



State Treasurer Office Debt Management System II Project



Special Project Report

**Project # 0950-019
March 18, 2015
Version 1.1**

DOCUMENT INFORMATION AND REVISION HISTORY

Version	Date	Summary of Change
1.0	1/12/2015	SPR 1 Submitted to CalTech
1.1	3/6/2015	Incorporated Feedback from CalTech Critical Partner Review and routed SPR as final to CalTech, DOF and Legislative Coordinator

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SECTION 1: EXECUTIVE TRANSMITTAL

**Information Technology Project Request
Special Project Report
Executive Approval Transmittal**



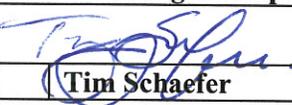
Agency/state entity Name			
State Treasurer's Office			
Project Title (maximum of 75 characters)			Project Acronym
Debt Management System II			DMS II
FSR Project ID	FSR Approval Date	State entity Priority	Agency Priority
0950-019	05/14/2013	1	N/A

I am submitting the attached Special Project Report (SPR) in support of our request for the California Department of Technology's approval to continue development and/or implementation of this project.

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 Strategic Business Plan.

I have reviewed and agree with the information in the attached Special Project Report.

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).

APPROVAL SIGNATURES			
Chief Information Officer		Date Signed	
		1/12/15	
Printed name:	Jan Ross		
Budget Officer		Date Signed	
KAPMA MANNI FOR Rebecca Grajski		7/12/15	
Printed name:	Becky Grajski		
State Entity Director/Designee Deputy Treasurer for Public Finance		Date Signed	
		1/12/15	
Printed name:	Tim Schaefer		
Agency Chief Information Officer		Date Signed	
Printed name:		N/A	
Agency Secretary		Date Signed	

1.1 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.

IT Accessibility Certification (continued)

Exceptions Requiring Alternative Means of Access for Persons with Disabilities

Yes or No	Accessibility Exception Justification
N/A	<p>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.</p> <p>Explain:</p> <p>Describe the alternative means of access that will be provided that will allow individuals with disabilities to obtain the information or access the technology.</p>

SECTION 2: INFORMATION TECHNOLOGY: PROJECT SUMMARY PACKAGE

2.1 Section A: Executive Summary

1.	Submittal Date	January 12, 2015
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2.	Type of Document	SPR X	PSP Only	Other:
	Project Number	0950-019		

3.	Project Title	Debt Management System II	Estimated Project Dates	
	Project Acronym	DMS II	Start July 2013	End March 2020

4.	Submitting Agency/state entity	State Treasurer's Office (STO)
5.	Reporting Agency/state entity	N/A

6.	Key Project Objectives <ul style="list-style-type: none"> Replace legacy DMS with a new data solution Reengineer business processes integral to identified solution Eliminate ancillary systems and incorporate associated functionality
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8.	Major Milestones	Est Complete Date
	FSR Approval	May 2013 (actual)
	SPR 1 Approval	May 2015
	Contract Approval	October 2016
	SPR 2 Approval	November 2016
	Contract Award	March 2017
	System Development/Deployment	March 2020
	PIER	
	Key Deliverables	
	Approved FSR	May 2013
	Approved SPR 1	May 2015
	Approved Contract	October 2016
	Approved SPR 2	November 2016
	Signed Contract	March 2017
	System Deployed	March 2020

7.	Proposed Solution The STO proposes to undertake a solution-based procurement to seek a technical solution from vendors to replace the existing DMS.
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2.2 Section B: Project Contacts

Project #	0950-019
Doc. Type	SPR

Executive Contacts								
	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
State Entity Deputy Treasurer for Public Finance	Tim	Schaefer	916	657-3218				tim.schaefer@sto.ca.gov
Budget Officer	Karma	Manni	916	653-8217				karma.manni@sto.ca.gov
CIO	Jan	Ross	916	653-3965				jan.ross@sto.ca.gov
Project Sponsor	Blake	Fowler	916	651-6743				blake.fowler@sto.ca.gov

Direct Contacts								
	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
Doc. prepared by	Maisha	Dottery	916	653-0445				maisha.dottery@sto.ca.gov
Primary contact	Maisha	Dottery	916	653-0445				maisha.dottery@sto.ca.gov
Project Manager	Maisha	Dottery	916	653-0445				maisha.dottery@sto.ca.gov

2.3 Section C: Project Relevance to State and/or Agency/state entity Plans

1.	What is the date of your current Operational Recovery Plan (ORP)?	Date	10/2007
2.	What is the date of your current Agency Information Management Strategy (AIMS)/Strategic Business Plan?	Date	07/2014
3.	For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.	Doc.	Strategic Business Plan
		Page #	5

Project #	0950-019
Doc. Type	SPR

		Yes	No
4.	Is the project reportable to control agencies?	X	
	If YES, CHECK all that apply:		
X	The project involves a budget action.		
	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	The estimated total development and acquisition costs exceed the Department of Technology's established Agency/state entity delegated cost threshold and the project does not meet the criteria of a desktop and mobile computing commodity expenditure (see SAM 4989 – 4989.3).		
	The project meets a condition previously imposed by the Department of Technology.		

2.4 Section D: Budget Information

Project #	0950-019
Doc. Type	SPR

Budget Augmentation Required? *	No															
	Yes	X	If YES, indicate fiscal year(s) and associated amount:													
			FY	13/14	FY	14/15	FY	15/16	FY	16/17	FY	17/18	FY	18/19	FY	19/20
		\$664,658		\$818,873		\$1,381,776		\$2,285,917		\$4,211,534		\$3,961,384		\$2,623,489		

* Expenditure and reimbursement authority is approved annually to fund the DMS II project. FY 13/14 and FY 14/15 reflect revised actual and estimated project expenditures. Approved BCP amounts were: FY 13/14 = \$677,000 and FY 14/15 = \$1,056,000.

PROJECT COSTS

1.	Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
2.	One-Time Cost	\$864,874	\$1,086,049	\$1,715,910	\$2,751,496	\$4,677,113	\$4,426,963	\$2,978,514	\$0	\$18,500,919
3.	Continuing Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$343,410	\$929,429	\$1,272,839
4.	TOTAL PROJECT COSTS	\$864,874	\$1,086,049	\$1,715,910	\$2,751,496	\$4,677,113	\$4,426,963	\$3,321,924	\$929,429	\$19,773,758

PROJECT FINANCIAL BENEFITS

5.	Cost Savings/Avoidances	(\$701,360)	(\$922,534)	(\$1,552,395)	(\$2,587,981)	(\$4,513,598)	(\$4,263,448)	(\$3,070,091)	(\$500,961)	(\$18,112,368)
6.	Revenue Increase	\$	\$	\$	\$	\$	\$	\$	\$	\$

2.5 Section E: Vendor Project Budget

Project #	0950-019
Doc. Type	SPR

Vendor Cost for SPR Development (if applicable)	\$ N/A
Vendor Name	N/A

VENDOR PROJECT BUDGET

1. Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
2. Primary Vendor Budget	\$0	\$0	\$0	\$910,560	\$2,731,680	\$2,731,680	\$1,821,120	\$0	\$8,195,040
3. Independent Oversight Budget	\$76,800	\$115,980	\$112,560	\$112,560	\$112,560	\$112,560	\$75,040	\$0	\$718,060
4. IV&V Budget	\$29,500	\$140,250	\$140,250	\$173,250	\$150,750	\$165,600	\$126,300	\$0	\$925,900
5. RFP Consultant Budget	\$443,488	\$277,336	\$296,774	\$219,022	\$44,352	\$44,352	\$29,568	\$0	\$1,354,893
6. PM Support Budget	\$0	\$0	\$302,400	\$302,400	\$302,400	\$302,400	\$201,600	\$0	\$1,411,200
7. TOTAL VENDOR BUDGET	\$549,788	\$533,566	\$851,984	\$1,717,792	\$3,341,742	\$3,356,592	\$2,253,628	\$0	\$12,605,093

PRIMARY VENDOR HISTORY SPECIFIC TO THIS PROJECT

Primary Vendor	N/A
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
11.	N/A								
12.									
13.									

2.6 Section F: Risk Assessment

Project #	0950-019
Doc. Type	SPR

RISK ASSESSMENT

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

General Comment(s)
Refer to Section 5 for a preliminary Risk Management Plan. A detailed plan will be developed in collaboration with the primary solution provider.

SECTION 3: PROPOSED PROJECT CHANGE

3.1 Project Background/Summary

The State Treasurer's Office (STO), a Constitutional Office, has broad authority and responsibility for over \$115 billion in outstanding State debt (bonds, notes, and commercial paper). The STO provides for the issuance and sale of all State bonds, notes, and other evidences of indebtedness issued by the State. The Treasurer also serves as Trustee, Registrar, and Paying Agent for all general obligation bonds and certain revenue bonds. Collectively, this is considered "debt management." The STO's core debt management objectives are

- borrow from capital markets and administer the State's debt at the lowest cost to taxpayers, and
- provide essential disclosure and analysis regarding the State's debt to the Governor, Legislature, taxpayers, investors, rating agencies, and other interested parties.

In fulfilling these obligations, the STO is governed by federal tax laws and regulations, regulatory bodies for municipal securities, the State Constitution and laws, and various documents that contain the terms of the different issuances of debt.

The STO's Public Finance Division (PFD) administers the programs that manage the State's overall debt portfolio and carries out the fiduciary responsibilities of the State Treasurer. PFD consists of three sections:

1. Conduit Financing and Investor Relations Section (CFIRS),
2. Interim Financing Section (IFS), and
3. Debt Issuance Section (DIS).

Division responsibilities include the following:

- Issue State of California general obligation (GO) bonds, revenue anticipation notes and certain revenue bonds.
- Arrange short-term financing for projects through the use of commercial paper and loans from the Pooled Money Investment Account.
- Coordinate with various state agencies and compile the state's disclosure document.
- Provide for all required notices and disclosure including continuing disclosure, the annual Debt Affordability Report and other financial reporting.
- Provide budgetary and accounting information for bond sales and debt service.
- Perform agent for sale functions for conduit and other State bond financings.

- Perform trustee functions for GO and other General Fund supported debt including payments of fees, debt service, and bond calls.
- Administer the State's Investor Relations Program, which researches and responds to inquiries from investors.
- Serve as the state's liaison to the rating agencies.
- Assure compliance with federal tax laws and regulations, and state laws applicable to State debt.

PFD utilizes the STO's Debt Management System (DMS) to carry out division responsibilities. DMS was developed to administer the State's outstanding debt, track and pay debt service and fees on outstanding debt, and track and validate the authority to issue new debt. It was developed in two phases. The first phase, implemented in 2002, replaced an aging legacy system, which provided basic debt service payment capabilities and tracking of the State's debt. The second stage, implemented in 2004, added further functionality to replace various ancillary systems that the STO maintained at that time. DMS is the official book of record for State bond issues and related debt service and is integral to the State's debt management program.

To respond to market, legislative, and legal changes, PFD adjusts its policies, marketing practices, types and structures of the State issuances of debt. The significant changes, which have taken place in recent years, combined with the current system's inherent inflexibility, have rendered DMS functionally incomplete and materially inadequate for current needs. Consequently, various ad hoc systems have been created in Excel and Access to address the system's inadequacies. Core functions, such as short-term and variable rate debt service are now maintained in these ancillary systems. These additional systems supplement DMS to ensure that legal and contractual obligations of the STO are met. Maintaining these ancillary systems, as well as fixing DMS run-time and data integrity problems has come to require a substantial amount of both PFD and the Information Technology Division (ITD) staffs' time. Further, redundant data entry into multiple spreadsheets and databases has exposed the system to the potential for costly debt management mistakes. The risk of error increases as services continue to expand and transactions become more complex.

