

## 2017-19 Biennium Budget Decision Package

Agency: 140 Department of Revenue

Decision Package Code/Title: FR - Funding Revenue Legislation

Budget Period: 2017-19 Biennial Budget Request

Budget Level: ML2 - Maintenance Level

**Agency Recommendation Summary Text:** During the 2015 session, the legislature passed revenue bills ESSB 6057 and ESSB 6138 for the purpose of stimulating economic development through the use of tax preferences and streamlining tax administration. DOR received funding for these bills and carried out initial implementation. Although funding carried forward at the FY17 level, additional funds (as identified in the original fiscal notes) are necessary to administer this legislation in the 2017-19 biennium and beyond. This decision package requests the additional funding to administer programs required as a part of the legislation.

### Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
001-1 General Fund	\$0	\$555,300	\$800,500	\$1,019,300
<b>Total Cost</b>	<b>\$0</b>	<b>\$555,300</b>	<b>\$800,500</b>	<b>\$1,019,300</b>
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	5.0	8.6	11.6
Revenue	FY 2018	FY2019	FY2020	FY2021
<b>ESSB 6057</b>	<b>0</b>	<b>(\$29,245,000)</b>	<b>(\$38,072,000)</b>	<b>(\$59,562,000)</b>
001-1 General Fund	0	(28,921,000)	(37,735,000)	(59,190,000)
19G Env Legacy Stew Acct	0	(300,000)	(300,000)	(300,000)
553 Performance Audit	0	(24,000)	(37,000)	(72,000)
<b>ESSB 6138</b>	<b>0</b>	<b>\$126,302,000</b>	<b>\$140,667,000</b>	<b>\$172,917,000</b>
001-1 General Fund	0	126,221,000	140,581,000	172,820,000
553 Performance Audit	0	81,000	86,000	97,000
<b>NET REVENUE</b>	<b>0</b>	<b>\$97,057,000</b>	<b>\$102,595,000</b>	<b>\$113,355,000</b>
Object of Expenditure	FY 2018	FY2019	FY2020	FY2021
A – Salaries	0	\$300,700	\$502,100	\$655,100
B – Benefits	0	\$90,300	\$150,500	\$196,300
E – Goods & Services	0	\$48,400	\$42,000	\$74,300
G – Travel	0	\$127,000	\$133,500	\$137,500
J – Equipment	0	(\$11,100)	(\$127,600)	(\$43,900)

## Package Description

ESSB 6138 passed during the 2015 legislative session. The purpose of this bill is to increase state revenue through expansion of current nexus provisions, improved compliance methods, and elimination of tax preferences for royalties and certain manufacturing equipment. Also passed during the 2015 legislative session was ESSB 6057. This bill is concerning stimulating economic development through the use of tax preferences and streamlined tax administration.

The Department of Revenue received 20.7 FTEs in FY16 and funding totaling \$2,281,000; 28.0 FTEs in FY17 and funding totaling \$2,997,000. These bills were not fully funded in the 2015-17 biennium.

In the 2017-19 biennium, FY17 carried forward; however, the fiscal notes for these bills assumed an increase in collection activity and reflected a higher cost each year. In this request, the Department is assuming no increased collection activity or cost in FY18, but plans to increase in FY19 and beyond.

This package is to request changes to carry forward funding for both ESSB 6138 and ESSB 6057 in the 2017-19 biennium.

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.**

<u>Operating Expenditures</u>	<u>FY17</u>
001-1 General Fund	\$2,997,000
Total Cost	\$2,997,000
FTEs	28.0

<u>Activity</u>		<u>FY17 FTEs</u>	<u>FY17 Exp.</u>
A003	State & Local Revenue Collection	14.6	\$1,095,000
A004	Tax Auditing	8.3	\$1,280,000
A005	Tax Policy Research, Analysis & Interp.	3.4	\$360,000
A006	Appeals	1.7	\$262,000
		28.0	\$2,997,000

### Decision Package expenditure, FTE and revenue assumptions, calculations and details:

#### Labor Costs:

- Additional staff to provide technical advice, interpretation and other guidance for the Department's operating divisions beyond the rule-making process,
- Identify, contact, assess and collect from taxpayers,
- Investigate and audit out-of-state companies,
- Prepare for and conduct taxpayer appeals of notices and assessments,
- Manage formal Administrative Procedure Act appeals, and
- Provide Department representation by the Attorney General's Office.

#### Object Costs:

- Mail letters to businesses exceeding any of the economic nexus thresholds to advise them of the need to file returns and provide efile instructions.
- Office supplies and materials,
- Legal support from the Attorney General's Office,
- Filing fees for tax warrants,
- Additional funding to assist in recruitment and retention of individuals providing out-of-state audit services,
- Printing and mailing notices of assessments to unclaimed property holders, and
- Educating unclaimed property holders in new procedures.

## Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Continued ability to implement and administer the programs as required in the legislation.

Fully describe and quantify expected impacts on state residents and specific populations served.

N/A

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Identify: Funding will allow us to continue collection and distribution of local sales tax related to this legislation.
Other local gov't impacts?	Yes	Identify: Funding will allow us to continue collection and distribution of local sales tax related to this legislation.
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	Yes	Identify: Additional staff may require new workstations and/or additional office space
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important	N/A	

connections		
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**Please provide a detailed discussion of connections/impacts identified above.**

Local Government Revenue attributed to this legislation:

FY 2018 - \$ 19,288,000  
FY 2019 - \$ 20,570,000  
FY 2020 - \$ 21,448,000  
FY 2021 - \$ 22,890,000

**What alternatives were explored by the agency and why was this option chosen?**

No other alternatives were explored by the agency. The legislature passed ESSB 6057 and ESSB 6138 in the 2015 session. This is for implementation and continued administration of enacted legislation.

