# EXECUTIVE AGENCY
# FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 6, 2021

Agency Submitting: Office of the Secretary of State

| Items of Revenue or Expense, or Both | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 | Effect on Future Biennia |
|---|---|---|---|---|
| Project Management Personnel (Expense) | | $608,441 | $608,441 | $608,441 |
| Assessment Vendor (Expense) | | $1,000,000 | $500,000 | $500,000 |
| Software Development Vendor (Expense) | | $3,500,000 | $3,000,000 | $3,000,000 |
| Total | 0 | $5,108,441 | $4,108,441 | $4,108,441 |

Explanation        (Use Additional Sheets of Attachments, if required)

The Elections Division of the Nevada Secretary of State has reviewed Assembly Bill 422, which proposes to amend Title 24 - Elections, by requiring the Secretary of State's Office to implement a new "top-down" centralized voter registration state database and election management system, which is a project that the Secretary's Office began working on in 2020. The current timeline is detailed in Exhibit 1. Those timelines and cost estimates were derived based upon extensive discussion with elections divisions from other states who have undertaken projects of a similar scope and nature. The timelines and cost estimates for the other states are included in Exhibit 2.  In order to attain a centralized voter registration database within the time limit proposed by Assembly Bill 422, those timelines would need to be accelerated which would require significant numbers of staff personnel dedicated to the conduct of this project alone. Those personnel requirements are detailed in Exhibit 3. These cost estimates include the same requirements gathering and programming work as planned, but has them completed on an exceptionally condensed timeline. This drastically accelerated timeline, of course, greatly increases the risk of a cybersecurity vulnerability, data leak, or other potential disaster relating to the integrity and conduct of the 2022, 2024, and 2026 election cycles.  In addition, this accelerated timeline would significantly burden the county registrars and the other voter registration agencies, whose staff will be necessary stakeholders who will have to spend significant time during the needs assessment, testing, and implementation phases. The total estimated fiscal impact for this bill, if the system is implemented over three to four years, is $13,325,323.  If this system must be implemented on the accelerated timeline, the estimated fiscal impact is $16,806,490, and does not include the fiscal burden on the other stakeholders.
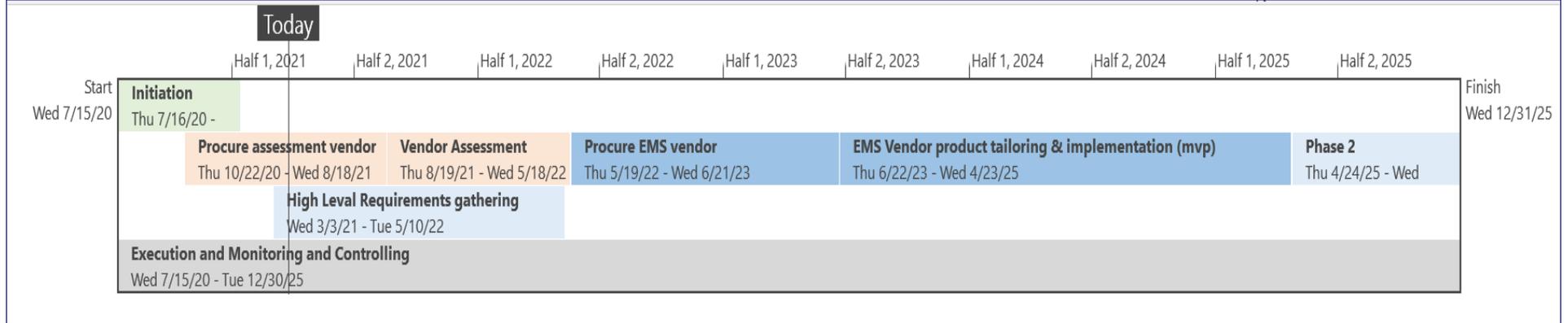
| | |
|---|---|
| Name | Debbie Bowman |
| Title | Deputy Secretary for Operations |

GOVERNOR'S OFFICE OF FINANCE COMMENTS

The agency's response appears reasonable.

| | |
|---|---|
| Date | Tuesday, April 06, 2021 |

| | |
|---|---|
| Name | Heather Field |
| Title | Executive Branch Budget Officer |

**Timeline (Gantt chart)**

- Start: Wed 7/15/20
- Finish: Wed 12/31/25
- Today: (early Half 1, 2021)

Timeline axis: Half 1, 2021 | Half 2, 2021 | Half 1, 2022 | Half 2, 2022 | Half 1, 2023 | Half 2, 2023 | Half 1, 2024 | Half 2, 2024 | Half 1, 2025 | Half 2, 2025

