

November 1, 2012
Department Description

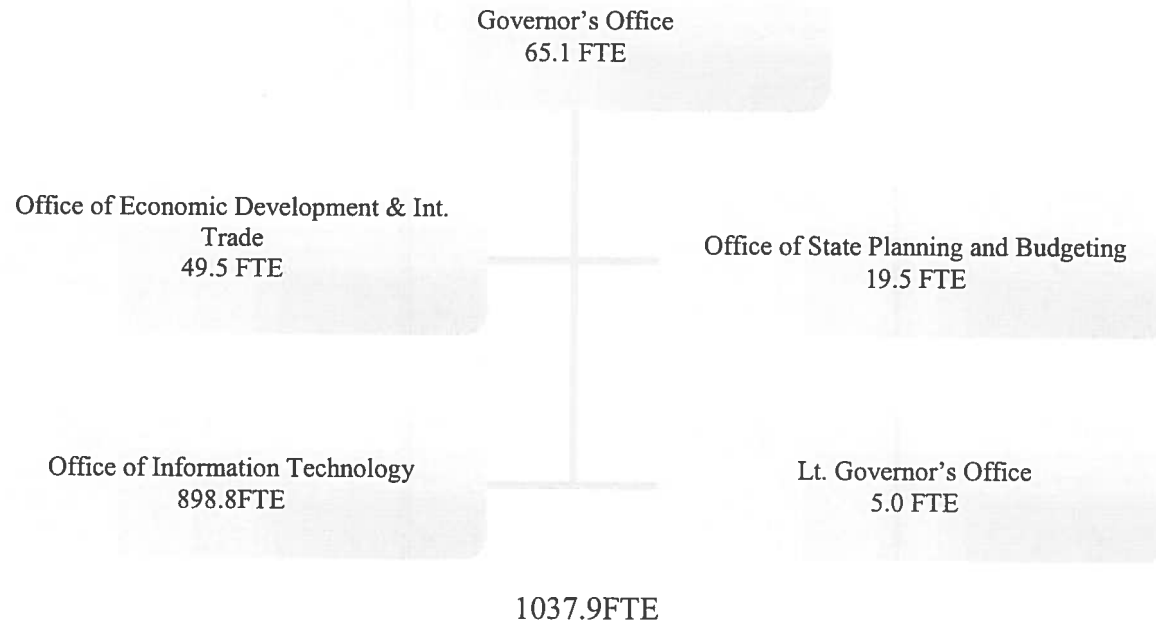
FY2013-14



Governor's Office
Department Description

FY 2013-14 Budget Request

November 1, 2012



FY2012-13 Totals \$ 199,807,228-TF \$25,320,081-GF \$26,747,087-CF \$141,242,425-Re-appropriated \$6,497,635-FF

GOVERNOR'S OFFICE - BACKGROUND INFORMATION

The Governor's Office is the administrative head of the executive branch of Colorado State Government. As Chief Executive, the Governor works to deliver services to the citizens of Colorado and to ensure effective agency operations in the Executive Branch. The Office acts as liaison with local governments, with the legislative and judicial branches of state government, and with the Federal government and otherwise executes the Executive power of the State. The Governor's Office consists of offices funded under the Governor's Office proper: the Legal Office, the Office of Policy and Research, the Office of Boards and Commissions, the Citizens' Advocate Office and Press/Correspondence; as well as offices funded separately by the legislature in the Long bill: the Lieutenant Governor's Office, the Office of State Planning and Budgeting (OSPB), the Governor's Office of Information Technology (OIT), the Office of Economic Development and International Trade (OEDIT), and the Colorado Energy Office (CEO) (name change from Governor's Energy office per HB 12-1315). Article IV, Section 2, of the Colorado Constitution states, "*The supreme executive power of the state shall be vested in the governor who shall take care that laws be faithfully executed.*" The Governor is responsible for the enforcement of state law. The Governor's Office consists of six statutorily created offices; the Governor's Office, the Lt. Governor's Office, the Office of State Planning and Budgeting (OSPB), the Governor's Office of Information Technology (OIT), the Office of Economic Development and International Trade (OEDIT), and the Colorado Energy Office (CEO). In addition to these statutorily-created offices, the Governor's Office has six administratively-created offices: the Office of Policy and Research, the Legislative Office, the Legal Office, Press/Correspondence, the Citizen Advocates' Office and the Office of Boards and Commissions. The administrative offices of the Governor, as well as the Lt. Governor and OSPB, are located in the Colorado State Capitol building, 200 East Colfax Ave., Denver. The 65.1 FTE's noted in the organizational chart include employees in the Governor's administratively-created offices as well as the Colorado Energy Office.

The Governor's Office of Policy and Research works on behalf of the Governor to develop his policy agenda through the legislature, state agencies, citizen groups, and others. The Policy Office both advises the governor on policy issues and provides policy research when and where needed. Specific policy areas include, among other topics, transportation, health care, education, child and family issues, and economic development. The **Office of Legislative Relations** assists the Governor in developing his legislative agenda, tracking bills during the legislative session and providing a liaison between the Governor's Office and the state legislature. The **Legal Office** provides legal counsel to the Governor including addressing the legality of legislation, the requirements of boards or commission members, vetting of judicial appointments and representing the Governor. The **Citizen Advocate Office** responds to citizens inquiries about concerns. Cases are forwarded to the appropriate state department to determine whether and how the issue can be addressed by the agency. The **Press/Correspondence** Office handles communications and media relations for the Governor. Duties in this office include preparing press releases, assisting with the Governor's speeches, managing governor's office web pages and e-

newsletters, and responding to media requests for information and interviews. The **Office of Boards and Commissions** is responsible for advertising, screening and making recommendations to the Governor on the filling of over 2000 gubernatorial appointments. Boards and commissions appointments include everything from the State Board of Accountancy to the Wine Industry Development Board of Colorado. In addition to these offices the Governor's Office handles administrative, accounting and human resources functions.

Colorado Energy Office (CEO)

Department Vision

The vision of the Colorado Energy Office (CEO) is to promote sustainable economic development in Colorado through advancing the State's energy market and industry to create jobs, increase energy security, lower long-term consumer costs, and protect our environment.

Colorado has taken a national leadership position in advancing all types of energy sources, from wind and solar to natural gas and coal. While Colorado has an opportunity to grow and improve the energy market, there are a variety of factors that are preventing a natural expansion of this sector. These factors include market barriers, regulatory obstacles, and a lack of awareness of energy issues.

As Colorado's population grows from 5 million to an expected 8.1 million by 2040, demand and consumption of energy will continue to grow. More than ever, CEO will work with all segments of the energy industry to ensure the wise use of our resources. Ultimately, CEO's efforts will lead to job creation as business opportunities related to energy development grow, greater energy security as Colorado increases its reliance on domestic and in-state resources; consistent consumer costs over time as market barriers are reduced; and an improved environment as energy is generated and consumed more efficiently.

The CEO has made a significant shift from an agency funded by American Reinvestment and Recovery Act (ARRA) dollars focused on providing grants and administering programs, to an agency that is legislated to work equally on renewable and traditional energy sources. There have been two extensions to ARRA programs from the original end date of June 2012. The weatherization program will come to a close in December 2012, and all Energy Efficiency Conservation and Block Grant (EECBG) funded projects will end in September 2013.

Overview

In 2012, The CEO was restructured under HB 12-1315 to enable the State's energy office to build on Colorado's national reputation as a leader in clean energy and energy innovation, and enhance the ability to support private sector job creation not only in the renewable energy sector but also in some traditional sectors like natural gas. The legislation changed the office name to the Colorado Energy Office, secured funding for five years, requires the CEO to report to the Legislature annually via the SMART Act, and established two funds:

The Innovative Energy Fund: is funded from severance tax dollars and can be used for promoting, research, development, commercialization, education, attracting innovative industry investments to the state, providing market incentives for efficient innovative energy products, assisting in implementation of innovative efficiency projects, aid government agencies in innovative energy efficiency initiatives, innovative energy policy development. Innovative energy is defined as "existing, new, or emerging technology that enables the use of a local fuel source, establishes a more efficient or environmentally beneficial use of energy & helps to create energy independence & security for the state".

The Clean & Renewable Energy Fund: is funded from General Fund dollars and can be used for attracting renewable energy industry investment in the state, assisting technology transfer into the market place for newly developed energy efficiency and renewable energy technologies, providing market incentives for the purchase & distribution of energy efficient & renewable energy products, assisting in energy implementation of energy efficiency projects throughout the state, aid government agencies in energy efficiency initiatives, implementation of renewable energy technologies, overall advancement of energy efficiency & renewable energy throughout the state.

Under HB 12-1315, the CEO has 20.7 non-Weatherization employees, and 11.5 weatherization.

The office has been restructured into four areas: policy, initiatives, low income weatherization assistance and communications:

The *Policy* area team manages legislative analysis, regulatory improvement, and key initiatives in support of the CEO's mission to promote sustainable economic development in Colorado through advancing the state's energy market and industry to create jobs, increase energy security, lower long term consumer costs, and protect our environment.

Key initiatives include supporting CNG infrastructure and fleet conversion, advancing renewable energy and energy efficiency, fugitive emission capture, alternative fueling infrastructure and vehicles, energy assurance planning, implementing Colorado's Greening Government program, and innovative technologies.