To maintain the State's credibility in the bond market, the STO must exhibit accuracy, diligence, and efficiency. This contributes to the market's perception of the State's ability to manage its debt and ultimately influences the State's borrowing costs (interest rates, issuance costs, and other issuance expenses). Any failure to timely or accurately make a required payment or perform required disclosure duties can also result in severe penalties, expose the State to costly litigation or cause significantly higher borrowing costs for the State. A new debt management system is required to replace the current system in order to ensure that State debt continues to be issued and serviced at the lowest possible cost to the State.

Business Problem or Opportunity

PFD is responsible for issuing and administering the State's debt which includes bonds, notes and commercial paper. PFD uses DMS to help facilitate its operational responsibilities. DMS is the official book of record for the State's debt and is integral to the STO's debt management program.

The existing DMS was primarily developed to track the State's outstanding debt, calculate debt service payments on outstanding debt, validate the authority to issue debt, and monitor certain trustee functions. It was developed in two phases. The first phase, implemented in 2002, replaced an aging legacy system and provided basic debt service payment and tracking capabilities. The second stage, implemented in 2004, added further functionality to replace various ancillary systems that PFD maintained at the time.

Since 2004, the amount of State debt tracked by DMS has increased by over 300%. Furthermore, changes have occurred in the State's financing needs as well as in the capital markets that have affected the types and structures of debt issued by the State. These changes, along with changes in State laws and federal tax laws, have added complexities to the State's debt that the existing DMS is unable to facilitate. Further, due to the inherent inflexibility of the system's design, DMS is unable to be updated to meet the STO's dynamic business needs. Consequently, core functions, such as commercial paper and variable rate debt obligations are maintained in various ad hoc systems that have been created to address the system's inadequacies. Maintaining these ancillary systems, as well as fixing DMS run-time and data integrity problems has come to require a substantial amount of both PFD and ITD staffs' time. Further, redundant data entry into multiple spreadsheets and databases has exposed the STO to the potential for costly debt management mistakes. The risk of error increases as services continue to expand, transactions become more complex and the amount of the State's debt increases.

To maintain the State's credibility in the capital markets, the STO must exhibit accuracy, diligence, and efficiency. This contributes to the market's perception of the State's ability to manage its debt and ultimately influences the State's borrowing costs. Any failure to timely or accurately make a required payment or perform required disclosure duties could result in severe penalties such as a credit rating downgrade, expose the State to costly litigation or cause higher borrowing costs.

Based on in-depth market research as well as outreach to other large issuers in the country, the STO determined that there is no commercial off the shelf system that will fully meet STO's debt management needs. Therefore, the STO decided to utilize a solution-based procurement approach to replace the existing DMS. This approach provides the flexibility to ensure that the DMS Solution meets STO's business requirements, prior to entering into a contract

The following are a list of limitations and potential risks of the existing DMS:

1. Current System (DMS) is inflexible and difficult to modify.
 - a. As business needs change multiple sources external to DMS have been required to be created and must now be maintained to manage the State's debt outside of DMS instead of being properly integrated with DMS.
 - b. As the public finance industry continues to change and evolve, the STO must remain flexible and responsive to the market by offering new and different types of products and financing structures, and its debt management system must be capable of adapting to those changes.
 - c. Changes in business needs have required that data be input into DMS for which DMS was not originally designed to handle. This has required PFD to have the STO's ITD input and correct data directly in the system tables of DMS. These workarounds and back-end adjustments have rendered the current system vulnerable to data integrity issues.
2. DMS is unable to accurately facilitate the STO's core fiduciary responsibility of timely, accurate, and expeditious payments and transfers of debt service and fees to agents, depositories and brokerage firms.
 - a. All non-fixed rate debt (commercial paper, variable rate bonds, convertible option bonds, etc.) is calculated and tracked in multiple Excel files and other ancillary systems outside of DMS.
 - b. This lack of central accounting and repository for all critical bond information requires greater internal controls to mitigate inaccuracies.
 - c. Manual control procedures have been established to prevent erroneous information from adversely affecting the issuing and management of debt.
3. Ancillary systems to DMS that assist in managing debt outside of DMS require extensive auditing.
 - a. These procedures and data checks require substantial staff hours.
4. DMS is unable to accurately track the following key elements:
 - a. Historical debt service for complex forms of debt. These are tracked in multiple external Excel files.
 - b. Statute, and Resolution authority that is required for new debt issuance, reporting, and proofs of compliance with state law.
 - c. Series data that is required for new debt issuance, reporting, and proofs of compliance with state law.
 - d. Committee on Uniform Securities Identification Procedures (CUSIP) data. Various external sources must be maintained and referenced to trace debt by CUSIP.
 - e. Ongoing expenses associated with debt that must be calculated and tracked in multiple external excel files.
 - f. Certain types of call provisions associated with some series. Other sources must be referenced.
 - g. Investments in escrow accounts.
5. DMS provides inaccurate data for reports that the STO is mandated to provide.
 - a. DMS generated reports are now manually copied to Excel to be adjusted and audited.
6. DMS calculations are inconsistent with market standards.

- a. Differences in debt service calculations require extensive auditing and reconciliation to multiple sources.
7. Refunding eligibility cannot be determined with current data.
 - a. DMS does not adequately track historical data that is necessary in order to analyze outstanding debt for purposes of eligibility to be refunded.
 - b. Inability to timely prove refunding eligibility can cost the State millions of dollars annually in lost opportunity for debt service savings.
8. DMS is difficult to navigate.
 - a. Differing modules within DMS contain different search criteria and thus some modules lack the ability to search using the most helpful criteria.
 - b. Some system views do not show the entire screen thus buttons and functionality are not viewable and can be missed.
 - c. System unnecessarily re-sorts data while navigating through system
 - Re-sort takes substantial time and user is unable to proceed until completion.
 - User must navigate back to original screen after re-sort and re-input search criteria into “Find” field in order to proceed with work.
 - d. Data is fragmented between multiple modules.
 - e. System often freezes when user is inputting data or running certain reports. IT staff must terminate user instances or restart the database in order to continue.
9. Master Reserve fund calculations and project maintenance is cumbersome
 - a. The system calculates master reserve amounts and the report takes hours to complete
 - b. Changing associated projects requires multiple steps.
 - c. System inputs require redundant data entry.
10. DMS data input is difficult to validate.
 - a. Some information is stored in system tables that are unable to be viewed again after initial input and thus cannot be checked for accuracy.
 - b. Some information is stored by the system in a way that it cannot show in reports until after data has been activated.
 - c. Projects rental payment calculations often fail to run correctly due to unknown user input error.
 - i. User must start over input without knowing why calculations failed.
11. DMS automation is limited.
 - a. Only a few required input fields are automated and most data entry is manually done.
 - b. Manual entry is time consuming and prone to error.
12. DMS ability to import and export necessary data is limited.
 - a. Some external systems contain data that is manually input into DMS
 - b. Loan information is manually input from reports provided by SCO.
 - c. DMS is not capable of interfacing data to the new FI\$Cal System.
13. Tracking and reporting of firms that work with the STO is inadequate in DMS.
 - a. System currently does not have functionality to send quarterly report notifications and it does not allow for any date to be entered for the

admission date after the start of the pool period as well as it does not retain historical information when a firm's name is changed.

14. DMS notifications of upcoming tasks are not user friendly
 - a. User is not provided with sufficient information to know what task is due.
 - b. System notifications cannot be modified after entry.
 - c. Inputting user completion status into DMS is unnecessarily time consuming.
 - i. Notifications are sent multiple times even when user has completed that task.
 - ii. Only one task's status can be changed at a time.

Business Objectives

The goal of implementing the new DMS II is to replace the STO's legacy DMS with a new data solution, reengineer STO's business processes which are integral to the identified solution, and eliminate ancillary systems by incorporating associated functionality.

The key objectives to be **met** by the DMS II Project are:

1. Manage the State's debt and fund projects in the most efficient, cost-effective and error-free manner feasible.
 - a. Track bond sales, indenture provisions and debt information accurately including sufficient elements to analyze portfolios for opportunities to lower costs, such as refunding.
 - b. Streamline business processes consistent with best practices and market standards.
2. Carry out fiduciary responsibilities to bondholders as Trustee, Registrar and Paying Agent for State debt.
 - a. Maintain rating agency and investor confidence in the State by providing timely, accurate, and expeditious payments and transfers of debt service and fees to agents, depositories and brokerage firms.
3. Perform all fiduciary debt issuance, reporting and debt maintenance responsibilities.
 - a. Provide on time notices and documents to bondholders and to the market such as notices of redemption and continuing disclosure.
 - b. Maintain all reserve funds.
4. Track and manage bond proceeds, funds, and investment agreements.
 - a. Investment and reinvestment of proceeds.
 - b. Interest earnings on proceeds.
 - c. Administration expenses charged to project funds.
 - d. Costs of issuance, underwriter's expenses and takedown amounts.
 - e. Departmental expenditures of bond funds.
5. Comply with all Federal and State laws regarding issuance and maintenance of debt.
 - a. Calculate and track statute and resolution authority and/or appropriations.

- b. Provide for reporting and calculations to prove compliance with various State laws.
- c. Accurately track and structure issuances compliant with Federal tax laws and regulations.
- d. Accurately track and maintain tax arbitrage calculations.
- e. Provide reporting and history of debt to prove compliance with various federal tax laws and regulations.
6. Maintain accurate records to provide State debt information to management, other entities and the public.
 - a. Maintain records of historical debt service and efficiently project future debt service.
 - b. Provide information to Legislature and Executive branches of government for budgetary and fiscal decisions concerning long-term debt management.
 - c. Provide accurate and necessary budget data to other State agencies.
 - d. Provide accurate reports as required by executive management.
 - e. Provide necessary information to user for complex financial analysis such as trend analysis, comparative expense analysis, and debt modeling.
 - f. Increase accessibility of the State's debt information to investors and the public.
7. Increase efficiency in interacting with external systems.
 - a. System should provide automated capability to facilitate information exchange with FI\$Cal and other external systems.
 - b. Provide easy access to applicable electronic documents
8. Accurately track loans and loan balances from the General Fund.
9. Decrease time required to perform project maintenance functions.
 - a. Master reserve calculations must be able to be performed timely.
 - b. Streamline project maintenance inputs and allow for input errors to be fixed without requiring user to start over.
10. Enhance activity tracking capability to ensure applicable staff is aware of critical upcoming tasks.
 - a. The improved activity tracking function should notify staff with sufficient information regarding the task to be completed.
 - b. Task completion status should be accurate.
 - c. User input of completion status should be able to be performed quickly.
11. Maintain pool member information.
 - a. Track historical information of firms.
 - b. Keep records related to the various firms and their participation with the STO.
12. Accurately track projects and rental payments.

The customers and end-users of the DMS II System will be limited to STOs' PFD. The Project plans to interface with the FI\$Cal Project by way of a data file transfer which will be limited to financial data maintained in the DMS II since it will be deemed the System of Record (SOR).

3.2 Project Status

The STO is currently working with the Procurement vendor, Grant Thornton, and the Department of Technology's (CalTech) Statewide Technology Procurement Division (STPD) to develop the draft of the Request for Proposal (RFP) document.

The original Feasibility Study Report (FSR) estimated a RFP release date of February 2014. However, the RFP document has taken significantly more time than was originally anticipated. During the development of the RFP, STPD and STO collectively agreed to leverage the benefits of a pre-solicitation RFP document. A pre-solicitation document is a draft of the RFP that is shared with the vendor community to garner feedback to ensure that the final RFP provides sufficient information to vendors in order to make a knowledgeable and realistic bid. The purpose of this Pre-Solicitation RFP is to engage in a collaborative process by obtaining comments regarding the contents of the Pre-Solicitation RFP. The information gathered as a result of the provided comments will allow the State to further develop and refine the future RFP as necessary.

The pre-solicitation process is designed to:

- gather comments, specific questions and suggestions from potential vendor community
- improve final proposal preparation and evaluation time
- promote a clearer understanding to industry of the requirements with a goal of a more effective and less costly contract

On December 2, 2014, the STO submitted a final draft of the pre-solicitation RFP to STPD for review. Once the final draft is approved by both STPD and STO, STPD will release the RFP as a "pre-solicitation document" to the vendor community for review and comment.

