Colorado Statewide Internet Portal Authority

Annual Legislative Report

November 1, 2023

Colorado Statewide Internet Portal Authority

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INTRODUCTION

The Statewide Internet Portal Authority (SIPA) is pleased to provide this Annual Legislative Report covering the period July 1, 2022 to June 30, 2023.

C.R.S. § 24-37.7-113.5 requires SIPA to submit an annual report to the Joint Technology Committee, the Joint Budget Committee, the members of the Business, Labor, and Technology Committee of the Senate, and the Business Affairs and Labor Committee of the House of Representatives that includes:

    (a) a complete and detailed operating and financial statement each fiscal year;
    (b) the total amount of charges or fees imposed by each state agency for accessing electronic information, products, and services through the statewide internet portal;
    (c) the total amount of receipts and revenue derived by SIPA from the transactions in (b); and
    (d) recommendations regarding additional legislation or other action that might be necessary to carry out the purposes of SIPA.

SIPA was created in 2004 by the Colorado General Assembly with a mandate to "develop **the officially recognized statewide internet portal** that provides one-stop access to electronic information, products, and services in order to give members of the public, state agencies, and local governments an alternative way to transact business with the state". **C.R.S. § 24-37.7-105(1)(a).**

SIPA is governed by a 15-member Board of Directors composed of elected officials, state legislators, government stakeholders, and private residents.

SIPA helps to connect the residents of Colorado with state agencies and local governments through the use of its products and services. SIPA oversees the official **Colorado.gov portal (www.colorado.gov)**, which is Colorado's comprehensive delivery channel for Digital Government Services. SIPA's services allow Coloradans to complete tasks such as paying taxes, starting a business, applying for a building permit, or registering for a conference.

Governments can create and maintain a web presence on Colorado.gov, accept electronic payments without the need to procure a PCI-compliant system of their own, deploy mobile responsive applications, and much more – using solutions provided through SIPA. SIPA works with state agencies, local governments, public institutions of higher education, and public K-12 schools through Eligible Governmental Entity agreements. SIPA continuously looks for innovative ways to provide new services while improving the current services it offers.

STATUTORY MISSION

SIPA's statutory responsibility is to negotiate the Statewide Portal Integrator contract on behalf of state and local governments. SIPA contracted with a Portal Integrator (Tyler Colorado, formerly known as Colorado Interactive) for the development, support, maintenance, and enhancement of the systems utilized for the official state portal, Colorado.gov. SIPA also contracts with other supplier partners that provide electronic information, products, and services that align with SIPA's statutory mission. SIPA serves government entities throughout Colorado.

SIPA mission and scope of authority is set by its governing statute **C.R.S. § 24-37.7-105**.

What is SIPA's Statutory mission?

- Develop the officially recognized statewide internet portal that provides one-stop access to electronic information, products, and services to give members of the public, state agencies, and local governments an alternative way to transact business with the state.
- Explore ways and means of expanding the amount and kind of electronic information, products, and services provided, increasing the utility of the electronic information, products, and services provided and the form in which it is provided, and, where appropriate, implementing such expansion or increase.
- Explore technological means of improving access for members of the public, state agencies, and local governments to electronic information, products, and services, and, where appropriate, implement such technological improvements.
- Explore options for expanding the statewide internet portal and its services to members of the public, state agencies, and local governments by providing add-on services such as access to other information, products, services, and databases or by providing electronic mail and calendaring to subscribers.

Source: **C.R.S. § 24-37.7-105 (1)**, (excerpts)

BOARD OF DIRECTORS

SIPA is governed by a 15-member Board of Directors (**Appendix 1**) which includes the following members: the Secretary of State; one representative from the Office of the Governor and three Executive Directors of principal departments of the State, all appointed by the Governor; three members from the private sector and one member who represents local government, all appointed by the Governor with consent of the Senate; two Senators (as selected by the Majority and Minority leadership); two Representatives (as selected by the Majority and Minority leadership); one member of the Judicial Department of the State appointed by the Chief Justice of the Colorado Supreme Court; and the State Chief Information Officer of the Governor's Office of Information Technology.

**Current Board Officers**

- Chair, Mark Ferrandino, Executive Director, Office of State Planning & Budgeting
- Vice-Chair, Tony Gherardini, Executive Director, Colorado Department of Personnel & Administration
- Treasurer, Hannah Parsons, Private Sector Member of the Board
- Secretary, Danielle Morrill, Private Sector Member of the Board

GOVERNMENTS SERVED

SIPA is a body corporate and political subdivision of the state that serves other governmental entities throughout Colorado. Eligible governmental entities are state agencies, county and municipal governments, public institutions of higher education, public school districts, special districts, and other special purpose authorities.

