



Special Meeting

April 14, 2017

**1 Dr. Carlton B. Goodlett Place, City Hall, Room 201
San Francisco, CA 94102**

AGENDA

1. Call to Order by Chair
2. Roll Call
3. Approval of Meeting Minutes from April 7, 2017 (Action Item)
4. Department Updates and Announcements
5. FY 2017-18 and FY 2018-19 Budget Presentations
6. FY 2017-18 and FY 2018-19 Budget Review & Recommendations (Action)
7. Public Comment
8. Adjournment

3. Approval of Minutes

Action Item

4. Department Updates & Announcements

5. FY 2017-18 and FY 2018-19 Budget Presentations

DEM — RADIO REPLACEMENT PROJECT

Current Estimated
Project Cost

\$ 77,814,287

Funding Received

FY14-17		
Total COIT Funding To Date	Total Capital Plan Funding To Date	Total Funding Received
\$22,155,065	\$5,126,115	\$27,281,180

Debt Service for Motorola Contract

BofA/Finance Funding	BofA/Finance Funding with Interest
\$34,184,000	\$37,835,220

Budget Requests FY18-27

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	TOTAL
Debt Service / Finance Payments	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 1,918,761	\$ 35,916,459
Project Staffing and Fixed Costs	\$ 4,537,879	\$ 4,572,260	\$ 3,767,578								\$ 12,877,716
SUBTOTAL - COIT Requests	\$ 8,315,401	\$ 8,349,782	\$ 7,545,100	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 3,777,522	\$ 1,918,761	\$ 48,794,175
Capital Plan Requests	\$ 996,000	\$ 742,932									\$ 1,738,932

ASR, TTX, & CON — PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

Project Objective:

- **Modernize and secure the property tax systems that enable assessment and collection of approximately \$2.5 billion in annual property tax revenues that fund our local neighborhood services and public schools and have reached the end of useful life**
- **Improve service and transparency to taxpayers**
- **Provide financial forecasts and analysis to policy makers**

Major Stakeholders:

- **Assessor Recorder (ASR), Treasurer/Tax Collector (TTX), and Controller (CON)**
- **Taxpayers**
- **Policymakers**
- **Property and Business Owners**
- **City Departments (DBI, DPW, Planning)**

ASR, TTX, & CON — PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

Assessor System Functionality

- **Identify & Manage Events (parcel changes, ownership and transfer events)**
- **Value Properties and Apply Exemptions**
- **Manage the Roll and Case Appeals**
- **Provide Real-Time Information in a User Friendly View**

Controller System Functionality

- **Establish the Tax Rate / Roll**
- **Manage Special Assessment Entities**
- **Apportion & Distribute Taxes**
- **Budgeting & Forecasting**
- **Provide Real-Time Information in a User Friendly View**

Tax Collector Functionality

- **Generate and Send Tax Bills**
- **Process Payments**
- **Manage & Collect on Delinquencies**
- **Tax Sales**
- **Provide Real-Time Information in a User Friendly View**

ASR, TTX, & CON — PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

Problem Definition:

There are multiple issues and concerns with the current systems:

- **Departments' ability to implement change in state and local law or in evolving ownership structures may be hamstrung due to talent and vendor availability**
- **Data exchanged between ASR and TTX/CON's separate systems leads to errors and time-consuming manual corrections**
- **Systems require manual entry and may lead to errors and manual workarounds**
- **Systems lack audit trails and data validation which may result in revenue loss to the City**
- **Proprietary software limits the ability to use modern-day data analytics tools for revenue forecasting, production analysis and reporting**
- **Systems limitations result in:**
 - **Foregone property tax revenue and avoidable interest payments on refunds**
 - **Uncertainty and confusion for property owners and taxpayers**
 - **Lack of information to improve productivity and forecast revenues**