- **Initiation** — Thu 7/16/20 -
- **Procure assessment vendor** — Thu 10/22/20 - Wed 8/18/21
- **Vendor Assessment** — Thu 8/19/21 - Wed 5/18/22
- **Procure EMS vendor** — Thu 5/19/22 - Wed 6/21/23
- **EMS Vendor product tailoring & implementation (mvp)** — Thu 6/22/23 - Wed 4/23/25
- **Phase 2** — Thu 4/24/25 - Wed
- **High Leval Requirements gathering** — Wed 3/3/21 - Tue 5/10/22
- **Execution and Monitoring and Controlling** — Wed 7/15/20 - Tue 12/30/25

This timeline is a rough estimate created to show approximate timeframes for key high level tasks.  It also assumes the use of two vendors:

- Assessment vendor:  perform an assessment and present a recommended path for a new Voter Registration and Election Management Solution
- VR&EMS vendor with existing solution which will likely need to be tailored for the State of Nevada

**Risks to the schedule**

1. Covid 19
2. There are two election cycles which will likely cause contention for resources both at SOS and in the counties (2022 and 2024 elections)
3. RFP development. A well-developed RFP is foundational to ensuring well defined deliverables, resulting in a well-executed vendor contract. If rushed or not well written these could result in contention with the vendor and over run schedule and costs.
4. Difficulty finding a vendor to perform the assessment and propose direction
5. Existing vendors: Washoe county DIMS support ceasing at the end of Dec 20, other vendors
6. Overall budget impacts due to 2020
7. Conversion of existing data from 4 county systems (Vemacs, Clark county's unique Vemacs, Powerprofile and DIMS)
8. Resources – a project this size is resource intensive and also requires the "cream of the crop" resources. This may mean back filling their existing posts.

# Background

Section 303 of the Help America Vote Act of 2002 (HAVA) (Public Law 107-22, 107th Congress), mandated that each state implement a uniform, centralized, interactive, computerized voter registration database that is defined, maintained and administered at the state level.  This database must contain the name and registration information of every legally registered active or inactive voter in the state.  It must serve as the single system for storing and managing the official list of registered voters in the state.

The State of Nevada, along with multiple other States met this mandate by implementing a centralized Statewide Voter Registration List that is built bottom up.

The Office of the Secretary of State has started a modernization project to develop a centralized, top-down voter registration and election management program that will serve the State for many years into the future. In preparation for this project, the Office of the Secretary of State has completed extensive research on similar projects in other States.  These interviews were completed to determine the following:

- Average timeframe
- Average cost
- Lessons Learned

States average 2+ years for top down to top down projects and 4 to 6 years for bottom up to top down projects. Nevada is a bottom up to top down project.

| State | Type | Time | Cost | Counties | Voters |
|-------|------|------|------|----------|--------|
| Colorado | Top to Top | 4 yrs for mvp, continued project (additional 2+ years) | $ 16 million | 64 | 4,238,513 |
| Washington | Top down | 5 yrs for mvp, project ongoing (additional 2 yrs) | $9,483,000 Does not include the requirements gathering phase | 39 | 4,861,482 |
| Texas | Bottom to Hybrid | 2 yrs for mvp, continued project (additional 4 yrs) | Not available | 255 | 16,211,198 |
| Rhode Island | Top to Top | 2yrs for MVP, project ongoing (additional 1.5 yrs) | $1.5 million. For vendor only. Other costs not available | 5 | 809,821 |

# Colorado

Previously had a hybrid system i.e. top-down Voter Registration system integrated with county Election Management Systems. A part of their project, they moved to a fully integrated centralized, top-down Voter Registration and Election Management System.

**Timing:**

Colorado procured one of the big 5 companies (Accenture) in approximately 2003 to develop their top-down project, however the project failed and missed its HAVA statutory deadline in 2006. The State and vendor "mutually terminated" the contract and the project restarted in 2006. A new vendor was procured and a minimally viable product was rolled out in time for the 2008 election.

| Timeline | Key Event/Action |
|---|---|
| Approx. 2003 | **RFP (first)** Procured Accenture |
| January 1, 2006 | **HAVA statutory deadline.** Deadline missed by Accenture |
| April 2006 | **RFP (second)** Repurposed the original RFP to procure a new vendor |
| Oct 31 2006 | Saber started |
| | Started rollout |
| | Completed rollout |
| 2008 election | Ended field support the week of the 2008 election |
| 2009 | We took over production support |
| 2012 | Took over the software |