As of June 30, 2023, SIPA had agreements in place with 885 governments or subdivisions, including all principal departments of state government, 58 counties, 198 municipalities, and 246 metropolitan districts.

Colorado Governments with an Agreement with SIPA
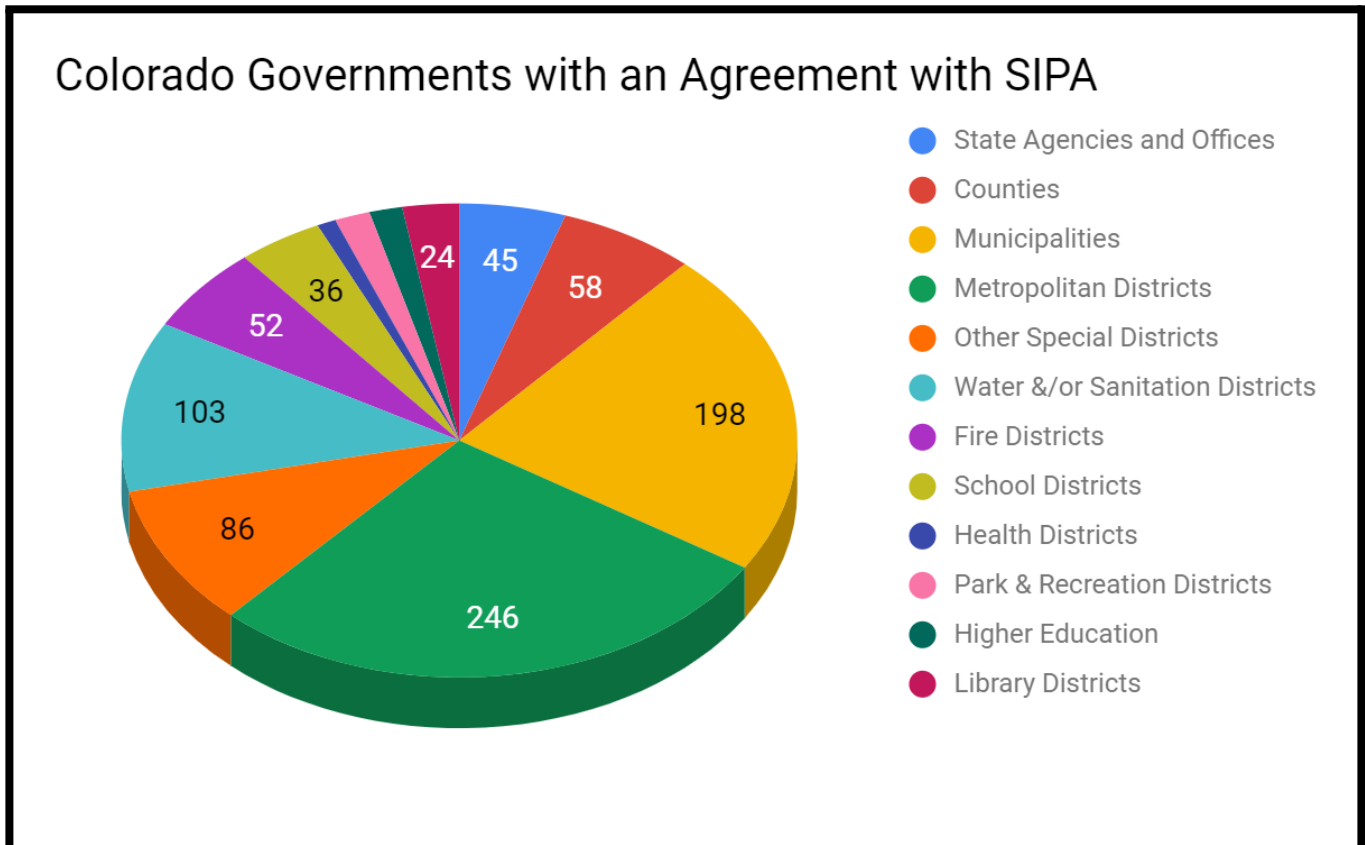
SIPA serves approximately 19% of the 4,690 eligible local governments in Colorado.[1]

One of SIPA's goals is to ensure that all Coloradans interacting with their governments online have the same customer experience, whether they dwell in a large urban center or a small town. Most governments using a SIPA service are very satisfied with their experience as shown in **Appendix 3.**

BUSINESS MODEL

SIPA is self-funded through revenue earned from payment processing, the sale of software licenses, and time and material consulting. The SIPA team and its supplier partners are motivated to ensure that industry-leading solutions are available at competitive prices.