The *Initiatives* area manages programs and contracts in support of the CEO's mission - supporting residential, commercial, industrial and agricultural energy, improving the efficiency of State government operations, promoting Energy Performance Contracting (EPC) in the public and private sectors, reducing market barriers to energy investment, and partnering with the Office of Economic Development and International Trade (OEDIT) to improve the vitality of Colorado's energy market. Key initiatives include commissioning market valuation studies to identify trends regarding the impact of energy efficiency on the residential real estate market, transitioning the EPC and school energy efficiency programs to reduce costs and improve service delivery, launching new tools to support the agricultural sector in reducing energy costs, and developing resources to support existing and future Colorado energy

The *Low Income Weatherization Assistance Program* provides comprehensive energy efficiency retrofits aimed at reducing energy consumption and lowering energy costs for low income individuals and families throughout all 64 counties of Colorado. The program utilizes a combination of Federal, State and utility funding to provide these no-cost retrofit services to households meeting an annual income requirement of 200% or less of the federal poverty level. The CEO delivers the program services through contracts with eleven regional weatherization service providers conduct the actual energy retrofits. The CEO administers the overall program by providing overall coordination and administrative of the program grant funds, technical support and training and educational resources. In addition, the CEO has a highly skilled weatherization quality assurance team that conducts technical and administrative inspections/monitoring that audit the performance of the service providers to ensure quality of service is being delivered and goals of the program are being achieved.

The *Communications* area supports the CEO mission through strategic messaging and by removing barriers to finding information and by narrowing the energy knowledge gap through the timely management of web and social media outputs. Key deliverables include the development of topic-specific collateral material for distribution as an outreach tool, creation of consistent presentation materials in support of key program areas, development of fact sheets and case studies to support CEO programs and the Colorado Energy sector.

The CEO has identified the following top priorities:

1. To enhance the state's policies and legislative position to increase energy efficiency and incentivize discussions and decisions in the **electric power sector** by:
 - a. Establishing a consistent stakeholder engagement process with participation from the environmental community, renewable energy industry, coal and mining industry, oil and gas industry, and the utilities to explore the potential for policy opportunities and legislation for this fiscal year and into the future. June 30, 2013.

- b. Establishing communication and tracking processes for the State's energy assurance plan in conjunction with other agencies. October 31, 2012.
 - c. Delivering a benchmark report on the issue of fugitive emissions and how it is being incentivized in other states. November 30, 2012
 - d. Working with the Administration to develop policy that will address the issue of biomass energy in high risk fire areas. December 31, 2012.
2. Promote the diversification, infrastructure and efficiency of the state's **transportation fuels sector** by increasing fleet adoption, availability, and knowledge of alternative fuels and innovative technologies by:
- a. Instituting a pilot energy performance contracting (EPC) vehicle program in the state fleet and using the framework of the contract and the expected energy savings to document a process for other fleets to follow. June 30, 2013.
 - b. Leveraging funds in the state's existing electric vehicle infrastructure fund to install charging stations at high-impact locations. March 31, 2013.
 - c. Facilitating a legislative and stakeholder working group seeking to balance fuel parity, sustainable road funding, and the promotion of alternative fuels in the state's motor fuels excise tax system. December 31, 2012.
 - d. Publishing a transportation fuels data report for the state of Colorado, in cooperation with relevant state agencies and stakeholders. May 31, 2013.
3. Unlock the potential of **energy efficiency** in the residential, commercial, and governmental sectors by:
- a. Working with the Colorado appraisal community to complete three real estate valuation studies that will determine the market impact of energy efficiency in the home buying process. June 30, 2013.
 - b. Transferring the successes from public Energy Performance Contracting to the private sector by launching a pilot project that results in at least two new performance contracts. June 30, 2013.
 - c. Adopting a new statewide Greening Government Executive Order with detailed long-term goals. December 31, 2012.

4. Support **innovation** in the energy market and economic development through achievement of the objectives of the Colorado Blueprint by:
 - a. Provide entrepreneurs, early- to late-stage companies, investors, and corporations exploring development in Colorado with resources and services to help bridge existing gaps in the energy economy. March 31, 2013.

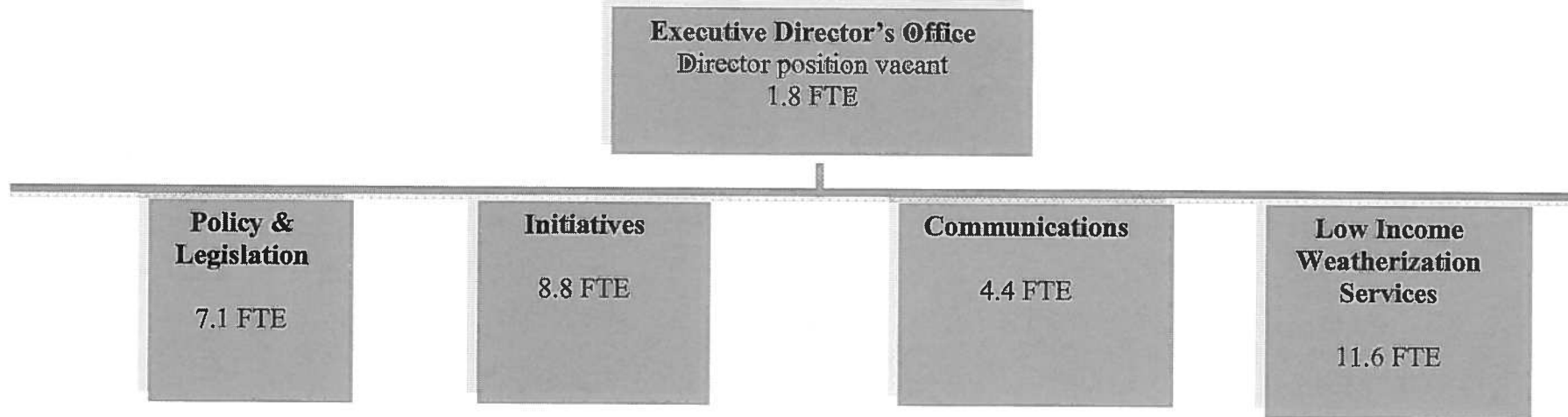
5. Increase **energy information** in the state to provide accurate media relations, communication and messaging between state agencies , stakeholders, media and communities regarding the energy sector by:
 - a. Developing standard outreach and presentation materials to be used by CEO staff, stakeholders and partners. November 31, 2012.
 - b. Creating a monthly brief for statewide distribution to proactively promote and inform media outlets about the CEO and state-related energy issues. October 2012.
 - c. Creating an online resource center including fact sheets, case studies and reports to continue to narrow the knowledge gaps across segments of the Colorado population. June

6. The **Low-Income Weatherization Assistance Program** will continue to provide energy efficiency services to qualifying Coloradans by:
 - a. Achieving greater than 90% of the total targeted production of 2,927 weatherized units in the 2012-2013 program year by completing 612 targeted ARRA related weatherization production units by December 31, 2012.
 - b. Managing the close-out activities of the ARRA Weatherization Grant that ensures that the \$80 million grant is fully spent and utilized by December 31, 2012.
 - c. Completing (2) administrative monitoring events at each weatherization subgrantee.
 - d. Completing a minimum of 5% quality assurance inspections of the total number of weatherized units.
 - e. Conducting the business development activities associated with achieving long-term sustainable funding sources that can provide the ability to weatherize more than 2,500 homes in Colorado annually.

Colorado Energy Office

33.7 FTE (as of July 1, 2012)

Cash Fund: \$3,059,151 / General Fund \$ 0 / Federal Funds ~\$3.5mm / Other \$11mm (utility partner and LEAP)



HB12-1315 appropriated the CEO FTE count dividing it between the Innovative (10.3 FTE) and the Clean and Renewable (10.4 FTE) Funds.

Significant Issues

HB 12-1315: the reorganization of the Governor's Energy Office (now the Colorado Energy Office) is a key issue as we implement the changes required by this bill. This will include the implementation of two new funds: the Innovative Energy Fund and the Clean & Renewable Energy Fund.

HB 12-1028: Continue Low-income Energy-related Assistance

- Reauthorizes the Colorado Energy Office to receive 50% of the severance tax dollars allocated for low-income energy assistance.

The **Office of the Lieutenant Governor** is defined in the Colorado Constitution. The Lieutenant Governor acts in the capacity of the Governor when the Governor is out of the state or is otherwise unable to perform his constitutional responsibilities. In 1976, the Colorado General Assembly created (See C.R.S. §§ 24-44-101 to 24-44-108) the Colorado Commission of Indian Affairs (CCIA) within the Office of the Lieutenant Governor. The Lieutenant Governor serves in the statutory role as chair of the Colorado Commission of Indian Affairs. The Commission was designed to be the official liaison between the two Ute Tribes and the State of Colorado. Since its inception, the Commission has worked with the two Ute Indian Tribes in Colorado and the off-reservation American Indian people who live in Colorado.

The **Office of State Planning and Budgeting** (OSPB) provides the Governor with timely and complete information and recommendations so he can make sound public policy and budget decisions. This role is carried out through eight core functions:

- Developing reliable revenue estimates;
- Developing a defensible budget within revenue constraints;
- Developing proposals for new legislation;
- Tracking legislation and monitoring the legislative budget process
- Advocating for the Governor's priorities and addressing issues of concern
- Monitoring budget implementation, anticipating issues, and developing solutions;
- Providing accurate and concise public information;
- Operating efficiently as an office.

