Application Modernization

State of Arizona – Department of Water Resources

Change Request (CR-1012)

February 21st, 2024

Agency Vision

Reliable water supplies to meet the needs of current and future Arizonans

Agency Mission

To safeguard the health, safety and economic welfare of the public by protecting, conserving and enhancing Arizona's water supplies in a bold, thoughtful and innovative manner.

Project Team Introduction

Roles Present at ITAC

- Lynne Smith - Deputy Director

- Scott Selin - Chief Financial Officer

- Matthew Marshall - Chief Information Officer

Project Introduction

ADWR Application Modernization project:

- Replaces 10 mission-critical applications, from 2 - 22 years old.
  - These systems support major functions across the entire agency
    - Wells, Groundwater, Surface Water, Adjudications
- Legacy development languages - support is challenging
- Lack of uniform way for customers to interact with ADWR
- Too many ADWR processes are paper-based
- Extensive manual data entry
- Only 23% of services are currently available online
- Only 30% of transactions are currently performed completely online

Project Introduction

Original PIJ - Application Modernization project

- Build online customer portal utilizing Salesforce platform
- September 2022 - June 2024
- System integrator responses ranged from $1.1 - $8.3 million for integration
- Contracted with vendor for $1.8 million
- Total 5-year development cost of $2.9 million
- ITAC approved ADWR's PIJ for an Application Modernization project on 8/17/22

Project Events

Month	Event
Aug-22	PIJ Approval
Sep-22	Project Kickoff
Oct-22	
Nov-22	
Dec-22	Start of Irrigation Rights Customer Portal subproject with previous integrator
Jan-23	ADWR elevated vendor quality concerns to high risk
Feb-23	Notified ASET of integrator issues and possibility of pause in development
Mar-23	ADWR paused development
Apr-23	Discussions with previous vendor regarding work quality
Apr-23	ADWR retained Salesforce to perform an architecture evaluation
May-23	
Jun-23	
Jul-23	ADWR Notified previous integrator of intent to terminate contract
Aug-23	Previous integrator delivered Grandfathered Rights customer portal
Aug-23	SPO sent termination letter to previous integrator

Quality issues with original integrator
- High rework rate
- Minimal design discussion and documentation
- Incomplete development documentation

During pause:
- Quality discussions with integrator
- Integrator requested an additional $2 million with a reduction in scope
- Started third party evaluation of integrator's architecture and design

Project Status

- ADWR determined the best path forward was to retain Salesforce Professional Services (SPS) to complete the project:
  - Positive ADWR experience with SPS team during architecture validation
  - SPS team gained knowledge of ADWR during architecture validation
  - The same SPS personnel were available to work on the project
  - SPS has extensive experience with Salesforce Public Sector Solutions

- ADWR collaborated with ASET, SPO, and OSPB throughout July and August 2023 to develop the proposed plan:
  - Change in integrator
  - Budgetary implications
  - PIJ change request process

- After extensive discussion with all stakeholders, ADWR signed an agreement with SPS in August 2023.

Project Events

Month	Event
Aug-23	Signed contract with Salesforce Professional Services for Application Modernization
Sep-23	
Oct-23	
Nov-23	Change Request Submitted
Dec-23	Start of Salesforce Professional Services Development (Sprints)
Jan-24	
Feb-24	Signed contract with Gartner for IV&V

Project Change Request Overview

What in the PIJ is changing:

✓ Timeline
- From June, 2024 to September, 2024

✓ Scope
- Minor Change; adding an architectural evaluation and signature solution

✓ Development Budget
- From $2,939,900 to $6,391,300

What initiated this change:

- *Costs associated with*
    - *Integrator Change*
    - *Additional Licensing Requirements*
    - *Signature Solution*
- *Slight change in timeline*
- *The change request resulted in the need for IV&V Services*

Analysis of Development Cost Changes

ARIZONA
DEPARTMENT OF ADMINISTRATION
TECHNOLOGY

Category	Amount
Integrator	$ 1,806,500
Software (SF & Mulesoft)	$ 1,133,400
Total	$ 2,939,900