**What are the consequences of not funding this request?**

Without adequate funding, it may be necessary to shift resources. Shifting resources could impact revenue collections.

**How has or can the agency address the issue or need in its current appropriation level?**

At the current appropriation level, DOR would not be able to conduct adequate audits and other enforcement activities needed to ensure compliance.

**Other supporting materials:** *Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.*

See attached fiscal notes ESSB 6138-4 and ESSB 6057-1

**Information technology:** *Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?*

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

## 2017-19 Biennium Budget Decision Package

**Agency:** 140 - Department of Revenue

**Decision Package Code/Title:** JT- Janitorial Services

**Budget Period:** 2017-19 Biennial Budget Request

**Budget Level:** ML2 – Maintenance Level

### Agency Recommendation Summary Text:

The Department of Revenue uses contracted vendors to provide janitorial services. In FY17, the contract with the current vendor providing services to Thurston County offices will expire. Expiration of this contract will allow us to improve the services we receive on our Tumwater campus by contracting for janitorial services with DES Facility Support Services.

### Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
001-1 General Fund	\$227,000	\$227,000	\$227,000	\$227,000
03N-1 Business Licensing Services	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200
02W-1 Timber Tax	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300
196-6 Unclaimed Property	\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500
<b>Total Cost</b>	<b>\$256,000</b>	<b>\$256,000</b>	<b>\$256,000</b>	<b>\$256,000</b>
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E – Goods and Services	\$256,000	\$256,000	\$256,000	\$256,000

### Package Description

Three out of the ten janitorial contracts held by DOR are in Thurston County which houses approximately sixty-six percent of our agency staff. Janitorial services to these facilities are not currently adequate to maintain a healthy working environment. To establish improved service over what we are currently receiving, DOR is proposing to contract with DES Facilities Support Services. Utilizing these custodial services for our three Thurston County facilities is estimated to increase the annual average cost per square foot from fifty-two cents to one dollar and seventy-five cents. The Department's costs for janitorial services for the three Thurston County offices is expected to increase \$256,000 per year for the 2017-2019 Biennium.

**Base Budget:** If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Under the current contract for janitorial services, the Department of Revenue pays .52 per square foot of office space for a total of one hundred eight thousand eight hundred thirty six dollars (\$108,836) annually. Contracting with DES will increase the base to \$365,463.

Activity		FY17 Exp.	FY18 Exp.
A001	Administration	19,000	63,000
A002	Property Tax Administration	6,000	\$20,000
A003	State & Local Revenue Collection	54,000	182,000
A004	Tax Auditing	8,000	26,000
A005	Tax Policy Research, Analysis & Interp.	9,000	30,000
A006	Admin. Review & Hearings (Appeals)	3,000	11,000
A007	Unclaimed Property	4,000	13,000
A008	Business License Service	6,000	20,000
		109,000	\$365,000

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

This package has no FTE or revenue impact. Based on DES Facility Support Services current service rate, contracting for janitorial services in Thurston County would increase DOR's cost for janitorial services by one dollar and twenty-three cents per square foot, for a total of three-hundred sixty-five thousand four hundred sixty-three dollars annually.

**Decision Package Justification and Impacts**

What specific performance outcomes does the agency expect?

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

Customers who visit our Tumwater offices, and the staff who work there, expect facilities to be clean. Janitorial service to these facilities is not currently adequate to maintain a healthy working environment. DES Facilities Support Services will provide a higher level of service over what we are currently receiving.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:

Other state agency impacts?	Yes	Identify: Contracting with the DES Facility Support Services office will increase the workload on DES.
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	Yes	Identify: We expect a higher level of service over what we are currently receiving.
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		N/A

**Please provide a detailed discussion of connections/impacts identified above.**

Contracting with the DES Facility Support Services office will increase the workload for DES and eliminate the need to contract for janitorial outside state services. We are also anticipating a higher level of service and better communications with those performing the work.

**What alternatives were explored by the agency and why was this option chosen?**

The lease agreements for the Tumwater facilities do not include janitorial services. The Department can get bids from commercial vendors or contract with DES. DES is the preferred provider because we feel we would receive a better quality of service.

**What are the consequences of not funding this request?**

Janitorial services are necessary to maintain cleanliness for customers and staff. Without funding, the Department will either contract for lesser services or divert funds from other operating funds, which could impact revenue-generating activities.

**How has or can the agency address the issue or need in its current appropriation level?**

Janitorial services are necessary to maintain cleanliness for customers and staff. Without funding, the Department will either contract for lesser services or divert funds from other operating funds, which could affect revenue-generating activities.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

(See Attached)

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

X No



## 2017-19 Biennium Budget Decision Package

**Agency:** 140 Department of Revenue

**Decision Package Code/Title:** FM – GenTax (FAST) Maintenance

**Budget Period:** 2017 – 19 Biennial Budget Request

**Budget Level:** PL – Performance Level

### Agency Recommendation Summary Text:

The Department of Revenue (DOR) is rolling out its new integrated tax and licensing commercial off-the-shelf solution, GenTax, in phases, with full implementation scheduled for June 2018. Following a six-month warranty period, DOR will establish a maintenance and support contract with the vendor for service packs, software upgrades, and on-site and telephone support. This on-going maintenance and support will ensure that GenTax is properly maintained and remains current as service packs and software upgrades are released.

### Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019 *	FY 2020	FY 2021
001-1 General Fund	\$0	\$1,290,000	\$2,615,000	\$2,652,000
02W-1 Timber Tax	\$0	\$19,000	\$39,000	\$40,000
196-6 Unclaimed Property	\$0	\$27,000	\$54,000	\$55,000
03N-1 Business Licensing Service	\$0	\$39,000	\$79,000	\$80,000
<b>Total Cost</b>	<b>\$0</b>	<b>\$1,375,000</b>	<b>\$2,787,000</b>	<b>\$2,827,000</b>
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
C – Consulting Services	\$0	\$275,000	\$550,000	\$550,000
E – Goods and Services	\$0	\$1,100,000	\$2,236,000	\$2,277,000

\*Note: The expenditures in FY 2019 will be half the annual cost to cover six months (January 2019 – June 2019) as the stabilization and warranty period will end in December 2018.

### Package Description

This package requests funding for post-warranty maintenance and support of the DOR's new integrated tax and licensing commercial-off-the-shelf (COTS) solution that will be fully deployed and in production in June 2018. GenTax is the COTS solution that DOR has selected and is currently implementing.

Post-warranty maintenance and support will be provided by the COTS vendor and will begin in January 2019 (following a six-month warranty period). Maintenance and support services include:

- Access to service packs (periodic updates to the current version of GenTax)
- Access to new versions of GenTax
- Access to new and revised documentation
- 24/7 remote monitoring of system availability
- Defect repair of bugs to core product
- Phone support
- Contact information to enable DOR to obtain support during non-standard hours
- Assignment of Customer Support Account Manager
- On-site personnel to resolve defects in configuration, site code, and in production and implemented by solution provider
- Membership and participation in user group

DOR will also contract with the COTS vendor for additional on-site support for the planning, design, and implementation of the more complex system changes and enhancements as well as the implementation of quarterly service packs and periodic version upgrades.

## **Background**

DOR is in the process of replacing its decades-old tax and business licensing systems with GenTax, a modern, integrated commercial-off-the-shelf solution.

DOR received funding and began the implementation of the new system in July 2015. DOR contracted with the COTS vendor to implement the new system over a three year period. The total project cost including the COTS software licensing, implementation services, and warranty is \$81,100,000.

The new system is being implemented in phases:

<u>Rollout/Release</u>	<u>Date</u>
Rollout 1, Business Licensing and Revenue Receipting	June 2016
Rollout 2, Core Tax	September 2017
Rollout 3, Miscellaneous Tax	June 2018

When fully implemented in June 2018, the new system will create a seamless environment for businesses to register and meet business licensing and tax obligations. This new system will also enable DOR to continue fulfilling its mission while transforming its business processes to align with industry best practice.

The DOR legacy systems that are being replaced include:

- Core Tax – Twelve subsystems used to administer and collect more than 60 tax types. These include the business and occupation, sales and use, and general excise taxes, which are Washington’s largest revenue sources. These systems provide online services to taxpayers as well as tax processing and accounting functionality needed by DOR staff to administer the various tax programs.
- Business Licensing Service – Five subsystems that provide online services for businesses as well as several other systems used by DOR staff to administer the program. Other state agencies and city partners access the system to make updates, retrieve information and serve mandated licensing functions.

These legacy systems are severely outdated. Basic programming changes take hundreds of hours and extensive effort and testing to ensure the systems remain stable. Due to their age and complexity, their risk of failure increases each year. There is a real threat of disruption to tax collection and business licensing due to system failure.

The new COTS solution, GenTax, is a browser-based, highly-configurable solution that operates on industry standard technology. The software has been successfully deployed in more than 30 different local, state, and federal governments.

GenTax will fully integrate the new tax and licensing systems and meet customer, partner and agency needs. It will be user friendly, reduce or eliminate duplicative efforts, and provide a secure, robust system to support the work of the agency. Further, the systems replacement creates the backbone needed for the state to achieve its vision of a one-stop business portal, benefiting all those doing business in the state while improving DOR's effectiveness and efficiency.

### **Project Status**

In June 2016, DOR successfully implemented the first of three rollouts. Rollout 1, Business Licensing and Revenue Receipting went into production on June 6, 2016.

Rollout 2, Core Tax is scheduled to go into production in September 2017, and Rollout 3, Miscellaneous Tax is scheduled to go into production in June 2018.

### **Warranty and Post-Warranty Maintenance and Support**

For a period of six months following the release and stabilization of Rollout 3, the COTS vendor will provide warranty support services to ensure that:

- defects with GenTax core code are resolved;
- defects with custom site programs are resolved;
- defects resulting from configurations are resolved; and
- the overall system is kept in good running order.

DOR plans to establish a contract with the COTS vendor for on-going maintenance and support following the warranty period. DOR has selected Level 2 Maintenance and Support. Level 2 provides for a mid-tier level of vendor support, is significantly less expensive than Level 3 (highest level of support), and relies on DOR staff to maintain and operate the GenTax solution in partnership with the COTS vendor.