ASR, TTX, & CON – PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT




The California property Assessment / Tax market remains immature and violate



- Small and medium sized counties continue to leverage Megabyte as an interim solution until a stronger market player appears. Four counties went live with Megabyte in 2016.
- The integrated Thomson Reuters systems in Riverside and San Diego continue into another year (approximately 6+ and counting). A few additional counties are still waiting in line for their turns post-Riverside.
- A number of counties have begun their own modernization efforts, either by replatforming legacy systems or attempting custom builds
- Based on the current market, San Francisco should consider a wide variety of vendors and their ability to actually deliver the desired functionality
 - In order for the top-rated 2-system alternative to be viable, each system procurement (ASR and CON/TTX) should **target at least 2 market-viable vendor offerings to ensure competitive pricing and negotiations**, while remaining realistic about the environment

ASR, TTX, & CON – PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

ASR, TTX and CON are wrapping up the Planning Phase and starting the Procurement Phase.

Planning Phase	Status	Comment
Scope		Planning Phase is within scope. Key Deliverables: <ul style="list-style-type: none">• Documented functional and non-functional requirements• Mapped future business process flows and use cases• Developed a joint governance model• Implemented departmental readiness projects (i.e. ASR PMO)• Conducted a Market Scan• Designed a Procurement Strategy
Schedule		Planning Phase is 90% complete; Projected to be 100% complete in April 2017 (original completion date was December 2016).
Budget		Planning Phase is on-budget.

ASR, TTX, & CON – PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

Planning Phase Sources and Uses	
COIT Funding (FY15, FY16, FY17)	\$2,270,000
Other General Fund	\$147,537
Non General Fund	\$300,000
Total Sources	\$3,167,537
Total Uses	\$2,248,972
Total Spent (As of March 2017)	\$1,418,972

Note: Planning Phase budget is included in the overall project budget; remaining balance of \$918,565 is accounted for in total

ASR, TTX, & CON — PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

Key Lessons Learned from the Planning Phase:

- **Governance is broader than replacing an IT solution.**
- **Conduct an alternatives analysis that considers existing strengths and business process improvements in order to avoid the need to procure the functionality in a future phase.**
- **Create policies and procedures to support improved data lifecycles already underway.**
- **Make changes as you go – Customer Service improvement, data sharing, and standardization.**
- **Balance requirements, draft use cases, and map future business processes in a manner that does not create a request for another as-is system.**

ASR, TTX, & CON — PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

Procurement Strategy:

Parallel solicitations to maximize options for respondents and increase competition:

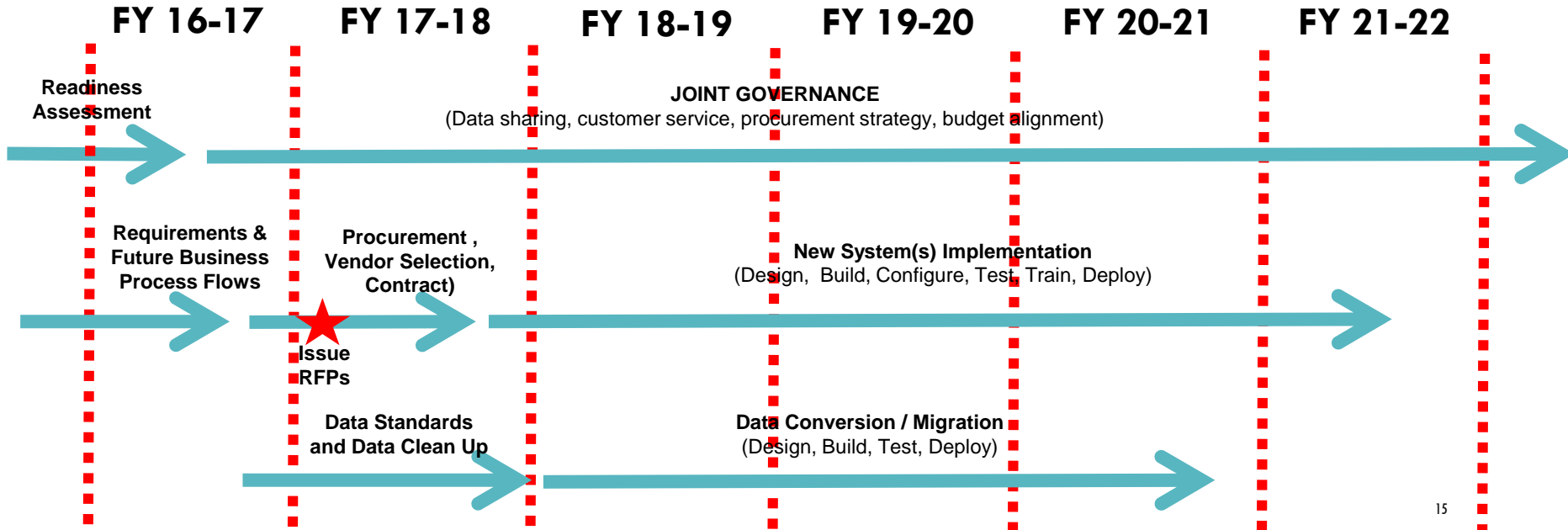
- **ASR will consider packaged solutions, an incremental build out, or a transfer solution**
- **TTX/CON will consider packaged solutions**
- **All three departments will consider a fully integrated solution**