**Budget**
The project was all HAVA funded from initial source of HAVA funds. It cost approximately $16 million.

| Costs | Product |
|---|---|
| $9.33 million | For core product; 20% holdback on every milestone. The vendor did not get the holdback until the first statewide general with the system running everyone. Ensured they were very incentivized to stay involved!!! |
| Added S1.5 million | With core vendor for field support in March 2008 |
| Approx. S1.5 million | Contract PM + change manager + adoption manager (managed field support) |
| Approx. S800,000 | IV&V |

**Lessons Learned:**

1. Do NOT roll out in a Presidential year
2. Have Oversight and/or IV&V on project.

3.  Needed regulatory and legal decisions more quickly than they were prepared for
4.  Requirements gathering is essential to the success.

# Washington

Washington Secretary of State had previously implemented a State Voter Registration data base to meet the HAVA Act of 2002. They had also added some election night reporting functionality.

In 2014, Washington embarked on a project to implement a centralized Voter Registration and Election Management System with a Petitions module. The implemented a minimum viable product in time for the 2020 elections, stopped the project for the duration of the elections and are currently continuing with the remainder of the functionality.

It should be noted that since 2011, Washington holds universal mail-in elections, meaning all voters are sent mail ballots whether they request one or not.  In addition, each county does open a vote center for 18 days prior to each election

**Timeline**

| Timeline | Key Event/Action |
|---|---|
| April, 2014 | **Technology Summit**<br>Secretary Wyman hosts Technology Summit. Representatives from Benton, Chelan, Clark, Cowlitz, Franklin, Jefferson, King, Kitsap, Lincoln, Okanogan, Pierce, San Juan, Skagit, Skamania, Snohomish, Spokane, Thurston, and Whatcom. At the April 2014 Technology Summit whose participants include OSOS staff and a representative group of counties, Secretary Wyman asks the question "If you knew then what you know today, would you build the election system we currently have to meet our needs?" The consensus from counties is a resounding "No". |
| November, 2014 | **RFP for business requirements vendor**<br>As a result of the Summit and the views of participants, an RFP is developed to find a consultant to assist the state with documenting the current and future business requirements, which leads to the Elections Modernization project. A steering committee is formed to guide the efforts of the business analysis and to evaluate how best to modernize the systems. Care is taken to ensure the membership of the Steering Committee reflects the geographic, demographic and technologic diversity of the counties |
| April, 2015 | **Business Analysis Project Start**<br>The Elections Business Analysis project starts. The project results include the documentation of 600+ business requirements for a centralized voter registration and elections management system. |
| November, 2015 – April, 2016 | **1st RFI conducted.**<br>A total of 14 vendors provide information on their solutions in relation to the business requirements. Four to six vendors are identified that appear to have a solution configurable to meet a high number of Washington's requirements, with remaining functionality that would have to be customized. |

| Timeline | Key Event/Action |
|---|---|
| June, 2016 | **2<sup>nd</sup> RFI conducted**<br>Vendor Demos for Modernized Elections System for Washington State - invites vendors to present their solutions to EMP RFP Steering Committee members consisting of County SMEs during the 2016 WSACA Elections Conference. |
| July, 2016 – October, 2016 | **Decision Package for Budget**<br>OSOS begins drafting Decision Package for submission to Governor's Office for FY17-19 Budget. Estimated total cost of project is $9,483,000, of which, the Decision Package requests $5,883,000. Balance of project would be funded from using $3,600,000 in HAVA funding that OSOS/Counties have remaining |
| April, 2016 – June, 2016 | **Options for RFP development**<br>OSOS begins exploring options for RFP development for procurement of Elections Modernization Project Build and Implementation vendor. Options reviewed include hiring an external vendor such as Gartner who developed similar RFP for Arizona Secretary of State Elections Division. |
| July, 2017 | **Budget approved.**<br>OSOS Leadership decision is to use a core team of internal resources to develop the RFP utilizing reviews and feedback from the EMP RFP Steering Committee as well as other resources such as DES, WaTech, and the OCIO's office. Target date of RFP release is set for September, 2017. |
| September, 2017 | **1<sup>st</sup> RFP 18-02 - Elections Modernization**<br>Released September 20, 2017 with proposals due November 1, 2017. Target date for announcement of Apparently Successful Bidder December 13, 2017. Target date for project start January 1, 2018. OCIO approval for $200,000 for planning stage of RFP and project received September 27, 2017.<br>Executive Steering Committee (ESC) formed with nine representatives consisting of eight county auditors and one county elections director, plus five members of OSOS. |
| October, 2017 | Nine vendors submit Letters of Intent to Bid (LOI). October 2018, vendor CGI submits letter withdrawing their LOI citing that "state solution requirement and scoring approach that penalizes customization to meet requirements - precludes CGI, the system integrator who implemented a new state of the art elections system in the country's most populous state from even bidding." |
| November, 2017 | **RFP 18-02 - Elections Modernization – cancelled**<br>Four formal RFP responses received from: BPro, Demtech, Everyone Counts and PCC TG. The ESC utilizes the designed RFP evaluation process to begin the evaluations of the written responses. ESC decides to use RFP exit strategy as designed when the four responders do not meet the minimum evaluation criteria to move on to the oral evaluation stage. RFP 18-02 - Elections Modernization – cancelled<br>Executive Steering Committee conducts a two-day meeting to discuss pivoting from RFP to issue a new RFP. Over the next several weeks, the ESC provides direction on change to timeline and approach. |
| February - April, 2018 | **Second RFP 18-04 - Elections Modernization**<br>Released early February, response due date of 3/12/2018. Five bidders respond. Review and evaluation of written responses completed by the ESC with selection of bidders for oral evaluation stage which are planned for 4/17- |