DOR is taking steps to prepare staff to maintain and operate the GenTax solution after the project. Staff is being trained, is engaged on the replacement project, and is working hand-in-hand with the vendor to implement the new solution. This training and work experience will help position staff to maintain and operate the system in the future.

For Questions Please Contact: Budget Manager, Sherry Cave (360) 704-5771

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.**

This request funds the maintenance and support contract with the COTS vendor for the new tax and licensing solution being implemented. No funds are currently being expended on maintenance.

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

**Revenue** - No revenue is associated with this decision package.

**Expenditure** - The annual cost for Level 2 post-warranty maintenance and support and the hourly cost for the additional on-site implementation support were included in the proposal submitted by the COTS vendor.

Level 2 maintenance and support, annual     \$2,197,800 (FY 2019, 3% increase per year)\*  
Hourly on-site implementation consulting     \$220 per hour

DOR assumes a need for approximately 2,500 hours of additional on-site implementation support every year. Other states and revenue agencies that have experience with GenTax and have worked with the COTS vendor have required additional vendor support in order to implement the more complex system changes as well as install the quarterly service packs and software upgrades.

\*Note: The expenditures in FY 2019 will be half the annual cost to cover six months (January 2019 – June 2019) as the stabilization and warranty period will end in December 2018.

**Decision Package Justification and Impacts**

**What specific performance outcomes does the agency expect?**

This decision package will fund vendor maintenance and support and help ensure that DOR’s new tax and licensing system is properly maintained and remains current as service packs; and software upgrades are released. This in turn will enable the Department to continue to efficiently and effectively collect and distribute taxes and license businesses.

**Performance Measure detail:**

No measures submitted for this package.

This decision package will:

- Ensure that DOR’s new tax and licensing system performs well, meets customer needs and expectations, remains current, and does not become ‘legacy’ in the future.
- Allow for future expansion of features and functionality to support process improvements or changing business needs.

**Fully describe and quantify expected impacts on state residents and specific populations served.**

This decision package is expected to have little to no impact on state residents and taxpayers as it will fund vendor support and maintenance of DOR’s new tax and licensing system.

Maintenance of the new tax and licensing system will be scheduled and well communicated to all impacted parties – internal and external. During these short maintenance windows, some on-line services may be impacted or not available (e.g. online business applications and renewals, on-line filing of tax returns).

**What are other important connections or impacts related to this proposal?**

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov’t impacts?	No	Identify:

Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections	N/A	

Please provide a detailed discussion of connections/impacts identified above.

The funding requested will provide for vendor maintenance and support and help ensure that DOR's new tax and licensing system is properly maintained and remains current as service packs and software upgrades are released. If this does not occur, the system will age, may not perform as expected or needed, and there will be an increased risk of impacting revenue collection and distribution.

**What alternatives were explored by the agency and why was this option chosen?**

DOR will establish a contract with the COTS vendor for on-going maintenance and support following the warranty period.

The COTS vendor offers three levels of maintenance and support.

**Level 1** – Annual product maintenance (no onsite resources). This level includes items such as:

- Access to service packs
- Access to new versions of GenTax
- Access to new and revised documentation
- Phone support
- Defect repair of bugs to core product
- 24/7 remote monitoring of system availability
- Contact information to enable DOR to obtain support during non-standard hours

- Assignment of Customer Support Account Manager
- Membership and participation in user group

**Level 2** – In addition to what is included in Level 1, this level provides on-site FAST personnel to ensure that defects in site code, extensions, and configurations are resolved. In effect, this level provides a continuing warranty.

**Level 3** – In addition to what is included in Levels 1 and 2, this level provides on-site FAST personnel to ensure that service packs, hot fixes, and upgrades are installed.

DOR has reached-out to other states and agencies to gain insight into their experiences and recommendations with regard to on-going maintenance and support of GenTax. All states that have implemented GenTax have contracted with the COTS vendor for on-going maintenance and support.

- Level 1 – 21% of states
- Level 2 – 11% of states
- Level 3 – 68% of states

Their feedback and recommendations have been consistent. Washington State should contract with the COTS vendor for on-going maintenance and support at Level 2 or Level 3 as access to on-site expertise is important and necessary to properly maintain the COTS solution and keep it current. Additionally, the other states and revenue agencies that have experience with GenTax and have worked with the COTS vendor have required additional vendor support in order to implement the more complex system changes as well as install the quarterly service packs and software upgrades.

A few sample states and their experiences include:

- Minnesota Department of Revenue implemented GenTax in 2012. They have contracted for Level 2 support and have reported that this level is meeting their needs. Their IT staff has and continues to work closely with the COTS vendor to maintain their system, install service packs, and upgrade the software.
- Idaho Department of Revenue implemented GenTax in 2000. They received service packs and software upgrades over the years, however, were not able to install the service packs or upgrades because they did not have the staff nor did they have access to on-site vendor support provided under Level 2 or Level 3. As a result, their system became ‘legacy’ and required Idaho to initiate another major project to upgrade their system. This project was time consuming, costly, and disruptive to the business. To help avoid this in the future, Idaho has purchased Level 2 support and will contract for additional access to on-site support and assistance from the COTS vendor.
- The Oregon Department of Revenue is in the process of replacing their legacy systems with GenTax. They have successfully completed two rollouts and will be fully implemented in 2017. Oregon has chosen to purchase Level 3 support when their implementation is completed and are planning to cut back to Level 2 or Level 1 support in the future.