Although solicitations will be handled separately, they will be conducted congruently as a procurement initiative to ensure that the pros and cons of each alternative are appropriately evaluated.

The end result will either be an integrated two-system approach OR a fully integrated solution.

ASR, TTX, & CON – PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

Project Implementation Stages/Phases



ASR, TTX, & CON – PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

Project Budget All Phases	
COIT Projected Project Budget	\$56 mil
Market Scan Projected Budget	\$62.8 mil (ASR Incremental / CON/TTX Package) \$66.5 mil (2-system implementation) - Costs are exclusive of any contingency

Budget Strategy

- Submit a \$56 mil project budget that may be adjusted after proposals have been received in Q2 of FY18
- Look for additional funding to supplement project costs.

ASR, TTX, & CON — PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

PROJECTED USES	FY16-17	FY7-18	FY18-19	FY19-20	FY20-21	FY21-22	TOTAL
Salary & Fringe	\$0	\$2,331,825	\$3,829,560	\$4,325,394	\$4,325,394	\$3,244,045	\$18,056,218
Professional Services	\$2,248,972	\$1,001,028	\$6,650,000	\$3,800,000	\$3,550,000	\$1,300,000	\$18,550,000
Hardware	\$0	\$90,000	\$450,000	\$450,000	\$90,000	\$0	\$1,080,000
Software & Maintenance	\$0	\$11,000,000	\$2,200,000	\$2,200,000	\$2,200,000	\$0	\$17,600,000
Operating Expenses	\$0	\$70,000	\$327,000	\$327,000	\$327,000	\$20,250	\$1,071,250
Total Uses	\$2,248,972*	\$14,492,853	\$13,456,560	\$11,102,394	\$10,492,394	\$4,564,295	\$56,357,468

* Planning Phase budget

ASR, TTX, & CON – PROPERTY ASSESSMENT & TAX SYSTEM REPLACEMENT PROJECT

Risk	Mitigation
Lack of commercial off-the-shelf products to meet with Proposition 13 requirements for ASR system	Leverage the Request for Proposals (RFPs) to allow for maximum vendor participation.
Maintaining current systems that are near end of useful life	Acquiring hardware to allow for some extended usage.
Other counties implementations are behind schedule	Continue to monitor progress in other counties and seek their lessons learned; progress in other counties may provide opportunities for CCSF to adjust project scope and approach.
Procurement may take longer than anticipated	Create a detailed project schedule and determine what items can be worked on in parallel



QUESTIONS?

IT — UNIFIED EHR SYSTEM

Project Objective:

Procure and install a modern eHR that will increase the safety and quality of patient/client care with a neutral or increase in revenue and fully replacing the core clinical documentation and medical billing systems, within budget with phase one installed prior to June 2019.