The key factors that contributed to the delay in releasing the RFP are documented in section 3.3 Reason for Proposed Change in this SPR.

While both STPD and STO recognize the benefit of incorporating the pre-solicitation document into the procurement process, the addition of this step has added significant unanticipated time to the schedule and has impeded progress towards the milestones identified in the original FSR. A significant status variance is evident when the baseline is measured from the original FSR.

Below is a table to identify the changes in the project schedule from the FSR to the current state of the project. The asterisk (*) denotes new tasks added to the schedule as a result of the new pre-solicitation RFP document and the procurement approach developed in conjunction with STPD.

Task	FSR Estimated End Date	Revised Estimated End Date	Status
Obtain CTA (now CalTech) approval of FSR	1/24/13	5/14/13	Complete
Obtain DGS (now STPD) approval of procurement approach	1/24/13	5/14/13	Complete
Obtain DOF approval of FSR/Finance Letter	1/24/13	5/14/13	Complete
Pre-Solicitation			
Hire RFP Consultant	7/1/13	8/27/13	Complete
Hire IV&V Vendor	7/1/13	3/25/14	Complete
Develop Pre-Solicitation RFP*	Unanticipated Task	6/20/14	Complete
STO/STPD review draft Pre-Solicitation RFP*	Unanticipated Task	1/30/15	Complete
STO/STPD approve Pre-Solicitation RFP for release*	Unanticipated Task	2/13/15	Complete
Release Pre-Solicitation RFP for bidding community feedback*	Unanticipated Task	2//17/15	Complete
Refine/finalize RFP	10/31/13	4/28/15	
State review and approve RFP for release	1/31/14	4/28/15	
Solicitation			
Release RFP	2/3/14	4/29/15	
Conduct Bidders Conference	3/7/14	5/28/15	
Receive Conceptual Proposals	5/29/14	7/13/15	
Receive Draft Proposals	8/31/14	11/9/15	
Conduct Confidential Discussion on Draft Proposals*	Unanticipated Task	4/12/16	
Receive Final Proposals	11/30/14	5/17/16	
Evaluate Final Proposals	4/30/14	7/21/16	
Bidder Interviews and Presentations*	7/21/16	8/4/16	
Select Vendor	5/1/15	10/5/16	
Obtain STO/STPD approval of contract	6/30/15	11/2/16	
Develop Special Project Report (SPR)	6/30/15	11/2/16	
Obtain STO management approval of SPR	7/15/15	11/17/16	
Obtain CalTech/DOF approval of SPR	8/31/15	1/24/17	
Notify Joint Legislative Budget Committee	10/2/15	2/23/17	
Issue Notice of Intent to Award	10/16/15	2/24/17	
Award Contract	10/23/15	3/20/17	
Start Development	10/31/18	3/20/20	

The benefits achieved from the delay resulted in (1) comprehensive business requirements and “as-is” business processes developed by PFD Subject Matter Experts (SMEs), and (2) a collaborative partnership between STO and STPD to develop a thorough and well-drafted RFP and procurement approach.

Milestones completed

- Procurement vendor contract awarded to assist with the development of the pre-solicitation RFP document
- IV&V contract awarded to review key project deliverables
- Draft Pre-solicitation RFP document completed by STO and submitted to STPD
- Project Charter approved
- Governance Plan approved
- A full-time dedicated Project Manager was hired October 2014

The project continues its efforts with the following activities:

- Preparation for the release of the Pre-Solicitation RFP
- PM Support Vendor RFO in progress
- Development of various PM plans (see revised project schedule)
- Development and submission of SPR 1
- Recruitment efforts to fill two project staff members

3.3 Reason for Proposed Change

The DMS II Project schedule will be updated to account for the deviations in the FSR procurement dates. There are a number of contributing factors for the delay however, the most significant contributor to the delay can be attributed to the extensive time required to develop the RFP document in collaboration with STPD. Further, additional activities were undertaken by the DMS II Project that was not envisioned in the FSR thus have caused additional minor delays to the project schedule.

In order to improve the likelihood of project success, the DMS II Project delved into the reasoning behind the many recent examples of failed IT initiatives to apply the lessons learned from those projects to the DMS II Project. As a result, the STO observed that better planning and execution during the procurement phase may have avoided some of the pitfalls that plagued other projects later in the software development lifecycle. Therefore, the project analyzed the project approach, strategy, and activities that were described in the FSR in order to identify areas for potential improvement. The DMS II Project determined that the solicitation document and process is of paramount importance to the success of the project.

The DMS II Project determined that the solicitation document must be carefully crafted in order to eliminate ambiguity and to ensure a mutual understanding for both the STO and the solution provider. Therefore, the STO conducted a more extensive and exhaustive review and analysis of the STO's needs for the DMS II solution that included, performing a current state assessment, mapping current business processes, documenting the STO's business needs and creating a robust set of functional and technical requirements for the DMS II solution.

Additionally, the Project identified that increased transparency and communication between the DMS II Project and the potential bidders would result in an improved solicitation document and a more informed and educated vendor pool. As such, the project planned and executed additional market research activities including, holding a DMS II Industry Day and hosting vendor presentations. The DMS II Industry Day presentation educated vendors on many of the key challenges and complexities of the STO's business. After which, vendors were invited to present their solution to the DMS II Project and Subject Matter Experts.

Another opportunity to increase the sharing of information between the DMS II Project and potential vendors is through the procurement process itself. As such, the project collaborated with STPD and determined to utilize a two-phased procurement model consisting of a draft-RFP, followed by non-confidential vendor feedback. Although the two phased procurement model is new to the State and mostly undocumented, it is expected to result in the issuance of an improved final RFP thus helping to mitigate certain risks to the project related to procurement activities. Further, since the STO's business needs are highly complex and not easily understood by firms without significant knowledge of municipal debt issuance and administration, this approach will provide additional educational opportunities to potential bidders prior to formally entering into the procurement process.

Leveraging the lessons learned from previous failed IT projects and performing the additional activities described above has provided the DMS II project with invaluable knowledge that has been utilized to refine the solicitation document. The Project has gained a better understanding of the possible vendor pool and the operational standards and practices of potential bidders. Further, potential vendors have a greater knowledge of the needs of the DMS II solution earlier in the process which allows for more time for them to plan their solution and identify/bridge any gaps. This, coupled with a more refined RFP, one that conveys the DMS II Project's business needs and technical requirements, improves the likelihood of project success. Now that these additional activities have been successfully executed, the DMS II Project is better positioned to meet future milestones timely.

3.4 Proposed Project Change

This SPR was created to account for the schedule delays related to the procurement. The proposed modification to solve the existing schedule deviations is to re-baseline the DMS II Project schedule and costs based on the revised procurement schedule.

The following table includes a summary of the changes to the FSR key milestones and costs:

Key Milestones from FSR	FSR DATE	Revised Date	Deviation Summary
Hire RFP Consultant	7/1/2013	8/27/13	Complete
Hire IV&V Vendor	7/1/2013	3/25/14	Complete
Release RFP	2/3/14	4/29/15	Deviation due to a more comprehensive approach to requirements development and more thorough RFP review and development approach
Award Contract	10/23/15	3/20/17	Deviation due to delayed RFP release
Project Implementation	10/31/18	3/20/20	Deviation due to delayed RFP release

Cost Variance				
	FSR	SPR 1	Variance	Description
One-Time IT Project Costs				
Staff (Salaries & Benefits)	\$4,756,689	\$5,425,827	\$669,138	Various adjustments were made to the State staff resource estimates to better align them with the needs of the project. All staffing costs were also updated to account for the longer duration of the project due to the procurement delays. Additionally, the updated cost estimates account for the Project Manager being hired sooner than was anticipated in the FSR. (note: estimates include changes made pursuant to the 14/15 BCP wherein the funding source and classification of the Project Manager was changed)
Hardware Purchase	\$70,000	\$70,000		No Change
Software Purchase/License	\$250,000	\$250,000		No Change
Telecommunications	\$0	\$0		N/A
Contract Services				
Software Customization/Development	\$8,195,040	\$8,195,040		No Change
Project Management	\$907,200	\$1,411,200	\$504,000	Increase is due to revised expectation that PM support vendor will be hired earlier than the FSR estimated plus additional amounts due to extension to project schedule.
Project Oversight (IPOC)	\$414,738	\$718,060	\$303,322	Increased costs are due to CalTech's revised cost structure plus additional amounts due to extension to project schedule.
IV&V Services	\$806,389	\$925,900	\$119,511	Increase is due to extension to project schedule.

Cost Variance				
	FSR	SPR 1	Variance	Description
Other Contract Services (STPD)	\$94,164	\$735,861	\$641,697	FSR was developed prior to STPD; STPD cost and involvement is much higher than the FSR estimated.
Other Contract Services (Proc. Asst. Vendor)	\$371,004	\$619,032	\$248,028	Increased costs are due to actual contracted amount was higher than the FSR estimated plus additional estimated amounts due to procurement delay.
TOTAL Contract Services	\$10,788,535	\$12,605,093	\$1,816,558	See descriptions above
Data Center Services	\$75,000	\$75,000		No Change
Agency Facilities	\$25,000	\$25,000		No Change
Other	\$50,000	\$50,000		No Change
Total One-time IT Costs	16,015,224	18,500,919	2,485,695	
Continuing IT Project Costs				
Staff (Salaries & Benefits)	\$1,078,026	\$771,772	(\$306,254)	Continuing staff resource assumptions were refined to reflect current expectations.
Hardware Lease/Maintenance	\$28,000	\$18,667	(\$9,333)	Refined estimating methodology - Portion of year prior to full transition to "Continuing Cost" is now reflected instead of entire amounts in that year.
Software Maintenance/Licenses	\$110,000	\$146,667	\$36,667	Refined estimating methodology - Portion of year prior to full transition to "Continuing Cost" is now reflected instead of no amounts in that year.
Telecommunications	\$0	\$0		No Change
Contract Services	\$301,400	\$302,400	\$1,000	FSR amount contained a typo that was fixed.
Data Center Services	\$25,000	\$33,333	\$8,333	Refined estimating methodology - Portion of year prior to full transition to "Continuing Cost" is now reflected instead of no amounts in that year.
Agency Facilities	\$0	\$0		No Change
Other	\$0	\$0		No Change
Total Continuing IT Costs	1,542,426	1,272,839	(269,587)	
Total Project Costs	17,557,650	\$19,773,758	\$2,216,108	

3.4.1 Accessibility

The proposed solution must satisfy the accessibility requirements, as outlined in Government Code Section 11135, and Section 508 of the Rehabilitation Act, and Section 4833 of the State Administrative Manual. The STO will require the vendor to certify that the proposed solution will meet these requirements. To ensure compliance with accessibility requirements and standards, the project team will conduct accessibility reviews and tests at appropriate times throughout the project lifecycle.

3.4.2 Impact of Proposed Change on the Project

Impact Area	Impact Summary
Objectives	No Impact
Scope	No Impact
Schedule	As January 12, 2015 of this SPR the procurement is delayed 13 months.
Costs	<ul style="list-style-type: none"> • Increase in costs due to delay in procurement and the resulting extension of the DMS II Project schedule. There will be associated cost impact for the DMS II Project staff, IV&V, STPD, IPOC and PM support services. • There was a change in the Project Manager for the DMS II Project. In the FSR the Project Manager was a redirected position at the CEA level. A BCP was submitted and approved for 13/14 FY for a fulltime PY at the DPM III level.
Quality	<ul style="list-style-type: none"> • The STO anticipates enhanced quality due to better understanding of vendor offerings and a better understanding of STOs business environment.
Resources	<ul style="list-style-type: none"> • Project resources (DMS II Project Staff, IV&V, IPOC, PM Support Services and STPD) adjusted due to the projected delay in implementation. • The Source of funding changed for the Project Manager. The original Project Manager was an internally redirected position which was is no longer assigned to the DMS II Project. A BCP was approved for FY 13/14 to establish a new DPM III position to manage the DMS III Project. • The Project Manager changed from Katie Carroll to Maisha Dottery (DPM III). • Additional project management staff may be needed to execute future project activities. If an adjustment to the staffing levels need to be changed it will be addressed in SPR 2.
Contract Award Date	The Contract Award Date has change from 10/23/2015 to 3/1/2017 which is a 16 month deviation from the FSR.
Start Development	Start Development date has changed from 11/2/2015 to 3/6/17 which is a 16 month deviation from the FSR.

