

2017-19 Biennium Budget Decision Package

Agency: 195 Liquor and Cannabis Board

Decision Package Code/Title: M1 – Complete Systems Modernization Proj.

Budget Period: 2017 - 2019

Budget Level: Maintenance Level

Agency Recommendation Summary Text:

The Washington State Liquor and Cannabis Board (WSLCB) is requesting expenditure authority to utilize existing funds collected per RCW 66.08.260, to complete the replacement of the agency’s legacy licensing, enforcement, and imaging applications with an integrated solution.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 20K-6	\$1,301,000	\$0	\$0	\$0
Total Cost	\$1,301,000	\$0	\$0	\$0
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	N/A	N/A	N/A	N/A
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
	N/A	N/A	N/A	N/A
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. C	\$1,301,000	\$0	\$0	\$0

Package Description

RCW 66.08.260 imposed a nonrefundable additional fee of 6.2% on applications and renewals of licenses and permits relating to liquor and marijuana for the 2015-17 Biennium. The fees must be deposited into the dedicated Licensing and Enforcement System Modernization Project Account (LESMPA) and expenditures from the account may be only used for the expenses of replacing and modernizing the WSLCB’s systems. The fund balance at the beginning of the 2017-19 Biennium is estimated to be \$1.3M.

The WSLCB’s System Modernization Project (SMP) was originally expected to be completed prior to the end of the 2015-2017 Biennium. The duration of the SMP is now expected to extend into 2017-19 Biennium due to factors that include:

- Delay in project start due to project leadership turnover;
- Extended requirements analysis to improve procurement process;

- Delay in the selection of the Licensing and Enforcement Case Management System vendor as the first Apparent Successful Vendor was released after further analysis determined they could not meet basic system requirements.

Due to the delay of the project initiation, the WSLCB is requesting expenditure authority to utilize the funds collected during the 2015-17 Biennium from fees authorized in RCW 66.08.260. The funding will be used for costs related to quality assurance, project management, and to complete system configuration, testing and implementation.

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. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

N/A

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- Based on WSLCB historical data, total fee collections in the LESMPA during the 2015-2017 Biennium are projected to be \$1.94M. Expenditures totaling \$640K in the same account and fiscal period are expected.

The 2017-2019 Biennium beginning balance in the LESMPA is estimated to be \$1.3M (\$1.94M - \$640K).

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Specific goals of this project are:

- Retire the legacy AS/400 (the IBM operating system), Electronic Notebook (EN), imaging, and stand-alone Access applications as part of the final acceptance process for the new system.
- Achieve compliance with relevant portions of the National Institute of Standards and Technology (NIST) standards for data security (specifically NIST 800).
- Achieve compliance with Washington State Office of the Chief Information Officer policies 188 (Accessibility), 114 (Business Application/System Governance), 183.20.10 (Identify Management User Authentication Standards), 121 (IT Investments – Approval and Oversight), 131 (Managing Information Technology Projects), 187 (Open Data), 183.30.30 (Solution Integration Design Standards), 141.10 (Securing Information Technology Assets) and 183.10.20 (SOA Planning Design Standards).
- Increase the number of services available online including status of applications and online payments for services and taxes. This will be measured by reduction of complaints and volume of phone calls and increase use of online services.

- Issue licenses on average 25 percent faster. Processing time is tracked and a base year will be established and measured against processing time once the new system is completed and implemented.
- Increase accuracy and reduce the number of days required to respond to public record requests with information.
- Decrease processing time for collection of licensing revenue.
- Achieve a reduction in customer service inquiries and customer complaints due to client self-service enabled through the data warehouse and more information being available on the internet for public access.
- Reduce programming, work-around, and fixes to the existing systems with a reduction in costs through cost avoidance that will be measured against a repair alternative baseline.
- Increase enforcement staff time in the field to provide education and increase public safety. This will be measured by an increase in the frequency of field contacts.

Success in achieving these goals will be measured immediately upon project completion.

This decision package affects Results Washington Goal 4: Healthy and Safe Communities, and Goal 5: Efficient, Effective and Accountable Government. Establishing a data warehouse will allow the agency to become more transparent and accountable by making information and data accessible to the public and the status of applications accessible to the licensee. Efficiency will increase by reducing licensing processing times, allowing customer access to information on line for status and payment and allowing enforcement officers to access information on mobile devices and spend more time in the field. Customer satisfaction will increase as will employee satisfaction allowing the WSLCB to become an “employer of choice”. Routine administrative follow-up and responses to client status queries will be minimized through a combination of automation and customer self-services.

Performance Measure detail:

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

Population Served: Liquor, Marijuana and Tobacco Licensees

Expected impact:

- 100% increase in online services; licensees will now be able to complete the following via online interaction with WSLCB licensing and enforcement case management system (LECMS):
 - Complete the license application process
 - View and respond to WSLCB requests and inquiries
 - View case/transaction history
 - Modify endorsements and privileges
 - View and print copies of licenses, endorsement and privileges
- Reduction in fees paid by licensees for reprinting copies of licenses, endorsements and privileges (from \$5 to \$0);
- Reduced time to service by 25-100%
 - 25% for license issuance
 - 100% for reprinting licenses, endorsements and privileges

- Increase the percentage of time that Liquor Enforcement Officers are able to spend with licensees on education to reduce violations and increase public safety by reducing percentage of time LEOs spend on administrative work.

Population Served: Residents and Non-Residents Requesting Public Records

- Increase accuracy of records produced using best available Enterprise Content Management System (ECMS) technology;
- Reduce the number of days required to respond to public record requests due to increased electronic data that can be searched more quickly than hard-copy records;
- Increase the amount of unprotected data (Category 1 & 2) that is available online thereby reducing the need for public records requests.

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	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

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

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

There was no other option explored. The alternatives would be to either shut down the project or fund out of the agency’s current appropriation, resulting in layoffs and decreased service levels.

What are the consequences of not funding this request?

The WSLCB’s twenty-five year old COBOL based licensing application is mission critical. There are major risks involved with maintaining the current information technology environment. As noted previously, data integrity, data security, and on-going business operations are areas of major concern. Ultimately, turn-around times for issuance of liquor and marijuana licenses will lengthen and the collection of fees and tax dollars will be delayed.

Failure to proceed with the SMP will result in an adverse effect on agency customers and services if existing systems fail at some point in the future. The state has already made a substantial investment in the SMP; shutting down the project in development would result in discarding substantial investments in the system without achieving the desired results, which can only be attained through a completed system.

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

Funding the remainder of the SMP within the current appropriation level would result in layoffs and decreased service levels throughout the agency.

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.)

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
COTS Vendor Contract Deliverables	\$873,000			
Quality Assurance Vendor Contract	\$32,000			
Project Management Vendor Contract	\$396,000			
Total Cost	\$1,301,000	\$0	\$0	\$0

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: 195 Liquor and Cannabis Board

Decision Package Code/Title: M2 - SMP Annual Subscription

Budget Period: 2017 - 2019

Budget Level: Maintenance Level

Agency Recommendation Summary Text:

The Washington State Liquor and Cannabis Board (WSLCB) Systems Modernization Project (SMP), identified in LEAP Omnibus Document IT – 2016 as Modernize Regulatory Systems, replaces the agency’s legacy licensing, enforcement, and imaging applications with an integrated solution. This decision package funds the ongoing annual licensing, maintenance, and support fees for the software solution.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 315-1	\$64,645	\$64,645	\$52,752	\$53,280
Fund 501-1	\$275,591	\$275,591	\$224,892	\$227,141
Total Cost	340,236	340,236	277,644	280,421
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	340,236	340,236	277,644	280,421

Package Description

The Washington State Liquor Control Board (WSLCB) is tasked with promoting public safety and trust through fair administration and enforcement of liquor, tobacco and marijuana laws. Factors that include the new licensing and enforcement activities related to marijuana, the requirement for flexibility to support specialized licenses, and the rapid growth in the number of licenses issued have created an environment of increased expectations on the agency, while the twenty-five year old COBOL based licensing application has not kept pace with the changing requirements. In a struggle to meet operational mandates, a patchwork of stand-alone or loosely integrated applications has evolved.

As a result, the agency's licensing, enforcement, and imaging applications are being replaced with an integrated solution built around a commercial off-the-shelf (COTS) product. The WSLCB is requesting ongoing funding for the annual licensing, maintenance, and support fees required for the new solution.

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. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

N/A

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- The annual expenditures are as quoted by the vendor.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

The WSLCB expects to achieve the following outcomes with the ongoing funding of the technology solution:

- Retire the legacy iSeries (the IBM operating system), Electronic Notebook (EN), imaging, and stand-alone Access applications as part of the final acceptance process for the new system.
- Achieve compliance with relevant portions of the National Institute of Standards and Technology (NIST) standards for data security (specifically NIST 800).
- Achieve compliance with Washington State Office of the Chief Information Officer policies 188 (Accessibility), 114 (Business Application/System Governance), 183.20.10 (Identify Management User Authentication Standards), 121 (IT Investments – Approval and Oversight), 131 (Managing Information Technology Projects), 187 (Open Data), 183.30.30 (Solution Integration Design Standards), 141.10 (Securing Information Technology Assets) and 183.10.20 (SOA Planning Design Standards).
- Increase the number of services available online including status of applications and online payments for services and taxes. This will be measured by reduction of complaints and volume of phone calls and increase use of online services.
- Issue licenses on average 25 percent faster. Processing time is tracked and a base year will be established and measured against processing time once the new system is completed and implemented.
- Increase accuracy and reduce the number of days required to respond to public record requests with information.
- Decrease processing time for collection of licensing revenue.
- Achieve a reduction in customer service inquiries and customer complaints due to client self-service enabled through the data warehouse and more information being available on the internet for public access.

- Reduce programing, work-around, and fixes to the existing systems with a reduction in costs through cost avoidance that will measured against a repair alternative baseline.
- Increase enforcement staff time in the field to provide education and increase public safety. This will be measured by an increase in the frequency of field contacts.