Major Stakeholders:

Barbara Garcia, Director of DPH

Bill Kim, DPH CIO

Alice Chen, MD, DPH CMO

Roland Pickens, Director of the SFHN for DPH

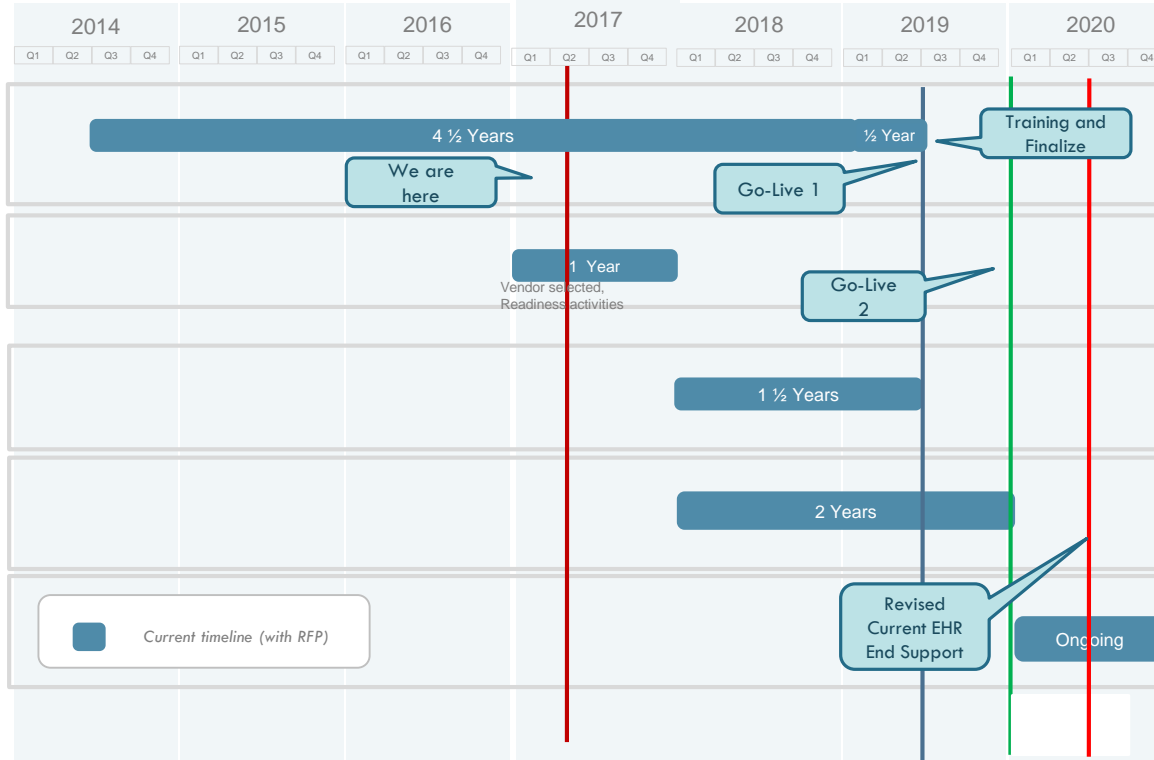
IT — UNIFIED EHR SYSTEM

Problem Definition:

Replacing numerous “best of breed” aging systems to improve the quality and safety of patient care. The focus being on coordination of care as patients travel through locations and services within SFDPH and partner care providers in San Francisco.