| Timeline | Key Event/Action |
|---|---|
| | 4/20/2018. BAFO stage to follow with targeted contract signature and project start by 6/4/2018. |
| Feb 2018 | Independent project oversight started (state mandated for projects of this size and complexity) |
| July 2018 | Vendor Contract started |
| June 2019 | **Go live with minimum viable product**. Was originally scheduled for April. |
| June 2019 – April 2020 | Subsequent releases occurred for remaining project functionality |
| Sept 2020 | Code freeze for November 2020 election |
| March 2021 | They are currently still working on Petitions functionality as it was delayed until after the General. Expecting to take another year |

**Budget/Costs**

**Business Analysis Project Costs**
Not included in the below costs. Cost of the Quest contract was about $300,000.  Other costs for counties and OSOS were in-kind so those were not tracked.  RFIs were in-kind so they were also not tracked.

**Development Project Budget**

> **Total Project Cost:** $9,483,000
>
> **Maintenance Cost:** $3,500,000 *(for 5 years from end of project)*
>
> 3   *NOTE: OSOS and the County Auditors have an agreement in place to share this cost at a 50% split. The RFP 18-04 ASB has included as part of their response Maintenance and Support Costs projected at $700,000 per year or $3,500,000 total for 5 years from end of project, excluding the Petition Module Usage charges with Signature Verification.  These modules are optional in that not all counties may want to use these modules, as the cost of use might exceed their respective individual county budget for this work item.  The finalization of these modules is scheduled to be determined during requirements verification.*

| Budget Source | Budget Amount |
|---|---|
| IT Pool Funding | $5,883,000 |
| Remaining HAVA Funding | $3,600,000 |
| **Total Project Cost** | **$9,483,000** |

OSOS and the Counties existing funds were used and the legislature appropriated additional RFP 18-04 funding for the project. The overall budget for the project was $9,483,000 and included:

- Planning
- Software/hardware procurement
- Build and implementation (B&I)

- Organizational Change Management (OCM)
- Testing • Training
- Independent QA
- Independent Verification and Validation (IV&V)
- Go-Live Support

**Vendor Maintenance costs**
Vendor ongoing maintenance cost: $700,000 per year ($3,500,000 for 5 years)

**Lessons Learned**

1. Estimation processes used to prepare the original project schedule were impacted by the lack of time
2. The project struggled, likely because of time constraints, to move from a reactive approach in problem solving to a more proactive approach.
3. Sound requirements up front is essential.
4. Do not implement in an election year.

# Texas

When HAVA mandated a HAVA in 2002, Texas implemented their TVRS system . It was a bottom up voter registration system and did not have a full election management system. The counties kept their own Election Management systems. Their system was launched in 2007 and was a nightmare. It crashed every election day. In 2009 the vendor quit and Texas bought the code and took on the maintenance inhouse.
The new Secretary of State started in January of 2013 and agreed to replacing the system. their main goal was to offload risk. Apart from the crashes, they did not know what it would cost each year. Some years they spent 2 to 3 million and in some years 5 million depending on what happened.

The Texas solution ended up with almost all of the large counties refraining from joining the SOS system and stayed with using their own vendors. This meant that the largest counties are still performing from a bottom up basis. The State also has to cater for all of the small counties as part of an integrated top down system and the larger counties required integration for their vendors systems and a bottom up approach.

