,720	
Project Oversight		\$0		\$45,000		\$175,000		\$175,000		\$175,000		\$175,000		\$175,000		\$0		\$920,000	
IV&V Services		\$0		\$0		\$0		\$0		\$674,700		\$674,700		\$674,700		\$0		\$2,024,100	
Other Contract Services		\$0		\$713,387		\$1,899,200		\$2,652,800		\$2,600,000		\$-		\$-		\$-		\$7,865,387	
TOTAL Contract Services		\$0		\$941,107		\$2,304,600		\$3,058,200		\$35,170,100		\$46,939,100		\$27,862,850		\$0		\$116,275,958	
Data Center Services		\$4,877		\$2,890		\$50,000		\$50,000		\$74,840		\$55,520		\$50,000		\$-		\$288,128	
Agency Facilities		\$0		\$0		\$0		\$0		\$-		\$-		\$-		\$-		\$0	
Other		\$42,679		\$119,761		\$232,186		\$319,487		\$361,487		\$160,566		\$65,000		\$0		\$1,301,167	
Total One-time IT Costs	7.1	\$547,059	21.8	\$3,296,213	48.2	\$8,991,404	63.0	\$9,329,283	110.2	\$66,882,711	92.9	\$60,246,044	82.0	\$35,844,789	0.0	\$0	425.2	\$185,137,502	
Continuing IT Project Costs																			
Staff (Salaries & Benefits)	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0	11.7	\$1,145,968	12.2	\$1,193,433	47.5	\$4,584,409	122.1	\$11,055,092	193.5	\$17,978,902	
Hardware Lease/Maintenance		\$0		\$0		\$3,600		\$174,600		\$1,111,711		\$2,088,011		\$2,934,011		\$2,934,011		\$9,245,944	
Software Maintenance/Licenses		\$0		\$0		\$6,993		\$229,620		\$633,372		\$5,613,187		\$5,611,966		\$5,611,966		\$17,707,104	
Telecommunications		\$0		\$5,100		\$5,200		\$2,213,908		\$2,213,908		\$2,213,908		\$2,213,908		\$2,213,908		\$8,865,932	
Contract Services		\$0		\$0		\$0		\$0		\$-		\$-		\$-		\$-		\$0	
Data Center Services		\$0		\$0		\$0		\$0		\$7,433,809		\$7,433,809		\$7,433,809		\$7,433,809		\$29,735,236	
Agency Facilities		\$0		\$0		\$0		\$0		\$-		\$-		\$-		\$-		\$0	
Other		\$0		\$0		\$7,500		\$137,596		\$150,388		\$150,388		\$150,388		\$150,388		\$746,648	
Total Continuing IT Costs	0.0	\$0	0.0	\$0	0.0	\$23,193	0.0	\$547,016	11.7	\$12,689,156	12.2	\$18,692,736	47.5	\$22,928,491	122.1	\$29,399,174	193.5	\$84,279,765	
Total Project Costs	7.1	\$547,059	21.8	\$3,296,213	48.2	\$9,014,597	63.0	\$9,876,299	121.9	\$79,571,867	105.1	\$78,938,780	129.5	\$58,773,280	122.1	\$29,399,174	618.7	\$269,417,269	
Continuing Existing Costs																			
Information Technology Staff	122.0	\$11,038,500	122.0	\$11,038,500	122.0	\$11,038,500	122.0	\$11,038,500	110.3	\$9,892,532	109.8	\$9,845,067	74.5	\$3,008,222			782.6	\$66,899,820	
Other IT Costs		\$10,805,357		\$10,805,357		\$10,805,357		\$10,805,357		\$9,163,774		\$9,163,774		\$8,969,874		\$1,903,200		\$72,422,048	
Total Continuing Existing IT Costs	122.0	\$21,843,857	122.0	\$21,843,857	122.0	\$21,843,857	122.0	\$21,843,857	110.3	\$19,056,306	109.8	\$19,008,841	74.5	\$11,978,096	0.0	\$1,903,200	782.3	\$139,321,869	
Program Staff	2645.6	\$189,804,851	2645.6	\$189,804,851	2750.9	\$206,398,747	2822.5	\$211,133,000	2822.5	\$211,133,000	2822.5	\$211,133,000	2822.5	\$211,133,000	2822.5	\$211,133,000	22154.6	\$1,641,673,452	
Other Program Costs		\$9,247,002		\$9,247,002		\$10,716,168		\$9,247,002		\$9,247,002		\$9,247,002		\$9,247,002		\$9,247,002		\$75,445,179	
Total Continuing Existing Program Costs	2645.6	\$199,051,853	2645.6	\$199,051,853	2750.9	\$217,114,915	2822.5	\$220,380,002	22154.6	\$1,717,118,631									
Total Continuing Existing Costs	2767.6	\$220,895,710	2767.6	\$220,895,710	2872.9	\$238,958,772	2944.5	\$242,223,859	2932.8	\$239,436,308	2932.3	\$239,388,843	2897.0	\$232,358,098	2822.5	\$222,283,202	22936.9	\$1,856,440,500	
TOTAL ALTERNATIVE COSTS	2774.7	\$221,442,769	2789.4	\$224,191,923	2921.1	\$247,973,369	3007.5	\$252,100,158	3054.7	\$319,008,175	3037.4	\$318,327,623	3026.5	\$291,131,378	2944.6	\$251,682,376	23555.5	\$2,125,857,768	
INCREASED REVENUES *****		\$0		\$0		\$38,745,000		\$66,529,000		\$141,529,000		\$156,529,000		\$186,529,000		\$258,468,376		\$848,329,376	