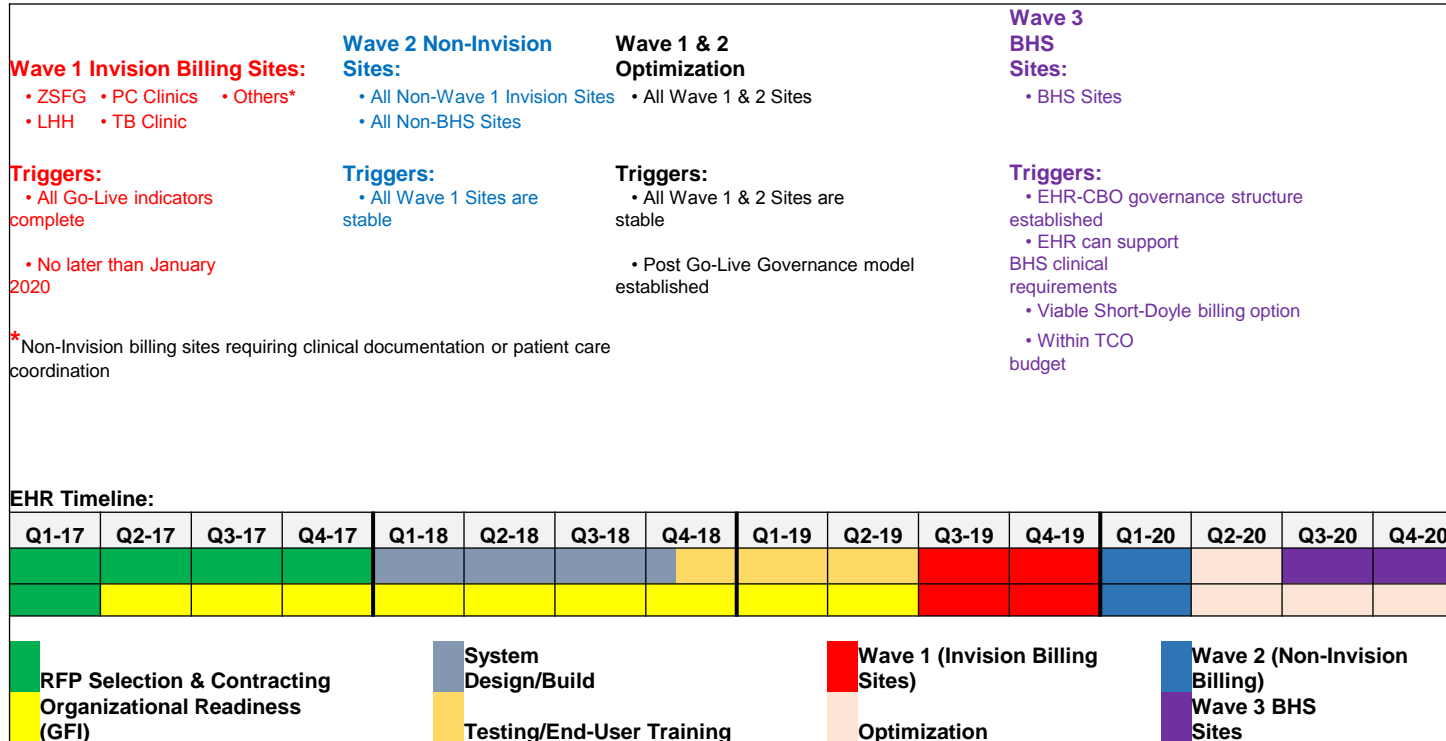
IT — UNIFIED EHR SYSTEM

Project Implementation Stages/Phases



IT — UNIFIED EHR SYSTEM

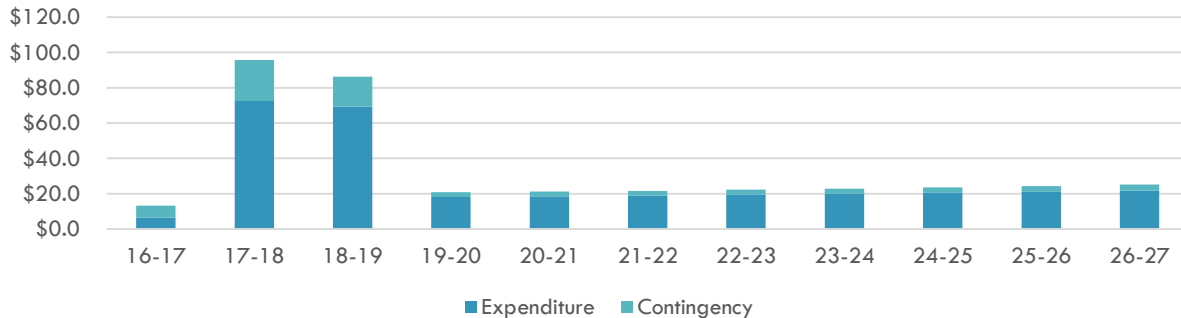
Project Implementation Stages/Phases



IT — UNIFIED EHR SYSTEM

Estimated EHR Implementation Costs

FY	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	TOTAL
Expenditure in Millions	\$6.6	\$72.6	\$69.3	\$18.1	\$18.4	\$18.8	\$19.3	\$19.9	\$20.5	\$21.1	\$21.8	\$306.4
Contingency	\$6.6	\$23.2	\$16.9	\$2.7	\$2.8	\$2.8	\$2.9	\$3.0	\$3.1	\$3.2	\$3.3	\$70.5






IT — UNIFIED EHR SYSTEM

Current Status:

- EHR vendor selection process in progress
- Conducting organizational readiness activities
- Defining governance and project team structure and resourcing
- Continuing infrastructure investments and improvements
- Reprioritizing existing IT projects
- Assessing potential risks

IT – UNIFIED EHR SYSTEM

	Status	Comment
Scope		Unified eHR system for two major hospitals and over 40 clinics Details of specific replacement systems and scope by phase are in process; scope finalization will occur post vendor selection.
Schedule		Vendor Selection in process.
Budget		TCO estimate concluded; budget to be developed pending vendor selection outcome.
Risks	Organizational readiness Onboarding process for employees, consultants and vendors Lengthy contract process Relatively short timeline for a large scope project	



QUESTIONS?

6. FY 2017-18 and FY 2018-19 Budget Review & Recommendations

BUDGET REVIEW