**Timeline**

| Timeline | Key Event/Action |
|---|---|
| 2013 | Jan 2013 new Secretary of State who agreed a new system was needed |
| Spring of 2103 | Procured the assistance of Gartner to do a SWOT analysis |
| Mid 2014 | Vendor PCC procured and started work |
| May 2015 | Implementation (approximately 9 months later). Started implementation of "online counties," implemented 10 counties at a time which took all summer. |
| Nov 2015 | Started implementation of the "offline" counties |

| Fall of 2015 | Added Jury Pooling |
|---|---|
| Feb 2016 | Shifted to M&O |
| 2019 | Implemented all the rest of the Election Management functionality such as candidate management |

**Budget**
Unavailable

**Lessons learned**
1. Time period too quick. Suggest at least 15 months instead of 9 months to initial implementation.
2. Time spent on gap analysis and requirements document was essential.
3. Strong institutional knowledge in Betsy and her team, without which project would have failed
4. Ensure buy in from all counties on the new system otherwise end up with most populated counties on their own system and a "bottom up" issue again.

# Rhode Island

The scope of the new system included a centralized top-down voter registration and elections management system, including nominations, candidates, ballot sheets etc.  for the State. Rhode Island is still working with the vendor on fixes and additional functionality and anticipates doing so for an additional 1 to 2 years

**Timeline**

| Timeline | Key Event/Action |
|---|---|
| Approx Jan 2018 | Requirements identification. |
| Jan 2019 | **RFP-CVRS** for vendor to rebuild and modernize their CVRS |
| Dec 2019 | **Go live of minimum viable product** |
| Ongoing as of Jan 2021 | Ongoing updates to the system as of January 2021. Anticipate updates taking another year to two years. |

**Budget**
The project was allocated $1.5 million from federal funds appropriated by Congress in 2018. They have spent less to date however are using the leftover piece on continuing functionality additions. This budget has been used *solely on the vendor* and does not include Rhode Island staff.

**Lessons Learned**
1. Give plenty of time to do this. Rhode Island went through a very condensed timeline and wished they had more time and do not recommend our timeline.  Rhode Island were going from top down to top down so is a shorter and easier project than going bottom up to top down. Most states going top to top are taking 2 years. It is much easier that bottom up to top down and 6 years sounds about right for a bottom up to top down project.
2. A sound Requirements document is essential.
3. Roll out in phases and ideally in a non-election year

|  | FY2021-22 |  | FY2022-23 |  | FY2023-24 |  |
|---|---|---|---|---|---|---|
| Project Manager 4 ($100 per hour) | full year | $207,600.00 | full year | $207,600.00 | full year | $207,600.00 |
| Business Analyst 4 x 2 (each $83 per hour) | full year | $344,616.00 | full year | $344,616.00 | full year | $344,616.00 |
| Quality Assurance Manager ($65 per hour) | full year | $56,225.00 | full year | $56,225.00 | full year | $56,225.00 |
|  | subtotal | $608,441.00 | subtotal | $608,441.00 | subtotal | $608,441.00 |
|  |  |  |  |  |  |  |
| Assessment Vendor (2 full time) | full year | $1,000,000.00 | full year | $500,000.00 | full year | $500,000.00 |
|  |  |  |  |  |  |  |
| VREMS Vendor - development | six months | $3,500,000.00 | full year | $3,000,000.00 | full year | $3,000,000.00 |
|  |  |  |  |  |  |  |
|  | TOTAL | $5,108,441.00 |  | $4,108,441.00 |  | $4,108,441.00 |

| Total expended over 3-4 years |  |  |  |  |  | $13,325,323.00 |
|---|---|---|---|---|---|---|

| | FY2021-22 |
|---|---|
| Project Manager 4 x 3 ($100 per hour) x 60 hr weeks | $864,000.00 |
| Business Analyst 4 x 6 (each $83 per hour) x 60 hr weeks | $1,434,240.00 |
| Quality Assurance Manager ($65 per hour) x 2 x 60 hour weeks | $374,400.00 |
| subtotal | **$2,672,640.00** |
| | |
| Assessment Vendor | **$3,000,000.00** |
| | |
| VREMS Vendor - development | **$10,500,000.00** |
| | |
| 6 new FTEs (PO I (3) and BPA (3)) | **$383,850.00** |
| Overtime | **$250,000.00** |

**TOTAL  $16,806,490.00**

Assumptions: The Assessment Vendor and VREMS vendor would staff at 3x their regular staffing levels in order to meet the accelerated time frame.