This decision package affects Results Washington Goal 4: Healthy and Safe Communities, and Goal 5: Efficient, Effective and Accountable Government. Maintaining a data warehouse allows the agency to be more transparent and accountable by making information and data accessible to the public and the status of applications accessible to the licensee. The new solution provides increased efficiency due to reduced license processing times, allowing customer access to information on line for status and payment, and allowing enforcement officers to access information on mobile devices, resulting in more time spent in the field. Customer satisfaction will increase as will employee satisfaction allowing the WSLCB to become an “employer of choice”. Routine administrative follow-up and responses to client status queries is minimized through a combination of automation and customer self-services.

Performance Measure detail:

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

Population Served: Liquor, Marijuana and Tobacco Licensees

Expected impact:

- 100% increase in online services; licensees will now be able to complete the following via online interaction with WSLCB licensing and enforcement case management system (LECMS):
 - Complete the license application process
 - View and respond to WSLCB requests and inquiries
 - View case/transaction history
 - Modify endorsements and privileges
 - View and print copies of licenses, endorsement and privileges
- Reduction in fees paid by licensees for reprinting copies of licenses, endorsements and privileges (from \$5 to \$0);
- Reduced time to service by 25-100%
 - 25% for license issuance
 - 100% for reprinting licenses, endorsements and privileges
- Increase the percentage of time that Liquor Enforcement Officers (LEO) are able to spend with licensees on education to reduce violations and increase public safety by reducing percentage of time LEOs spend on administrative work.

Population Served: Residents and Non-Residents Requesting Public Records

- Increase accuracy of records produced using best available Enterprise Content Management System (ECMS) technology;
- Reduce the number of days required to respond to public record requests due to increased electronic data that can be searched more quickly than hard-copy records;

Increase the amount of unprotected data (Category 1 & 2) that is available online thereby reducing the need for public records requests.

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	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

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

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

The integrated software solution is mission critical. Continued use of the solution is dependent upon obtaining the annual licensure.

What are the consequences of not funding this request?

A substantial investment is being made in the integrated software solution. Not funding the ongoing fees for the solution would likely have an adverse impact on agency customers and services as the costs would be paid from the current appropriation, potentially leading to layoffs and decreased service levels.

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

The ongoing costs are too significant for the agency to address within the current appropriation without defunding FTE's.

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.)

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
Software License Subscription	\$340,236	\$340,236	\$277,644	\$280,421
Total Cost	\$340,236	\$340,236	\$277,644	\$280,421

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: 195 Liquor and Cannabis Board

Decision Package Code/Title: M3 - AGO Additional ESSB 5052 Funding

Budget Period: 2017-19 Biennial Budget

Budget Level: Maintenance Level

Agency Recommendation Summary Text: The Attorney General’s Office (AGO) requests additional funding to provide legal support to the Liquor and Cannabis Board in their administration of cannabis laws and regulations as outlined in the Cannabis Patient Protection Act (ESSB 5052, Ch 70, Laws of 2015). The implementation workload peak did not occur in the 2015-17 Biennium as anticipated in the published fiscal note. It is now expected to peak in the 2017-19 Biennium. In addition, case volumes and workloads are far more extensive and complex than originally assumed requiring additional time and resources. The WSLCB is requesting additional authority to mirror the AGO’s request.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 315-1	\$689,000	\$689,000	\$280,000	\$280,000
Total Cost	689,000	689,000	280,000	280,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	689,000	689,000	280,000	280,000

Package Description

The Attorney General’s Office (AGO) provides legal services to the Washington State Liquor and Cannabis Board (“Board”) for certain licensing hearings and for the enforcement of the laws and regulations governing cannabis. When the Cannabis Patient Protection Act (ESSB 5052, Chapter 70, Laws of 2015) was passed, the AGO used a set of assumptions about workload and case volumes that turned out, in retrospect, to be too low. Therefore the AGO is asking for additional authority to bill the Board for these higher costs. This request is to provide funding for the Board to pay those costs.

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. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

The base budget is composed in part of funding associated with I-502 and that associated with ESSB 5052.

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

The Office of the Attorney General (AGO) requests \$689,000 per fiscal year in the 2017-19 Biennium for additional staff of 5.60 FTE (Assistant Attorney General, Legal Assistant 2), and agency administration support FTEs. After the 2017-19 biennium, the need drops to 2.30 FTE's (and \$280,000 per year)

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.

The AGO assumes there will be a greater level of protection to the public in timely addressing the Board litigation needs to ensure marijuana retailers are operating legally.

Performance Measure detail:

Relationship to Results Washington:

- Goal 4 – Healthy and Safe Communities
- Goal 5 – Efficient, Effective, and Accountable Government

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

The Board and the citizens of Washington will be affected by this request. The AGO currently estimates 1,100 existing medical dispensaries. Funding this request provides resources to protect the public by enforcing the denial of retail licenses and by enforcing the laws and regulations surrounding cannabis.

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?	Yes	Protection of consumers by enforcing the denial of retail licenses and the laws and regulations surrounding cannabis.
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	Yes	Liquor Cannabis Board (LCB), Department of Health (DOH) & Department of Social and Health Services (DSHS)
Responds to specific task force, report, mandate or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

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

The Department of Health (DOH) adopts rules and maintains a parallel data base for medical marijuana.

The Department of Social and Human Services (DSHS) runs abuse prevention programs for vapor and marijuana enforcement efforts.

The Board is the primary client in licensing and enforcing laws and regulations concerning cannabis.

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

Per the AGO, the Board has experienced an increased need for legal services since late 2011 following the passage of Initiative 1183, and again in 2013 after the passage of Initiative 502 (the legalization of recreational marijuana). Both of these initiatives created a tremendous demand for services to implement the laws and defend constitutional and other legal challenges. The AGO has defended numerous lawsuits challenging the Board's implementation of these laws, responses to public record requests relating to the implementation, and both licensing and enforcement actions. This option was chosen as the AGO does not have additional capacity to meet the new legal needs of the Board.

What are the consequences of not funding this request?

If this request is not funded, the AGO will be unable to fully support the enforcement actions required to implement 2SSB 5052, which requires litigation against license applicants whose applications are denied and licensed businesses who violate laws and rules. Delaying legal services significantly impairs the AGO's ability to adequately support the licensing and regulation of marijuana. This could lead to more litigation, reduced compliance and the need for legal advice to address the results or consequences that a timely legal review and case processing could have averted.

Delaying legal services will result in increases in future legal cost, decreased efficiency of enforcement to support this bill, and a substantial risk to the public.

Failure to fund this request will result in a significant decrease in legal advice and representation to the Board.

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

There are not sufficient funds allocated to Board to support the necessary legal services in order to enable the AGO to continue to provide the Board and its staff with essential legal support, especially considering the new demands of licensing and regulating recreational and medical marijuana, as well as vapor products. The AGO and Board cannot accommodate these increasing needs without additional resources and support.

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 

2017-19 Biennium Budget Decision Package

Agency: 195 Liquor And Cannabis Board

Decision Package Code/Title: M4 - Vapor Product Expenditure Authority

Budget Period: 2017-2019

Budget Level: ML - Maintenance Level

Agency Recommendation Summary Text: The Washington State Liquor and Cannabis Board is requesting an increase of \$250,863 in General Fund-State funding above the 2017-19 carryforward level to match the fiscal note for SSB 6328 “Vapor Products.” Without this increase in authority, the Board will be unable to fully implement the enforcement of the vapor products legislation.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1	\$144,344	\$106,519	\$106,519	\$106,519
Total Cost	49,304	46,391	46,391	46,391
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	3.4	3.4	3.4	3.4
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	188,402	188,402	188,402	188,402
Obj. B	76,156	76,156	76,156	76,156
Obj. E	28,368	(27,725)	(27,725)	(27,725)
Obj. G	(3,040)	(3,040)	(3,040)	(3,040)
Obj. J	(69,750)	(75,100)	(75,100)	(75,100)
Obj. S	(75,792)	(52,174)	(52,174)	(52,174)

Package Description

SSB 6328 was passed in the 2016 legislative session, creating a regulatory and enforcement framework for the distribution and sale of vapor products sold within the state. The Department of Health (DOH) is charged with creating InterAgency Agreements (IAA) with the Liquor and Cannabis Board (“Board”) to pay for the licensing and enforcement costs; the Board incurs the costs and then is reimbursed by DOH from the revenues generated from the license fees and penalties.

However, the anticipated revenue associated with this bill was not enough to cover the costs of implementing and enforcing this bill, so \$260,000 in General Fund funding was requested by the

Board for FY 2017 to make up the difference. The carryforward budget level for the Board contains this \$260,000 in each year of the budget. However, the Board needs more than this amount in FY 2018 and ongoing as FY 2017 was a partial year (costs beginning in October 2016) and full implementation does not take place until FY 2018.

In the fiscal note for SSB 6328, the Board assumed the following costs:

- FY17: **\$260,000** in General Fund-State (all costs begin October 2016 except where noted)
 - 4 LCB Enforcement Officers for Youth Access
 - .5 FTE Forms & Records Analyst for public records workload
 - 1.5 FTE in investigative aides
 - 2 LCB Enforcement Officers for Internet Sales (begin Jan 2017)
 - Program Specialist 2 staff time for processing applications
 - Miscellaneous costs (buy money, background check costs, certified mailings)
 - Attorney General costs - \$44,285

- FY18: **\$378,895** in General Fund-State
 - 4 LCB Enforcement Officers for Youth Access
 - .5 FTE Forms & Records Analyst for public records workload
 - 1.5 FTE in investigative aides
 - 2 LCB Enforcement Officers for Internet Sales
 - Program Specialist 2 staff time for processing applications
 - 1 Office Assistant for support (begin July 2017)
 - Miscellaneous costs (buy money, background check costs, certified mailings)
 - Attorney General Costs - \$90,679

- FY19+: **\$342,241** in General Fund-State
 - 4 LCB Enforcement Officers for Youth Access
 - .5 FTE Forms & Records Analyst for public records workload
 - 1.5 FTE in investigative aides
 - 2 LCB Enforcement Officers for Internet Sales
 - Program Specialist 2 staff time for processing applications
 - 1 Office Assistant for support (begin July 2017)
 - Miscellaneous costs (buy money, background check costs, certified mailings)
 - Attorney General Costs - \$35,850

In addition, the published fiscal note for SSB 6328 was completed before the final version of the bill passed. The final version of the bill contained some additional workload requirements for the Attorney General's Office (AGO). The AGO is requesting funding to cover these costs, and will be billing the Board. The Board has increased its request to match the AGO.