DOR has selected Level 2 Maintenance and Support. Level 2 offers a mid-tier level of vendor support, is significantly less expensive than Level 3, and will rely on DOR staff to maintain and operate the GenTax solution in partnership with the COTS vendor.

DOR is replacing a significant percentage of the Department’s custom applications with the GenTax solution. The staff that supports the custom applications that are being replaced will be redirected to support the GenTax solution along with the COTS vendor. The Department is taking steps to prepare the staff – staff is being trained, is engaged on the replacement project, and is working hand-

in-hand with the COTS vendor to implement the new solution. This training and work experience will help position staff to maintain and operate the system in the future.

**What are the consequences of not funding this request?**

If this decision package is not funded, DOR will not be in a position to establish a contract with the COTS vendor for on-going maintenance and support. As a result, DOR will find it difficult to properly maintain the solution and keep it current, service packs and software upgrades may not be applied in a timely manner, and the system will age and not perform as expected or needed. There will be an increased risk of impacting revenue collection and distribution, and at some point in the future, the system may become so far out-of-date (legacy) that DOR will be required to take on another major project to upgrade the solution. This will be costly, time consuming, and will impact business operations.

**How has or can the agency address the issue or need in its current appropriation level?**

As described in this decision package, it is essential that DOR establish a contract with the COTS vendor for on-going maintenance and support. If the Department is to keep the system current without additional funding, the Department will need to redirect funds from another source to cover the cost. This will be difficult to manage without impacting other critical revenue generating and business licensing programs and services within the agency.

**Other supporting materials:**

Attached is a listing of GenTax clients in the United States and their maintenance levels.



Maintenance Level of  
FAST Clients (1).xlsx

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

**DETAIL OF MAINTENANCE LEVEL OF US GenTax® STATE CLIENTS**  
**April 2016**

	<b>STATE</b>	<b>LEVEL</b>	<b>NOTE</b>
1	Arkansas	3	Additional FTE's for support
2	Louisiana	1	FTE's for service packs, upgrades and support
3	Alabama	3	Additional FTE's for support
4	Wisconsin	3	Additional FTE's for support
5	North Dakota	3	
6	Mississippi	3	
7	Idaho	3	
8	Georgia	1	FTE's for service packs, upgrades and support
9	Montana	3	Additional FTE's for support
10	Colorado	3	
11	New Mexico	3	
12	Oklahoma	3	
13	Utah	3	
14	Minnesota	2	Additional FTE's for support
15	Alaska	2	
16	Illinois	1	FTE's for service packs, upgrades and support
17	West Virginia	3	Additional FTE's for support
18	Washington	Project still in progress	
19	Oregon	Project still in progress	
20	Vermont	Project still in progress	
21	Massachusetts	Project still in progress	
22	South Carolina	Project still in progress	
23	Hawaii	Project still in progress	
24	Tennessee	Project still in progress	
25	Michigan UI	3	2 Additional FTE's for support
26	Montana UI	2	1 Additional FTE for support
27	California EDD	1	10 Additional FTE's for support starting July

## Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

Information Technology Items in this DP (insert rows as required)	FY 2018	FY 2019	FY 2020	FY 2021
On-site implementation consulting	\$0	\$275,000	\$550,000	\$550,000
IT Contract for GenTax Maintenance	\$0	\$1,100,000	\$2,237,000	\$2,277,000
<b>Total Cost</b>	<b>\$0</b>	<b>\$1,375,000</b>	<b>\$2,787,000</b>	<b>\$2,827,000</b>

## Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

- Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service?  Yes  No
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)  Yes  No
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)  Yes  No

If you answered “yes” to any of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.

## 2017-19 Biennium Budget Decision Package

**Agency:** 140 Department of Revenue

**Decision Package Code/Title:** N7 – State Data Center Migration

**Budget Period:** 2017 – 19 Biennial Budget Request

**Budget Level:** PL - Performance Level

**Agency Recommendation Summary Text:**

To meet the June 30, 2019 OCIO policy deadline for moving into the State Data Center (SDC), the Department of Revenue (DOR) will need funding to expedite the architecture, engineering, and development efforts, to move its remaining applications and storage. In addition, this effort will require 4.0 project FTEs throughout the biennium. This will bring the agency into compliance with RCW 43.105.375 and maximize the use of the SDC.

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
001-1 General Fund	\$907,000	\$516,000	\$48,000	\$48,000
<b>Total Cost</b>	<b>\$907,000</b>	<b>\$516,000</b>	<b>\$48,000</b>	<b>\$48,000</b>
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	4.0	4.0	0.0	0.0
<b>Object of Expenditure</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
A – Salaries	\$279,000	\$292,900	0	0
B – Benefits	\$91,700	\$96,100	0	0
E – Goods and Services	\$526,500	\$127,000	\$48,000	\$48,000
J - Equipment	\$9,800	0	0	0

**Package Description**

The Legislature directed state agencies, through RCW 43.105.375, to locate all existing and new servers within the State Data Center (SDC) located in Olympia. The Office of the Chief Information Officer (OCIO), in consultation with the Office of Financial Management, is responsible for implementing the business plan and migration schedule for moving all state agencies into the SDC. The Department of Revenue plans to consolidate approximately 321 servers between July 1, 2017 and June 30, 2019. The Department of Revenue will incur one-time hardware and software costs, and temporary increased maintenance costs as new infrastructure is provisioned.

