

STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: August 2, 2012
Subject: Grant Requests

Enclosed please find two (2) items that the Joint Fiscal Office has received from the administration.

JFO #2572 – Smart Growth America (SGA) will conduct a transportation reform demonstration study for the Vermont Agency of Transportation (VTrans). No funds will be provided directly to VTrans or the State of Vermont, however, this effort is valued at \$100,000 and is therefore subject to the Joint Fiscal Committee approval process. SGA's work is funded by a grant from the Rockefeller Foundation. The study will evaluate existing policies and programs related to smart growth and transportation, and recommend performance measures to incorporate into VTrans' strategic plan.

[JFO received 7/23/12]

JFO #2573 – Request to establish a 3% fee in order to implement an over-the-counter credit card payment process at the Vermont Department of Buildings & General Services (BGS) surplus property warehouse. Joint Fiscal Committee approval of this fee request is required in accordance with 22 V.S.A. § 953 (c)(2).

[JFO received 7/23/12]

Please review the enclosed materials and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for Joint Fiscal Committee review. Unless we hear from you to the contrary by August 16 we will assume that you agree to consider as final the Governor's acceptance of these requests.

JFO 2573

Attached is a request for Joint Fiscal Committee and Legislative approval of the Department of Buildings and General Services' proposed fee structure for accepting credit card payments at Surplus Property in Waterbury.

The Department of Buildings and General Services has worked with the Department of Information and Innovation and the Vermont Information Consortium to develop a secure credit card payment process system for the surplus property warehouse in Waterbury. The current system only accepts cash and checks.

In response to the need for the Vermont BGS surplus property division to accept secure credit card payments, VIC will deploy its Over-the-Counter "Payport" service to allow BGS to accept secure credit card payments from its customers. The service will be convenient and easy-to-use with a limited number of application screens, will allow BGS staff to fulfill a primary request from its customers, expedite payments, and lessen the vulnerabilities associated with handling cash and check payments.

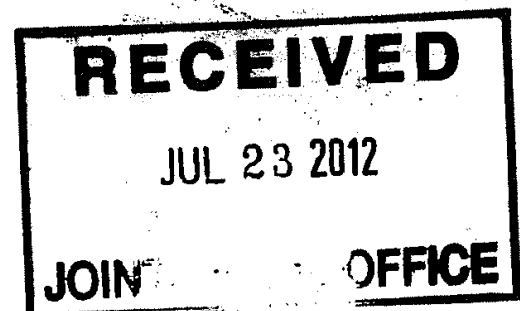
The service will also reduce costs related to department time dedicated to handling cash and checks, provide an online comprehensive backend service for reporting, and allow BGS to better utilize their resources.

The Web Portal Board and the Governor have approved this fee.

In accordance with 22 V.S.A. § 953 (c)(2): The governor's approval shall be final unless within 30 days of receipt of the information a member of the joint fiscal committee requests the charge be placed on the agenda of the joint fiscal committee or, when the general assembly is in session, be held for legislative approval. In the event of such request, the charge shall not be accepted until approved by the joint fiscal committee or the legislature. During the legislative session, the joint fiscal committee shall file a notice with the house clerk and senate secretary for publication in the respective calendars of any charge approval requests that are submitted by the administration.

Thank you for your consideration.

Cc: Steve Klein, Chief Fiscal Officer, Joint Fiscal Office





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Jeb Spaulding, Secretary

July 17, 2012

The Honorable Governor Peter Shumlin
Pavilion Building
109 State Street
Montpelier, Vermont 05609

Dear Governor Shumlin:

In 2006, the Department of Information and Innovation (DII) entered into a contract with Vermont Information Consortium (VIC), which provides development and hosting services for the Vermont.gov web portal. A two-step process was put in place by statute for approval of sites that include fees. The Web Portal Board first considers proposals already vetted by DII. If the Web Portal Board approves the fee structure, the next step is for the Governor's office to present the board's action to the Joint Fiscal Committee with a request for approval. The Joint Fiscal Committee then acts to review and approve or reject the actions of the board.

VIC and the Department of Buildings and General Services (BGS) are requesting that the Joint Fiscal Committee approve a transaction fee to allow for the implementation of a secure over-the-counter credit card payment option for the BGS Surplus Property Office in order to make it easier for citizens to do business with the state.