- The fiscal note also assumed in AGO costs:
 - FY17: \$44,285
 - FY18: \$90,679
 - FY19+: \$35,850

- The AGO's revised assumptions are:
 - FY17: \$44,000
 - FY18: \$116,000
 - FY19+: \$60,000

As a side note, the argument can be made that these general fund appropriations could be replaced by marijuana account appropriations.

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. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Net assumed costs by the Board (to be covered by General Fund-State):

- FY18: \$404,344 (\$1,014,136 actual with \$609,792 reimbursed by DOH)
- FY19: \$366,519 (\$952,693 actual with \$586,174 reimbursed by DOH)
- FY20: \$366,519 (\$952,693 actual with \$586,174 reimbursed by DOH)
- FY21+: \$366,519 (\$952,693 actual with \$586,174 reimbursed by DOH)

Variance from carryforward level of \$260,000 per year in General Fund-State:

- FY18: \$144,344
- FY19: \$106,519
- FY20: \$106,519
- FY21+: \$106,519

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

In the fiscal note for SSB 6328, the Board assumed the following staffing levels:

- FY17 (all costs begin October 2016 except where noted)
 - 4 LCB Enforcement Officers for Youth Access
 - .5 FTE Forms & Records Analyst for public records workload
 - 1.5 FTE in investigative aides
 - 2 LCB Enforcement Officers for Internet Sales (begin Jan 2017)
 - Program Specialist 2 staff time for processing applications
- FY18+
 - 4 LCB Enforcement Officers for Youth Access
 - .5 FTE Forms & Records Analyst for public records workload
 - 1.5 FTE in investigative aides
 - 2 LCB Enforcement Officers for Internet Sales
 - Program Specialist 2 staff time for processing applications
 - 1 Office Assistant for support (begin July 2017)
- The fiscal note also assumed in AGO costs:
 - FY17: \$44,285
 - FY18: \$90,679
 - FY19+: \$35,850
- The AGO's revised assumptions are:
 - FY17: \$44,000
 - FY18: \$116,000

- FY19+: \$60,000

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.

Approving this decision package will assist the agency in meeting the Governor's Results Washington Goal 4 "Healthy & safe communities" by allowing the agency to fully implement the enforcement and licensing efforts outlined in the fiscal note for SSB 6328.

Performance Measure detail:

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

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	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	Yes	The reimbursements to the General Fund come from the Department of Health's "Youth Tobacco and Vapor Products Account."
Responds to specific task force, report, mandate or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

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

To the extent that revenue generated from license fees and penalties associated with SSB 6328 are available, the reimbursements to the the Board’s General Fund-State expenditures come from the DOH’s “Youth Tobacco and Vapor Products Account.”

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

No alternatives were explored.

What are the consequences of not funding this request?

If this request is not approved, the agency will be constrained to the current carry-forward level of funding, severely hampering the agency’s ability to properly enforce the vapor product licensing regulations.

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

The agency can not address the issue within its current appropriation level as this is all new work.

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.)

2017-19 Biennium Budget Decision Package

Agency: 195 Liquor and Cannabis Board

Decision Package Code/Title: M5 – Microsoft O365 Volume Licensing

Budget Period: 2017-19 Biennial Budget

Budget Level: Maintenance Level

Agency Recommendation Summary Text: The Washington State Liquor and Cannabis Board is seeking funding needed to upgrade the Microsoft Enterprise Volume Licensing Agreement from a standard software product licensing model to an online software service licensing model. This will allow the agency to position itself to take advantage of “Cloud First” strategies.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 315-1	28,500	9,500	9,500	9,500
Fund 501-1	121,500	40,500	40,500	40,500
Total Cost	150,000	50,000	50,000	50,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	150,000	50,000	50,000	50,000

Package Description

- Within the next two years, the State of Washington is anticipated to move to the Microsoft Office 365 (“O365”) online software services licensing model. To ensure alignment with the State’s licensing model, an upgrade of our current licensing model is necessary. O365 will position the State and the Washington State Liquor and Cannabis Board (“agency”) to take advantage of Microsoft Services related to the Cloud allowing agencies to explore Cloud first strategies as a way to reduce overall costs of services such as backup storage, virtual hosting, etc.
- The agency’s Information Technology Services Division (ITSD) is conducting a readiness assessment and gap analysis to determine what changes might be needed to the procurement process, capacity of current hardware to support the transition and potential impacts to service delivery. A work plan will emerge to ensure that the agency’s transition to O365 has minimal impacts to the agency.

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. Please include annual expenditures

and FTEs by fund and activity (or provide working models or backup materials containing this information).

This proposal changes the current standard Microsoft software purchasing model to an online software service licensing model.

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- Onetime upgrade fee of \$100,000.
- Ongoing annual cost of \$50,000 for the increased software licensing fees.

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.

If implemented, it is anticipated that the shift to utilizing Office 365 will help the agency meet the Governor's Results Washington Goal 5 "Efficient, effective & accountable government" by allowing the agency to take advantage of cloud services, thereby reducing overall cost of services.

Performance Measure detail:

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

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	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

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

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

None.

What are the consequences of not funding this request?

The agency would not be in alignment with the State's Microsoft Licensing model and would not be able to take advantage of services that WaTech offers.

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

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.)

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
Upgrade fee	100,000			
On-going software licensing fees	50,000	50,000	50,000	50,000
Total Cost	150,000	50,000	50,000	50,000

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: 195 Liquor and Cannabis Board

Decision Package Code/Title: M6 – Private-Local Authority Increase

Budget Period: 2017-19 Biennial Budget

Budget Level: Maintenance Level

Agency Recommendation Summary Text: The Washington State Liquor and Cannabis Board is requesting additional private/local authority to allow for flexibility in creating agreements with private companies or local governments to pay for LCB enforcement officer overtime (such as security for a concert event).

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-7		\$25,000		\$25,000
Total Cost		25,000		25,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-7		25,000		25,000
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A		16,250		16,250
Obj. B		8,750		8,750

Package Description

From time to time, local governments and private entities request Washington State Liquor and Cannabis Board (“agency”) officers to work overtime for events, such as a concert or providing training. When these agreements are carried out, the receipts from the private/local entities are treated as revenue, not reimbursement of expenditures, so the agency needs offsetting expenditure authority to match. Currently there is \$25,000 in private/local funding in FY1 of each biennium. This request is to increase the total available authority to \$25,000 per year.

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. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

N/A

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

Fiscal Year 2016 private/local authority utilized was just over \$14,000. We anticipate that \$25,000 per year will be sufficient to cover the need for private/local authority.

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.

Approving this package will contribute to the agency's efforts toward the governor's Results Washington goals below:

- Goal 4 "Healthy and Safe Communities" – allowing the agency to respond to the safety and training concerns that private/local entities have surrounding responsible liquor, marijuana, tobacco, and vapor product consumption at events or on licensed premises.
- Goal 5 "Efficient, effective & accountable government" - allowing the agency to serve the needs of private/local entities in an efficient, financially responsible manner.
-

Performance Measure detail:

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

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	
Other local gov't impacts?	Yes	Implementing this package will allow the agency to have appropriation authority to be able to respond to local government requests for agency officer overtime.
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

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

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

None.

What are the consequences of not funding this request?

The agency would be required to submit unanticipated receipts for each contract that is negotiated between the agency and private/local entities for officer overtime, a cumbersome process that cannot be used during legislative sessions.

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

The agency cannot use existing operational authority to permit officers to work overtime on non-agency projects, therefore utilizing existing appropriation is not an option.

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.)

2017-19 Biennium Budget Decision Package

Agency: 195 Liquor and Cannabis Board

Decision Package Code/Title: P1 - Traceability System Replacement

Budget Period: 2017-19 Biennial Budget

Budget Level: Performance Level

Agency Recommendation Summary Text: The Washington State Liquor and Cannabis Board is seeking funding to replace the agency’s Marijuana Traceability system. The current Traceability System struggles to meet agency and customer requirements. The current system was established prior to the beginning of sales to the recreational and medical marijuana market, and the growth in the market and the maturation of the state and agency’s technical requirements require either a rebuild of the current system or a replacement. In addition, the existing system is not ADA Section 508 compliant nor could it pass a WaTech security design review.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 315-1	\$2,376,191	\$884,862	\$884,862	\$884,862
Total Cost	2,376,191	884,862	884,862	884,862
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	3.0	3.0	3.0	3.0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	254,448	254,448	254,448	254,448
Obj. B	82,164	82,164	82,164	82,164
Obj. C	1,475,000			
Obj. E	548,169	547,890	547,890	547,890
Obj. J	16,410	360	360	360

Package Description

The Washington State Liquor and Cannabis Board (“agency”) utilizes a seed-to-sale tracking system (“Traceability System”) to track the production, processing, and retail sale of each marijuana product as it moves through the state’s regulated recreational/medical marketplace. The existing solution struggles to meet agency and customer requirements.

The current traceability system contract was established prior to the implementation of Washington’s legalized recreational marijuana market place and the maturation of the state and agency’s technical requirements for Commercial-Off-The-Shelf (“COTS”)/Software-as-a-Solution (“SaaS”) solutions. The significant overhaul of the requirements will require either a

rebuild of our existing solution (if our current provider is the apparent successful vendor) or the replacement of our existing solution.

The existing traceability system is not ADA Section 508 compliant, is not integrated with Secure Access Washington, nor would it pass a WaTech security design review. To resolve these deficiencies would require significant enough change requests to warrant a new competitive procurement process.