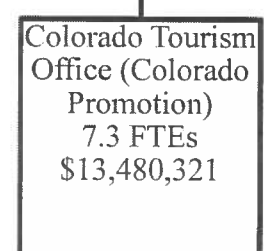
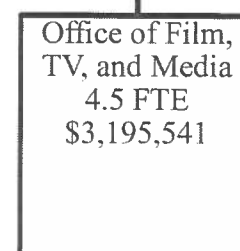
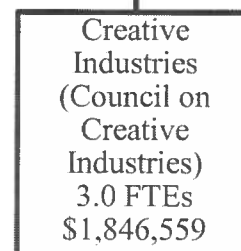
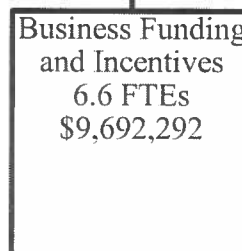
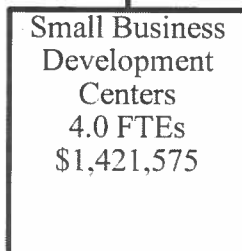
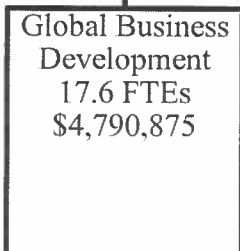
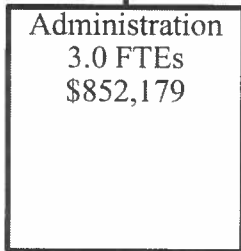
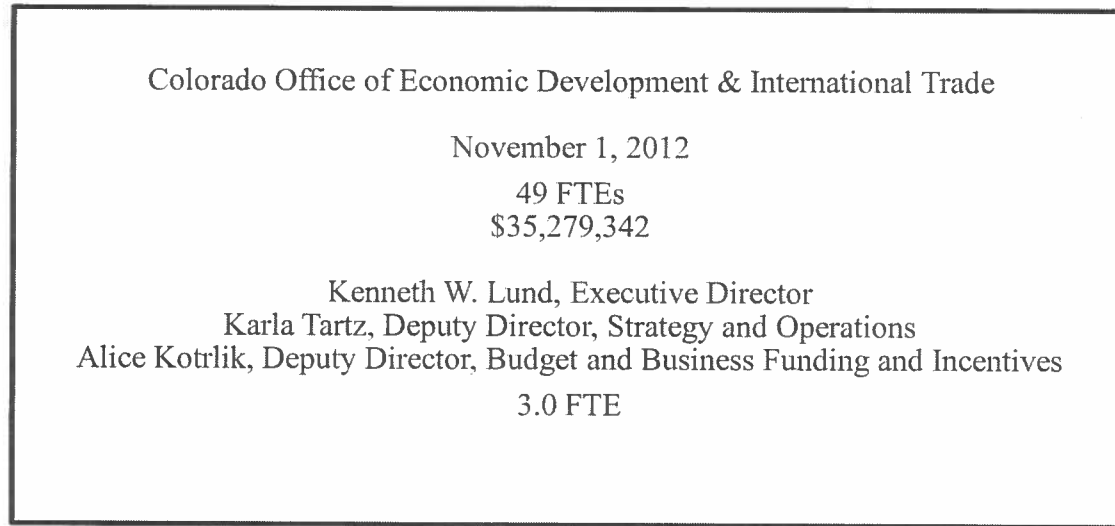
Additionally, OSPB is currently coordinating a statewide initiative to introduce a systematic approach for addressing customer-focused performance management and continuous improvement of the State's delivery of services. The Office will continue to design and deliver training, expert resources where applicable, and support to state agencies to augment their efforts in developing an efficient, effective, and elegant government. The initiative will advance the development of ongoing customer-focused service improvements within state agencies by their employees on behalf of the citizens of Colorado.

November 1, 2012
Department Description

FY2013-14

**OFFICE OF ECONOMIC DEVELOPMENT
AND INTERNATIONAL TRADE
(OEDIT)**

Economic Development Programs



FY 12-13 Totals: \$35,279,342 TF \$11,174,626 GF \$21,681,621 CF \$87,765 Re-Appropriated \$2,335,330 FF

OEDIT - BACKGROUND INFORMATION

The Colorado Office of Economic Development and International Trade's (OEDIT's) mission is to excel in creating an environment for job retention and creation, quality workforce, innovation, and international business, including a stable and sustainable personal and business-friendly quality of life. OEDIT works with local, regional and global partners to create a positive, dynamic business climate that supports economic development and job growth across the state.

To that end beginning in January 11, 2011, the Hickenlooper Administration initially engaged more than 5,000 Coloradans from all 64 counties and received specific comments from more than 8,600 people through an online survey. Through this comprehensive and collaborative approach, a statewide strategic framework (the Colorado Blueprint) for economic development has been developed. A Regional Road Tour re-engaged 527 economic development stakeholders from all 14 regions around Phase 2 of the Blueprint process. The Colorado Blueprint contains 6 core objectives:

- Build a Business-Friendly Environment
- Retain, Grow and Recruit Companies
- Increase Access to Capital
- Create and Market a Stronger Colorado Brand
- Educate and Train the Workforce of the Future
- Cultivate Innovation and Technology

The Colorado Blueprint is not a comprehensive collection of all-encompassing end-goals for all of Colorado, but rather a first set of achievable objectives to undertake together. The implementation of the Colorado Blueprint depends on the three-dimensional alignment of State, Regions and Key Industries in a way that focuses people, ideas and resources on Colorado's greatest opportunities for success:

State: the horizontal alignment of services across all state agencies as necessary to create a business climate that will facilitate rapid and sustainable job growth.

Regions: the vertical alignment between the State and each of the 14 Regions through the creation of cohesive groups of stakeholders who are committed to working together to further the goals outlined in each regional statement. These regional stakeholder groups will

provide the support necessary to convert each Regional Statement into defined, actionable strategic plans. This regional structure will be modeled on best practices from other states around the country and will be tailored to enhance Colorado's existing regional and local leadership structures. Participants in each regional group will be determined by each Region and will include representatives of local businesses, chambers and economic development organizations, local government representatives (mayors, city councils, etc), state agency representatives, SECTOR Academy, Workforce Center and Industry representatives, and other organizations or groups that may be needed based on unique regional concerns and issues

Key Industries: the alignment of public and private sector resources on a statewide and regional basis in order to create strong and strategic key industries as a means to expanding and creating jobs within Colorado. Each key industry will consist of networks of related businesses and organizations within an industry whose collective excellence, collaboration and knowledge-base provide a sustainable competitive advantage. Strong key industries will translate directly into tangible benefits for businesses, citizens and educational institutions by allowing related businesses to (i) have shared access to suppliers, services, resources, technology and workforce and (ii) work together to reduce barriers to growth and achieve new economies of scale, distribution and supply channels and, ultimately, increased profitability thus fostering an environment for job creation.

For more information on the Colorado Blueprint, OEDIT programs/services and updated reports, please view www.advancecolorado.com.

OEDIT's appropriation from the Colorado legislature is \$35,279,342, broken out by funding sources as follows: \$11,174,626 (32%) from general funds, \$21,681,621 (61%) from cash funds provided from limited gaming fund distributions, \$2,335,330 (7%) from federal funds which generally have state matching fund requirements, and \$87,765 from reappropriated funds. OEDIT's primary location is at 1625 Broadway, Suite 2700, Denver, Colorado. In addition to its Denver office location, OEDIT provides services and resources in conjunction with a number of partners located throughout Colorado and for which in some cases OEDIT has certain oversight responsibilities, including but not limited to its Small Business Development Centers network, Enterprise Zone Administrators and regional Business Loan Funds.

OEDIT's funding supports the following programs and services:

Administration provides the organization with strategic and operational management direction, policy formulation, accounting, budgeting, procurement, limited personnel functions and other administrative functions. OEDIT's Executive Director is Kenneth W.

Lund; Deputy Director, Strategy and Operations is Karla Tartz; and Deputy Director, Budget and Business Funding and Incentives is Alice Kotrlík.

Domestic business development efforts, within **Global Business Development**, serve as the primary point of contact for the state's business retention and recruitment activities by providing leadership, assistance, technical expertise and support for local economic development initiatives. Business programs and services offered include: Colorado Marketing and Promotion; Key Industry Development and Support; Regional Development and Support; Business Retention, Attraction, and Expansion; Project Management and Site Selection Assistance; Data Analysis, Data Dissemination, and Monitoring of Economic Indicators; Customized Industry Training (Colorado First and Existing Industry Programs jointly administered with the Colorado Community College System); Trade Shows; and Aviation Development Zone Program Registrations. Deborah Cameron is OEDIT's Business Retention and Recruitment Manager.

The International Trade Office (ITO), within Global Business Development, promotes the export of Colorado products and services through its export counseling services and trade promotion events, and markets Colorado to potential foreign investors. The ITO organizes low-cost, state-sponsored international trade missions, provides guidance in the mechanics of exporting through seminars and one-on-one counseling helps companies identify target markets, trade leads and assists in arranging meetings with foreign buyers and distributors. ITO also provides support for export troubleshooting, for example assisting with regulatory issues or advocating to remove trade barriers. It also maintains a network of international private and government organizations. ITO actively promotes Colorado as a place to invest (inward foreign direct investment) and showcases Colorado to foreign companies. The ITO makes presentations in Colorado and abroad, providing an overview of Colorado's key industries and economic climate and provides specific services to companies. ITO has an office in Mexico City run by a contract representative and an Honorary Trade and Investment Representative in Europe. The foreign office representation provides on the ground presence in key world markets for assisting Colorado companies and promoting Colorado to investors. ITO is also the State's point of contact to the U.S. Trade Representative's Office on trade policy. ITO's Director is Sandi Moilanen.

The **Minority Business Office**, within **Global Business Development**, connects smaller businesses to certification, procurement, networking, mentoring and with contracting opportunities while utilizing its partners in state government, higher education and the private sector. In addition, the MBO provides surety bond technical assistance to historically underutilized businesses and has

established a database with information on women and minority owned businesses with bonds in Colorado. The Minority Business Office Director is LeRoy Romero.

The Small Business Development Center Division, the Lead Center, has oversight responsibility for Colorado's Small Business Development Center network. Colorado's Small Business Development Centers (CSBDC) provide counseling and training services to small business owners and entrepreneurs for business planning, sources of capital, domestic and international marketing, accounting, related business disciplines and targeted services for veterans. The CSBDC network consists of 14 full-service centers located throughout the State providing coverage to every county in Colorado. The Division and its network provide service to existing businesses and start-up entrepreneurs. The SBDC produces the Colorado Business Resource Guide, which is a comprehensive guide for starting and operating a business in Colorado. The CSBDC also administers the Colorado Leading Edge Training Program, which provides intensive entrepreneurial training with a minimum of 35 classroom hours and five (5) one-on-one counseling hours at sites across Colorado. OEDIT's Small Business Development Center Division Director is Kelly Manning.