The Web Portal Board met June 12, 2012 and approved the proposed fee structure for this system. During the 2010 session the Legislature created a new process for gaining the Joint Fiscal Committee's approval of fees. Therefore, this letter is submitted in accordance with this new process. The new process is as follows:

(1) All such charges (following approval by the Web Portal Board) shall be submitted to the governor who shall send a copy of the approval or rejection to the joint fiscal committee through the joint fiscal office together with the following information with respect to those items:

- (A) the costs, direct and indirect, for the present and future years related to the charge;
- (B) the department or program which will utilize the charge;
- (C) a brief statement of purpose;
- (D) the impact on existing programs if the charge is not accepted.

For this project these are:

(A) With regard to this new process and the fees associated with the development of the payment system, we submit the following for your consideration:



The additional funding for ongoing use of the service will be payable to VIC by the BGS customers through a 3% enhanced access fee on the transaction amount. Of this fee approximately 2 of the 3% will be paid to the credit card company for processing. The remaining 1% will go to VIC for the continued support of the Web Portal Project which would then include hosting, support and maintenance for this service.

(B) This system is being built for the BGS.

(C) The purpose of this project is to improve customer service for the BGS and provide citizens a way to conduct business with the state using credit card transactions.

Current Process:

The current process is for BGS to accept cash and checks only.

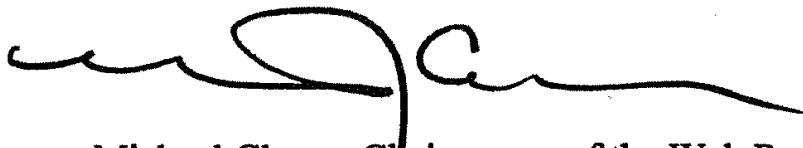
Future Online Process:

This service provides a vast improvement in customer service and brings BGS into the 21st century by allowing customers to use their credit cards to pay for any and all over the counter transactions.


(D) If this service is rejected the BGS will have to continue to refuse credit card transactions or publish an RFP and go through the contracting process on a time and materials basis extending the length of the project for many months to a year and requiring funding not currently in the department's budget.

Based on the above description of the need for the system and on knowledge and belief that the fees associated with the system are both necessary and reasonable, I recommend that you approve the fee structure as proposed and forward this letter, along with your approval, to the Joint Fiscal Office, so they may take the next steps to help us continue to create a modern eGovernment system for the State of Vermont.

Respectfully Submitted,



Michael Clasen, Chairperson of the Web Portal Board



Approved

Peter Shumlin, Governor of the State of Vermont



SERVICE NAME:	
AGENCY/DEPARTMENT:	Department of Buildings and General Services
FUNDING:	

Service Overview:

Currently, there is no online - or offline - service for secure credit card payment processing at the Vermont Department of Buildings & General Services ("BGS") surplus warehouse in Waterbury. Today, BGS accepts only cash and checks at its warehouse, limiting customers who wish to pay by credit card.

Future Process:

In response to the need for the Vermont BGS surplus property division to accept secure credit card payments, VIC will deploy its Over-the-Counter "Payport" service to allow BGS to accept secure credit card payments from its customers. The service will be convenient and easy-to-use with a limited number of application screens, will allow BGS staff to fulfill a primary request from its customers, expedite payments, and lessen the vulnerabilities associated with handling cash and check payments.

The service will also reduce costs related to department time dedicated to handling cash and checks, provide an online comprehensive backend service for reporting, and allow BGS to better utilize their resources.

Service Financial Expectations:

Revenue

Although we are not sure what the anticipated revenue for the service will be, based on surplus property sales estimates of approximately \$110,000 annually, we think there is strong potential. At a 50% adoption rate for example (50% sales by credit card), the gross revenues for the Over-the-Counter "Payport" service on \$110,000 would be \$1,650 annually. If the Department decides to increase its offerings on the federal surplus side, or with fleet vehicles, these estimates could increase.

Expenses

The OTC service is already built, and was deployed successfully in Vermont by the Department of Motor Vehicles in February. Therefore the expenses to deploy this additional service will be limited to project management, testing, training, and implementation, with an annual ongoing estimate for hosting and maintenance.

We estimate the upfront costs associated with the first four items above will be \$4,000, based upon 32 hours at an industry rate of \$125/hour.