In addition, the cost model of our existing solution did not anticipate staff support of the system. Rapid changes in law and rule, along with new integrations and report development, necessitate a full time business/system analyst, a systems administrator, and an application developer. The agency will be seeking additional funds to support these functions during the project and ongoing maintenance of the system.

The leading traceability COTS/SaaS providers in the market place now utilize a cost-sharing model to finance implementation and subscription services. As such, the agency expects costs will be limited to project management, independent quality assurance and staff costs throughout the planning, procurement and implementation phases of this project. In the event that there are additional vendors in the market that charge an annual subscription fee, we are seeking \$1,000,000 for implementation services and \$770,000 for annual licensing. This calculation is based on the assumption that subscription fees will be approximately \$40 per month for the 1,600 licensed producers, processors and retailers. Using this assumption, the subscription fees would be paid by the agency and would not be passed on to the users of the system.

There is an existing funding for maintenance of \$230,000 per year for the current system, which can be used for the new system. This makes the net annual licensing request \$540,000 per year ongoing.

We will be requesting dedicated Marijuana funds for this effort.

The project start date is September 2016. The current contract expires October 2017, which required that the agency begin work on this project immediately. The project is anticipated to take no more than twelve months for planning and implementation.

The agency has already initiated market analysis and will hold a vendor forum in early October 2016 to determine if the list of known business and functional requirements, as well as the standard state technical and security requirements can be met in a highly configurable SaaS solution.

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. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

The current traceability system was funded for \$230,000 per year in the 15-17 operating budget for ongoing vendor software maintenance. The existing system does not have any dedicated Information Technology staff resources.

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- One-time project costs of \$2,031,329:
 - \$750,000 for expert project management vendor (\$375,000 will be paid by the agency in FY17 due to needing to hire this position as soon as possible; \$375,000 is assumed to be part of this decision package)
 - \$200,000 for independent quality assurance vendor (\$100,000 will be paid by the agency in FY17 due to needing to hire this position as soon as possible; \$100,000 is assumed to be part of this decision package)
 - \$1,000,000 for SaaS implementation services (analysis, configuration, testing, implementation and training)
 - \$540,000 net initial software licensing.
 - \$16,329 in one-time staff onboarding costs.
- Ongoing annual costs of \$884,862
 - Ongoing annual net cost of \$540,000 for annual software licensing and maintenance.
 - Ongoing annual cost of \$114,954 (with \$5,443 in one-time costs in FY18) for Information Technology Specialist 5 (ITS5) business/system analyst beginning 7/1/2017 to serve as technical system expert and support frequent system configuration changes which will include elicitation of requirements, documenting changes to the System and designing test scenarios to ensure the continuity of services prior to patch and system change releases.
 - Ongoing annual cost of \$114,954 (with \$5,443 in one-time costs in FY18) for ITS5 systems administrator beginning 7/1/2017 to serve as technical system expert and conduct frequent system configuration changes. This position will serve as the liaison between the vendor, the hosting solution, WaTech, infrastructure services and internal customers.
 - Ongoing annual cost of \$114,954 (with \$5,443 in one-time costs in FY18) for ITS5 Application Developer to build integrations with internal and external systems as well as develop and maintain a dynamic reporting portal used to identify areas of non-compliance as well as publish open data.

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.

- Number of Change Requests submitted to vendor (decreased)
- Number of Defects submitted to vendor (decreased)
- Number of licensee support calls (decreased)
- Percent of time Examiners spend on policy analysis and consultation (increased)
- Percent of time Examiners spend on data analysis (decreased)
- Percent of time Examiners spend investigating system issues (decreased)
- Percent of Category 1 and 2 data available for public consumption (increased)
- Number of public records requests (decreased)
- Data provided through the agency licensing and enforcement system will match data derived from the Traceability system
- Traceability solution is ADA compliant
- Traceability solution can pass WaTech Security Design Review

Throughout the planning phase, the agency will seek customer input to baseline licensee administrative time and customer satisfaction as an additional measure.

It is further anticipated that the successful implementation of this project will contribute to the Governor's Results Washington Goals 4 and 5:

- Goal 4: "Healthy and Safe Communities" – a successful traceability system allows the agency and licensees to reliably account for all marijuana products within the state's marijuana regulatory system, helping to prevent diversion of product to the black market, and other illegal activity that could jeopardize the health and safety of the citizens of this state.
- Goal 5: "Efficient, effective & accountable government" – a successful traceability system allows the agency and licensees to efficiently and reliably meet reporting requirements of the agency, the legislature, and the citizens of this state.

Performance Measure detail:

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

Population Served: Marijuana Producers, Processors, Retailers, Transporters and Testing Labs

Expected impact:

- 100% increase in technical support for licensed entities with third-party point-of-sale and inventory software that requires integration with the state-selected Traceability system. The existing contract and staff support model does not currently provide for technical support for these entities. It is assumed that this lack of support negatively impacts licensee compliance with reporting requirements.
- Improved security and authentication. The new system will be required to integrate with Secure Access Washington online services providing for two-factor authentication and single sign-on.
- The new system will be required to have an easy to navigate standard user interface and common business rules, reducing licensee confusion and, therefore, the need to contact WSLCB and/or the vendor for technical assistance.
- Improved compliance with state laws and rules. The new solution is expected to allow licensees to be within compliance with state regulations and the system would be flexible and responsive to changes in the marketplace and regulations.
- Increase the percentage of time that Marijuana Examiner staff are able to spend with licensees on education to reduce violations and increase public safety. Currently the majority of Examiner time is spent on developing compliance reports, conducting system testing and liaising between the software vendor and licensees.

Population Served: Residents and Non-Residents Requesting Public Records

- Reduce the number of days required to respond to public record requests due to increased electronic data that can be searched more quickly than hard-copy records;
- Increase the amount of unprotected data (Category 1 & 2) that is available online thereby reducing the need for public records requests.

Population: Federal, state and local jurisdictions reliant on Traceability data

- Increase time to service for new interface development. The new system will be required to have a web-service that can be configured by agency resources to electronically exchange data with jurisdictions requiring Traceability information.

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?	Yes	Traceability system data is used by county governments
Other local gov't impacts?	Yes	Traceability system data is used by cities and other local jurisdictions.
Tribal gov't impacts?	Yes	Licenses owned by tribal entities use the Traceability system to report product movement and sales.
Other state agency impacts?	Yes	The Traceability system will integrate with the AGR for product potency and pesticide testing.
Responds to specific task force, report, mandate or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	Yes	The existing contract for the agency's Traceability system will need to be rebid.
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

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

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

The agency consulted with DES and the AAG to determine if the necessary architectural and business requirements could be added to the existing system with a contract amendment. The consensus was that the level of change would significantly change the scope of the contract and, therefore, must be re-bid in order to satisfy procurement rules. The agency cannot utilize the system as designed in that it violates data security and SOA architecture policies enforced by the Office of the Chief Information Officer.

What are the consequences of not funding this request?

If this effort is not funded, the agency will need to fund it out of the agency’s current appropriation, potentially resulting in layoffs and decreased service levels.

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

These costs are significant and cannot be addressed within current appropriation without defunding staff or other systems currently utilized.

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

- Traceability System Replacement Concept Briefing Document.

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
System implementation/licensing	1,000,000			
On-going system license fees	540,000	540,000	540,000	540,000
Project Management Vendor	375,000			
Quality Assurance Vendor	100,000			
Business/Systems Analyst (ITS5)	120,397	114,954	114,954	114,954
Systems Administrator (ITS5)	120,397	114,954	114,954	114,954
Application Developer (ITS5)	120,397	114,954	114,954	114,954
Total Cost	2,376,191	884,862	884,862	884,862

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.

Appendix B: Concept Briefing Document Template

(See OCIO Policy 121- IT Investment Approval and Oversight)

OCIO Log Number:

Email this Document To:
ocioconsultants@wa.gov

0	<p>Tentative Project Title: Marijuana Seed to Sale Traceability System</p> <p>Will this concept lead to a decision package submittal to OFM for the upcoming budget cycle? Yes</p> <p>Preliminary Oversight Assessment: Level 3</p>
1	<p>Agency Name: Washington State Liquor and Cannabis Board Contact Name: Mary Mueller</p> <p style="text-align: right;">Phone No. and E-mail: 360.664.1618 mary.mueller@lcb.wa.gov</p> <p>If known: Project Manager Name/Title: TBD Executive Sponsor Name/Title: Peter Antolin, Deputy Director Phone No.: 360.664.1671 Business Owner Name/Title: Tim Gates, Marijuana Examiner Phone No.: 360.664.1754 Program Administrator</p>
2	<p>Describe the business problem the agency is trying to solve with this project: (100 word max): WSLCB's existing Marijuana Traceability solution struggles to meet agency and customer requirements. The current traceability system contract was established prior to the implementation of Washington's legalized recreational marijuana market place and the maturation of the state and agency's technical requirements for COTS/SaaS solutions. The significant overhaul of the requirements will require either a rebuild of our existing solution (if our current provider is the ASV) or the replacement of our existing solution.</p> <p>Extremely long latency times when pulling data from the system have created workload and data analysis issues. The system often lags and/or crashes if we try to pull too large of a data set. The system treats all data in a passive format and does not include any active data analysis tools.</p> <p>Efforts to identify and analyze shifting product in the marketplace is hampered by the reporting capabilities of our current system. Examiners must use Excel to analyze data rather than a dynamic reporting solution that can process large amounts of data. A more robust reporting solution must be developed in order to prevent diversion and protect public safety. Examiners spend a significant amount of their time building reports and analyzing data rather than providing the value-added consulting services to licensees for which their positions were designed. The impetus for public safety and the directive for market success require faster and more powerful analytical tools than made available by the current system.</p> <p>The system is passive in nature. The system does not notify agency staff about compliance, tax, or financial issues. Staff must mine the system and perform data forensics and analysis on a complaint driven basis.</p> <p>The existing traceability solution is not ADA Section 508 compliant nor could it pass a WaTech security design review. To make it so would require significant enough change requests to warrant a new competitive procurement process.</p>