The Business Funding and Incentives Division serves as the primary contact for the State's business financing, business incentive and grant programs. The Business Funding and Incentives Division includes the following programs: the Economic Development Commission's (EDC) General Economic Incentives and Marketing Program (Strategic Funds), the EDC's Job Growth Incentive Tax Credit (JGITC) Program, the EDC's Enterprise Zone (EZ) Program, EDC's Colorado Credit Reserve (CCR) Program which is managed by the Colorado Housing and Finance Authority, the EDC's Regional Tourism Act Program, the EDC's States Small Business Credit Initiative funds (two business lending support programs managed by the Colorado Housing and Finance Authority), the Bioscience Discovery Evaluation Grant Program (BDEGP), the Certified Capital Companies (CAPCO) Program, the Venture Capital Authority (VCA) and in 2014, the Colorado Bioscience and Clean Technology Innovation Reinvestment Act. In addition, the OEDIT's Business Funding and Incentives Division has administration and oversight responsibilities for the economic development portion of the federal Community Development Block Grant (CDBG) Program (which includes regional business loan funds, infrastructure assistance and planning/feasibility study funding) available in primarily rural areas of the state. The Business Funding and Incentives Division also provides financial underwriting services for OEDIT's Customized Job Training Programs and for the Department of Local Affairs' Private Activity Bond Program. The Business Funding and Incentives Division also assists businesses by referring entities to potential financing options offered by other sources of local, state, federal and private funding. OEDIT's Business Funding and Incentives Division Director is Alice Kotrlik.

The Creative Industries Division includes the former Colorado Council on the Arts and the state's Art in Public Places program. A 2008 study of Colorado's Creative Economy showed that the state has become a magnet for creative enterprises and creative workers. Colorado is 5th in the nation in its concentration of artists, including architects, designers, writers and authors, photographers, producers, directors and musicians. With more than 186,000 jobs, the creative sector is Colorado's 5th largest employment cluster. These jobs are well-distributed across the state including both creative firms and workers in creative occupations in other sectors. Colorado has 10 of the nation's top 25 non-metro counties in concentration of creative occupations.

The division focuses on five program priorities to support and expand the creative sector: increase access to direct financial support, create and expand professional development and networking opportunities, promote Colorado as a premier creative hub, increase access to arts and creativity skills in preschool through college education and workforce development, and stimulate increased support by local governments and coalitions. OEDIT's Creative Industries Division Director is Elaine Mariner.

The Office of Film, Television and Media (COFTM) works to attract and facilitate content creation in the state and in doing so, generate economic growth in all of its communities. With the film and television industry being a growing international business and a major U.S. export, coupled with Colorado's existing infrastructure and talent pool, the film industry in Colorado is ripe for growth. To achieve this goal, the COFTM administers both a performance-based rebate program and a loan guarantee program, which are available to production companies. The COFTM also markets Colorado as a destination for content creation, serves as a resource for local governments and communities, conducts educational seminars, and serves a producer function to create new business opportunities. Additionally, the COFTM acts as a general liaison for production companies and assists in coordination efforts among production companies, state or local government agencies, and local businesses and individuals before, during, and after the production company conducts production activities in Colorado. Donald Zuckerman is the Director of OEDIT's Office of Film, Television and Media.

The Colorado Tourism Office (CTO) promotes the growth of the travel and tourism industry thereby creating jobs, increasing tax revenues and furthering economic development. Through a comprehensive marketing, advertising and public relations campaign, the CTO promotes Colorado as a premier leisure travel destination to international and domestic travelers (including out-of-state and in-state travelers). The CTO engages Colorado's tourism industry through partnership opportunities, as well as receives input on its programs from the industry. The CTO works with a national research firm to ascertain the impact of visitors to the state economy, including the effectiveness of its advertising campaign, visitor spending and state and local tax revenues derived from travel expenditures.

The Office promotes tourism in Colorado in a variety of ways, including: Welcome Centers, Tourism Promotions, a Tourism Website, the Official State Vacation Guide, distribution of the Official State Map, and the Heritage and Agritourism Tourism Programs. The Director of the Colorado Tourism Office is Al White.

OEDIT - PRIOR YEAR LEGISLATION

HB12-1009, (Gerou, Lambert), Federal Funds Transparency Act

This bill requires that state agencies submit a report concerning all federal funds received each year to the general assembly.

HB12-1029, (Holbert, Scheffel), Economic Stimulus Personal Property Tax Exemption

This bill created a property tax exemption for business personal property by allowing local governments to offer greater incentives to taxpayers who establish a new business facility or expand an existing one.

HB12-1061, (Kagan, Newell), The Skills For Jobs Act

This bill authorized the creation of an annual report outlining state workforce need projections and credential production.

HB12-1272, (Duran/Ramirez, Newell), Enhanced Benefits Unemployed Workers In Training

This bill established the continuation of enhanced unemployment insurance benefits for unemployed individuals engaged in and making satisfactory progress in an approved training program.

HB12-1288, (Murray, Bacon), Administration Of IT Projects In State Government

This bill established standards for the administration of information technology to follow which will result in successful projects in state government.

SB12-026, (Cadman, Vaad), Agency Rules With State Mandates On A Local Government

This bill outlined the rules that a state agency must comply with when deciding to create a state mandate on a local government.

SB12-035, (Hodge, Gardner B.), Spaceflight Entity Limited Liability

This bill declared the limited liability a spaceflight entity has concerning the possible event in which a spaceflight participant suffers death or injury to person or property.

SB12-048, (Schwartz, Coram), Local Foods Local Jobs

This bill created an initiative to facilitate greater access to markets and consumers for small, local producers of fresh and value-added foods to foster direct connections between people and local producers.

HB12-1241, (Ferrandino, Heath), Review Enterprise Zone Designations

This bill established an Enterprise Zone Review Task Force to review the effectiveness of the “Urban and Rural Enterprise Zone Act” and certain other policies and procedures regarding enterprise zones designations in the state of Colorado. *This program is administered by OEDIT’s Business Funding and Incentives Division.*

HB12-1280, (Coram/Sonnenberg, Tochtrop/Spence), Video Lottery Terminals (VLTs) For College Scholarships

This bill created a scholarship fund using a percentage of the proceeds from the operation of VLTs for the purpose of increasing the access of Colorado residents to undergraduate postsecondary education.

HB12-1286, (Massey/Ferrandino, Newell/White), Film Production Activities In Colorado

This bill appropriated \$3,000,000 for allocation to economic development programs for the Colorado Office of Film, Television, and Media to be used for the procurement of film production activities. *This program is administered by OEDIT’s Office of Film, Television and Media.*

HB12-1360, (Gerou/Levy, Steadman/Lambert), Surplus General Fund Transfer To Economic Development Fund

This bill authorized the transfer of up to four million dollars from the general fund to the Colorado economic development fund for allocation to the Colorado Economic Development Commission for use primarily in providing incentives and for marketing assistance. *This program is administered by OEDIT’s Business Funding and Incentives Division.*

SB12-166, (Giron/Roberts, Priola/Williams A.), Synchronize Economic Development Reports In One Annual Report

This bill requires OEDIT to report annually to the general assembly regarding the programs it administers.

OEDIT - HOT ISSUES/KEY INITIATIVES

The condition of the economy remains a key hot issue for Colorado, particularly with the number of continuing uncertainties impacting the economic climate. The Bureau of Economic Analysis reported that US economic growth in 2012 has slowed since the first quarter rate of 2% to a second quarter growth rate of 1.5%. In 2011, Colorado recorded the sixth fastest employment growth rate in the nation. In 2012, year-over-year employment growth through May has sustained this ranking for seasonally adjusted average employment growth according to the “Colorado 2012 Midyear Economic Update”. This update also predicts that although total employment growth is likely to slow somewhat for the rest of the year, the state is still expected to add a total of 35,000-40,000 jobs in 2012, an increase of 1.6-1.8%. This growth will once again put Colorado among the top ten states in job growth performance and OEDIT’s vision is for Colorado to be the leader. However, recent significant natural disasters and other events such as the extensive drought and fires may have an economic impact still to be determined.

There are various sources for economic forecasts, including but not limited to the Colorado Governor’s Office of Planning and Budget at www.colorado.gov/ospb, the University of Colorado Leeds School of Business at <http://leeds.colorado.edu/asset/brd/cbr7832012.pdf> and the Bureau of Economic Analysis as noted.

OEDIT’s priority is the retention and creation of jobs across the state, with strategies built on the foundation of the Colorado Blueprint and its 6 core objectives. The Colorado Blueprint provides the state with a framework to build a comprehensive economic development plan that aligns existing efforts and identifies opportunities for growth and focused investments. OEDIT continues to make strides in aligning the State, Regions and Key Industries and to further develop Strategic Initiatives in support of this three-dimensional alignment. For more information on the Colorado Blueprint, OEDIT programs/services and updated reports, please view www.advancecolorado.com.

SAMPLE SUCESSSES

- Significant economic development actions and successes have been and continue to be documented across Colorado and can be viewed in the Colorado Blueprint update reports found at www.advancecolorado.com along with reviewing sample successes also highlighted in this document.
- **The Colorado Innovation Network (COIN) was established in Colorado in 2011 because Colorado is focused on creating an inspirational environment in which ideas can thrive. Cultivating innovation is key to creating new jobs and growing a more resilient economy. COIN is focused on creating an innovation network between the state’s government, higher education, research institutions, industry**

leaders and entrepreneurs. This network encourages the free flow of information, ideas and solutions among our innovation leaders and helps stimulate Colorado's economic growth. For more information on COIN, please view www.coloradoinnovationnetwork.com.