3.4.3 Feasible Alternatives Considered

No other alternatives were considered; the STO still plans to pursue a solution-based procurement.

The purpose of this SPR is to describe the procurement delays and cost deviations. In collaboration with STPD, the STO has developed a more detailed and comprehensive procurement approach and schedule which will enable the DMS II Project to better manage the process and schedule going forward. This approach includes identifying, escalating, and mitigating potential risk and issues in a timelier manner.

Both the schedule and cost have been re-baselined based on the revised procurement schedule.

3.4.4 Implementation Plan

Implementation Plan
1. Revise procurement schedule
2. Realign project start and end dates
3. Realign project costs
4. Realign project resources
5. Track and monitor progress towards task completion
6. Identify and resolve risk and issues timely

SECTION 4: UPDATED PROJECT MANAGEMENT PLAN

The Project is developing Project Management Plans (PMPs) that are consistent with industry standards and the size, scope and complexity of the DMS II Project. To date, the Project Charter and Project Governance Plan have been approved and implemented. The Cost Management, Communication Management, and Risk and Issue Management Plans are in development. The timeline for the creation of the remaining PMPs for the DMS II Project are detailed in the Project Schedule.

4.1 Project Manager Qualifications

The DMS II Project recognized the need for an experienced project manager and its value to the overall success in implementing the DMS II Project.

STO's commitment to assign a project manager with the appropriate skills, education and experience resulted in recruiting a project manager's whose experience and training was aligned with the complexity and risk level of the DMS II project.

An experienced PM was hired in October 2014 to lead the project. The PM possesses the experience, depth and breadth of skills necessary for the DMS II Project size, scope and complexity.

The PM's responsibilities include ensuring that the project meets the functional and business requirements, the project is completed with the highest level of quality, and the project is completed fulfilling its scope, within budget and on time. The project manager is also responsible for overseeing the work activities of the DMS II vendors and designated project staff.

The qualifications of the current PM include:

- Previous experience managing IT projects of similar size, scope and complexity
- Knowledge and expertise with applying team leadership principles including working with many stakeholders
- Previous experience managing System Integrators and vendor contracts
- Knowledge and expertise in risk management, risk planning and risk mitigation
- Project management certifications (PMI)
- Change management certification (PROSCI)
- Knowledge and experience in the application of structured project management principles.
- Operational experience in developing and implementing project management practices.
- Extensive experience with state procurement policies, procedures and practices

- Extensive experience working with State Control Agencies (DOF, CalTech, and DGS) and the Legislature.
- Extensive knowledge of state project approval procedures and criteria
- Practical experience in defining business requirements for large IT projects (COTS and application development projects)
- Experience with public sector budgeting, accounting, and procurement functions and the potential application of information technology to support those functions
- Experience in IT budgeting, planning, and coordination
- Knowledge of computer hardware, software, applications, and networks, with a focus on current enterprise financial systems
- Vast experience in the practical application of industry standards and best practices for IT Project delivery
- Strong communication and leadership skills and an ability to work with diverse teams and communicate difficult and complex issues clearly and concisely both orally and in writing.

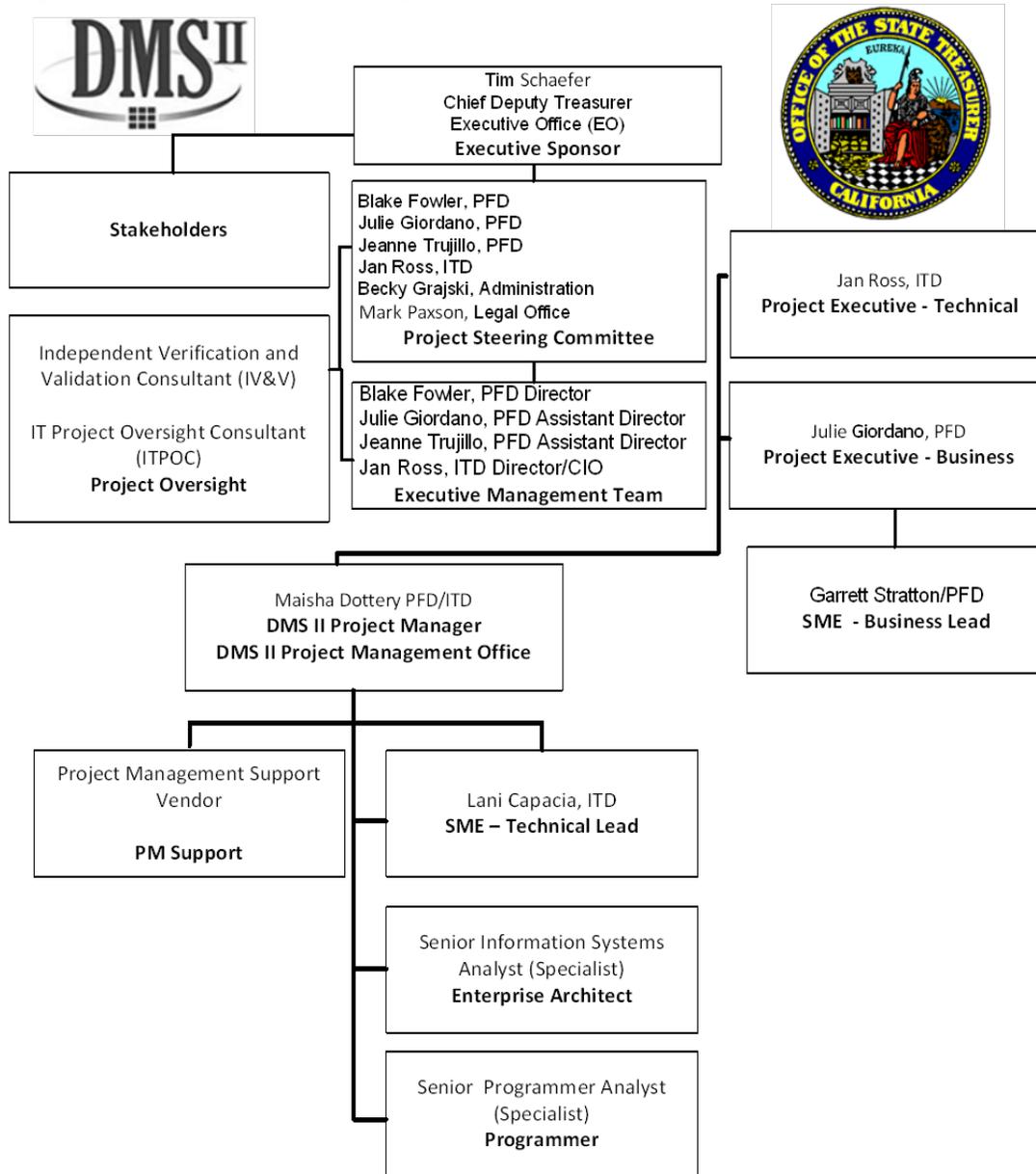
4.2 Project Management Methodology

The STO recognizes the importance of sound project management practices and principles in achieving successful project outcomes. The STO will use the industry standard PM methods and tools to facilitate project management activities. The level of detail will be commensurate with the scope, complexity and risk of the project.

4.3 Project Organization

Following is a depiction of the DMS II Project organizational structure.

Figure 1: DMS II Project Organization

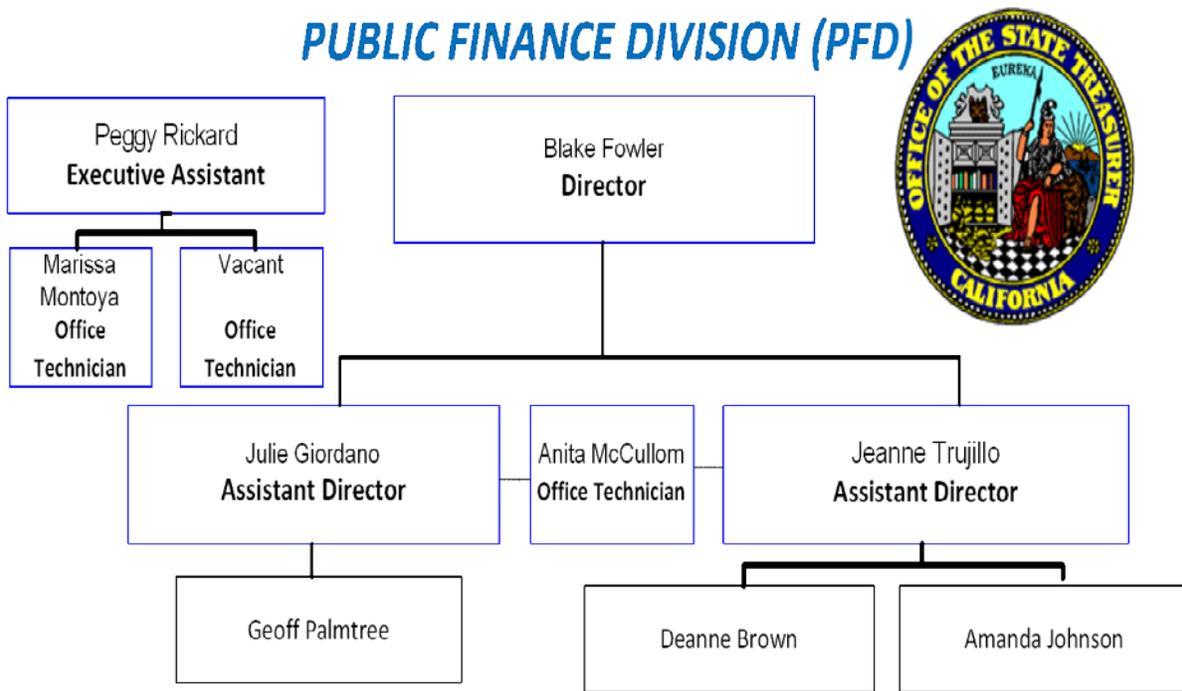


March 6, 2014

Following is a high-level depiction of PFD’s organizational structure.