3	<p>Please describe any additional relevant factors that further motivate this project, such as legislation or a financial analysis.</p> <p>The cost model of our existing solution did not anticipate staff support of the system. Rapid changes in law and rule, along with new integrations and report development, necessitate a full time business/system analyst and a systems administrator. The agency will be seeking additional funds to support these functions during the project and M&O of the system.</p> <p>The current system is not easily customizable or adaptable to changes in rule, law, or business needs of WSLCB, DOH, DOR, and licensees. The marijuana market is evolving quickly, and the inability of the system has created inefficiencies in the market place, adding unnecessary regulatory costs to the licensed community.</p>
4	<p>Describe likely funding scenarios for this project: The leading traceability COTS/SaaS providers in the market place now utilize a cost-sharing model to finance implementation and subscription services. As such, the WSLCB expects costs will be limited to project management, independent quality assurance and staff costs throughout the planning, procurement and implementation phases of this project. In the event that there are additional vendors in the market that charge an annual subscription fee, we are seeking \$1,000,000 for implementation services and \$770,000 for annual licensing. This calculation is based on the assumption that subscription fees will be approximately \$40 per month for the 1,600 licensed producers, processors and retailers. We will be requesting dedicated Marijuana funds for this effort.</p>
5	<p>Estimated Range of Project Cost: More than \$2m and less than \$3 million</p> <p>Estimated 5-year Maintenance Cost: More than \$1.25m and less than \$5m</p> <p>Estimated Range of Total Lifecycle Cost: More than \$3.25m and less than \$8m</p>
6	<p>If there is a hoped-for Project Start Date, please note it here: 9/2016 – the 10/2017 contract close of our existing contract will require WSLCB to start on this project immediately.</p> <p>Estimated Project Duration in Months: no more than twelve months for planning and implementation.</p>
7	<p>Describe performance outcomes and how they will be measured.</p> <ul style="list-style-type: none"> - Number of Change Requests submitted to vendor (decreased) - Number of Defects submitted to vendor (decreased) - Number of licensee support calls (decreased) - Percent of time Examiners spend on policy analysis and consultation (increased) - Percent of time Examiners spend on data analysis (decreased) - Percent of time Examiners spend investigating system issues (decreased) - Data provided through the WSLCB licensing and enforcement system will match data derived from the Traceability system - Traceability solution is ADA compliant. - Traceability solution can pass WaTech Security Design Review. <p>Throughout the planning phase, WSLCB will seek customer input to baseline licensee administrative time and customer satisfaction as an additional measure.</p>
8	<p>What discovery or market analysis will the agency do to inform the technical solution? (Survey other agencies/states, RFI, RFQ, Feasibility Study, etc.):</p> <p>WSLCB has already initiated market analysis. We will hold a vendor forum in early October to determine if the list of known business and functional requirements, as well as the standard state technical and security requirements can be met in a highly configurable SaaS solution.</p>

9	<p>Will this project deliver customer-facing value? If so, please describe that value and at approximately what point in the Project Duration that value will be delivered. In your response, please describe who the primary customer is: Yes, licensees are regularly being made to be out of compliance with state marijuana regulations due to the lack of configurability in the existing system. The number of change requests that need to be developed and tested by the vendor are making it impossible for them to deliver the changes in a timely manner.</p>
10	<p>Describe how this concept aligns with the State IT Strategic Objectives:</p> <ul style="list-style-type: none"> - Reduces risk to the agency's infrastructure and constituent data by enforcing state data and system security standards. - Allows WSLCB to integrate our Traceability system with Secure Access Washington. - WSLCB will require a COTS or SaaS solution to reduce dependence on hardware and take advantage of economies of scale. - Increases access to reporting portal for all licensees, no longer limiting service hours, platforms, browsers, operating systems. The new solution will be a mobile and available solution. - The new solution will be de-coupled and supported by a web-service or API that allows WSLCB staff to build integrations with internal and external data sources and systems. - Supports business process improvement; reducing manual processes and focusing staff resources on value-added services to licensees; a highly-configurable system will enable the WSLCB licensing, enforcement and marijuana examiner units to continue to seek process improvements without requiring significant investments in hard-coded changes to the system. - Reduces project risk by planning for professional project management and independent quality assurance services to deliver the project on schedule, on budget and within scope. - Improves licensee services, ease of licensee system use, and drastically reduces opportunities for licensees to be out of compliance with marijuana batch reporting and transport rules/laws. - Provides much-needed technical support to third-party point-of-sale and inventory reporting software providers. - Will allow WSLCB to reset data management standards for the system, requiring a regularly updated data dictionary with WSLCB-standard data descriptions to provide common vocabulary across all systems. This will provide WSLCB the opportunity to both increase the amount of disclosable data provided through mechanisms like data.wa.gov as well as improve data integrity.
11	<p>Agencies are expected to utilize CTS and DES applications and services when appropriate and/or mandated by legislation. What is the status of your consult with CTS? With DES? Ticket has been submitted to obtain a consultation and quote for services.</p>
12	<p>What are the biggest concerns about the project at this point in time? Primarily, funding for implementation and the ongoing maintenance and operation costs. Due to the contract end date and the need for significant changes in the system in order to meet state security and accessibility requirements, the project's planning and procurement phases must be initiated now using operating funds (IT is shifting projects scheduled for this biennium to next in order to free up dollars). We are risking those funds and efforts expended this biennium if this project is not approved for next biennium. In contrast, if we do not initiate the project now, we risk remaining out of compliance with OCIO policy, RCW and WAC as well as maintaining processes that are inefficient and risk data integrity and security for our customers.</p>

	<p>OCIO NOTES Meeting Date: / /</p> <p>Comments:</p>
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2017-19 Biennium Budget Decision Package

Agency: 195 Liquor and Cannabis Board

Decision Package Code/Title: P2 - Tax and Fee System Replacement

Budget Period: 2017-19 Biennial Budget

Budget Level: Performance Level

Agency Recommendation Summary Text: The Washington State Liquor and Cannabis Board is seeking funding to replace the agency’s three separate tax and fee systems with an integrated solution that will work with the agency’s new case management and traceability systems. The “Beer and Wine Tax and Fee System” and the “Spirit Fee System” are both in-house custom-built solutions that are either no longer compatible with modern operating systems or do not meet current ADA or security standards. The “Marijuana Tax System” needs to be replaced due to its connections to the current traceability system which is being replaced.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 315-1	\$423,944	\$89,376	\$89,376	\$89,376
Fund 501-1	1,807,341	381,023	381,023	381,023
Total Cost	2,231,285	470,399	470,399	470,399
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	2.0	2.0	2.0	2.0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	\$161,628	\$161,628	\$161,628	\$161,628
Obj. B	53,270	53,270	53,270	53,270
Obj. C	2,000,000			
Obj. E	5,447	255,261	255,261	255,261
Obj. J	10,940	240	240	240

Package Description

The Washington State Liquor and Cannabis Board (“agency”) currently owns and manages three separate tax and fee systems, the majority of which were developed prior to the privatization of liquor sales and the sale of marijuana to the recreational and medical markets. The agency views the updating of these three systems as a phase of the agency’s replacement of its case management system (also known as the Systems Modernization Project) and the marijuana Traceability System due to the sharing of data between the agency’s systems.

- The Beer and Wine Tax System is a custom-developed solution that is used by the agency to collect and manage the beer and wine taxes that are reported to the agency on sales and

purchases by manufacturers and distributors including direct shipments to retailers within the state. This system is not compatible with modern browsers or operating systems.

- The Spirit Fee System is used by the agency to collect and manage the spirit license issuance fees that are required to be paid by all spirit distributors, distillers and spirit retailers on in-state spirit sales. This system does not meet current ADA or security standards.
- The Marijuana Tax System is used by the agency to collect and manage the marijuana excise taxes paid at the retail level by consumers of recreational and medical marijuana purchased at the state's licensed marijuana retailers. This system is the only configurable commercial off-the-shelf ("COTS") solution, but was so tightly coupled with the agency's Marijuana Traceability System that any changes to either have significant negative impacts. In addition, the agency is asking for funding in a different decision package to replace the Marijuana Traceability System, which would require changes to this Tax System.

These tax and fee systems process a significant amount of revenue from licensee payments and the ability to accurately collect, process, and distribute this revenue could be at risk if these systems are not replaced.

FY16 collections: \$373,364,884

- Beer Tax: \$31,384,564 in taxes; \$42,371 in penalties (\$25,807,627 was distributed to General Fund-State)
- Wine Tax: \$25,011,791 in taxes; \$58,692 in penalties (\$3,863,375 was distributed to General Fund-State, University of Washington, Washington State University, Washington Wine Commission)
- Wine Assessment: \$2,318,913 (all passed through to Washington Wine Commission)
- Spirit License Issuance Fees: \$128,871,827 in taxes; \$381,807 in penalties (approx. \$34 million of this is distributed to local governments and \$70 million to General Fund-State)
- Marijuana Excise Tax: \$185,777,789 in taxes; \$305,203 in penalties

FY17 collection estimate: \$456,316,556 (figures from June 2016 forecast except as noted below)

- Beer Tax: \$29,958,715
- Wine Tax: \$23,905,083
- Wine Assessment: not forecasted but assume FY16 figure of \$2,318,913
- Spirit License Issuance Fees: \$130,367,949
- Marijuana Excise Tax: \$269,765,897

Limited development support coupled with the complexity of these three systems has resulted in a significant portion of the accounting functions being moved to Microsoft Excel-supported processes. In order to improve data integrity, increase staff efficiency, and dramatically improve services to licensees, the agency is seeking funds to procure a single, highly-configurable COTS or Software-as-a-Solution ("SaaS") tax and fee collection, licensee activity tracking, and accounting system.

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. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

This proposal would replace the three existing systems with one single, highly-configurable COTS or Software-as-a-Solution (“SaaS”) tax and fee collection and accounting system.