* Project one-time and continuing costs reflect actual incurred costs.

** Project one-time and continuing cost reflect, fiscal year to date costs actually incurred plus projected expenditures through fiscal year-end.

*** Estimated costs, needs for these years will be re-evaluated when proposal is selected.

**** Revenue increase include both project and program support revenue estimates.

California State Board of Equalization
 Centralized Revenue Opportunity System (CROS) Project



SIMM 20C30C, Rev. 08/2010
 Department: Board of Equalization
 Project: CROS

ECONOMIC ANALYSIS SUMMARY
 All costs to be shown in whole (unrounded) dollars.

Date Prepared: 03/8/12

	FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		TOTAL		
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	
EXISTING SYSTEM																			
Total IT Costs	122.0	21,843,857	122.0	21,843,857	122.0	21,843,857	122.0	21,843,857	122.0	21,843,857	122.0	21,843,857	122.0	21,843,857	122.0	21,843,857	976.0	174,750,856	
Total Program Costs	2645.6	199,051,853	2645.6	199,051,853	2645.6	199,051,853	2645.6	199,051,853	2645.6	199,051,853	2645.6	199,051,853	2645.6	199,051,853	2645.6	199,051,853	21164.8	1,592,414,824	
Total Existing System Costs	2767.6	220,895,710	2767.6	220,895,710	2767.6	220,895,710	2767.6	220,895,710	2767.6	220,895,710	2767.6	220,895,710	2767.6	220,895,710	2767.6	220,895,710	22140.8	1,767,165,680	
PROPOSED ALTERNATIVE	Performance-Based CROS Project																		
Total Project Costs	7.1	547,059	21.8	3,296,213	48.2	9,014,597	63.0	9,876,299	121.9	79,571,867	105.1	78,938,780	129.5	58,773,280	122.1	29,399,174	618.7	269,417,269	
Total Cont. Exist. Costs	2767.6	220,895,710	2767.6	220,895,710	2872.9	238,958,772	2944.5	242,223,859	2932.8	239,436,308	2932.3	239,388,843	2897.0	232,358,098	2822.5	222,283,202	22936.9	1,856,440,500	
Total Alternative Costs	2774.7	221,442,769	2789.4	224,191,923	2921.1	247,973,369	3007.5	252,100,158	3054.7	319,008,175	3037.4	318,327,623	3026.5	291,131,378	2944.6	251,682,376	23555.5	2,125,857,768	
COST SAVINGS/AVOIDANCES	(7.0)	(547,059)	(21.8)	(3,296,213)	(153.5)	(27,077,659)	(239.9)	(31,204,448)	(287.1)	(98,112,465)	(269.8)	(97,431,913)	(258.9)	(70,235,668)	(177.0)	(30,786,666)	(1414.7)	(358,692,089)	
Increased Revenues	0	0	0	0	0	38,745,000	0	66,529,000	0	141,529,000	0	156,529,000	0	186,529,000	0	258,468,376	0	848,329,376	
Net (Cost) or Benefit	(7.0)	(547,059)	(21.8)	(3,296,213)	(153.5)	11,667,341	(239.9)	35,324,552	(287.1)	43,416,535	(269.8)	59,097,087	(258.9)	116,293,332	(177.0)	227,681,710	(1414.7)	489,637,287	
Cum. Net (Cost) or Benefit	(7.0)	(547,059)	(28.8)	(3,843,271)	(182.3)	7,824,070	(422.1)	43,148,623	(709.2)	86,565,158	(978.9)	145,662,245	#####	261,955,577	#####	489,637,287			