DOR business applications not included in ATLAS will be moved to the SDC. Migration of these business applications will require coding changes to accommodate network changes (e.g., moving

from the PGN to the SGN), and to transition application authentication from the DOR legacy mainframe to the WaTech Enterprise Active Directory service.

Project staffing will be necessary for two years to cover two expert (ITS5) software developers needed to make necessary changes to business applications, and two (ITS4) tests to assist with validating the application changes. These project FTEs will supplement existing DOR staff. The requested operational costs account for the increase in SDC co-location fees and data center interconnect costs.

A complete migration to the state data center is also dependent upon the replacement and upgrade of DOR's legacy Unclaimed Property (UCP) system. The staffing and funding for the UCP replacement is not included in this decision package.

In addition to ensuring compliance with RCW 43.105.375, the Department of Revenue would also use this opportunity to further leverage the efficiencies and ongoing operational cost saving of server virtualization during this migration effort.

Agency Contact Information: Policy Contact - Wendy Huff (360) 596-3791 / Sherry Cave (360) 704-5771

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.**

N/A

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

- See attached worksheet and IT Addendum itemized cost.

### **Decision Package Justification and Impacts**

**What specific performance outcomes does the agency expect?**

**Performance Measure detail:**

- This change will optimize the use of the SDC and help agencies avoid the cost and complexity of maintaining their own server rooms and data centers. The SDC provides the necessary space, power, cooling, connectivity, and physical and network security for the server, storage, and networking equipment of agencies that use it. The SDC operates more efficiently and provides better physical and virtual security and resiliency than any other state agency space.
- The Department of Revenue assumes that moving its servers to the SDC will result in overall decreased costs to the state although costs incurred by the agency are increased. The SDC uses power much more efficiently than individual, smaller and older facilities. Also, the debt service on the SDC, currently burdening the State General Fund, can be reduced as agencies with multiple fund sources locate their IT equipment there.

Fully describe and quantify expected impacts on state residents and specific populations served.

There are no direct impacts to the state residents or populations served by these applications or infrastructure.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:.
Other state agency impacts?	Yes	Identify: Assumed overall decrease of costs to the state although costs incurred by the agency are increased.
Responds to specific task force, report, mandate or exec order?	Yes	Identify: The migration from the current Agency owned data center into the WaTech state data center no later than June 30, 2019 is mandated by OCIO policy 184. This request will also bring the agency into compliance with RCW 43.105.375.
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

**Please provide a detailed discussion of connections/impacts identified above.**

The Legislature directed state agencies, through RCW 43.105.375, to locate all existing and new servers within the State Data Center (SDC) located in Olympia. The Office of the Chief Information Officer (OCIO), in consultation with the Office of Financial Management, is responsible for implementing the business plan and migration schedule for moving all state agencies into the SDC.

**What alternatives were explored by the agency and why was this option chosen?**

One of the other options considered was to utilize cloud-based vendors, such as Amazon AWS, Microsoft Azure, WaTech Private Cloud, or VMware vCloud. This option was not selected for the following reasons. There are security concerns in extending the network beyond DOR's network and sharing confidential tax information that requires background checks and potential fingerprinting. Additionally, increasing the number of infrastructure vendors to coordinate with during system and performance problems heightens the complexity and decreases the speed in which problems can be resolved. This heightened complexity would increase the risk of the Tax and Licensing System Replacement (TLSR) project due to the highly integrated applications, systems, and interfaces. Also, migrating servers to an external cloud environment in the middle of the TLSR project would result in duplicate effort because many of the applications that exist today will be integrated into the TLSR application over the next few years at different times.

**What are the consequences of not funding this request?**

Agencies will not be in compliance with state law.

**How has or can the agency address the issue or need in its current appropriation level?**

The Department of Revenue is not able to fully fund the effort for the migration into the State Data Center by June 30, 2019. The Agency has established a presence at the SDC as part of a multi-year Tax and Licensing System Replacement (TLSR) project. Upon completion of the TLSR project in 2019, the agency will continue migrating applications and infrastructure to the SDC as time, funding, and resources become available, typically as infrastructure needs to be refreshed. This strategy would take us beyond June 2019 and into the following biennium.

**Other supporting materials:** See attached

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

# 2017-19 IT Addendum

## Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

Information Technology Items in this DP <i>(insert rows as required)</i>	FY 2018	FY 2019	FY 2020	FY 2021
HP - KVM Adapter (x14)	\$2,300	\$0	\$0	\$0
HP - KVM Switch (x2)	\$5,300	\$0	\$0	\$0
HP - KVM (x2)	\$2,200	\$0	\$0	\$0
Data Center Interconnect 10gb	\$0	\$12,000	\$12,000	\$12,000
Nutanix - 8235-G4 (x4)	\$162,000	\$24,300	\$0	\$0
Nutanix - 3060-G4 (x8)	\$232,000	\$34,800	\$0	\$0
Nutanix – 6235-G4 (x2)	\$82,500	\$12,400	\$0	\$0
Network Analysis tool expansion	\$50,000	\$7,500	\$0	\$0
WaTech – Co-location Services 7.5kW enclosure (\$1,500 per month) (x2)	\$0	\$36,000	\$36,000	\$36,000
4 FTEs (2 ITS5 developers, 2 ITS4 testers) Loaded Labor est.	\$370,700	\$389,000	\$0	\$0
<b>Total Cost</b>	<b>\$907,000</b>	<b>\$516,000</b>	<b>\$48,000</b>	<b>\$48,000</b>

## Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service?  Yes  No
2. Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)  Yes  No
3. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)  Yes  No

If you answered “yes” to any of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.