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- Onetime estimated system purchase costs in FY18 of \$2 million; including:
 - Estimated SaaS implementation services;
 - Project Management services;
 - Independent Quality Assurance services;
 - WSLCB operational and new FTE costs associated with planning, procurement and implementation.
- Ongoing annual cost of subscription and maintenance of the system; including:
 - Information Technology Specialist 5 (ITS 5) Business/Systems Analyst FTE (\$120,397 in FY18, \$114,954 ongoing)
 - .75 ITS4 Systems Administrator FTE (\$84,526 in FY18, \$79,083 ongoing)
 - .25 ITS4 Application Developer FTE (\$26,362 ongoing beginning in FY18)
 - \$250,000 annual subscription price (begin FY19 or after completion of project)

It is anticipated that the official start date of the project would be July 1, 2017, to last from 12-36 months. The agency plans to hire a Business/System Analyst with existing 2015-17 biennium funding to refine requirements prior to the project start date.

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.

- Customers/Licensees need only interact with a single payment and reporting system.
- Tax and Fee system is highly configurable allowing agency staff to modify tax, spirit fee & penalty rates, fee schedules, users, modify reporting frequency per customer and payment methods based on rule and legislative changes.
- System is Intuitive (tax/fee/penalty rate per specific business requirements per customer)
- Tax and Fee solution is ADA compliant.
- Tax and Fee solution can pass WaTech Security Design Review.
- System has the ability to have internal and external data input and edit data in an open period
- Ability to accept interagency payment (“IAP”) integration from other systems within and outside of agency
- Verification and validation ability
- System has the ability to close data by month
- System has the ability to add audit findings and correction after months are closed in current month

It is further anticipated that the successful implementation of this project will contribute to the Governor’s Results Washington Goal 5:

- Goal 5: “Efficient, effective & accountable government” – a successful tax and fee system allows the agency and licensees to efficiently and reliably meet reporting requirements of the agency, the legislature, and the citizens of this state.

Performance Measure detail:

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

Currently, licensees with multiple license types are made to interact with at least three separate tax and fee systems. This project will provide licensees with a single agency system to upload obligation reports, pay taxes and spirit license issuance fees, and receive up to date information on money owed. In addition, this project will allow the agency to integrate the new tax and fee system with Secure Access Washington, providing licensees with a secure single sign on solution.

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	
Other local gov't impacts?	Yes	System will calculate funds owed to local governments, which is currently calculated using a manual process.
Tribal gov't impacts?	No	
Other state agency impacts?	Yes	This System will distribute and collect data to the following agencies: WSU, UW, OST, OFM, Washington Wine Commission and data.wa.gov hosted by WaTech.
Responds to specific task force, report, mandate or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

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

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

The first two options below were explored and rejected. Doing nothing (the first option) is not a choice. The system(s) are too far out of compliance and licensees are finding it more difficult to log into the system. The second option was rejected due to the length of time that it would take to create a new in-house system. In addition, the agency has two other very significant projects going on at the same time (Traceability System and Systems Modernization Project) and the agency's IT staff does not have the additional workload capacity needed to take on new design work. The third option is presented in this decision package.

1. Make no changes to systems
 - a. Pros:
 - i. No significant change in operating or one-time costs
 - b. Cons:
 - i. Beer/Wine licensees using IE 9 or above as well as Windows 10 would continue to be unable to log into the system
 - ii. Beer/Wine and Spirits would continue to be non-compliant with state and federal Americans with Disabilities Act requirements (Section 508) and could not utilize the systems.
 - iii. Marijuana Tax obligation reporting, accounting and payment processing would need to be rebuilt as its own system due to the changes in the WSLCB Traceability system.
 - iv. Current systems are not connected to Secure Access Washington (SAW), making WSLCB out of compliance.
2. In-house development
 - a. Pros:
 - i. Leverage latest WSLCB tax and fee system, Spirits, to consolidate Beer/Wine and Marijuana
 - ii. In-house developers are familiar with business rules and needed workflows
 - b. Cons:
 - i. Spirits is not currently ADA compliant and would need a significant overhaul to come into compliance
 - ii. Spirits has not undergone a Security Design Review
 - iii. Spirits has not been engineered for integration with SAW/SEAP
 - iv. Significantly longer and more costly implementation costs (work estimation based on business, functional and technical requirements for Spirits alone was six FTEs for five years)
3. Procure a single, highly-configurable COTS or Software-as-a-Solution ("SaaS")
 - a. Pros:
 - i. Speed of project implementation (software already built by vendor)
 - ii. Ease of changes vs current solution where changes are cumbersome
 - iii. ADA, SAW, and security compliant
 - iv. Compatible with modern browsers and operating systems
 - v. Licensees able to sign on to one site (SAW) and report both beer/wine tax and spirits fee obligations in one location
 - b. Cons:
 - i. Significant cost outlay
 - ii. Project needs to coordinate with changes happening with the Traceability System and the Systems Modernization Project

What are the consequences of not funding this request?

Decisions would have to be made as to what work currently being done by the agency would need to be defunded to pay for the new system. This could mean the cancellation of either the Systems Modernization Project or Traceability system replacement.

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

These costs are significant and cannot be addressed within current appropriation without defunding staff or other systems currently utilized by the agency.

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

- Tax and Fee System Replacement Concept Briefing Document

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
System purchase fee	\$2,000,000			
On-going system maintenance	0	250,000	250,000	250,000
Business/Systems Analyst (ITS5)	120,397	114,954	114,954	114,954
.75 Systems Administrator (ITS4)	84,526	79,083	79,083	79,083
.25 Application Developer (ITS4)	26,362	26,362	26,362	26,362
Total Cost	2,231,285	470,399	470,399	470,399

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.

Appendix B: Concept Briefing Document Template

(See OCIO Policy 121- IT Investment Approval and Oversight)

OCIO Log Number:

Email this Document To:
ocioconsultants@wa.gov

0	<p>Tentative Project Title: WSLCB Tax System Replacement</p> <p>Will this concept lead to a decision package submittal to OFM for the upcoming budget cycle? Yes</p> <p>Preliminary Oversight Assessment: Level 3</p>
1	<p>Agency Name: Washington State Liquor and Cannabis Board Contact Name: Mary Mueller</p> <p style="text-align: right;">Phone No. and E-mail: 360.664.1618 mary.mueller@lcb.wa.gov</p> <p>If known: Project Manager Name/Title: TBD Executive Sponsor Name/Title: Peter Antolin, Deputy Director Business Owner Name/Title: Jim Morgan, CFO</p> <p style="text-align: right;">Phone No.: 360.664.1671 Phone No.: 360.664.1690</p>
2	<p>Describe the business problem the agency is trying to solve with this project: (100 word max): WSLCB currently manages three separate tax and fee systems, the majority of which were developed prior to the privatization of liquor sales. The state’s Beer and Wine Tax and Fee system is a custom-developed solution that is not compatible with modern browsers or operating systems. The Spirit fee system was modified from the pre-privatization custom POS system and does not meet current ADA or security standards. The marijuana tax system is the only configurable COTS solution, but was so tightly coupled with the State’s marijuana traceability system that any changes to either have significant negative impacts. Limited development support coupled with the complexity of these three systems has resulted in a significant portion of the accounting functions being moved to Excel supported processes. In order to improve data integrity, increase staff efficiency, and dramatically improve services to WSLCB licensees, the agency is seeking funds to procure a single, highly-configurable COTS or SaaS tax and fee collection and accounting system.</p>
3	<p>Please describe any additional relevant factors that further motivate this project, such as legislation or a financial analysis.</p> <p>These tax and fee systems process a large amount of revenue from licensee payments and the ability to accurately collect, process, and distribute this revenue could be at risk if these systems are not replaced.</p> <p>FY16 collections: \$373,364,884 Beer Tax: \$31,384,564 in taxes, \$42,371 in penalties (\$25,807,627 is distributed to GFS) Wine Tax: \$25,011,791 in taxes, \$58,692 in penalties (\$3,863,375 is distributed to GFS, UW, WSU, Wine Commission) Wine Assessment: \$2,318,913 (all passed on to Washington Wine Commission) Spirit License Issuance Fees: \$128,871,827, \$381,807 in penalties Marijuana Excise Tax: \$185,777,789 in taxes, \$305,203 in penalties</p> <p>FY17 collection estimate \$456,316,556 (figures from June 2016 forecast except as noted below) Beer Tax: \$29,958,715 Wine Tax: \$23,905,083 Wine Assessment: not forecasted but assume FY16 figure of \$2,318,913</p>

	Spirit License Issuance Fees: \$130,367,949 Marijuana Excise Tax: \$269,765,897
4	Describe likely funding scenarios for this project: We will be requesting dedicated Liquor and Marijuana funds for this effort.
5	Estimated Range of Project Cost: More than \$500k and less than \$2 million Estimated 5-year Maintenance Cost: More than \$2m and less than \$5m Estimated Range of Total Lifecycle Cost: More than \$2.5m and less than \$7m
6	If there is a hoped-for Project Start Date, please note it here: 7/1/2017 Estimated Project Duration in Months: 12-36 months
7	Describe performance outcomes and how they will be measured. <ul style="list-style-type: none"> - Customers/Licensees need only interact with a single payment system. - Tax and Fee system is highly configurable allowing agency staff to modify tax, spirit fee & penalty rates, fee schedules, users, modify reporting frequency per customer and payment methods based on rule and legislative changes. - System is Intuitive (tax/fee/penalty rate per specific business requirements per customer) - Tax and Fee solution is ADA compliant. - Tax and Fee solution can pass WaTech Security Design Review. - System has the ability to have internal and external data input and edit data in an open period - Ability to accept IAP integration from other systems within and outside of agency - Verification and validation ability - System has the ability to close data by month - System has the ability to add audit findings and correction after months are closed in current month
8	What discovery or market analysis will the agency do to inform the technical solution? (Survey other agencies/states, RFI, RFQ, Feasibility Study, etc.): Market analysis has been initiated. WSLCB plans to release an RFI to gain insight into available SaaS or COTS solutions that will meet our stated business, functional and technical requirements. We plan to hire a Business Analyst / System Analyst with dollars allotted internally in 15-17 for the Beer/Wine tax system upgrade to refine requirements prior to this effort.
9	Will this project deliver customer-facing value? If so, please describe that value and at approximately what point in the Project Duration that value will be delivered. In your response, please describe who the primary customer is: Yes. Currently, licensees with multiple license types are made to interact with at least two separate tax and fee systems. This project will provide licensees with a single LCB system to upload obligation reports, pay taxes and fees, and receive up to date information on money owed. In addition, this project will allow LCB to integrate our tax and fee system with Secure Access Washington, providing licensees with a secure single sign on solution.
10	Describe how this concept aligns with the State IT Strategic Objectives: <ul style="list-style-type: none"> - Reduces risk to the agency's infrastructure and constituent data by enforcing state data and system security standards. - Allows WSLCB to integrate our tax and fee system with Secure Access Washington. - WSLCB will require a COTS or SaaS solution to reduce dependence on hardware and take advantage of economies of scale. - Increases access to reporting portal for all licensees, no longer limiting service hours, platforms, browsers, operating systems. The new solution will be a mobile and available solution. - The new solution will be de-coupled and supported by a web-service or API that allows WSLCB staff to build integrations with internal and external data sources and systems.