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[1] https://dola.colorado.gov/lgis/lgType.jsf

SIPA's total revenue has grown as more cloud-based software licenses and implementation services have been added to SIPA's portfolio.

Annual Financial Metrics: Operating Revenue = Total Revenue − Costs of Goods (Software Licenses & Professional Services) Sold

SIPA's total revenue has grown from $22.2M in 2019 to $45.1M in 2023 as it added more software licenses and professional services to its portfolio of offerings. SIPA's customer base has increased from 540 to 885 Colorado governments during that time. Tyler Colorado Margin Share is the revenue SIPA receives from its Portal Integrator contract with Tyler Colorado to run the Colorado.gov internet portal and provide custom and standard applications, and payment processing, for state agencies and local governments.

The figure above shows SIPA's revenue growth over time. Tyler Colorado's Margin Share consists of a monthly fee and a percentage of net revenue from offering Portal Services, predominantly payment processing.

The increase in Operating Revenue, beyond the Tyler Colorado Margin Share, over the last few years is due to the increase in adoption of cloud-based software solutions and professional services. SIPA earns a small margin on software licenses and professional service implementations, which allows SIPA to offset the costs associated with carrying enough insurance, managing the contracts, handling customer questions, invoicing, and billing.

Revenues from Tyler Colorado's services are pooled, and projects are initiated according to priorities for state and local government set collaboratively between SIPA and Tyler Colorado. Most of the services offered in partnership with Tyler Colorado are not self-sustaining but instead are supported by a small

handful of profitable services. Payment processing transaction fees create a sustainable funding stream to support long-term growth. This helps government entities obtain and maintain a digital presence and provide world class digital services to the residents and businesses of Colorado.

SERVICES AND PROGRAMS

SIPA has developed a portfolio of digital government products, services, and service providers that it offers to Colorado governments (https://sipa.colorado.gov/services). SIPA negotiates rates and services and enters "master service agreements" with those suppliers that offer electronic information, products, services, and prices that are desired by its government customers and align with SIPA's mission.

SIPA's statute **C.R.S. § 24-37.7-104 (1)(q)** allows all state agencies and local governments to easily procure services from SIPA. SIPA provides a unique advantage by vetting and contracting with technology suppliers to mitigate risk for Colorado governments. SIPA negotiates a favorable pricing structure and contract terms and conditions. Governments only need to sign an eligible government entity agreement which identifies them as a government in Colorado to receive access to SIPA services.

SIPA's offerings include Portal Services conducted in partnership with Tyler Colorado, professional services for custom application development, software implementations and cybersecurity assessments, and cloud-based software solutions. SIPA gives back to the Colorado governments it serves through its micro-grant program.

SIPA and its supplier partners offer many services to Colorado governments and the members of the public that use these services. SIPA's services fall within six major groupings:

- Websites - SIPA provides website hosting to governments and currently supports more than 500 websites.
- Electronic Payment Processing - Integrated with Colorado.gov, SIPA's supplier partners have developed more than 800 independent payment applications to provide a convenient and efficient way for members of the public to pay for services they receive online, over-the-counter, or with mobile devices.
- Application Development - Colorado governments have partnered with SIPA to develop more than 250 applications that provide critical services to the residents of Colorado.
- Cloud-Based Software Solutions - SIPA has partnerships with suppliers to provide a variety of tools and software platforms at competitive prices.
- Professional Services - SIPA has a variety of professional service partners which provide professional services for software implementations, business process improvement, accessibility compliance, and cyber-security assessments.
- Micro-Grants - SIPA annually awards micro-grants totaling approximately $150,000 to help governments put more consumer-facing services online. Since 2010, SIPA has awarded 364 grants totaling more than $1.6M.

Digital Government Services – Conducted in Partnership with Tyler Colorado

As required by SIPA's statute, § 24-37.7-104 (2), SIPA released a competitive solicitation on April 8, 2022 to procure its Portal Integrator partner for Digital Government Services. The last competitive procurement for SIPA's Portal Integrator partner was conducted in 2013. The SIPA Board of Directors unanimously approved a new business model and a five-year contract with Tyler Colorado (formerly

Colorado Interactive) as the Portal Integrator at their December 2022 Board meeting. The new business model started on July 1, 2023, and will be discussed in next year's annual legislative report.