Change Request

Category	Amount
Previous Integrator Milestones	$ 283,900
Software (SF & Mulesoft)	$ 1,103,200
Salesforce Architectural Evaluation	$ 277,800
Irrigation Rights Customer Portal	$ 72,400
ACRO - (Contracted Resources)	$ 74,800
Salesforce Integration	$ 3,964,200
User Training Manual/BA	$ 150,000
IV&V - Gartner	$ 275,000
Signature Solution	$ 110,000
Copado Software	$ 80,000
Total	$ 6,391,300

Original Project Costs

Project Costs by Category	FY-2023	FY-2024	FY-2025	FY-2026	FY-2027	Total
Professional & Outside Services (Contractors)	$946,236	$860,215	$0	$0	$0	$1,806,451
Hardware						
Software						
Communications						
Facilities						
License & Maintenance Fees	$566,705	$566,705	$566,705	$566,705	$566,705	$2,833,525
Other Operational Expenditures						
Total Development	$1,512,941	$1,426,920				$2,939,861
Total Operational			$566,705	$566,705	$566,705	$1,700,115

Amended Project Costs

Project Costs by Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Previous Integrator	$308,000	$48,300				$356,300
Professional & Outside Services (Contractors)	$335,600	$3,550,200	$581,000			$4,466,800
IV&V		$95,000	$180,000			$275,000
Communications						
Facilities						
License & Maintenance Fees	$551,600	$741,600	$979,300	$899,300	$768,600	$3,940,400
Other Operational Expenditures						
Total Development	$1,195,200	$4,435,100	$761,000			$6,391,300
Total Operational			$979,300	$899,300	$768,600	$2,647,200

Financial Impact (with additional APF)

Overview of Current Budget Position

State Funding			
APF			
	Appropriated	Favorably Reviewed	ADOA Transferred
Total FY23 Appropriated	$1,700,000	$1,700,000	$371,000
Total FY24 Appropriated	$2,500,000	$0	$1,261,100
Total FY25 Appropriated	$	$	$
Total APF	$4,200,000	$1,700,000	$1,632,100
General or Non-APF State Fund			
Fiscal Year		Planned	
FY23		$1,017,800	
FY24		$806,900	
FY25		$1,345,900	
FY26		$899,300	
FY27		$768,600	
Total General Fund		$3,555,200	
Total of All State Funding		$4,838,500	
Actuals			
APF/GF Spent		Federal Spent	
APF	$1,219,800	Name/Number of Fund	$
General Fund	$1,178,000	Name/Number of Fund	$
Indirect Cost Fund	$456,600		
Total APF/GF Spent	$2,854,400	Total Federal Funds Spent	$
Total Fund Remaining			
Total Funds Available to Spend		$9,038,500	
Total Funds Spent		$2,854,400	
Total Funds Remaining		$6,184,400	

- *ADWR has submitted a $2.5M budget request to complete this project. (Water Resources Fund to APF)*

- *This analysis assumes the additional APF appropriation occurs*

- *Current actuals include all costs paid through 1/31/2024*

Financial Impact (without additional APF)

Overview of Current Budget Position

State Funding			
APF			
	Appropriated	Favorably Reviewed	ADOA Transferred
Total FY23 Appropriated	$1,700,000	$1,700,000	$371,000
Total FY24 Appropriated	$	$	$1,261,100
Total FY25 Appropriated	$	$	$
Total APF	$1,700,000	$1,700,000	$1,632,100
General or Non-APF State Fund			
Fiscal Year		Planned	
FY23		$1,017,800	
FY24		$2,912,500	
FY25		$1,740,300	
FY26		$899,300	
FY27		$768,600	
Total General Fund		$1,995,900	
Total of All State Funding		$7,338,500	
Actuals			
APF/GF Spent		Federal Spent	
APF	$1,219,800	Name/Number of Fund	$
General Fund	$1,178,000	Name/Number of Fund	$
Indirect Cost Fund	$456,600		
Total APF/GF Spent	$2,854,400	Total Federal Funds Spent	$
Total Fund Remaining			
Total Funds Available to Spend		$9,038,500	
Total Funds Spent		$2,854,400	
Total Funds Remaining		$6,184,400	