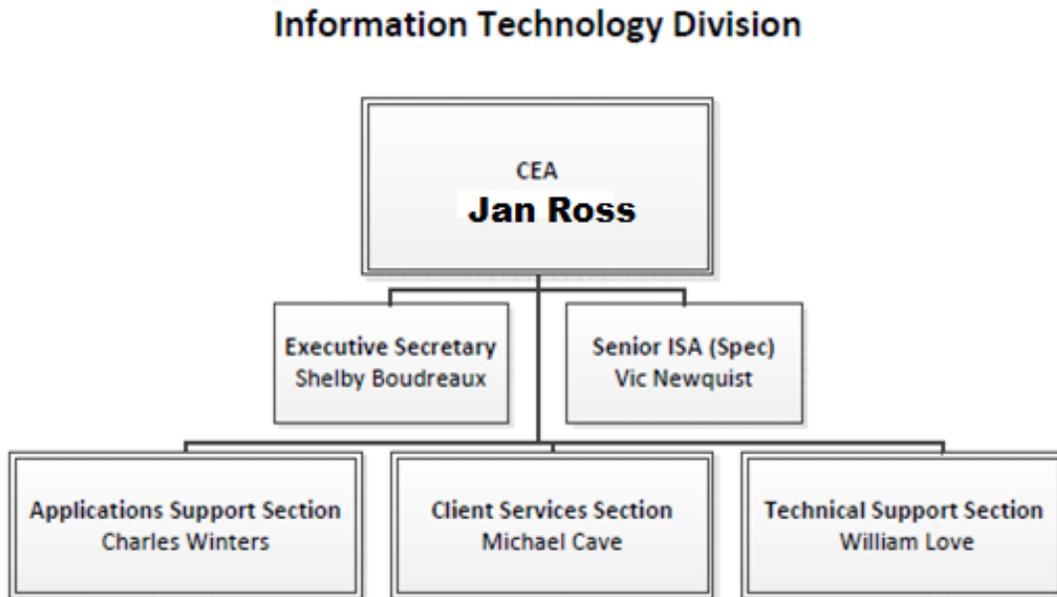
Figure 2: Impacted Program Organization

PUBLIC FINANCE DIVISION (PFD)



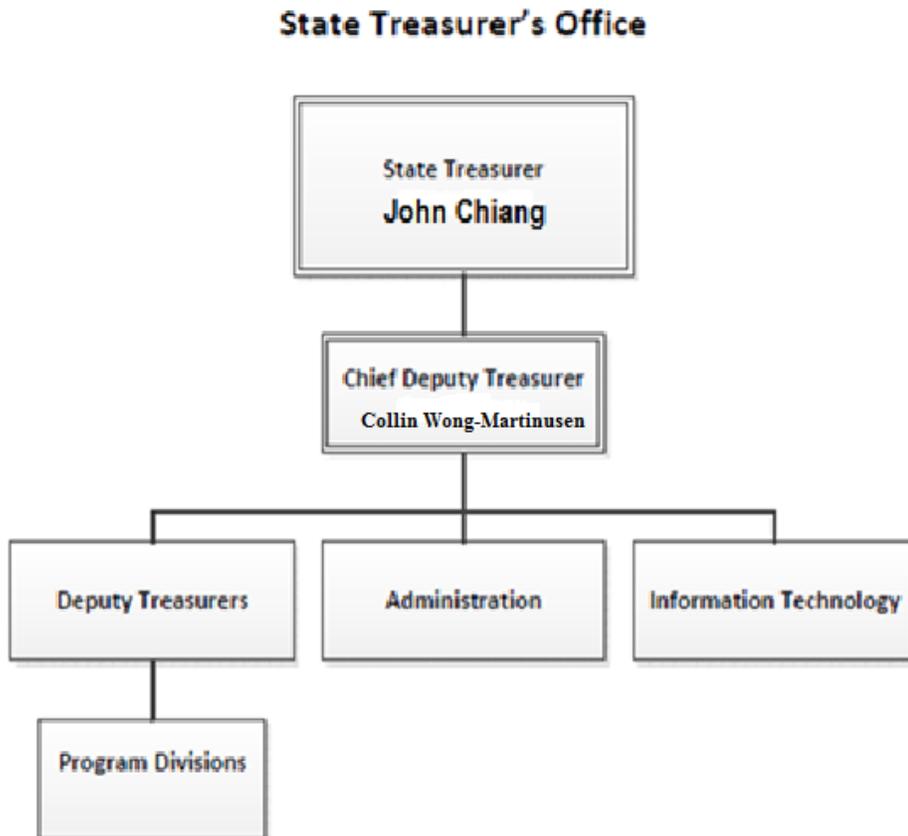
Following is a high-level depiction of ITD's organizational structure.

Figure 3: Information Technology Organization



Following is a high-level depiction of the STO organizational structure.

Figure 4: STO Organization



The project priorities have not changed since the FSR was approved. The project trade-off matrix below shows the relative importance of the project schedule, scope, resources, and quality, using a factor or 1 (highest) to 4 (lowest) for each of the categories.

Schedule	Scope	Resources	Quality
4	1	3	2

1 = Most important/constrained factor – the factor cannot be changed

2 = Next most important factor – the factor is somewhat flexible to the project circumstance

3 = Factor can be adjusted

4 = Most flexible of the four factors

4.4 Project Plan

4.4.1 Project Scope

The Project scope remains the same at this time. The project will, at a minimum, replace the existing DMS system and incorporate the functionality of the various ancillary systems that were developed to address deficiencies in the DMS, as appropriate.

The new system may extract data to a file to be shared with external systems such as the Financial Information System for California (FI\$Cal) system.

The new system may interface with the STO document management system and any other existing proprietary systems used by PFD to conduct its business.

4.4.2 Project Assumptions

- Project funding will be available throughout the project lifecycle
- Timely project approvals from Control Agencies (e.g. CalTech and Department of Finance (DOF))
- Committed project resources will be available throughout the project lifecycle
- Effective project oversight will be provided throughout the project lifecycle
- There will be sufficient interest from qualified vendors so that they will bid on the project
- STO management will maintain the project as high priority throughout the project lifecycle
- Program and technical staff with the requisite knowledge, skills, and experience will be assigned to the project team
- Appropriate subject matter experts will be made available to the project team as they are needed

- All stakeholders (project team, customers, SMEs, etc.) will participate in accordance with the approved project plan.
- Decision-making authorities (internal and external) will provide feedback and decisions in a timely manner.
- The project will adhere to a formal project management methodology. Project risk, issue and change management strategies will be employed.
- Project risks and issues will be identified and addressed in a timely manner.

4.4.3 Project Phasing

Project phasing will be encouraged as a way to manage the risk and impact on program operations. If appropriate, a phased schedule will be developed in consultation with the approved vendor so as to ensure a realistic and achievable project approach and schedule.

4.4.4 State Project Roles and Responsibilities

Executive Sponsor:

- Set policy direction
- Resolve policy issues, outstanding item(s) or other critical issues that cannot be resolved by the Project Steering Committee (PSC)
- Champion the project to internal and external stakeholders
- Ensure sustained buy-in at all levels
- Secure spending authority and resources for the project
- Keep abreast of project status and issues

Program Sponsor:

- Chair the PSC
- Participate on Executive Management Team (EMT)
- Champion the project to internal and external stakeholders
- Ensure sustained buy-in at all levels
- Approve the Project Charter
- Empower the Project Manager with the appropriate authority
- Provide direction and guidance in resolving strategic and major issues
- Secure spending authority and resources for the project
- Facilitate open communication regarding the project
- Remove obstacles that could impede success
- Advocate for alignment of practices with policy
- Advocate for tools to facilitate efficiencies
- Ensure decisions are made by the PSC within defined time constraints
- Ensure resources are made available to implement the decisions timely

- Report progress to executive staff within STO, as appropriate
- Communicate progress on the Project to other State entities, e.g., legislators, Control Agencies, etc., as appropriate
- Approve Project artifacts and deliverables, as appropriate

Project Steering Committee:

- Makes decisions on policy and scope changes that would result in deviation of 10% or greater (including reducing scope)
- Project Advocate within and external to the STO
- Identify and communicate potential conflicts in proposed policies between other STO initiatives and this effort
- Ensure resources are made available to implement decisions made by the PSC
- Remove barriers to enable the project team to successfully execute the project
- Approve Project artifacts and deliverables, as appropriate
- Voting membership is composed of:
 - Program Sponsor, Chair of PSC
 - Project Executive, Vice-Chair of PSC
 - Assistant Directors, PFD
 - Chief Information Officer
 - Staff Counsel
 - STO Administration Division Director

Executive Management Team:

- Members of the PSC
- Provide leadership and executive oversight for the project
- Provide a forum for informal discussion on matters that need to be addressed and/or voted on by the PSC prior to escalation
- Ensure project issues are addressed before they impede the project's progress
- Ensure project resources are made available in a timely manner
- Provide guidance on resolution of matters escalated by the Project Manager, including any scope, schedule, or budget changes that are between 5 and 10% variance
- Serve as liaison between the Project and the PSC and Program Sponsor
- Report project achievements and status to the PSC and Program Sponsor
- Approve project artifacts and deliverables, as appropriate
- Oversee organizational change management activities
- Attend project meetings as requested by the Project Manager
- Membership comprises PFD Director, Assistant Directors and STO CIO

Project Executive:

- Chair the EMT
- Remove obstacles within span of control that could impede project success
- Provide strategic direction and support to the project

- Ensure decisions made by the EMT and Program Sponsor are implemented
- Escalate issues for resolution to the EMT and/or Program Sponsor as appropriate
- Approve project artifacts and deliverables

Project Manager:

- Manage the project for the STO
- Develop and maintain a project management infrastructure that includes human resource management, scope management, cost management, schedule management, risk and issue management, change management, quality management, and communications management
- Oversee and ensure STO and vendor compliance with contractual requirements
- Develop the Project Plan with the team and monitor team performance, including contractor performance through project completion
- Review and approve project artifacts and deliverables
- Secure acceptance and approval of deliverables from key project stakeholders and participants
- Identify and implement tools to enhance project communications
- Effectively engage the Business and Technical Managers in project activities
- Communicate project status to the EMT and Key Stakeholders
- Escalate risks and issues in a timely manner
- Participate as a member of the CCB
- Present agenda items to the PSC, but not a voting member of the PSC
- Provide staff support to the PSC

Business Lead:

- Responsible for the day-to-day performance of the program staff assigned to the project
- Provide PFD Program knowledge and expertise to the project
- Manage specific project plan activities and contribute to project plan development with the Project Manager
- Review and approve project deliverables and outputs as required
- Coordinate and ensure that subject matter experts are engaged appropriately and timely
- Ensure that appropriate resources are identified and engaged for user acceptance testing and product acceptance
- Responsible for the development and implementation of the data cleansing strategy, activities, and plan
- Participate in organizational change management and training activities
- Provide support to the CCB
- Assist Project Manager, as requested

Technical Lead:

- Provide leadership and guidance to the technical staff assigned to the project
- Manage technical processes and requirements
- Manage specific project plan activities and contribute to project plan development with the Project Manager
- Review and approve project deliverables and outputs as required
- Review plans and official documentations to ensure sufficient internal controls and procedures are in place
- Partner with IT management to acquire appropriate technical assistance for areas such as enterprise architecture, database, software development, security, testing, and product deployment
- Ensure project adherence to STO and state-level technical policies, processes and standards
- Ensure technical documentation meets agreed-upon content and quality standards
- Participate in the development and implementation of the data cleansing strategy and plan
- Provide support to the CCB
- Assist Project Manager, as requested

Core Team Members:

- Full-time employees assigned to the project
- Understand the work to be completed by the project
- Complete project tasks and deliverables in accordance with the approved project plan
- Inform the Business and Technical Managers of issues, risks, quality concerns, etc. encountered on the project
- Proactively provide status updates
- Be a positive advocate for the project with peers

Stakeholders:

- Includes all the people who are in any way affected by the project's outcome, both internal and external to the STO organization
- Provide input, as needed, to ensure agreed-upon outcomes are realized

Subject Matter Experts:

- Contribute program/domain expertise when called upon
- Participate in project activities as requested
- Review and validate deliverables pertaining to their respective areas of expertise

Project Management Office/PM Support:

- Establish and maintain the State's project management (PM) processes
- Monitor project adherence to the approved PM processes

- Perform administrative and PM support functions for the project
- Manage deliverable review and approval process
- Maintain project documentation
- Participate in project activities as requested
- Assist Project Manager, as requested

4.4.5 External (Includes Contracted Services) Project Roles and Responsibilities

IV&V Vendor:

- Provide an objective assessment of all processes and products to ensure the project is following best practices and that the end product will satisfy the user's requirements
- Conduct reviews and provide recommendations to the Project Manager and staff to facilitate early detection and correction of errors or concerns
- Perform assessments and provide information to improve insight into issues and risks before they become problems that could impede the progress of the project and/or the quality of the development effort

Department of Technology/ITPOC:

- Provide independent oversight of the project's project management processes and documentation
- Report on the project's activities and performance

Department of Technology/STPD:

- Facilitate and manage State procurement process

Project Management Support Services:

Under the direction of the State Project Manager, the Project Management Services Support Services Contractor will:

- Provide expertise in Project Management (PM) and assist the Project Manager in developing the PM Methodology and Framework for project execution activities (PM Services Contract).
- Develop Project Management Plans
- Manage Project Management support activities (e.g. schedule management, risk and issue management, change control and defect management).
- Train project staff on PM best practices.

