

MEMORANDUM

TO: Joint Budget Committee

FROM: Scott Thompson, JBC Staff (x4957)

SUBJECT: Department of Revenue Comeback for “Wait Less” queuing system

DATE: March 16, 2015

On March 2, 2015, the Committee requested a letter be drafted to the Joint Technology Committee to make a recommendation related to the request from the Department of Revenue for a FY 2014-15 add-on amendment to the Long Bill to allow \$1,492,103 General Fund appropriated for procurement of the “Wait Less” queuing system to be expended through the end of FY 2015-16.

The Joint Technology Committee met on March 13, 2015 and considered the Department of Revenue request. The Joint Technology Committee recommends approving an add-on amendment to the 2014 Long Bill to provide roll-forward authority for the “Wait Less” expansion for \$1,075,700 General Fund. The Joint Technology Committee reduced the total amount appropriated in FY 2014-15 by multiplying the number of offices identified for the Wait Less system Phase II, 31, by the average cost per system \$34,700 when the Department of Revenue installed Phase I of the “Wait Less” technology it is replacing.

Also included in the Joint Technology Committee’s recommendation was the desire that the Department not scrap the kiosks and other “Wait Less” infrastructure from Phase I when it procures the new version of “Wait Less.”

Some of the reasons the Department wishes to replace the Phase I “Wait Less” machines is because the vendor who built the software is no longer in business and the Governor’s Office of Information Technology has difficulty performing regular maintenance for offices located throughout the state. The Department has also expressed concern that systems deployed in Phase II may not and probably will not be compatible with those installed during Phase I.

The Department continues to have absolutely no idea about the actual cost for the new system. The cost estimate for the appropriation in FY 2014-15 was based on the experience of the Department when it first contracted for Phase I. While staff doubts that the cost of technology has risen, staff believes it is likely that this contract will have more requirements to ensure the Department gets a system it can maintain many years. Staff is concerned that if only \$1,075,700 is rolled forward that the Department may make an advance payment of around \$400,000 to the vendor in FY 2014-15. The Department has communicated to staff that it typically does not make any upfront payments on contracts of this type, except for a nominal contracting fee in some cases.

As mentioned in the Figure Setting document for the Department of Revenue, installing the “Wait Less” technology is an important goal of the Department. It allows the Department to monitor its progress toward reaching the goal of serving every customer within 15 minutes. It

also allows the Department to rebut complaints where individuals report waiting in excess of 5 hours only to be turned home.

Staff recommends including a Long Bill add on for FY 2014-15 to provide roll forward authority for \$1,492,103 General Fund through June 30, 2016.

Background Information from the Department of Revenue Figure Setting Document from March 2, 2015:

Last year, the Department requested and the Joint Budget Committee approved a budget request from the Department of Revenue for R2 Customer Service Enhancements. As part of this request, the Department received an appropriation \$1,492,103 General Fund to expand the “Wait Less” queuing and data management technology to a total of 43 new offices throughout the state. The appropriation was calculated with the assumption that each office would cost approximately \$34,700.

Currently 15 of the 36 state-operated driver’s license offices have the Wait Less system installed. At the time the original budget request was submitted, 13 locations had the system installed. The Wait Less system is an office management and appointment scheduling system that measures and manages the efficiency of driver’s license and motor vehicle services. The system collects data regarding wait times, transaction times, and provides online appointment booking. When the project is complete, the Department expects all but five state-run offices, which typically see little to no wait, to have the technology. The Department has stressed that this initiative is a high priority for its effort to reduce wait times in driver’s license offices and to improve customer service.

With the request funded in the FY 2014-15 budget, the Department issued a request for proposals (RPFs) to deploy the technology on October 24, 2014. The solicitation sought a contractor for hardware and installation of that hardware in FY 2014-15. The Department worked collaboratively with the Governor’s Office of Information Technology (OIT) to develop the RFP to ensure that all technology specifications and requirements were included. The Department received no bids.

After the RFP period closed, the Department received an unsolicited letter from one of the potential vendors explaining some of the reasons that vendor chose not to bid. The vendor described the reasons that included a lack of clarity concerning responsibility for existing queuing software, a desire to more clearly understand the OIT security requirements, and that the contract parameters were “unduly restrictive” for a project this size.

The Department investigated several options including entering into negotiations with OIT to explore whether it had the capacity to build the Wait Less system internally. At the same time, the Department began revising its proposal. After OIT determined it did not have the capacity to provide an in-house solution, the Department reissued its revised RFP on January 9, 2015 with proposals due February 9, 2015.

The Department expects to have a vendor selected by the end of May 2015. The Department would like to extend the performance period through the end of calendar year 2015. Because it is unlikely the contractor will be able to complete the project in FY 2014-15, the Department seeks this amendment to the FY 2014-15 Long Bill.

Staff is concerned about the track this project is on. The original budget request that was approved appropriated \$1,492,103 General Fund for the Wait Less Technology in 43 offices including state and county-run ones. The request amount was based on an estimate that each office would require \$34,700 to outfit with the systems. This request rolls-forward the same appropriation value into FY 2015-16, even though the Department is now stating this appropriation will only fund the Wait Less technology in 31 of 36 state-run offices.

Despite acknowledging the difference between the original request and this one, the Department states it respectfully requests roll-forward authority for the entire original appropriation. It says its estimates were calculated on the basis of the project costing \$34,700 per office but now it does not know final pricing because procurement for a vendor is still in process. The Department explains that its cost estimate was based on the how much it cost to roll out the first phase of Wait Less, to the thirteen original offices. The Department responded to questions about the calculation and discrepancies between the FY 2014-15 request and this add-on and explains how it arrived at 43 offices and states the need is now reduced because some county-run offices installed their own queuing systems and other offices do not have a workload that requires it. While this explains why they no long need the technology in 43 more offices, it does not explain why they are requesting the full appropriation to rolled-forward.

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