- Colorado has experienced a number of significant positive business announcements recently which include:
 - **Blockbuster/DISH** is moving its Blockbuster Headquarters and executive level jobs to Colorado in the summer of 2012.
 - **PTI Manufacturing**, a subsidiary of Oil States International, opened its U.S. manufacturing plant in Johnstown, bringing 300 manufacturing jobs to the area.
 - **Covidien**, a \$11.6 billion provider of innovative healthcare products, has selected Boulder for a new innovation center, bringing 125 jobs and \$7 million capital investment.
 - **SCL Health System** is relocating its headquarters from Kansas to the greater Denver area, creating 750 full-time permanent jobs in the region.
 - **Cummins Rocky Mountain, Precast Concepts and UE Compression** chose to remain and expand in Adams County rather than move facilities to Phoenix AZ, Oklahoma City OK, or Houston TX, respectively with 350 jobs collectively impacted.
 - The expansion of **TeleTech's** new customer management delivery center in Greeley will bring more than 500 new jobs to the area.
 - **Halliburton Co.** plans to build sand storage facilities in an industrial park near Windsor that will support more than 500 employees and serve energy production demand.
 - **Bal-Seal Engineering Inc.** will embark on a multi-million dollar expansion of its Colorado Springs operation which doubles the company's workforce. Bal-Seal expects to create 200 jobs by 2015.
 - Colorado will gain 1,250 jobs over the next five years after landing the headquarters of **Arrow Electronics**, a Fortune 200 company with \$18.7 billion in revenues.
- Several international companies established operations in Colorado with assistance from ITO including **Terumo BCT** (retained 1600 jobs), **J. Schneider Eletronik** (30 new jobs) and **Marubeni** (\$300 million investment in mid-stream natural gas).
- Several Colorado companies completed large export sales with ITO's assistance, including **Clipper Wind** (\$29 million to Mexico) and **Hach** (\$4 million to China).

- **Coleman Co.**, an international leader in the innovation and marketing of outdoor products, hosted the grand opening of its new global headquarters in Golden. Coleman relocated its headquarters back to Colorado from Wichita, Kansas and will create 74 jobs in the Denver Metro area. A number of OEDIT divisions/programs provided assistance to Coleman Co.
- The U.S. Patent and Trademark Office announced that it has selected Denver as one of three new satellite patent offices to be located across the country. The expansion is expected to bring hundreds of patent examiner jobs as well as a considerable number of related positions, and an anticipated economic impact of \$440 million in the first five years of operation
- The MBO continues to partner with women and minority chambers of commerce. Our yearly partnership for the Business Diversity Breakfast at the Seawell Ballroom is highly attended attracting over 500 attendees.
- The Buyers and Sellers Procurement Fair, supported by the Minority Business Office, continues to be a hit bringing Colorado State Agencies together, the private sector and higher education to connect with diverse businesses and the opportunity to develop contacts and leads.
- The Colorado SBDC Network has been working diligently to assist businesses affected by the recent Colorado Wildfires. Specifically the High Park Fire in Larimer County and the Waldo Canyon Fire in El Paso County. The SBDC is hosting a Small Business Resource Center in Colorado Springs providing face to face assistance for businesses recovering from the affects of the Waldo Canyon Fire. In addition to many workshops and the flagstaff Leading Edge program, the SBDC is also putting on a FIRE workshop (Fire Impact Recovery Effort) in conjunction with the Colorado Enterprise Fund. This workshop is designed to help businesses recover lost sales due to the fire as well as develop new marketing strategies to attract new customers. The SBDC Lead Center applied for and has been awarded a Disaster Relief Grant which will be used to hire full time disaster relief consultants as well as fund additional fire recovery programs and workshops.
- In addition to strong performance results from counseling existing and expanding businesses, the Colorado SBDC had 357 business starts between July 2011 and June 2012. Some of these successful business starts include the Denver Beer Company, Wolf Creek Jeeps, Meier Skis, DVM Systems, and Confluence Coffee.

- The Business Funding and Incentives Division provided support for the Colorado Economic Development Commission's application to the U.S. Treasury Department, resulting in \$17.2 million being awarded to Colorado. The Colorado Economic Development Commission has contracted with the Colorado Housing and Finance Authority to administer these funds which will be used to provide business lending support.
- Colorado's fast-growing creative economy has been featured prominently in multiple national reports in the past year. The May 2012 National Governor's Association report "New Engines of Growth" applauded Colorado for including the creative industries in the Blueprint for Economic Development and for assisting municipalities in investing locally through the certification of Creative Districts. Colorado ranked 6th in the nation in percent of its workforce in creative class occupations in the July 2012 update of "Rise of the Creative Class" by Richard Florida.
- The Colorado Office of Film, Television & Media has partnered with High Noon Productions, Colorado Film School, and the Colorado Tourism Office to produce a one-hour television special highlighting the Eastern Plains and *Pedal the Plains* bike race in September 2012. The special will be distributed by Altitude Sports and Entertainment in 10 states with prime time runs.
- According to Longwoods International, visitor spending reached a record \$10.76 billion in 2011. However, Dean Runyan, which tracks a broader range of spending indicates total travel and tourism spending exceeded \$15 billion last year. Colorado also set a record for the marketable leisure trips category of 14.3 million visits, representing a four percent growth, significantly outpacing the national marketable trip increase of one percent. Perhaps most importantly, Colorado saw its share of the national overnight market grow from 2.6% in 2010 to 2.7% in 2011. This is significant because the state has finally regained the high water mark for national market share that Colorado enjoyed in 1993, the year the state lost total promotional funding. It has taken Colorado 18 years to recapture that prior level after it stopped marketing for seven years.
- The CTO rolled out a new marketing campaign in April of 2012. The tag line for the Campaign is "Come to Life". Research is indicating that the campaign is highly successful and it is anticipated the results will reflect an increased return on investment and further growth in the marketable trip segment of the travel market.

OEDIT - WORKLOAD INDICATORS

Selected Workload Indicators	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Estimate
<i>Global Business Development Domestic Business Development</i>				
Number of Business Relocation/Business Expansion Prospects and Business Retention Projects Managed	85	142	124	200
Number of Community Economic Assessments	6 CEA	5 CEA 4 Sustainable Mainstreet	0 ¹	3
Number of Business Development Promotion Activities (trade shows, website, advertising)	20	15	3 ²	6
Number of Other Business Development Grants/Programs Managed	8	11	9	9
Number of Colorado First/Existing Industry Grants Managed	66	77	51	60
<i>Global Business Development International Trade Office</i>				
Number of companies receiving substantial international export and foreign direct inward investment assistance	329	268	339	350
Number of Presentations on Export Promotion, Export Training Seminars and Investment (made to groups within and outside of Colorado) and the Total Number of Attendees at Such Events	59/2,337	42/2,550	45/3350	60/4000
Number of Outgoing and Incoming Trade Missions Promoting Colorado Exports and Investment Opportunities	14	12	17	18
Number of E-newsletter and Other Communications Recipients	2,104	3,054	3,685	4000
<i>Global Business Development Minority Business Office</i>				
Number of Women and Minorities (historically underutilized businesses) Receiving Surety Bond Technical Assistance	324	400	425	450

Selected Workload Indicators	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Estimate
Number of Seminars and Trade Fairs Planned & Coordinated	25	28	28	25
Number of Newsletters Issued & Other Communications	22 issues	22 issues	25	25
Number of Small businesses in directory	2,500	3000	3250	3500
<i>Small Business Development Centers Division</i>				
Number of Monthly Host Small Business Development Centers (SBDC) Performance Monitoring	180 ³	168 ³	168 ³	168 ³
Number of Subrecipient Annual Performance Letters Issued	14	14	14	14
Accreditation Reviews (every four years)	0	0	1	0
Number of Quarterly Reimbursement Requests from Host SBDCs	55	54	64 ⁵	64
Number of Yearly Program and Financial Reviews of Host SBDCs performed	14	28	28 ⁴	28 ⁴
<i>Business Funding and Incentives Division</i>				
Number of Board/Committee Meetings Staffed	28	63	131	126
Number of Contracts under Management	115	141	229	230
Number of Reports (to Legislature, federal agencies, etc.)	7	25	29	29
Number of Monitoring Visits Completed	6	13	22	24
Number of Audits (by state and/or federal agencies providing funding)	1	5	5	6
Number of Funding/Incentive/Educational Events	5	5	8	9
<i>Colorado Creative Industries Division</i>				
Value of Art in Public Places Managed	\$1,028,007	\$700,046	\$1,136,960	\$144,993 ⁶
Number of Schools and Districts Served	24	24	13 ⁶	19 ⁶
Number of Contracts Managed	297	248	176 ⁶	226 ⁶
<i>Office of Film, TV and Media</i>				
Number of Incentive Contracts Managed	N/A	8	12	15
Gross Production Spend from Film Incentives	N/A	\$2,700,000 ⁷	\$415,522 ⁸	\$15,000,000 ⁹

Selected Workload Indicators	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Estimate
Number of Production Inquiries	221	233 ¹⁰	122	150
<i>Colorado Promotion (Colorado Tourism Office)</i>				
Number of Tourism Industry Events, Trade Shows & Sales Missions	55	56	55	57
Number of CTO Contracts Managed	60	65	65	65
Number of Tourism Board and Committee Meetings and Number of Tourism Industry Communications	80	86	110	105

¹OEDIT has been evaluating this program to determine new partnership opportunities with other organizations and delivery mechanisms.

²With new strategies under development, trade shows and other marketing activities are being evaluated for effectiveness.

³The number of monthly host SBDC performance monitoring indicators has increased significantly due to new monthly benchmarks and balanced scorecard processes (14 centers*12 months).

⁴For the state's fiscal year 2011-2012, the SBDC completed 14 financial and 14 programmatic reviews in preparation for and during the program's accreditation process. This same process (best practice) will be continued into the state fiscal year 2012 - 2013.

⁵For the state's fiscal year 2011-2012, the number of reimbursement requests received has increased because the South Metro Denver SBDC submits reimbursement requests monthly (13 centers * 4 quarters) + (1 center * 12 months).