Other Vendor Support:

- Provide expertise in RFP development and guide the DMS II Project in the completion of all procurement documents (Grant Thornton).

4.4.6 Project Schedule

Consistent with CalTech's FSR Instructions for solution/business-based procurements, the STO has developed the following project schedule, which details

the planning and procurement milestones and timelines, and provides a general estimate (e.g. start and end date) for development and implementation activities (i.e., project execution activities).

See Attachment 1 for Project Schedule

4.5 Project Monitoring and Oversight

DMS II Project Manager

The PM oversees the monitoring, planning, controlling and execution activities, by monitoring project progress and performance, delivering quality results on time and within budget according to the parameters set out in the project plan for the DMS II project to increase the likelihood of a successful deployment. The PM also creates a monthly project status report that is submitted to CalTech to provide an overall status on the health of the project. The PM also meets frequently with CalTech, IPOC, and IV&V to ensure the project is on track for success.

CalTech IPOC

The CalTech IPOC provides project oversight to ensure compliance with project performance, schedule, and budget requirements, as well as state policies and standards. IPOC is primarily focused on the project's processes, and project management.

Independent Verification and Validation

The IV&V standard for providing project oversight is defined by IEEE 1012-2004. The IEEE standard describes software IV&V processes as generally determining if development products of a given activity conform to the requirements of that activity, and if the software satisfies the intended use and user needs. The IEEE standard answers the dual question, "... did we build the product right, and did we build the right product?"

As defined in the IEEE standards, IV&V processes include activities such as assessment, analysis, measurement, inspection, and testing of software products and processes.

These IV&V processes further include assessing software in the context of the system, including the operational environment, hardware, interfacing software, operators, and users. The DMS II Projects IV&V Consultant provides a detailed, structured report of findings, deficiencies and recommendations for remediation to the DMS II Project.

Complexity Assessment Results

The Complexity Assessment/Risk Rating for the DMS II Project is currently rated as *high*. This rating is based on input from CalTech during the Feasibility Study Report (FSR) development. To accompany the submission of SPR 1 a new complexity

assessment was completed. The current complexity was completed using the tool and the rating criteria provided in the SIMM 17D. The current complexity assessment for the DMS II Project resulted in a rating of “*medium*” complexity.

4.6 Quality Management

Quality Management Plan (see schedule)

4.7 Change Management

Change Management Plan (see schedule)

4.8 Authorization Required

Approval of this SPR is required from the DMS II Project Steering Committee, STO Executive Management, CalTech and the Department of Finance.

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SECTION 5: UPDATED RISK MANAGEMENT PLAN

5.1 Risk Register

* 1-9 = Low Risk Level, 10-15 = Medium Risk Level, 16-25 = High Risk Level

#	Risks	Probability (1 - 5)	Potential Impact (1 - 5)	Risk Management Action must begin...	Risk Level* (1 - 25)	Cause	Consequences	Avoidance Plan	Mitigation Plan
1.	Audit and Control Needs	4	2	Over a year from now	2.64 Green	Inadequate project management, weak management and development processes, insufficient quality control	Potential impact to project budget, schedule and quality	Implement best practice quality management processes; Incorporate formal reviews into project plan/schedule; perform external audits	Conduct design and code walkthroughs; perform quality assurance testing prior to acceptance testing
2.	Budget	3	5	Within the next six months	15 Yellow	Insufficient funding allocation; unexpected budget cuts; project costs exceed budget allocation	Potential impact to project budget, schedule and quality	Ensure business case is solid and budget request covers all anticipated project costs; meet with external stakeholders and enlist support for the project	Monitor project spending; revisit project funding approach; request additional funding; reduce scope; delay project until funds are secured
3.	Client/Server Architecture	2	5	Over a year from now	3.3 Green	Staff not familiar with proposed technology and/or not involved at appropriate level to receive adequate knowledge transfer; training is inadequate	Potential impact to project budget, schedule and quality	Ensure architecture is sound and proven; ensure project staff possess knowledge and skills in proposed architecture	Include technical staff in the review and development of technical specifications and designs; secure external expertise, as needed
4.	Customer Sophistication	2	4	Over a year from now	2.64 Green	Appropriate users are not involved in the project; training is inadequate	Potential impact to project budget, schedule and quality	Provide training prior to system testing and implementation; Demonstrate system features early to give customers early exposure to system	Develop clear written procedures and ensure project plan includes sufficient time for user involvement and training
5.	Design and Implementation	2	5	Over a year from now	3.3 Green	Flawed system design; performance issues; component integration issues; data conversion issues; may be unable to meet some requirements due to design limitations	Potential impact to project budget, schedule and quality	Make sure vendor has the knowledge and capability to deliver the solution	Involve appropriate business/technical staff in design/implementation reviews; employ rigorous testing strategies; develop contingency plan

#	Risks	Probability (1 - 5)	Potential Impact (1 - 5)	Risk Management Action must	Risk Level* (1 - 25)	Cause	Consequences	Avoidance Plan	Mitigation Plan
6.	Development Environment	2	5	Over a year from now	3.3 Green	Development environment not properly established or not established timely; tools do not work as expected; developers unfamiliar with tools	Potential impact to project budget, schedule and quality	Certify development environment structure/requirements prior to project startup	Ensure environment is built by staff who are knowledgeable w/the environment and tools/conduct test to verify environment is sound
7.	External Environment	2	4	Within the next six months	8 Green	Project approvals (FSR, BCP, RFP) not received timely	Potential impact to project budget and schedule	Establish a communications plan to keep external stakeholders apprised of project status and issues throughout the project lifecycle	Assess communication shortcomings and conduct outreach to ensure stakeholder input/support
8.	Facilities	1	2	Six months to a year from now	1.32 Green	Facilities are inadequate (insufficient workspace, no phones, furniture, office supplies); work environment noisy or disruptive	Potential impact to project budget, schedule and quality	Begin facility search as soon as funds are approved	House staff in different locations and implement an effective communication strategy; conduct regular project team meetings
9.	Human Resources: Skills, Availability	2	5	Six months to a year from now	6.6 Green	Insufficient/inappropriate staffing; lack of required knowledge/skills; unavailability of management to make decisions in a timely manner	Potential impact to project budget, schedule and quality	Determine resource requirements and skill sets at project onset; ensure team members have required skills; provide training before project starts	Document staffing gaps and secure approval to address them; obtain external support
10	Infrastructure	1	4	Over a year from now	1.32 Green	Existing infrastructure not robust enough to accommodate proposed solution; proposed solution incompatible with existing infrastructure	Potential impact to project budget, schedule and quality	Include details about existing infrastructure in the RFP; require vendor to identify needed changes/upgrades	Provide for any necessary infrastructure changes/upgrades in project plan/budget; monitor to ensure changes/upgrades are implemented timely
11	Legislation	1	4	Over a year from now	1.32 Green	Legislative changes may impose changes to the project/solution; legislative factors may impact support for the project	Potential impact to project budget and schedule	Obtain legislative sponsorship/support prior to project initiation	Secure approval to implement legislative requirements as an enhancement post implementation
12	Litigation	1	5	Over a year from now	1.65 Green	Contractor delays and/or performance issues may impact project	Potential impact to project budget and schedule	Make sure contract is sound and enforceable; implement sound contract management processes; establish an	Engage STO legal, DGS and CalTech; secure source code and system documentation;

#	Risks	Probability (1 - 5)	Potential Impact (1 - 5)	Risk Management Action must	Risk Level* (1 - 25)	Cause	Consequences	Avoidance Plan	Mitigation Plan
								escrow account to hold source code on the State's behalf	develop plan to continue project w/in-house staff or another vendor, if necessary
13	Management Processes	1	4	Within the next six months	4 Green	Ineffective PM processes and plans; PM processes not adhered to; lack of PM delegated authority; project approvals and decisions not timely	Potential impact to project budget and schedule	Recruit experienced PM; adopt and use best practice PM processes; obtain agreement on PM decision-making authority and autonomy	Secure management commitment /buy-off on project plan/resources; communicate when decisions will be needed; provide sufficient time for approvals
14	Other Projects	2	4	Six months to a year from now	5.28 Green	Project delayed due to other priorities; resource conflicts with other projects; project success dependent on other projects	Potential impact to project budget and schedule	Confirm project's priority in relation to other projects; secure dedicated project resources; build project plan to take into account potential impacts of other projects	Ensure project plan/schedule considers impacts of other projects and availability of resources; monitor and adjust schedule as necessary
15	Paradigm Shift	3	5	Over a year from now	4.95 Green	Users resistant to change; unrealistic expectations; ineffective organizational change management and preparation	Potential impact to project schedule	Ensure project scope is clearly communicated to all stakeholders; develop an approach to get feedback during the project; manage expectations; demonstrate incremental results	Review project deliverables w/users at key milestones to ensure expectations are being met; hold focus groups to address issues and concerns
16	Regulations	1	4	Over a year from now	1.32 Green	New/changed regulatory requirements may impose unexpected changes to the project/solution	Potential impact to project budget and schedule	Work with sponsor to defer any regulatory changes until after project is implemented	Determine impact of change(s) and develop plan to minimize impacts
17	Requirements Management	3	5	Six months to a year from now	9.9 Green	Requirements not fully understood/defined; uncontrolled scope creep	Potential impact to project budget and schedule	Obtain signoff on project scope/requirements; develop requirements traceability matrix; implement change management process; require sponsor approval of changes	Follow procedures for handling changes; evaluate impact of change to project and communicate to management; renew commitment to plan;

#	Risks	Probability (1 - 5)	Potential Impact (1 - 5)	Risk Management Action must	Risk Level* (1 - 25)	Cause	Consequences	Avoidance Plan	Mitigation Plan
18	Schedule	3	4	Six months to a year from now	7.92 Green	Artificial/unrealistic estimates; schedule omits necessary tasks; scope creep; project resources and tools may not be acquired timely	Potential impact to project budget, schedule and quality	Create a realistic, achievable schedule; plan the project in phases; add in adequate contingency	Maintain project schedule; review project progress against schedule; timely communicate schedule risks
19	Sponsorship Commitment	2	5	Over a year from now	1.65 Green	Lack of executive sponsorship/management commitment; change in priorities; change in leadership	Potential impact to project budget and schedule	Confirm project's priority; reach consensus on sponsor roles and responsibilities; emphasize project benefits; communicate project status frequently	Establish sponsor expectations; obtain signoff on commitments; meet w/sponsor to understand reason for lack of interest, make adjustments as needed
20	Structure of Installed Systems	2	3	Over a year from now	1.98 Green	Integration issues with installed systems	Potential impact to project budget, schedule and quality	Validate installed system changes with vendor prior to project startup	Provide for any necessary changes to installed systems in project plan and budget; monitor to ensure changes are made timely
21	Supplier/Vendor Capability/Capacity	2	5	Over a year from now	3.3 Green	Poor contractor performance; inadequate/insufficient resources allocated (number of resources and skill-levels); contractor does not deliver products as promised	Potential impact to project budget, schedule and quality	Clearly document expectations in the solicitation document; include penalties in the contract for poor performance and clear criteria for when penalties will be executed; develop issue escalation process	Work with vendor to develop deliverables expectation document (DED); review and signoff on DEDs prior to finalizing deliverables; engage STO legal, DGS & CalTech, as needed
22	System Architecture	1	5	Over a year from now	1.65 Green	System architecture not sound/stable; potential integration issues	Potential impact to project budget, schedule and quality	Use solution-based procurement model and compensate based on sound and stable system; define system performance technical requirements up front	Require comprehensive system performance testing
23	Technology	1	5	Over a year from now	1.65 Green	Technology unsuitable or inappropriate as a solution; unable to secure technology when needed; technology becomes obsolete; required performance unattainable	Potential impact to project budget, schedule and quality	Use solution-based procurement model and compensate based on sound and stable system; require vendor to propose and secure technology	Provide sufficient time to acquire technology in a timely manner; require comprehensive system performance testing

#	Risks	Probability (1 - 5)	Potential Impact (1 - 5)	Risk Management Action must	Risk Level* (1 - 25)	Cause	Consequences	Avoidance Plan	Mitigation Plan
24	Turnover	2	5	Over a year from now	3.3 Green	Untimely staff changes; unable to secure experienced replacement staff in a timely manner	Potential impact to project budget, schedule and quality	Clearly define roles, responsibilities and skill levels; develop cross training plan and cross train staff prior to losing staff; identify backup or alternative staff	Assess existing staff workload and adjust as needed; work w/sponsor to secure new resources, if necessary
25	Security	1	4	Over a year from now	1.32 Green	Security implications may be overlooked during design	Potential impact to project budget, schedule and quality	Ensure security requirements are clearly defined and communicated	Incorporate security testing in project plan; conduct tests to validate security provisions/features

Plan for monitoring the high and medium level risks?