SIMM 20C30C, Rev. 08/2010

Department: Board of Equalization

Project: CROS

PROJECT FUNDING PLAN

All Costs to be in whole (unrounded) dollars

	FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		TOTALS	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
TOTAL PROJECT COSTS	7.1	547,059	21.8	3,296,213	48.2	9,014,597	63.0	9,876,299	121.9	79,571,867	105.1	78,938,780	129.5	58,773,280	122.1	29,399,174	618.7	269,417,269
RESOURCES TO BE REDIRECTED																		
Staff	7.1	499,503	21.8	1,982,125	0.0	0	0.0	0	11.7	1,145,968	12.2	1,193,433	47.5	4,584,409	122.1	11,038,500	222.4	20,443,938
Funds:																		
Existing System		0		0		0		0		4,011,183		4,011,183		4,011,183		10,805,357		22,838,905
Other Fund Sources		47,556		1,314,088		0		0		0		0		0		0		1,361,644
TOTAL REDIRECTED RESOURCES	7.1	547,059	21.8	3,296,213	0.0	0	0.0	0	11.7	5,157,151	12.2	5,204,616	47.5	8,595,592	122.1	21,843,857	222.4	44,644,486
ADDITIONAL PROJECT FUNDING NEEDED																		
One-Time Project Costs	0.0	0	0.0	0	48.2	8,991,404	63.0	9,329,283	110.2	66,882,711	92.9	60,246,044	82.0	35,844,789	0.0	0	396.3	181,294,231
Continuing Project Costs	0.0	0	0.0	0	0.0	23,193	0.0	547,015	0.0	7,532,005	0.0	13,488,120	0.0	14,332,900	0.0	7,555,317	0.0	43,478,550
TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR	0.0	0	0.0	0	48.2	9,014,597	63.0	9,876,299	110.2	74,414,716	92.9	73,734,164	82.0	50,177,689	0.0	7,555,317	396.3	224,772,782
TOTAL PROJECT FUNDING	7.1	547,059	21.8	3,296,213	48.2	9,014,597	63.0	9,876,299	121.9	79,571,867	105.1	78,938,780	129.5	58,773,280	122.1	29,399,174	618.7	269,417,269
Difference: Funding - Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Estimated Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
FUNDING SOURCE*																		
General Fund (Redirection)	55%	301,430	55%	1,816,213	55%	0	55%	0	55%	2,841,590	55%	2,867,743	55%	4,736,171	55%	12,035,965	55%	24,599,112
General Fund (BCP)	55%	0	55%	0	55%	4,967,043	55%	5,441,841	55%	41,002,509	55%	40,627,525	55%	27,647,906	55%	4,162,980	55%	123,849,803
Federal Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Special Fund (Redirection)	15%	84,247	15%	507,617	15%	0	15%	0	15%	794,201	15%	801,511	15%	1,323,721	15%	3,363,954	15%	6,875,251
Special Fund (BCP)	15%	0	15%	0	15%	1,361,204	15%	1,491,321	15%	11,236,622	15%	11,133,859	15%	7,576,831	15%	1,140,853	15%	33,940,690
Reimbursement (Redirection)	30%	161,382	30%	972,383	30%	0	30%	0	30%	1,521,359	30%	1,535,362	30%	2,535,700	30%	6,443,938	30%	13,170,123
Reimbursement (BCP)	30%	0	30%	0	30%	2,686,350	30%	2,943,137	30%	22,175,585	30%	21,972,781	30%	14,952,951	30%	2,251,484	30%	66,982,289
TOTAL FUNDING	100%	547,059	100%	3,296,213	100%	9,014,597	100%	9,876,299	100%	79,571,867	100%	78,938,780	100%	58,773,280	100%	29,399,174	100%	269,417,269

*Type: If applicable, for each funding source, beginning on row 29, describe what type of funding is included, such as local assistance or grant funding, the date the funding is to become available, and the duration of the funding.

General Fund 001

Reimbursements 0995 (Sales & Use Tax, Hazard Waste, Tire Disposal, Marine Inv. Species)

Special Funds: (TIMBER (0965), BREAST CANCER (0004), CIGARETTE & TOBACCO (0230), CALIFORNIA FAMILY TRUST (0623), CIG/TOBA COMP FD (3067), MVF ACNT (0061), LEAD POISON (0070), INTEGRATED WASTE (0387), UNDERGROUND TANK (0439), OIL SPILL (0320), ENERGY RESOURCES (0465), WATER RIGHTS FUND (3058), CHILDHOOD LEAD (0080), EMER. TELEPHONE (0022), E-WASTE & RECYL ACCT (3065), GAS CONSUMP (3015))

Staff - Redirection of Staff Resources to One Time in Years 2010/11 & 2011/12.