- *This analysis shows how ADWR will fund the project if the additional APF transfer does not occur*

- *Current actuals include all costs paid through 1/31/2024*

Financial Impact

Change in Project Financials

Actual Development Spend from 7/1/2022 through 1/31/2024	$2,854,400
Projected Development Spend for 1/31/2024 through 6/30/2027	$3,536,900
Total Development Project Cost:	**$6,391,300**
Original Project Development Cost	$2,939,900
Total Change in Development Project Cost	**$3,451,400**

Development Costs Paid to Date:

- *Integration Payments to previous integrator (including AMA Portal) - $356,300*
- *Integration Payments to Salesforce - $1,042,300*
- *Licensing - $1,103,200*
- *Architectural Evaluation with Salesforce - $277,800*
- *ADWR Contracted Employee Costs - $74,800*

Original Project Timeline

Date	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	FY23										FY24											
Project Kickoff	●																					
Discovery and Define		▬	▬	▬																		
Integration					▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬					
Data Migration					▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬					
UAT																		▬				
Regression Testing																				▬		
Training																					▬	
Go Live																						●

Revised Project Timeline

Date	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
					FY24							FY25	
Project Kickoff	●												
Discovery and Define		▬▬▬▬▬											
Phase 1 Sprints				▬▬▬▬▬									
Phase 1 Training / Testing								▬▬					
Phase 2 Sprints								▬▬▬▬▬					
Phase 1 Go Live									●				
Phase 2 Training / Testing												▬▬	
Phase 2 Go Live													●
Project Closeout													▬▬

Revised Project Milestones

Identify any change in timeline and possible benefits:

Milestone Name	Milestone Health	% Complete	Original Start Date	Original End Date	Revised Start Date	Revised End Date
Project Kickoff		100	9/22	9/22	8/31/23	8/31/23
Phase 1 Discovery & Define		100	9/22	12/22	9/4/23	12/15/23
Phase 1 Sprints		50%	01/23	01/24	12/18/23	4/12/24
Phase 1 Training\Testing		Not Started	2/24	4/24	4/15/24	5/17/24
Phase 2 Sprints		Not Started	N/A	N/A	4/15/24	7/19/24
Phase 1 Go-Live		Not Started	6/24	6/24	5/20/24	5/20/24
Phase 2 Training\Testing		Not Started	N/A	N/A	7/22/24	8/30/24
Phase 2 Go-Live		Not Started	N/A	N/A	8/19/24	8/19/24
Project Close Out		Not Started	6/24	6/24	9/30/24	9/30/24

Q & A
Session

Recommended Conditions

ADOA-ASET Conditions

1. Should development costs exceed the approved estimates by 10% or more, or should there be significant changes to the proposed technology scope of work or implementation schedule, the Agency must amend the PIJ to reflect the changes and submit it to ADOA-ASET, and ITAC if required, for review and approval prior to further expenditure of funds.

2. Monthly reporting on the project status is due to ADOA-ASET no later than the 15th of the month following the start of the project. Failure to comply with timely project status reporting will affect the overall project health. The next status report for this project is due on March 15, 2024.

ITAC Voting Options

What ITAC May Consider In Review Whether:

a. The proposed solution addresses the stated problem or situation;

b. The budget unit is competent to carry out the project successfully;

c. Sufficient sponsorship and support by budget unit leadership exists;

d. Cost estimates provided are accurate;

e. The proposed project aligns with the budget unit's Strategic IT Plan; and

f. The proposed solution complies with statewide IT standards.

ITAC Motions:

a. Move to Approve

b. Move to Approve with Conditions As Presented

c. Move to Approve with Conditions

    i. Committee May Modify or

    ii. Add Conditions

d. Move To Deny change request and temporarily suspend the project development activities

Relevant Statutes and Rules

Per A.R.S. § 18-101 - Per Administrative Code R2-18-101