The plans for monitoring the high and medium level risks are:
Risk monitoring will be a standard part of the project review processes and will occur throughout the project lifecycle; adjustments will be made as needed. Once the initial Risk Management Plan has been developed, the appropriate project team members will periodically revisit the basic assumptions and premises of each risk to determine if they are still valid. The team will assess whether the situation has changed in a way that affects the nature or impact of the risk, as the risk may have changed sufficiently so that the current mitigation strategy is ineffective and a new approach is needed. Conversely, a risk may have diminished in a way that allows resources allocated to it to be redirected. As a part of risk monitoring, the team may identify new risks or modify existing risks as the project progresses.

Approach to measuring the effectiveness of the risk response plans?

The approach to measuring the effectiveness of the plan is:
The project team will monitor risk response activities and compare actual outcomes to expected outcomes to evaluate whether the actions taken actually achieved the intended objective. The team may also employ tools such as stakeholder surveys and external reviews to evaluate the effectiveness of the plans. These tools will aid in developing subsequent risk management alternatives and more effective risk management decisions.

SECTION 6: UPDATED ECONOMIC ANALYSIS WORKSHEETS (EAWS)

EXISTING SYSTEM/BASELINE COST WORKSHEET

SIMM 30C, Rev. 06/2014

Agency/state entity: State Treasurer's Office

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

Date Prepared: January 2015

Project: DMS II

	FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		SUBTOTAL	
	PYs	Amts	PYs	Amts										
Continuing Information														
Technology Costs														
Staff (salaries & benefits)	3.0	406,016	3.0	406,016	3.0	406,016	3.0	406,016	3.0	406,016	3.0	406,016	18.0	2,436,095
Hardware														
Lease/Maintenance		10,000		10,000		10,000		10,000		10,000		10,000		60,000
Software														
Maintenance/Licenses		110,000		110,000		110,000		110,000		110,000		110,000		660,000
Contract Services		0		0		0		0		0		0		0
Data Center Services		25,000		25,000		25,000		25,000		25,000		25,000		150,000
Agency Facilities		0		0		0		0		0		0		0
Other		0		0		0		0		0		0		0
Total IT Costs	3.0	551,016	18.0	3,306,095										
Continuing Program Costs:														
Staff	57.0	4,830,015	57.0	4,830,015	57.0	4,830,015	57.0	4,830,015	57.0	4,830,015	57.0	4,830,015	342.0	28,980,090
Other		5,022,416		5,022,416		5,022,416		5,022,416		5,022,416		5,022,416		30,134,496
Total Program Costs	57.0	9,852,431	342.0	59,114,586										
TOTAL EXISTING SYSTEM COSTS	60.0	10,403,447	360.0	62,420,681										

EXISTING SYSTEM/BASELINE COST WORKSHEET

SIMM 30C, Rev. 06/2014

Agency/state entity: State Treasurer's Office

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

Date Prepared: January 2015

Project: DMS II

	Subtotal		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23		FY 2023/24		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
Continuing Information														
Technology Costs														
Staff (salaries & benefits)	18.0	2,436,095	3.0	406,016	3.0	406,016	0.0	0	0.0	0	0.0	0	24.0	3,248,126
Hardware Lease/Maintenance		60,000		10,000		10,000		0		0		0		80,000
Software Maintenance/Licenses		660,000		110,000		110,000		0		0		0		880,000
Contract Services		0		0		0		0		0		0		0
Data Center Services		150,000		25,000		25,000		0		0		0		200,000
Agency Facilities		0		0		0		0		0		0		0
Other		0		0		0		0		0		0		0
Total IT Costs	18.0	3,306,095	3.0	551,016	3.0	551,016	0.0	0	0.0	0	0.0	0	24.0	4,408,126
Continuing Program Costs:														
Staff	342.0	28,980,090	57.0	4,830,015	57.0	4,830,015	0.0	0	0.0	0	0.0	0	456.0	38,640,120
Other		30,134,496		5,022,416		5,022,416		0		0		0		40,179,328
Total Program Costs	342.0	59,114,586	57.0	9,852,431	57.0	9,852,431	0.0	0	0.0	0	0.0	0	456.0	78,819,448
TOTAL EXISTING SYSTEM COSTS	360.0	62,420,681	60.0	10,403,447	60.0	10,403,447	0.0	0	0.0	0	0.0	0	480.0	83,227,574

Agency/state entity: State Treasurer's Office
Project: DMS II

All Costs Should be shown in whole (unrounded) dollars.

	FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		SUBTOTAL	
	PYs	Amts	PYs	Amts										
One-Time IT Project Costs														
Staff (Salaries & Benefits)	2.1	315,086	3.7	552,482	6.1	863,926	7.1	995,371	7.1	995,371	7.1	995,371	33.0	4,717,607
Hardware Purchase		0		0		0		0		20,000		50,000		70,000
Software Purchase/License		0		0		0		0		250,000		0		250,000
Telecommunications		0		0		0		0		0		0		0
Contract Services														
Software Customization		0		0		0		910,560		2,731,680		2,731,680		6,373,920
Project Management		0		0		302,400		302,400		302,400		302,400		1,209,600
Project Oversight		76,800		115,980		112,560		112,560		112,560		112,560		643,020
IV&V Services		29,500		140,250		140,250		173,250		150,750		165,600		799,600
Statewide Technology Procurement														
Division		18,837		199,584		199,584		199,584		44,352		44,352		706,293
Procurement Assistance Vendor		424,651		77,752		97,190		19,438		0		0		619,032
TOTAL Contract Services		549,788		533,566		851,984		1,717,792		3,341,742		3,356,592		10,351,465
Data Center Services		0		0		0		8,333		25,000		25,000		58,333
Agency Facilities		0		0		0		5,000		20,000		0		25,000
Other		0		0		0		25,000		25,000		0		50,000
Total One-time IT Costs	2.1	864,874	3.7	1,086,049	6.1	1,715,910	7.1	2,751,496	7.1	4,677,113	7.1	4,426,963	33.0	15,522,405
Continuing IT Project Costs														
Staff (Salaries & Benefits)	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Hardware Lease/Maintenance		0		0		0		0		0		0		0
Software Maintenance/Licenses		0		0		0		0		0		0		0
Telecommunications		0		0		0		0		0		0		0
Contract Services		0		0		0		0		0		0		0
Data Center Services		0		0		0		0		0		0		0
Agency Facilities		0		0		0		0		0		0		0
Other		0		0		0		0		0		0		0
Total Continuing IT Costs	0.0	0	0.0	0										
Total Project Costs	2.1	864,874	3.7	1,086,049	6.1	1,715,910	7.1	2,751,496	7.1	4,677,113	7.1	4,426,963	33.0	15,522,405
Continuing Existing Costs														
Information Technology Staff	3.0	406,016	3.0	406,016	3.0	406,016	3.0	406,016	3.0	406,016	3.0	406,016	18.0	2,436,095
Other IT Costs		145,000		145,000		145,000		145,000		145,000		145,000		870,000
Total Continuing Existing IT Costs	3.0	551,016	18.0	3,306,094										
Program Staff	56.2	4,666,500	56.2	4,666,500	56.2	4,666,500	56.2	4,666,500	56.2	4,666,500	56.2	4,666,500	337.2	27,999,001
Other Program Costs		5,022,416		5,022,416		5,022,416		5,022,416		5,022,416		5,022,416		30,134,496
Total Continuing Existing Program Costs	56.2	9,688,916	337.2	58,133,497										
Total Continuing Existing Costs	59.2	10,239,932	355.2	61,439,591										
TOTAL ALTERNATIVE COSTS	61.3	11,104,806	62.9	11,325,981	65.3	11,955,842	66.3	12,991,428	66.3	14,917,045	66.3	14,666,895	388.2	76,961,996
INCREASED REVENUES		0		0		0		0		0		0		0

Agency/state entity: State Treasurer's Office
Project: DMS II

All Costs Should be shown in whole (unrounded) dollars.

	Subtotal		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23		FY 2023/24		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
One-Time IT Project Costs														
Staff (Salaries & Benefits)	33.0	4,717,607	5.0	708,220	0.0	0	0.0	0	0.0	0	0.0	0	38.0	5,425,827
Hardware Purchase		70,000		0		0		0		0		0		70,000
Software Purchase/License		250,000		0		0		0		0		0		250,000
Telecommunications		0		0		0		0		0		0		0
Contract Services														
Software Customization		6,373,920		1,821,120		0		0		0		0		8,195,040
Project Management		1,209,600		201,600		0		0		0		0		1,411,200
Project Oversight		643,020		75,040		0		0		0		0		718,060
IV&V Services		799,600		126,300		0		0		0		0		925,900
Statewide Technology Procurement Division		706,293		29,568		0		0		0		0		735,861
Procurement Assistance Vendor		619,032		0		0		0		0		0		619,032
TOTAL Contract Services		10,351,465		2,253,628		0		0		0		0		12,605,093
Data Center Services		58,333		16,667		0		0		0		0		75,000
Agency Facilities		25,000		0		0		0		0		0		25,000
Other		50,000		0		0		0		0		0		50,000
Total One-time IT Costs	33.0	15,522,405	5.0	2,978,514	0.0	0	0.0	0	0.0	0	0.0	0	38.0	18,500,919
Continuing IT Project Costs														
Staff (Salaries & Benefits)	0.0	0	1.4	192,943	4.3	578,829	0.0	0	0.0	0	0.0	0	5.7	771,772
Hardware Lease/Maintenance		0		4,667		14,000		0		0		0		18,667
Software Maintenance/Licenses		0		36,667		110,000		0		0		0		146,667
Telecommunications		0		0		0		0		0		0		0
Contract Services		0		100,800		201,600		0		0		0		302,400
Data Center Services		0		8,333		25,000		0		0		0		33,333
Agency Facilities		0		0		0		0		0		0		0
Other		0		0		0		0		0		0		0
Total Continuing IT Costs	0.0	0	1.4	343,410	4.3	929,429	0.0	0	0.0	0	0.0	0	5.7	1,272,839
Total Project Costs	33.0	15,522,405	6.5	3,321,924	4.3	929,429	0.0	0	0.0	0	0.0	0	43.7	19,773,758
Continuing Existing Costs														
Information Technology Staff	18.0	2,436,095	2.0	270,677	0.0	0	0.0	0	0.0	0	0.0	0	20.0	2,706,772
Other IT Costs		870,000		96,667		0		0		0		0		966,666
Total Continuing Existing IT Costs	18.0	3,306,094	2.0	367,344	0.0	0	0.0	0	0.0	0	0.0	0	20.0	3,673,438
Program Staff	337.2	27,999,001	56.8	4,761,854	58.0	4,952,562	0.0	0	0.0	0	0.0	0	452.0	37,713,417
Other Program Costs		30,134,496		5,022,416		5,022,416		0		0		0		40,179,328
Total Continuing Existing Program Costs	337.2	58,133,497	56.8	9,784,270	58.0	9,974,978	0.0	0	0.0	0	0.0	0	452.0	77,892,745
Total Continuing Existing Costs	355.2	61,439,591	58.8	10,151,614	58.0	9,974,978	0.0	0	0.0	0	0.0	0	472.0	81,566,183
TOTAL ALTERNATIVE COSTS	388.2	76,961,996	65.3	13,473,538	62.3	10,904,407	0.0	0	0.0	0	0.0	0	515.7	101,339,942
INCREASED REVENUES		0		0		0		0		0		0		0