Staff Redirection of IT Baseline Staff Resources to support the New Systems in Years 2013/14 through 2016/17

Existing System - Redirection of O.E.&E to pay the new Continuing O.E.& E. costs of the New System in Years 2012/13 through 2016/17.

Other Fund Sources -The Funds to pay for the one-time O.E.&E. costs in Years 2010/11 & 2011/12

Additional Project Funds Needed- Additional One-Time Projects Funds Needed

Additional Project Funds Needed - Additional Continuing Project Funds Needed

Date Prepared: 03/8/12

SIMM 20C30C, Rev. 08/2010
Department: Board of Equalization
Project: CROS

ADJUSTMENTS, SAVINGS AND REVENUES WORKSHEET

	FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18			
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts		
Annual Project Adjustments																		
One-time Costs																		
Previous Year's Baseline	0.0	0	0.0	0	0.0	0	48.2	8,991,404	63.0	9,329,283	110.2	66,882,711	92.9	60,246,044	82.0	35,844,789		
(A) Annual Augmentation /(Reduction)	0.0	0	0.0	0	48.2	8,991,404	14.8	337,879	47.2	57,553,428	(17.3)	(6,636,667)	(10.9)	(24,401,255)	(82.0)	(35,844,789)		
(B) Total One-Time Budget Actions	0.0	0	0.0	0	48.2	8,991,404	63.0	9,329,283	110.2	66,882,711	92.9	60,246,044	82.0	35,844,789	0.0	0	396.3	181,294,231
Continuing Costs																		
Previous Year's Baseline	0.0	0	0.0	0	0.0	23,193	0.0	23,193	0.0	547,015	0.0	7,532,005	0.0	13,488,120	0.0	14,332,900		
(C) Annual Augmentation /(Reduction)	0.0	0	0.0	0	0.0	23,193	0.0	523,822	0.0	6,984,990	0.0	5,956,115	0.0	844,779	0.0	(6,777,583)		
(D) Total Continuing Budget Actions	0.0	0	0.0	0	0.0	23,193	0.0	547,015	0.0	7,532,005	0.0	13,488,120	0.0	14,332,900	0.0	7,555,317	0.0	43,478,550
Total Annual Project Budget Augmentation /(Reduction) [A + C]	0.0	0	0.0	0	48.2	9,014,597	14.8	861,701	47.2	64,538,418	(17.3)	(680,552)	(10.9)	(23,556,476)	(82.0)	(42,622,372)		

[A, C] Excludes Redirected Resources

Total Additional Project Funds Needed [B + D]

396.3 224,772,781

Annual Savings/Revenue Adjustments

Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Revenues		0		0		38,745,000		66,529,000		141,529,000		156,529,000		186,529,000		258,468,376		848,329,376

Date Prepared: 03/8/12

SIMM 20C30C, Rev. 08/2010
 Department: Board of Equalization
 Project: CROS

ADJUSTMENTS, SAVINGS AND REVENUES WORKSHEET

Annual Project Adjustments	FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
One-time Costs																
Previous Year's Baseline	0.0	0	0.0	0	0.0	0	0.0	1,469,166	0.0	0	0.0	0	0.0	0	0.0	0
(A) Annual Augmentation /(Reduction)	0.0	0	0.0	0	0.0	1,469,166	0.0	(1,469,166)	0.0	0	0.0	0	0.0	0	0.0	0
(B) Total One-Time Budget Actions	0.0	0	0.0	0	0.0	1,469,166	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Continuing Costs																
Previous Year's Baseline	0.0	0	0.0	0	0.0	0	105.3	7,562,365	176.9	12,296,618	176.9	12,296,618	176.9	12,296,618	176.9	12,296,618
(C) Annual Augmentation /(Reduction)	0.0	0	0.0	0	105.3	7,562,365	71.6	4,734,253	0.0	0	0.0	0	0.0	0	0.0	0
(D) Total Continuing Budget Actions	0.0	0	0.0	0	105.3	7,562,365	176.9	12,296,618	176.9	12,296,618	176.9	12,296,618	176.9	12,296,618	176.9	12,296,618
Total Annual Project Budget Augmentation /(Reduction) [A + C]	0.0	0	0.0	0	105.3	9,031,531	71.6	3,265,087	0.0	0	0.0	0	0.0	0	0.0	0

[A, C] Excludes Redirected Resources

Total Additional Project Funds Needed [B + D]

812.9 58,218,003

Annual Savings/Revenue Adjustments

Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Increased Revenues-- Program Backlog		0		0		38,745,000		66,529,000		66,529,000		66,529,000		66,529,000		66,529,000