⁶The Value of Art in Public Places Managed will decline in FY13 because the Justice Center project will wrap up and no new capital construction projects are projected. Because 85% of the Colorado Creative Industries Division's funds are distributed in the form of grants, the number of schools served and contracts managed in FY12 and FY13 have decreased as a result of 22-25% declines in federal and state appropriations as compared to FY10.

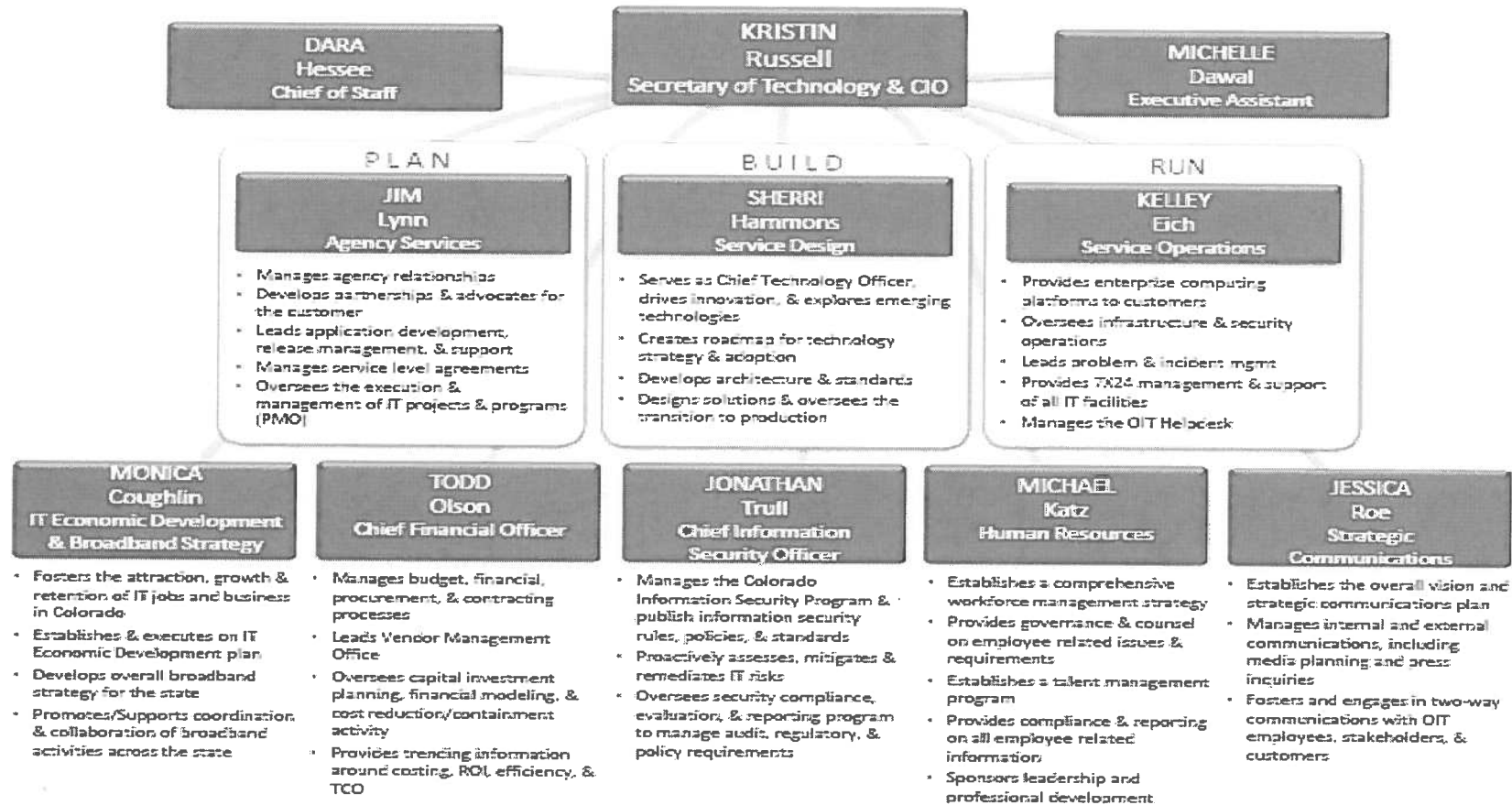
⁷This number is an estimate as final incentive audits are being completed.

⁸The \$415,522 is the actual to date number; however, 3 incentives are still being audited and 7 incentive projects are still in process. It is estimated that actual number will be approximately \$2,400,000 when all incentive projects are completed and audited.

⁹This estimate is significantly higher due to the increase in film incentives and funding for a loan support program enacted by the state legislature during the 2012 session.

¹⁰Based on a current review of documented database inquiries.

Office of Information Technology



FY 2012-13 Total Budget-\$128,370,881 (\$1,250,928 CF, \$126,998,953 RF, \$121,000 FF) & 898.8 FTE
 Governor's Office of Information Technology Background Information

The Governor's Office of Information Technology (OIT) oversees technology initiatives at the State level, recommending strategies that maximize efficient technology service delivery in a cost-effective manner through the application of enterprise technology solutions. OIT is established in State law to coordinate and direct the use of information technology resources by State agencies. In this capacity, OIT is responsible for oversight, administration and management of centralized IT in State government in Colorado.

Historically departments and agencies were allowed to independently acquire uncoordinated and duplicative technology resources that are more appropriately acquired as part of a coordinated effort. The sharing of IT resources among agencies is often the most cost-effective method of providing the highest quality and most timely governmental services that would otherwise be cost prohibitive. Further, the development and implementation of consolidated procurement strategies and coordinated governance and management of critical projects, systems, applications and assets provide the largest economies of scale both financially and operationally. The first step taken to achieve the financial consolidation of IT spend came in May 2007 when the Governor issued Executive Order D 016 07. The Executive Order mandated that all IT budget requests be reviewed and approved by OIT prior to being submitted to the Office of State Planning and Budgeting (OSPB) and it further mandated that all IT procurements greater than \$10,000 be approved by OIT prior to the actual procurement. In both cases, the purpose was to give OIT touch points to identify potential areas of collaboration, determine whether there was capacity in existing systems, and/or to develop economies of scale in procurements, infrastructure and systems statewide. This authority was further solidified via Senate Bill 08-155 (CRS 24-37.5-101 et seq).

Senate Bill 08-155 provided the framework to facilitate a consolidated strategic and operational direction for information technology in the State of Colorado under the centralized management of OIT. As a result of SB08-155, the authority that was initially granted via Executive Order D 016 07 was placed in statute, and the legislation formally enabled OIT as the agency designated with the authority for the management and delivery of centralized IT services in the State, including leadership, procurement, budgeting, strategic operations, project management, and enterprise architecture. In summary, SB 08-155 was expected to generate efficiencies by leveraging common services, infrastructure and applications statewide while optimizing the procurement strategy of the State related to the acquisition of IT goods and services. This strategy has already promoted a more stable, dynamic and effective IT infrastructure in Colorado State government that provides multiple benefit to state departments and citizens.

One of the most critical objectives in the IT consolidation was also enabled through the statutory changes enacted pursuant to SB 08-155. The legislation facilitated the statutory and organizational re-alignment of all Executive Branch IT personnel from State agencies to OIT. The budgetary transfer of the staff and associated personnel/payroll costs was finalized budgetarily, and was implemented effective July 1, 2010 pursuant to JBC and General Assembly approval. The total budgetary transfer of FTE and associated personal

services budgets to OIT was not done within existing budget, but actually reduced FTE statewide by 100 FTE and \$7.8 million (which represented an annual reduction of 12%). As a result of this transition, OIT and the State can fully leverage commonalities among agencies to achieve maximum benefit, whether related to specific systems, projects, procurements, etc., from an enterprise perspective given that OIT now manages 100% of the information technology personnel in the Executive Branch.

As mentioned above, OIT has generated some materially significant personal services savings through the reduction of full time equivalent (FTE) information technology positions. This reduction will have provided net savings to the State of nearly \$25M through the end of FY 2012- 2013. In addition, OIT will achieve another \$10+M in savings over the same four year period through the re-negotiation of contracts, consolidation of multiple contracts into single enterprise contracts and through data center consolidation efforts. Overall the financial and operational consolidation OIT has undertaken has started to pay huge dividends and it will only improve in later phases.

OIT Controls Program

OIT oversees all financial activities of OIT and all IT related financial activities for the Executive Branch, develops and administers the OIT Controls Program, which includes IT planning, budgetary controls, grants management, procurement, contracting, accounting, auditing, and reporting. Specific duties also include:

- Management of enterprise budget, accounting, procurement and contracting processes
- Capital investment planning, financial modeling and cost reduction/containment activities
- Refinement of financial controls program to maximize IT spend across the state
- Consolidation of enterprise-level contracts and procurements
- Financial analysis and trending related to return on investment and total cost of ownership

Appropriation Structure

OIT delivers information and communication technology services, support and infrastructure to state, federal and local government entities among others. OIT operates solely as an internal service organization, is almost 100% funded via re-appropriated funds, and bills 100% of its costs and activities to users in accordance with federal and state governmental accounting standards and guidelines.

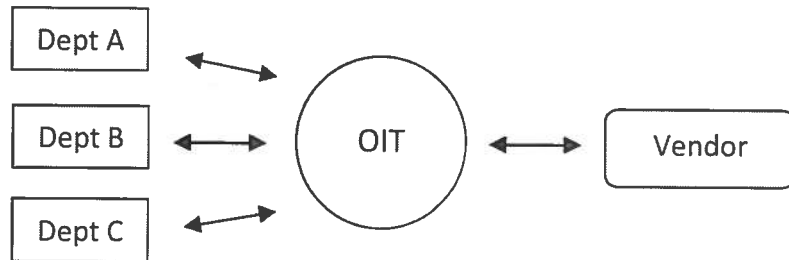
OIT recalculates its services rates on an annual basis and bills its services to departments on a cost reimbursement basis. OIT is not a profit center.