## 2017-19 Biennium Budget Decision Package

**Agency:** 140 Department of Revenue

**Decision Package Code/Title:** N8 – IS Disaster Recovery

**Budget Period:** 2017-19 Biennial Budget Request

**Budget Level:** PL-Performance Level

### Agency Recommendation Summary Text:

To ensure DOR can maintain operation of its core mission critical tax and licensing system (ATLAS) operations in the event of a disaster, DOR needs a disaster recovery solution. With funding, DOR will use the WaTech co-location service in Quincy to provide a geographically separate, off-site location for disaster recovery. Should a catastrophic event such as a fire or an earthquake impact the ATLAS network and server hosting infrastructure, the disaster recovery solution would enable taxpayers and businesses to continue to file and pay taxes. It will also enable the ability to apply for new business licenses and renew existing business licenses. Ensuring the operation of these critical functions in the event of a disaster prevents the disruption of financial distributions to state agencies and local jurisdictions, thereby supporting continuity of service delivery across the state.

**Fiscal Summary:** *Decision package total dollar and FTE cost/savings by year, by fund, for 4 years.*

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
001-1 General Fund	\$920,000	\$223,000	\$234,000	\$246,000
02W-1 Timber Tax	\$14,000	\$3,000	\$4,000	\$4,000
196-6 Unclaimed Property	\$19,000	\$5,000	\$5,000	\$5,000
03N-1 Business Licensing Service	\$28,000	\$7,000	\$7,000	\$7,000
<b>Total Cost</b>	<b>\$981,000</b>	<b>\$238,000</b>	<b>\$250,000</b>	<b>\$262,000</b>
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
C – Consulting Services	\$100,000	\$0	\$0	\$0
E – Goods and Services	\$103,000	\$238,000	\$250,000	\$262,000
J - Equipment	\$778,000	\$0	\$0	\$0

### Package Description

In FY15, DOR collected over \$20 billion in state and local taxes and administered business license applications and renewals for over 560,000 businesses. DOR collections account for about 90 percent of state General Fund tax revenues and all local sales tax revenues, resulting in the distribution of approximately \$3.1 billion to local governments annually. The Department is currently undergoing a major effort to replace its aging core tax and licensing systems. The infrastructure for this replacement project was purchased and implemented in co-location space at

the WaTech State Data Center. The project budget did not include funding to implement a disaster recovery solution. In the event of a catastrophic failure of the infrastructure located within co-location services at the State Data Center, the Department would not be able to collect and distribute taxes or business license applications and renewals until new infrastructure was established and the data and applications restored. Because the Department is currently reliant solely on disk and tape backups for this mission critical infrastructure, the time to restore application operations would be lengthy and disruptive to state and local financial operations.

If funded, DOR will purchase server infrastructure, network circuits, and data center space within the WaTech disaster recovery site at Quincy, WA. The solution design will enable the Department to fail over to another instance of the tax and licensing application, provide connectivity to all of the Department's field offices, and be scalable to address disaster recovery needs for other Department applications in the future.

For Questions Please Contact: Budget Manager, Sherry Cave (360) 704-5771

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.**

The approved investment budget for ATLAS, the Department's new core tax and licensing system, is \$81,000,000. This decision package request builds on the initial investment and provides assurance that the system can maintain operations in the event of a disruption.

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

- WaTech will continue to provide and expand on services in the Quincy site. DOR prefers to leverage these enterprise service offerings.
- There are no FTEs included with this proposal. DOR will use existing FTEs for design, planning, and implementation of the proposed disaster recovery project to move into the WaTech Quincy disaster recovery site.
- There is no revenue associated with this decision package.

**Decision Package Justification and Impacts**

**What specific performance outcomes does the agency expect?**

*Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.*

**Performance Measure detail:**

No measures submitted for this package.

This alternate environment would be used in the event of a disaster related to the Department's infrastructure located in the State Data Center to ensure minimal disruption to the collection of state and local taxes and the processing of business license applications and renewals.

**Fully describe and quantify expected impacts on state residents and specific populations served.**

The collection and distribution of state and local funds serve the citizens of Washington State by funding education, the economy, the environment, healthy and safe communities, and effective government. Disaster recovery ensures minimal disruption to these financial processes, and supports continuity of operations for the State of Washington in the event of a disaster. The solution proposed will ensure that ATLAS is fully operational, including the ability for taxpayers to file electronically, for business owners to apply for and renew licenses, for Department staff to continue to process payments and applications, and for the accurate distribution of funds to continue.

**What are other important connections or impacts related to this proposal?**

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	<b>Identify:</b> In the event of a sustained outage, the State’s ability to collect, process, and distribute funds accurately and in a timely manner to counties will not be possible.
Other local gov’t impacts?	Yes	<b>Identify:</b> In the event of a sustained outage, the State’s ability to collect, process, and distribute funds accurately and in a timely manner to cities will not be possible.
Tribal gov’t impacts?	Yes	<b>Identify:</b> In the event of a sustained outage, the State’s ability to collect, process, and distribute funds accurately and in a timely manner to tribes will not be possible.
Other state agency impacts?	Yes	<b>Identify:</b> Any sustained outage to these systems will greatly affect the state’s ability to receive and distribute revenues to the appropriate funds.
Responds to specific task force, report, mandate or exec order?	Yes	<b>Identify:</b> This would be a critical element in the Department’s Continuity of Operations Plan (COOP) per Governor’s Executive Order 12-20 that directs agencies to develop COOP plans to ensure performance of state agencies’ critical functions, including technology systems that support those functions, are possible when disruptions occur due to a disaster or emergency.
Does request contain a compensation change?	No	<b>Identify:</b>
Does request require a change to a collective bargaining agreement?	No	<b>Identify:</b>
Facility/workplace needs or impacts?	No	<b>Identify:</b>
Capital Budget Impacts?	No	<b>Identify:</b>

Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections	N/A	

**Please provide a detailed discussion of connections/impacts identified above.**

In the event of a disaster impacting the State Data Center, the Department's core tax and licensing system will go offline. The ability for taxes to be collected and distributed would be compromised, resulting in a significant delay in fund distributions to state and local governments. This package is necessary to mitigate these impacts.

**What alternatives were explored by the agency and why was this option chosen?**

**Alternative 1 – Utilizing cloud-based disaster recovery vendors (not chosen)**

One of the options considered was to utilize a cloud-based disaster recovery vendor, such as Amazon AWS, Microsoft Azure, or VMware vCloud. This option was not chosen for the following reasons: There are security concerns associated with extending the network to a cloud service and sharing confidential tax information. Additionally, the Department would prefer to take advantage of the State's investments in existing enterprise services by using WaTech's Quincy co-location service, also decreasing the number of infrastructure vendors to coordinate with to resolve system and performance problems.

**Alternative 2 – Providing disaster recovery services to Tumwater location (not chosen)**

Another option considered was to use the Department's existing data center in Tumwater as an alternate site in the event of a disaster impacting the primary State Data Center location. This option was not chosen because this data center is not geographically separated from the State Data Center and would not be a viable alternative in the event of a regional disaster like an earthquake. Additionally, the cost to stand up the presence at the Tumwater data center would be similar to the Quincy site.

**What are the consequences of not funding this request?**

In the event of a prolonged outage, the State's ability to collect, process, and distribute funds accurately and timely will not be possible. This will impact the State's funds as well as funds for County and City governments.

**How has or can the agency address the issue or need in its current appropriation level?**

The Department is not able to fully fund a disaster recovery solution for the core tax and licensing system, ATLAS, out of the existing budget. If this package is not approved and the Department had to fund the solution out of the current appropriations, then hardware would need to be acquired over multiple fiscal years. This would delay the implementation of a comprehensive disaster recovery solution and increase the risk of not being able to collect, process, and distribute funds to the state, county, and city governments in case of a disaster.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

## Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

Information Technology Items in this DP <i>(insert rows as required)</i>	FY 2018	FY 2019	FY 2020	FY 2021
Microsoft - System Center Datacenter (x7)	\$15,400	\$2,300	\$2,400	\$2,500
VMware - vSphere Enterprise Plus (x14)	\$39,200	\$5,900	\$6,200	\$6,500
VMware - SnS for vSphere E.P. (x14)	\$10,500	\$1,600	\$1,700	\$1,700
VMware - SRM – 25pack (x3)	\$18,000	\$2,700	\$2,800	\$3,000
VMware - vCenter Server (x1)	\$8,000	\$1,200	\$1,200	\$1,300
HP - KVM Adapter (x7)	\$900	\$0	\$0	\$0
HP - KVM Switch (x1)	\$2,500	\$0	\$0	\$0
HP - KVM (x1)	\$1,000	\$0	\$0	\$0
HP - CommVault Media Server (x1)	\$16,500	\$0	\$0	\$0
Nutanix - 8035-G4 (x2)	\$140,000	\$21,000	\$22,200	\$23,000
Nutanix - 3060-G4 (x5)	\$150,000	\$22,500	\$23,600	\$24,800
Cisco - Router (x2)	\$30,000	\$4,500	\$4,800	\$5,000
Cisco - Firewall (x2)	\$40,000	\$6,000	\$6,300	\$6,600
F5 - Load Balancer (x2)	\$75,000	\$11,300	\$11,800	\$12,400
Cisco – ACI Spine Switch (x2)	\$100,000	\$15,000	\$15,800	\$16,500
Cisco - ACI Leaf Switch (x4)	\$100,000	\$15,000	\$15,700	\$16,500
Cisco - APIC (aci) (x3)	\$0	\$0	\$0	\$0
Cisco - APIC (em) cisco iWAN (x3)	\$0	\$0	\$0	\$0
Cisco - Oob Switch (x2)	\$5,000	\$750	\$800	\$800
Cisco - WAN Circuits (x4)	\$76,000	\$72,000	\$75,600	\$79,400
Cisco - RSA Server (x1)	\$5,000	\$750	\$800	\$800
Cisco - ACS Server (x1)	\$10,000	\$1,500	\$1,600	\$1,700
Cisco - Optics	\$10,000	\$0	\$0	\$0
Misc - Patch Cables	\$1,000	\$0	\$0	\$0
Misc - Professional Services	\$100,000	\$0	\$0	\$0
WaTech – Co-location Services 7.5kW enclosure (\$1,500 per month)	\$27,000	\$54,000	\$56,700	\$59,500
<b>Total Cost</b>	<b>\$981,000</b>	<b>\$238,000</b>	<b>\$250,000</b>	<b>\$262,000</b>

## Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service? Yes No
2. Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Yes No
3. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).) Yes No

If you answered “yes” to any of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.