	<ul style="list-style-type: none"> - Supports business process improvement; reducing manual processes and focusing staff resources on value-added services to licensees; a highly-configurable system will enable the WSLCB finance, audit, licensing, enforcement and marijuana examiner units to continue to seek process improvements without requiring significant investments in hard-coded changes to the system. - Reduces project risk by planning for professional project management and independent quality assurance services to deliver the project on schedule, on budget and within scope. - Improves licensee services, ease of licensee system use, and drastically reduces opportunities for licensees to be out of compliance with obligation reporting as well as tax and fee payment requirements. - Will allow WSLCB to reset data management standards for the system, requiring a regularly updated data dictionary with WSLCB-standard data descriptions to provide common vocabulary across all systems. This will provide WSLCB the opportunity to both increase the amount of disclosable data provided through mechanisms like data.wa.gov as well as improve data integrity.
11	<p>Agencies are expected to utilize CTS and DES applications and services when appropriate and/or mandated by legislation. What is the status of your consult with CTS? With DES? Ticket has been submitted to obtain a consultation and quote for services.</p>
12	<p>What are the biggest concerns about the project at this point in time? Funding for implementation and the ongoing maintenance and operation costs.</p>

	<p>OCIO NOTES Meeting Date: / /</p> <p>Comments:</p>
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2017-19 Biennium Budget Decision Package

Agency: 195 Liquor and Cannabis Board

Decision Package Code/Title: P3 - State Data Center Co-Location

Budget Period: 2017-19 Biennial Budget

Budget Level: Performance Level

Agency Recommendation Summary Text: The Washington State Liquor and Cannabis Board is requesting \$392,748 in order to move into, maintain, and operate 73 servers in the State Data Center (SDC) managed by Consolidated Technology Services (WaTech) on 7/2017. This request 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. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 315-1	\$38,267	\$36,355	\$36,355	\$36,355
Fund 501-1	163,137	154,989	154,989	154,989
Total Cost	\$201,404	\$191,344	\$191,344	\$191,344
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	201,404	191,344	191,344	191,344

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 Washington State Liquor and Cannabis Board (“Board”) plans to move 73 servers during the period of 2017 to 2018. The Board will incur one-time costs of \$201,404 amount to move these servers into the SDC and ongoing costs of \$191,344 per year amount for maintenance and operation of these servers in the SDC.

Agency Contact Information: Policy Contact: Cameron McGee (360) 664-1738 / Fiscal Contact: Colin O’Neill (360) 664-1675.

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. Please include annual expenditures

and FTEs by fund and activity (or provide working models or backup materials containing this information).

- Not Applicable

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- See attached worksheet and IT Addendum itemized cost.

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.

- 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 Board 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.
- The Board expects to reduce the number of infrastructure outages to zero. The Board’s current facility experiences regular power outages due to electrical infrastructure that have affected services to staff and customers. In addition, these outages have resulted in paying overtime wages to the Board’s Information Technology staff.

Performance Measure detail:

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

- LCB licensees will no longer be impacted by frequent system outages.

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	

Other local gov't impacts?	Yes	Identify: Local and County governments reliant on information from the hosted tax and licensing systems will no longer experience interruptions in their data receipts.
Tribal gov't impacts?	Yes	Identify: Tribal governments reliant on information from the hosted tax and licensing systems will no longer experience interruptions in their data receipts.
Other state agency impacts?	Yes	Identify: State agencies reliant on information from the hosted tax and licensing systems will no longer experience interruptions in their data receipts.
Responds to specific task force, report, mandate or exec order?	Yes	Identify: RCW 43.105.375
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	Yes	Identify: Current server room can be shrunk. Positive benefit to the net available space for Board staff.
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
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?

The Board analyzed two additional options:

1. Maintain hardware in the Board's Headquarters
 - Pros:
 - Operations and maintenance costs would not increase above current levels
 - Proximity of hardware for our server and infrastructure team
 - Cons:
 - The Board would be out of compliance with Policy 184
 - Outages would continue
 - Would not be able to take advantage of economies of scale provided by SDC services
 - State would not realize full investment potential in SDC
2. Invest in Cloud Backup Services
 - Pros:
 - Lower annual costs
 - Move toward meeting virtual hosting objectives
 - Cons:
 - Infrastructure support team needs more time to gain knowledge of provisioning in Cloud services
 - Existing hardware is still under lease agreement – wouldn't allow agency to realize full value of hardware costs

What are the consequences of not funding this request?

Agencies would not comply with state law and policy.

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

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

- State Data Center Co-Location Move Cost Estimate Template
- State Data Center Co-Location WaTech Consultation Summary

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
Facility Lease - 15 kW (3) Enclosures (\$3,000 per month, on-going)	36,000	36,000	36,000	36,000
POTS Lines for Fax Server (\$60, one-time cost, \$96 per month, on-going)	1,212	1,152	1,152	1,152
Site to Site VPN for (13) Enforcement Offices (\$2,340, per month, on-going)	28,000	28,000	28,000	28,000
WaTech Private Cloud Hosting Services \$10,516 per month, on-going)	126,192	126,192	126,192	126,192
Vendor Moving Services - (\$10,000, one-time cost)	10,000			
Total Cost	201,404	191,344	191,344	191,344

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.

Budget writers, ask your CIO:

- 1) How many devices are being moved?
- 2) When will they be moved?
- 3) How fast will this occur and what is the completion date?



Data Center Move Services

For Questions please call -

Gordon Ice (SDC colocation manager) (360) 407-8904

Sue Langen (OCIO Policy) (360) 407-8686

Estimated Move Cost Sheet

Description	Hourly Rate	# of Hours	Total	Comment
Project Management	\$ 125.00	3.00	\$ 375.00	Range (1-3 Hours)
Technician Support	\$ 85.00	27.00	\$ 2,295.00	1 man-hour per unit
Truck Hours	\$ 12.00	3.00	\$ 36.00	Minimum 3 hours, plus driving time
Packaging Materials - Anti Static bubble, shrink wrap -Per Device	\$ 25.00	5.00	\$ 125.00	
Transportation and Moving Assistance	\$ 45.00	27.00	\$ 1,215.00	Estimate 1 hour per device
Maintenance and Operations Costs			\$ 2,650.00	
Total			6696	

Maintenance and Operations Costs	Avg Cost 5 KWH	Other	\$ 1,500	7.5 KWH Full Enclosure
	Full Enclosure \$ 1,000	\$	2,000	10.0 KWH Full Enclosure
	Half Enclosure \$ 650	\$	2,500	12.5 KWH Full Enclosure

Note 1) Enclosure Rate includes the following - floor space, enclosures, power, cooling, connectivity, and physical and network security for the server, storage, and networking equipment of agencies in the SDC. This helps agencies avoid the cost and complexity of maintaining their own server rooms.

Note 2) Transportation and Moving Assistance costs could vary depending on their current distance from the SDC.

Decision Package (DP) Consultation Summary from WaTech

Service Request ticket number: 394258

Agency Contact: Mary Mueller

Based on information included in your DP and gathered during the consultation and/or document review:

- **Colocation Services:** WaTech staff completed a technical consult with LCB regarding colocation services within the State Data Center (SDC) and at Quincy. Utilization of the SDC will bring the agency into compliance with RCW 43.105.375 and maximize the use of the SDC.

Additional clarifying detail:

There will be no core networking one-time or recurring costs at SDC or at Quincy because of LCB's participation in the Network Allocation. Likewise, should LCB choose to use WaTech's managed firewall service, there will be no one-time or recurring costs for that, again due to LCB's participation in the Security Infrastructure Allocation.

If LCB decides to move their fax service as part of the SDC migration, there is a one-time fee of \$62.50 for installation and then a monthly charge of \$24, per line. These charges are reflected in the SDC Colocation estimate.

External network circuits are not covered under the Network Allocation and so charged, but LCB has included an estimate of those charges in their DP, so they are not covered in this estimate.

LCB estimated 3 enclosures for SDC and 1 for Quincy all with a power budget of 5kW. The attached estimates describe costs for those enclosures.

WaTech would be very pleased to earn LCB's business, and to promote LCB's operational success with a reliable and cost effective solution.

- **Private Cloud:** LCB also requested pricing for three different options related to the Private Cloud. Note: This service may have pricing changes in the near future. This is an estimate for budgeting purposes and as was discussed, before making a decision on using the Private Cloud, please reach out to WaTech for an estimate with current pricing.

Planning ahead: WaTech anticipates IPv6 will become the state standard within two years. Agencies may wish to identify IPv6 support as a requirement for all IT projects including application development as well as acquisitions of IT equipment, software, and cloud services.