Agency/state entity: State Treasurer's Office

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

Project: DMS II

	FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		SUBTOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
EXISTING SYSTEM														
Total IT Costs	3.0	551,016	3.0	551,016	3.0	551,016	3.0	551,016	3.0	551,016	3.0	551,016	18.0	3,306,095
Total Program Costs	57.0	9,852,431	57.0	9,852,431	57.0	9,852,431	57.0	9,852,431	57.0	9,852,431	57.0	9,852,431	342.0	59,114,586
Total Existing System Costs	60.0	10,403,447	60.0	10,403,447	60.0	10,403,447	60.0	10,403,447	60.0	10,403,447	60.0	10,403,447	360.0	62,420,681
PROPOSED ALTERNATIVE														
	Solution Based Procurement													
Total Project Costs	2.1	864,874	3.7	1,086,049	6.1	1,715,910	7.1	2,751,496	7.1	4,677,113	7.1	4,426,963	33.0	15,522,405
Total Cont. Exist. Costs	59.2	10,239,932	59.2	10,239,932	59.2	10,239,932	59.2	10,239,932	59.2	10,239,932	59.2	10,239,932	355.2	61,439,591
Total Alternative Costs	61.3	11,104,806	62.9	11,325,981	65.3	11,955,842	66.3	12,991,428	66.3	14,917,045	66.3	14,666,895	388.2	76,961,996
COST SAVINGS/AVOIDANCES	(1.3)	(701,360)	(2.9)	(922,534)	(5.3)	(1,552,395)	(6.3)	(2,587,981)	(6.3)	(4,513,598)	(6.3)	(4,263,448)	(28.2)	(14,541,316)
Increased Revenues		0		0		0		0		0		0		0
Net (Cost) or Benefit	(1.3)	(701,360)	(2.9)	(922,534)	(5.3)	(1,552,395)	(6.3)	(2,587,981)	(6.3)	(4,513,598)	(6.3)	(4,263,448)	(28.2)	(14,541,316)
Cum. Net (Cost) or Benefit	(1.3)	(701,360)	(4.2)	(1,623,893)	(9.4)	(3,176,289)	(15.7)	(5,764,270)	(21.9)	(10,277,868)	(28.2)	(14,541,316)		

Agency/state entity: State Treasurer's Office
 Project: DMS II

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

	SUBTOTAL		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23		FY 2023/24		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
EXISTING SYSTEM														
Total IT Costs	18.0	3,306,095	3.0	551,016	3.0	551,016	0.0	0	0.0	0	0.0	0	24.0	4,408,126
Total Program Costs	342.0	59,114,586	57.0	9,852,431	57.0	9,852,431	0.0	0	0.0	0	0.0	0	456.0	78,819,448
Total Existing System Costs	360.0	62,420,681	60.0	10,403,447	60.0	10,403,447	0.0	0	0.0	0	0.0	0	480.0	83,227,574
PROPOSED ALTERNATIVE														
	Solution Based Procurement													
Total Project Costs	33.0	15,522,405	6.5	3,321,924	4.3	929,429	0.0	0	0.0	0	0.0	0	43.7	19,773,758
Total Cont. Exist. Costs	355.2	61,439,591	58.8	10,151,614	58.0	9,974,978	0.0	0	0.0	0	0.0	0	472.0	81,566,183
Total Alternative Costs	388.2	76,961,996	65.3	13,473,538	62.3	10,904,407	0.0	0	0.0	0	0.0	0	515.7	101,339,942
COST SAVINGS/AVOIDANCES	(28.2)	(14,541,316)	(5.3)	(3,070,091)	(2.3)	(500,961)	0.0	0	0.0	0	0.0	0	(35.7)	(18,112,368)
Increased Revenues		0		0		0		0		0		0		0
Net (Cost) or Benefit	(28.2)	(14,541,316)	(5.3)	(3,070,091)	(2.3)	(500,961)	0.0	0	0.0	0	0.0	0	(35.7)	(18,112,368)
Cum. Net (Cost) or Benefit	(28.2)	(14,541,316)	(5.3)	(3,070,091)	(2.3)	(500,961)	0.0	0	0.0	0	0.0	0	(35.7)	(18,112,368)

PROJECT FUNDING PLAN

Agency/state entity: State Treasurer's Office

All Costs to be in whole (unrounded) dollars

Date Prepared: January 2015

Project: DMS II

	FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		SUBTOTALS	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
TOTAL PROJECT COSTS	2.1	864,874	3.7	1,086,049	6.1	1,715,910	7.1	2,751,496	7.1	4,677,113	7.1	4,426,963	33.0	15,522,405
RESOURCES TO BE REDIRECTED														
Staff	1.1	200,217	1.6	267,175	2.1	334,134	3.1	465,579	3.1	465,579	3.1	465,579	13.8	2,198,262
Funds:														
Existing System		0		0		0		0		0		0		0
Other Fund Sources		0		0		0		0		0		0		0
TOTAL REDIRECTED RESOURCES	1.1	200,217	1.6	267,175	2.1	334,134	3.1	465,579	3.1	465,579	3.1	465,579	13.8	2,198,262
ADDITIONAL PROJECT FUNDING NEEDED														
One-Time Project Costs	1.0	664,658	2.2	818,873	4.0	1,381,776	4.0	2,285,917	4.0	4,211,534	4.0	3,961,384	19.2	13,324,143
Continuing Project Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR*	1.0	664,658	2.2	818,873	4.0	1,381,776	4.0	2,285,917	4.0	4,211,534	4.0	3,961,384	19.2	13,324,143
TOTAL PROJECT FUNDING	2.1	864,874	3.7	1,086,049	6.1	1,715,910	7.1	2,751,496	7.1	4,677,113	7.1	4,426,963	33.0	15,522,405
Difference: Funding - Costs	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

FUNDING SOURCE**														
General Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Federal Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Special Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Reimbursement	100%	864,874	100%	1,086,049	100%	1,715,910	100%	2,751,496	100%	4,677,113	100%	4,426,963	100%	15,522,405
TOTAL FUNDING	100%	864,874	100%	1,086,049	100%	1,715,910	100%	2,751,496	100%	4,677,113	100%	4,426,963	100%	15,522,405

* FY 13/14 and FY 14/15 reflect revised actual and estimated project expenditures. BCP funded amounts were: FY 13/14 = \$677,000, and FY 14/15 = \$1,056,000.

** Type: Reimbursement from interest earnings on proceeds of GO bond sales as authorized by Government Code Section 16724.6

PROJECT FUNDING PLAN

Agency/state entity: State Treasurer's Office

All Costs to be in whole (unrounded) dollars

Date Prepared: January 2015

Project: DMS II

	SUBTOTALS		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23		FY 2023/24		TOTALS	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
TOTAL PROJECT COSTS	33.0	15,522,405	6.5	3,321,924	4.3	929,429	0.0	0	0.0	0	0.0	0	43.7	19,773,758
RESOURCES TO BE REDIRECTED														
Staff	13.8	2,198,262	2.4	355,025	0.0	0	0.0	0	0.0	0	0.0	0	16.2	2,553,287
Funds:														
Existing System		0		0		0		0		0		0		0
Other Fund Sources		0		0		0		0		0		0		0
TOTAL REDIRECTED RESOURCES	13.8	2,198,262	2.4	355,025	0.0	0	0.0	0	0.0	0	0.0	0	16.2	2,553,287
ADDITIONAL PROJECT FUNDING NEEDED														
One-Time Project Costs	19.2	13,324,143	2.7	2,623,489	0.0	0	0.0	0	0.0	0	0.0	0	21.8	15,947,632
Continuing Project Costs	0.0	0	1.4	343,410	4.3	929,429	0.0	0	0.0	0	0.0	0	5.7	1,272,839
TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR	19.2	13,324,143	4.1	2,966,899	4.3	929,429	0.0	0	0.0	0	0.0	0	27.5	17,220,471
TOTAL PROJECT FUNDING	33.0	15,522,405	6.5	3,321,924	4.3	929,429	0.0	0	0.0	0	0.0	0	43.7	19,773,758
Difference: Funding - Costs	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
FUNDING SOURCE*														
General Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Federal Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Special Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Reimbursement	100%	15522405	100%	3,321,924	100%	929,429	0%	0	0%	0	0%	0	100%	19,773,758
TOTAL FUNDING	100%	15,522,405	100%	3,321,924	100%	929,429	0%	0	0%	0	0%	0	100%	19,773,758

* FY 13/14 and FY 14/15 reflect revised actual and estimated project expenditures. BCP funded amounts were: FY 13/14 = \$677,000, and FY 14/15 = \$1,056,000.

** **Type:** Reimbursement from interest earnings on proceeds of GO bond sales as authorized by Government Code Section 16724.6

Annual Project Adjustments	FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19	
	PYs	Amts	PYs	Amts								
One-time Costs												
Previous Year's Baseline	0.0	0	1.0	664,658	2.2	818,873	4.0	1,381,776	4.0	2,285,917	4.0	4,211,534
(A) Annual Augmentation /(Reduction)	1.0	664,658	1.2	154,216	1.8	562,903	0.0	904,141	0.0	1,925,617	0.0	(250,150)
(B) Total One-Time Budget Actions	1.0	664,658	2.2	818,873	4.0	1,381,776	4.0	2,285,917	4.0	4,211,534	4.0	3,961,384
Continuing Costs												
Previous Year's Baseline	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
(C) Annual Augmentation /(Reduction)	0.0	0	0.0	0								
(D) Total Continuing Budget Actions	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Annual Project Budget Augmentation /(Reduction) [A + C]	1.0	664,658	1.2	154,216	1.8	562,903	0.0	904,141	0.0	1,925,617	0.0	(250,150)

[A, C] Excludes Redirected Resources

Total Additional Project Funds Needed [B + D]

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Annual Savings/Revenue Adjustments

Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Increased Program Revenues		0		0		0		0		0		0

Annual Project Adjustments	FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23		FY 2023/24		Net Adjustments	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
One-time Costs												
Previous Year's Baseline	4.0	3,961,384	2.7	2,623,489	0.0	0	0.0	0	0.0	0		
(A) Annual Augmentation /(Reduction)	(1.3)	(1,337,895)	(2.7)	(2,623,489)	0.0	0	0.0	0	0.0	0		
(B) Total One-Time Budget Actions	2.7	2,623,489	0.0	0	0.0	0	0.0	0	0.0	0	21.8	15,947,632
Continuing Costs												
Previous Year's Baseline	0.0	0	1.4	0	4.3	586,020	0.0	(343,410)	0.0	(343,410)		
(C) Annual Augmentation /(Reduction)	1.4	0	2.8	586,020	(4.3)	(929,429)	0.0	0	0.0	0		
(D) Total Continuing Budget Actions	1.4	0	4.3	586,020	0.0	(343,410)	0.0	(343,410)	0.0	(343,410)	5.7	(444,210)
Total Annual Project Budget Augmentation /(Reduction) [A + C]	0.1	(1,337,895)	0.2	(2,037,470)	(4.3)	(929,429)	0.0	0	0.0	0		

[A, C] Excludes Redirected Resources

Total Additional Project Funds Needed [B + D]

27.5	15,503,422
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Annual Savings/Revenue Adjustments

Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Increased Program Revenues		0		0		0		0		0		