Federal Oversight

The billing methodology of OIT is audited every year by the US Department of Health and Human Services, Division of Cost Allocation (DCA) to ensure that our rate setting methods are sound, that OIT is billing each department in accordance with set rates and that federal funds are not being used to subsidize state general or cash funded programs. DCA tests both transactions and internal controls to ensure that no cross-subsidization is occurring at either the service or departmental level.

Contract Consolidation

Historically each Executive Branch agency has entered into its own contracts for IT services, support and maintenance, often times at different price points. OIT is proactively pursuing the consolidation and renegotiation of these contracts consistent with statutory authority. As a result, OIT is already generating several million dollars in cost savings and cost avoidance over a four-year period from renegotiating and consolidating IT contracts, cell phone consolidation, and data center consolidation efforts. The diagram below outlines OIT’s role in the process:



IT Storefront

OIT engaged in a LEAN project to create a model that positioned OIT to serve as the “IT Storefront” for all IT-related procurements (e.g., hardware, software, maintenance, services) for all Executive Branch agencies. The IT Storefront is the life cycle management process for all IT assets and services. Goals and benefits of the IT Storefront include the opportunity to optimize financial decisions by

leveraging statewide purchasing power; establishing common standards for hardware, software and applications; complying with required security architecture standards; implementing efficiencies in deployment and support of hardware, software and applications; and providing for improved adoption of project management, vendor management and asset management protocols. It is anticipated that the streamlining and centralization of the purchases will result in an estimated annual savings of \$5 million while greatly improving how departments identify, purchase, and provision information technology goods and services.

OIT worked with the Department of Personnel & Administration (DPA) and finance and procurement officials from several departments on this strategic initiative and after many months of hard work, a LEAN-based statewide IT requisition and approval process was implemented in July 2012 and was integrated with the statewide e-procurement platform (COMPASS). The next phases of the project include incorporating the OIT project management office, implementing a vendor management office and feedback system and incorporating full asset management for all purchases into one configuration management database (CMDB) which will be utilized by the entire OIT organization. The goals of the IT Storefront include reducing procurement and provisioning timelines by approximately 30%; improving the quality of goods and services being procured; ensuring successful projects through consistent project management; evaluation and ranking of vendor performance; identification and management of the state's IT assets throughout their lifecycle; and to generate significant cost savings through consolidated purchasing.

Building Sustainability Upfront

Building sustainability up front into the plans and budgets for new IT systems and ensuring that all the components are in place not only for successful system implementation, but also for ongoing maintenance and support of the system and eventual system replacement is another key priority for OIT and the state. This "Total Cost of Ownership" approach includes incorporating security, project management, independent verification and validation (IV&V), business continuity, disaster recovery, ongoing maintenance and support costs, and end-of-life replacement as necessary components of planning and budgeting for IT projects -- all of which are key to success and sustainability.

During the 2012 Legislative session, OIT partnered with legislators to facilitate the passage of HB12-1288, "the Administration of IT Projects in State Government", which will ensure that the state takes a smarter and more sustainable approach to IT system implementation and that IT project plans and budgets contain all the necessary components, such as Total Cost of Ownership, ongoing maintenance and disaster recovery for long-term system success and eventual replacement. The oversight of the strategic alignment is also part of the stage-gate process. Significant savings will occur from these steps as we enable collaboration around the state to increase usability of components, eliminate system duplication, and contribute to the approval of a stronger portfolio of projects.

Financial guidelines were created and provided to help teams calculate their Total Cost of Ownership and create more detailed budgets. Different internal training opportunities are being created by OIT's EPPMO supporting the "train the trainer" concept to expand knowledge around Portfolio Management, Program Management, and Project Management best practices.

This bi-partisan bill also modifies statute to specifically allow agencies the option to utilize OIT for major IT project-related work that uses capital construction funds. Since OIT is the provider of IT services for state agencies, it makes sense that capital construction dollars be allowed to pay OIT like any other vendor, especially when the cost and quality of using OIT resources is more beneficial for the state than using external resources.

OIT Program Overview

OIT's role is to deliver services and infrastructure and to provide support functions for other government agencies and departments including State, federal and local government entities among others. In this context, OIT complements business functions and processes of the entire Executive Branch by maximizing technology resources and service delivery. OIT is now truly serving in a vendor role with financial and fiduciary responsibility to the remainder of State government. As referenced above, OIT is funded almost exclusively through 're-appropriated' funds, and does not receive any direct General fund appropriations. OIT bills State departments for enterprise-level services and depending on the service, this billing can occur as a direct billing to State department program operating appropriations or through one of four IT common policy appropriations in department budgets that are dedicated to IT functions provided by OIT:

OIT Management and Administration

- Management and general administrative activities of OIT.

General Government Computer Center

- All data center activities including mainframe operations, server hosting/housing, and application support.

Network/CSN

- All wide-area networking activities and local area network activities.

Communication Services

- All activities associated with the State’s public safety radio system, both microwave and the Digital Trunked Radio System.

As reflected in the Long Bill, OIT currently includes the following components:

- OIT Management and Administration;
- Office of the Chief Information Security Officer;
- Computer Center Services;
- Network Services;
- Communications Services; and
- Colorado Benefits Management System

OIT Management and Administration provides the organization with strategic and operational management direction, policy formulation, and serves essentially as the “Executive Director’s Office”. This entity includes the Kristin Russell, the State Chief Information Officer (CIO) and Secretary of Technology, and her management and support staff, who have operationalized the senior executive level management function for OIT. This group also includes the support staff and management necessary to facilitate IT consolidation and central management of the enterprise (including oversight, control and management associated with procurement, accounting, budgeting, project management, human resources and other necessary functions).

The **Office of the Chief Information Security Officer (CISO)**, also referred to as the Office of Information Security (OIS), is tasked with enterprise-wide IT related cyber security functions that include assessment, monitoring, remediation and process implementation. OIS is the single State source for cyber security readiness and awareness. Working closely with federal, State, local and private sector partners, the OIS actively gathers and analyzes information on cyber threats and vulnerabilities that present risk to the State's information systems, networks and applications.

Computer Center Services, Network Services and Communications Services collective mission is to provide enterprise-level technology services to State agencies. These three programs maintain the computing and network infrastructure utilized by all State agencies to accomplish their respective business functions and program objectives for the State of Colorado and its citizens. This infrastructure includes the State’s central data center facilities, enterprise desktop support and help desk/service center functionality,

the Colorado State Network (CSN), the Digital Trunked Radio System, telecommunications infrastructure, and application systems support for statewide applications and systems. Examples of some specific services currently provided include the following:

Statewide Applications (Financial & Human Resources)

- CPPS (Colorado Payroll Personnel System)
- KRONOS (Timekeeping & Leave Tracking System)
- COFRS (Colorado Financial Reporting System)
- HRDW (Human Resources Data Warehouse)
- FDW (Financial Data Warehouse)

Hosting Services

- Mainframe Hosting
- Open Systems
- E-mail Hosting

Managed Desktop/Desktop Support

- Centralized security administration
- Centralized desktop administration
- Server management

Communications and Network Services

- Public Safety Network/Digital Trunked Radio System (DTRS)
 - Provides a statewide standards based interoperable radio system for public safety agencies and first responders
 - Users include State of Colorado, Local Governments, Federal Agencies, and Tribal Agencies
 - Remote monitoring of the system infrastructure and DTR network
 - Daily radio programming, failure repairs, preventative maintenance, user training

- Site development engineering
- Colorado State Network
 - Provides quality, high speed broadband data communications and Internet access statewide to Colorado State Agencies, Schools, Libraries, City and County Government, Health Care Providers, Institutions of Higher Education
 - 24 x 7 network monitoring
 - Core network availability maintained at optimal levels
- Voice / Telecommunications –
OIT provides the planning, provisioning, installation, administration and maintenance for telephony systems and voice applications supporting several thousand State staff in more than two dozen locations. Services include:
 - Legacy telephones and voice mail
 - VoIP Systems
 - Cell phones and other mobile devices
 - Interactive Voice Response systems
 - Call center applications
 - Order entry & billing processes

Please refer to the descriptions below for further detail on the specific programs which support the delivery of the above-referenced services.

Communication Services is the information network backbone for the statewide public safety communications network, providing both wired and wireless services that include voice, video, and data. Communications Services provides project design, project management, implementation, equipment installation and routine equipment maintenance to all State departments. It supports many products and technologies, including radio frequency products that require Federal Communications Commission licensing and statewide infrastructure such as the Digital Trunked Radio System (the primary purpose of which is to carry public safety two-way voice traffic for the Colorado State Patrol, Departments of Corrections, Transportation, Natural Resources and local public safety agencies), the State Microwave Network, radio communication sites and towers. It is statutorily required to manage all of the State of Colorado radio spectrum needs and coordinate those with State, federal and local government agencies and institutions.

Network Services plans, coordinates, integrates, and provides telecommunication capabilities and network solutions that satisfy the business needs of State agencies, local government entities, and Colorado citizens. This work unit provides much of the voice communication services for State agencies, including management and administration of the long distance contract that is utilized by all branches of State government in Colorado. Further, Network Services provides voice and data communication infrastructure including the Colorado State Network (CSN).

Finally, Network Services supports a Voice over Internet Protocol (VoIP) solution that is architected to facilitate the transition of existing legacy systems and provide for a more dynamic platform in future years.

Computing Services is responsible for management and delivery of computing infrastructure to participating customer agencies through the operation of the State's central data center facilities. The computing infrastructure includes database, application and web servers for several departments, as well as the State's general mainframe computer and multiple storage media resources used in support of both mainframe and server environments. OIT manages the operating system, transaction processing scheduling and systems management software associated with these resources, provides operational and technical support and is responsible for the maintenance and operation of the state's data center facilities on a 24x7x365 basis. Computing Services also offers enterprise level server housing and hosting capabilities, including a complete physical and virtual server environment.