2017-19 Biennium Budget Decision Package

Agency: 195 Liquor and Cannabis Board

Decision Package Code/Title: P4 – Disaster Recovery Solution

Budget Period: 2017-19 Biennial Budget

Budget Level: Performance Level

Agency Recommendation Summary Text: The Washington State Liquor and Cannabis Board is requesting \$372,384 for moving into and maintaining and operating 73 servers in the Quincy Data Center (QDC) managed by Consolidated Technology Services (WaTech) on 7/2017. This request will provide disaster Recovery (DR) for all line of business applications that have been deemed mission and/or business critical.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 315-1	\$35,376	\$35,376	\$35,376	\$35,376
Fund 501-1	150,816	150,816	150,816	150,816
Total Cost	\$186,192	\$186,192	\$186,192	\$186,192
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	\$186,192	\$186,192	\$186,192	\$186,192

Package Description

Part of The Washington State Liquor and Cannabis Board’s (agency) modernization effort includes the adoption of WaTech's cloud-first strategy in terms of hosting capabilities to allow continuity of operations and availability of online services in the event of outage and/or disaster. Although incremental progress is being made to upgrade or replace legacy systems and move hosting of those solutions to the cloud, the remaining solutions being hosted at the State Data Center (SDC) require a viable Disaster Recovery (DR) solution. The agency’s Information Technology Services Division (ITSD) is interested in taking advantage of WaTech's DR Co-Location Services. The agency will incur ongoing costs of \$186,192 per year amount for maintenance and operation of these servers in the Quincy Data Center (QDC).

Agency Contact Information: Policy Contact Cameron McGee (360) 664-1738 / Fiscal Contact: Colin O’Neill (360) 664-1675.

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. Please include annual expenditures

and FTEs by fund and activity (or provide working models or backup materials containing this information).

- Not Applicable

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- See IT Addendum itemized cost.

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.

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

Performance Measure detail:

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

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	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	

Other state agency impacts?	No	
Responds to specific task force, report, mandate or exec order?	Yes	RCW 43.105.375
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
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. This will strategically position the Board to take advantage of the QDC.

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

The agency analyzed two additional options:

1. Maintain Current State – No DR/Continuity of Operations (COOP) Solution
 - Pros:
 - N/A
 - Cons:
 - Would provide no COOP options for agency services

- Existing hardware used for legacy systems would be surplus while still under lease
- 2. Invest in Cloud Backup Services
 - Pros:
 - Lower annual costs
 - Move toward meeting virtual hosting objectives
 - Cons:
 - Infrastructure support team needs more time to gain knowledge of provisioning in Cloud services
 - Existing hardware is still under lease agreement – wouldn't allow agency to realize full value of hardware costs

What are the consequences of not funding this request?

The agency would continue to operate without a failover option in the event of a system outage or disaster scenario

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

The agency does not have the funds available in the current appropriation level to take advantage of WaTech's DR offering

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

- Disaster Recovery Solution Concept Briefing Document
- Disaster Recovery Solution WaTech Consultation Summary

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
WaTech Private Cloud Hosting Disaster Recovery Services (\$15,516 per month, on-going)	\$186,192	\$186,192	\$186,192	\$186,192
Total Cost	\$186,192	\$186,192	\$186,192	\$186,192

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.

Appendix B: Concept Briefing Document Template

(See OCIO Policy 121- IT Investment Approval and Oversight)

OCIO Log Number:

Email this Document To:
ocioconsultants@wa.gov

0	<p>Tentative Project Title: Quincy Co-Location Services</p> <p>Will this concept lead to a decision package submittal to OFM for the upcoming budget cycle? Yes</p> <p>Preliminary Oversight Assessment: Level 3</p>
1	<p>Agency Name: Washington State Liquor and Cannabis Board Contact Name: Mary Mueller</p> <p style="text-align: right;">Phone No. and E-mail: 360.664.1618 mary.mueller@lcb.wa.gov</p> <p>If known:</p> <p>Project Manager Name/Title: Russ Kalista, Infrastructure and Network Engineer Phone No.: 360.664.9877</p> <p>Executive Sponsor Name/Title: Mary Mueller, Chief Information Officer Phone No.: 360.664.1618</p> <p>Business Owner Name/Title: Cameron McGee, Application Support and Infrastructure Manager Phone No.: 360.664.1738</p>
2	<p>Describe the business problem the agency is trying to solve with this project: (100 word max): LCB's existing network, storage and processing are housed within a single location without a geographically diverse failover strategy. LCB has experienced three catastrophic outages in the last twelve months that have taken all network and application services offline for 8 hours or more. LCB is seeking funding for a new Disaster Recovery and Continuity of Operations (DR/COOP) solution for all business applications currently hosted on-premise that have been deemed mission and/or business critical. Please note that we have an additional request to migrate our infrastructure to the SDC; however, we will still require a DR/COOP solution, as these services are not included with co-location rates.</p> <p>Part of ITSD's modernization effort includes the adoption of WaTech's cloud-first strategy in terms of hosting capabilities to allow continuity of operations and availability of online services in the event of outage and/or disaster. Although incremental progress is being made to upgrade or replace legacy systems and move hosting of those solutions to the cloud, the remaining solutions being hosted on-premise require a viable DR solution. ITSD is interested in taking advantage of WaTech's DR Co-Location Services. To do so would require funding for the following components:</p> <ul style="list-style-type: none"> *Virtual Hosting, WaTech Infrastructure-as-a-Service PLACEHOLDER (Cost TBD); *SAN Storage (1.2K per month); *Redundant Network Circuit Installation - One (1) secondary 100 Mb ethernet connection from LCB HQ to Quincy (\$12,000 one-time cost, \$3K, per month, on-going); *Core Network Installation - Included in DR allocation *Core Network Service - Included in DR allocation *Facility Lease – (1) Half-size (21RU) 2.5 kW Enclosure (\$650, per month, on-going) *Vendor Moving Services - (\$10,000, one-time cost)

3	<p>Please describe any additional relevant factors that further motivate this project, such as legislation or a financial analysis. A cloud DR/COOP solution would be less expensive; however, the use of WaTech's DR/COOP services in Quincy would allow our limited resources to manage to a single set of standards for both our primary and backup locations.</p> <p>In addition, implementation of this solution will reduce risks and constraints identified in the agency's DR/COOP plan and comply with OCIO Policy 151 – Planning for IT Disaster Recovery and Business Resumption.</p>
4	<p>Describe likely funding scenarios for this project: We will be requesting a decision package to obtain funds from either Dedicated Liquor and/or Marijuana Funds and/or the IT Cost Pool.</p>
5	<p>Estimated Range of Project Cost: More than \$ and less than \$</p> <p>Estimated 5-year Maintenance Cost: More than \$ and less than \$</p> <p>Estimated Range of Total Lifecycle Cost: More than \$ and less than \$</p>
6	<p>If there is a hoped-for Project Start Date, please note it here: 1/2017</p> <p>Estimated Project Duration in Months: no more than twelve months for planning and implementation</p>
7	<p>Describe performance outcomes and how they will be measured.</p> <ul style="list-style-type: none"> - Number of infrastructure outages - Number of hours with disrupted services to staff and customers (availability metrics)
8	<p>What discovery or market analysis will the agency do to inform the technical solution? (Survey other agencies/states, RFI, RFQ, Feasibility Study, etc.): N/A - mandate</p>
9	<p>Will this project deliver customer-facing value? If so, please describe that value and at approximately what point in the Project Duration that value will be delivered. In your response, please describe who the primary customer is: Yes, will reduce the number of infrastructure and network outages, thereby increasing the total hours of productivity for LCB staff and available information resources for LCB customers. Will decrease number of hours that customers are without LCB services.</p>
10	<p>Describe how this concept aligns with the State IT Strategic Objectives:</p> <ul style="list-style-type: none"> - Supports state investment in Quincy Data Center - Improves DR readiness landscape
11	<p>Agencies are expected to utilize CTS and DES applications and services when appropriate and/or mandated by legislation. What is the status of your consult with CTS? With DES? Ticket has been submitted to obtain a consultation and quote for services.</p>

12	What are the biggest concerns about the project at this point in time? Funding for implementation and the ongoing co-lo fees.
----	--

	OCIO NOTES Meeting Date: / /
	Comments:

Decision Package (DP) Consultation Summary from WaTech

Service Request ticket number: 394258

Agency Contact: Mary Mueller

Based on information included in your DP and gathered during the consultation and/or document review:

- **Colocation Services:** WaTech staff completed a technical consult with LCB regarding colocation services within the State Data Center (SDC) and at Quincy. Utilization of the SDC will bring the agency into compliance with RCW 43.105.375 and maximize the use of the SDC.

Additional clarifying detail:

There will be no core networking one-time or recurring costs at SDC or at Quincy because of LCB's participation in the Network Allocation. Likewise, should LCB choose to use WaTech's managed firewall service, there will be no one-time or recurring costs for that, again due to LCB's participation in the Security Infrastructure Allocation.

If LCB decides to move their fax service as part of the SDC migration, there is a one-time fee of \$62.50 for installation and then a monthly charge of \$24, per line. These charges are reflected in the SDC Colocation estimate.

External network circuits are not covered under the Network Allocation and so charged, but LCB has included an estimate of those charges in their DP, so they are not covered in this estimate.

LCB estimated 3 enclosures for SDC and 1 for Quincy all with a power budget of 5kW. The attached estimates describe costs for those enclosures.

WaTech would be very pleased to earn LCB's business, and to promote LCB's operational success with a reliable and cost effective solution.

- **Private Cloud:** LCB also requested pricing for three different options related to the Private Cloud. Note: This service may have pricing changes in the near future. This is an estimate for budgeting purposes and as was discussed, before making a decision on using the Private Cloud, please reach out to WaTech for an estimate with current pricing.

Planning ahead: WaTech anticipates IPv6 will become the state standard within two years. Agencies may wish to identify IPv6 support as a requirement for all IT projects including application development as well as acquisitions of IT equipment, software, and cloud services.