Date	Event
January 13	Budget Submissions Due
January – March	Department Interviews
March 3	Enterprise Departments
March 24	GF – Records Management, Digital Services
March 31	GF – Network & IT Infrastructure
April 7	GF – Data Storage, Case Management, VoIP
April 14	GF – Major IT Projects, Other Projects
April 20	COIT
May 5	COIT

Recommendations

MAJOR IT PROJECT ALLOCATION

	FY 17-18	FY 2018-19
Major IT Allocation	18.6	20.4
Recommendation	18.6	19.0
F\$P	-	-
Radio Replacement	8.3	8.3
Property Assessment & Tax System	10.2	10.7

Note: All figures in \$ millions.

ANNUAL PROJECT ALLOCATION

	FY 17-18	FY 18-19
Annual Allocation	11.7	12.8
COIT General Fund Requests	30.1	30.2
DIFFERENCE	(18.6)	(17.4)

Note: All figures in \$ millions.

FUNDING SOURCES

Type of Request	Number of Projects
COIT Allocation	79
Other Funding Sources	23
Total	102

RECOMMENDATIONS

1. Recommended for Funding
2. Approved Projects, Deferred COIT Funding
3. Other Funding Sources

FY 2017-18 COIT SCENARIOS

Low Scenario

- Maintain FY 2016-17 Recommendations
- Retain PC Refresh
- Police: Network & Website Projects
- DT: City Cloud & Third Party Patching

High Scenario

- PC Refresh Removed
- Added support for infrastructure projects

FUNDING SCENARIOS

FY 2017-18

Total Allocation	Total Cost	GF Request	Low Scenario	High Scenario
11.7	51.6	30.1	10.3	11.7

FY 2018-19

Total Allocation	Total Cost	GF Request	Scenario
12.8	33.0	25.5	2.5

Note: All figures in \$ millions.

7. Public Comment