Computing Services includes the Technology Management Unit, which manages statewide systems and applications used in support of core business functions in Colorado State government agencies. This unit provides application development and ongoing software support for statewide applications, including the Colorado Financial Reporting System (COFRS) and multiple statewide personnel, payroll and benefits systems. Supporting these applications encompasses the entire application development and maintenance cycle including project management, requirements management, systems analysis and design, programming, implementation, enhancement, and system documentation for financial management and human resources personnel in all State agencies.

Additional support functions are delivered via the Order Billing and Customer Services sections. Order Billing staff process requests for voice, video, and data services for State and local government entities including, but not limited to providing business functions for service requests ranging from the purchase of State cell phones to the purchase of circuits and routers for State operations and are responsible for the collection of user charges for telecommunication services provided by OIT. The Customer Services section functions as an advocate for OIT's network and computing services customers and its purpose is to ensure the smooth delivery of information services to the customer in a timely manner. The service center provides customers with 24 hours a day, 7 days per week availability as the central point of contact for services offered by OIT.

Finally, beginning in FY 2010-11 the **Colorado Benefits Management System (CBMS)** was transferred budgetarily to OIT and OIT now maintains responsibility for technological and financial oversight of this key state program, in collaboration with its Executive Branch partner agencies, the Departments of Health Care Policy and Financing and Human Services. This new organizational and budgetary structure is intended to leverage OIT's enterprise level technology management capabilities to generate additional efficiencies now that CBMS and its associated service delivery has transitioned beyond initial stages of post implementation.

Office of Information Technologies Hot Issues/Key Initiatives

Some key initiatives that have been implemented by OIT recently, along with other notable accomplishments are highlighted below and are further summarized within this section.

CBMS

- Web platform migration completed in April 2012
- System performing 30% faster
- 90% of all transactions processed in 4 seconds or less

COFRS

- Moving system to fully managed, hosted solution
- Contract completion by October 1, 2012
- Go Live –July 1, 2014

Colorado Information Marketplace

- Went live June 1, 2012
- Over 48,000 page views/"hits", 88 data sets, 23 editors

Data Centers

- 216 servers decommissioned or moved since Oct. 2011
- 15 of our 40 data centers shut down or moved

Google Apps for Government

- Single cloud based email and collaboration tool
- Over 1,000 Early Adopters already on the new platform
- Successful full implementation and deployment – October 8, 2012

Colorado Benefits Management System (CBMS)

Tremendous progress was made over the past year to improve the Colorado Benefits Management System and restore public trust in Colorado's ability to deliver accurate and timely public assistance to eligible Coloradans. In the summer and fall of 2011, the State CIO and the Chief Technology Officer made several side-by-side visits with the counties to view firsthand the issues with the system and these real life examples not only helped inform our strategy but have served to improve relationships with the users.

The State CIO also formed an Executive Steering Committee (ESC) which is a partnership with Executive Directors from OIT, the Department of Human Services (CDHS), the Department of Health Care Policy and Financing (HCPF), Colorado Counties, Inc. and the Colorado Human Services Directors Association that has been meeting biweekly since its inception. The ESC approved a comprehensive *18 Month Work Plan* to stabilize, upgrade, modernize and increase the reliability of the system as well as improve the end user experience. To achieve our goal of a system with greater integration, speed, efficacy and accuracy, we are using all the tools at our disposal including leveraging available federal funds to the greatest extent possible, preparing funding requests for CBMS modernization in collaboration with our partners (the Office of State Planning & Budgeting and the Departments of Health Care Policy & Financing and Human Services), and continuing to provide a coordinated governance framework.

In April 2012, OIT successfully completed the largest modernization effort since the initial implementation of CBMS in 2004 by moving to a full web services platform. With a web client deployed to all 64 counties, system performance improved by 30%, transaction time was decreased, 80% of all transactions are now completed in less than 4 seconds and the system is easier to navigate. Also during the spring of 2012, the state legislature authorized an additional \$22 million for several modernization projects, including enhancing the Program Eligibility Application Kit (PEAK) to allow real-time eligibility determinations to minimize workload at the county level. A renewed emphasis on communications with the end-user community has also been successful and counties and their input are well represented in the current governance structure of CBMS.

The Colorado Financial Reporting System (COFRS)

COFRS is the state's 20-year old accounting system which records and processes approximately \$70 billion in annual revenue and expenditure transactions. It is based on aging technology, including 1.7 million lines of complex programming code, the majority of which was written more than 20 years ago. As a result of the highly customized nature of the code, the state had been unable to enter into a maintenance contract with the original vendor and the internal staff possessing the knowledge to support the system will be retired by 2014. Additionally, it is becoming increasingly costly to maintain and presents a significant risk to the state should a partial or complete failure occur.

OIT, the Department of Personnel & Administration and the Office of State Planning and Budgeting worked collaboratively to secure an unprecedented State investment to modernize COFRS. The result was a legislatively approved Capital Construction appropriation of ~\$90 million over a ten-year period. These resources will not only reduce major operational risks but also significantly improve financial reporting, controls, and forecasting capabilities while reducing costs.

Colorado Information Marketplace (CIM)

Historically, data sharing within Colorado State Government has been siloed, prone to misinterpretation, and inconsistent. Over the past few years, legislation has been passed to improve data sharing, and OIT's data strategy has stemmed primarily from two pieces of legislation – House Bill 08-1364 and House Bill 09-1285. In the fall of 2011, OIT launched a major initiative called the Colorado Information Marketplace (CIM) to provide the architectural framework for data exchanges by applying consistency of data standards and governance for privacy and security while improving data transparency. CIM encompasses three components: data and information governance, the publishing of information, and information linking across any contributing entity. CIM is the basis for two exciting projects – RISE and data.colorado.gov.

Data Center Consolidation

An entity the size of the State of Colorado should not need more than two or three data centers, yet a 2007 study found 38 data centers were being managed by 23 state departments and that three locations housed more than one data center. (Two additional data centers were identified after the study, bringing the total to 40.) Some were no more than storage closets, and many did not have adequate security, fire protection and back-up power. Poorly equipped data centers put expensive servers and other assets at risk, as well as the programs and services they support. OIT has focused on the activities that will reduce the State's data center footprint and result in significant cost savings, operational efficiencies, reduced energy consumption, and stronger information security. OIT has made steady progress in its plan to migrate to two primary data centers. In 2011 alone, OIT migrated and terminated 5 data centers and

decommissioned 236 servers through consolidation, virtualization and migration to cloud-based solutions. Several thousand square feet of space has been recovered to date and this space can now be repurposed. These efforts have already saved Colorado over \$1.5 million in annual operating costs. Related to this project, OIT has implemented a vBlock project to establish an internal private cloud platform which will support future data center consolidation and centralization.

Google Apps for Government - Email Consolidation to the Cloud

Due to the historical nature of providing IT services and systems in a siloed and disparate fashion, premise-based email solutions of varying types and age are deployed across 17 Executive Branch agencies and approximately 30,000 licensed users. OIT explored whether a cloud solution made sense for Colorado through a combination of research, discussions with a number of other states, IT-related associations, vendors and the private sector and participating in “deep dive” technical sessions with major providers. OIT also engaged a third party to conduct a comparative analysis that included an objective review of the state’s current operational capabilities and requirements.

As a result of this in-depth evaluation, in March 2012 OIT announced it had chosen Google Applications for Government (GAFG), which includes email, calendaring, and collaboration services. The migration from the legacy email systems was completed in three phases, with the first phase completed in July 2012 and the last in October 2012. The migration from 15 different email platforms will provide shared email services for nearly 30,000 state employees and is expected to result in significant cost savings and cost avoidance on an annual basis.

Google Apps for Government is a cloud based managed solution that provides a suite of web-based messaging and collaboration applications hosted externally at Google facilities. The benefits of Google Apps for Government include robust collaboration features and enhanced functionality for end users. To access these applications, the user needs only to use a web browser on a device connected to the Internet. Moving to Google Apps for Government will allow state agencies to interconnect email and calendar functions while maintaining strong security and privacy standards. The state’s public colleges and universities and the General Assembly will not be affected by this change.

Key Legislation from 2012 Legislative Sessions:

HB 12-1224 – Creation of a Consolidated Communications System –

This legislation created a Consolidated Communications Systems Authority to represent all of the members in matters concerning operational funding needs, sustainability options, network growth, maintenance, upgrade, operation, technology, rules, spectrum allocations and radio frequency licensing of the Digital Trunked Radio System (DTRS). The CCSA is to advise the Governor and General Assembly through an annual report on the development, maintenance, upgrade and operation of the system.

HB 12-1288 – Administration of IT Projects in State Government –

This bipartisan bill ensures that sustainability is built into IT project budgets and plans by including components such as security, project management, business continuity, disaster recovery, and ongoing support and ensures that each state agency takes a “total cost of ownership” approach to the future IT budget requests. Additionally, the bill specifically allows agencies the option to utilize OIT for major IT project-related work that use capital construction funds.

HB 12-1339 – Concerning the Colorado Benefits Management System Improvement & Modernization Project–

The bill appropriates funds for a project to modernize the Colorado Benefits Management System (CBMS) and implements a system of oversight for the project. Additionally, OIT is required to monitor the CBMS modernization project and report quarterly to the Joint Budget Committee. The bill specifies the required information to be reported by the OIT, including information on project management, internal oversight, work plans, scheduled project components, the amount budgeted and spent for project components, and a variety of status updates on project components scheduled, in progress, or completed.

SB 12-096 –Concerning the Continuation of OIT's Ability to Amend Existing Contracts for IT Resources–

Recommended by the Joint Budget Committee, this bill extends by two years the authority of the Governor's Office of Information Technology (OIT) to review existing information technology contracts and negotiate contract amendments that would facilitate technology standardization across the enterprise, allow for greater coordination, and lower IT costs across state agencies through volume discount pricing and economies of scale. Under the bill, the authority is extended through June 30, 2014.