Currently, SIPA provides portal services in partnership with Tyler Colorado including website hosting and development, payment processing, event registration, mobile event management, and standard application development. More than 532 state agencies and local governments take advantage of at least one Tyler Colorado portal service. A complete list of services can be found in **Appendix 2.**

Websites

Colorado.gov websites might be SIPA's single best-known service. Offered in partnership with Tyler Colorado, SIPA provides website creation and hosting on Colorado.gov to eligible government entities. There are more than 500 websites in production today.[2]
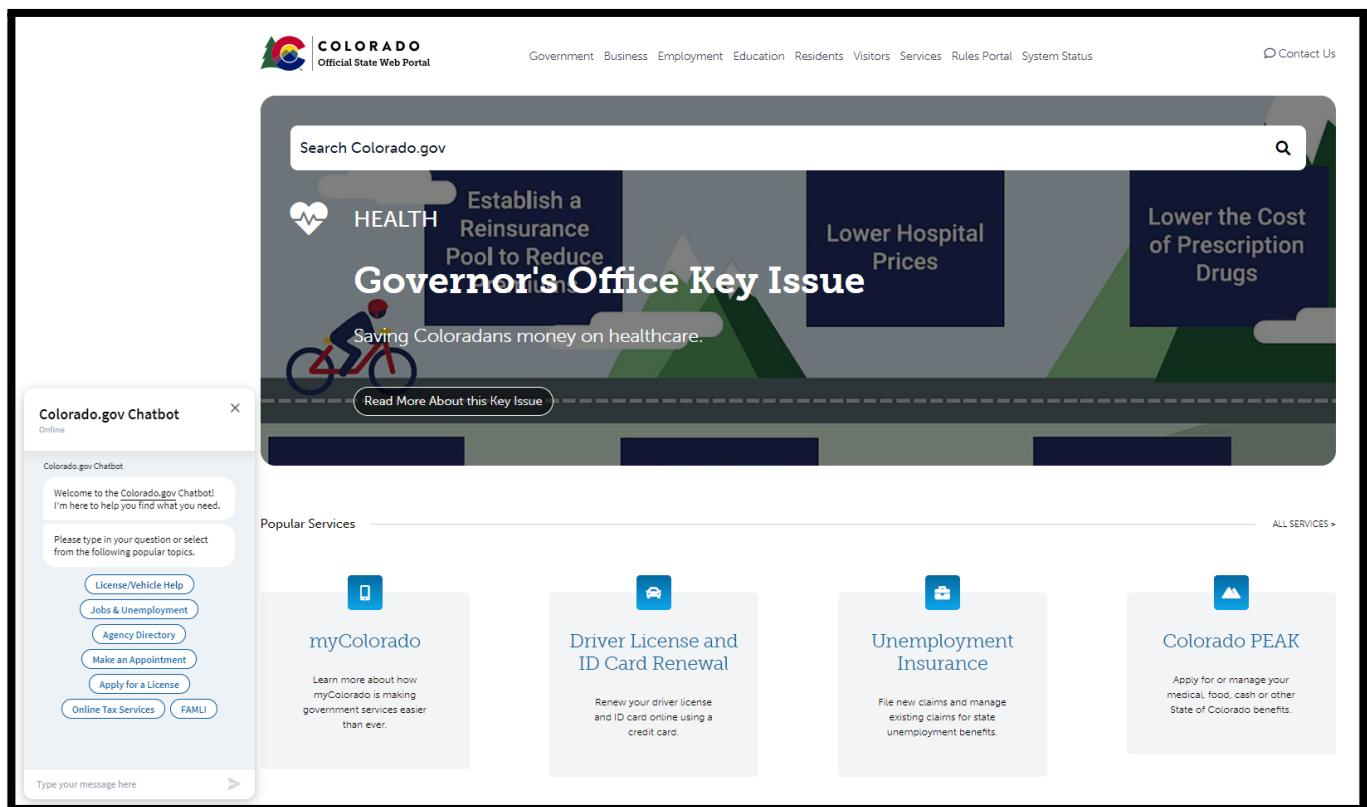
SIPA partners with Tyler Colorado to fulfill its statutory responsibility for overseeing the State of Colorado's Internet Portal. The portal links to state and local government websites and connects members of the public to the Digital Government Services they are seeking. In September 2022, the Colorado.gov portal won a Government Experience Award from the Center for Digital Government.[3]

There have been a number of enhancements made to the Colorado.gov portal in the last year. The Colorado.gov chatbot was overhauled to update the intents used to interact with residents to be more relevant to the current environment and help residents quickly find the information they need. The chatbot launches when an end user visits Colorado.gov. A link was added to the header and footer of the

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[2] List of current websites: https://cms.colorado.gov/all-colorado-content-management-solution-sites
[3] https://www.govtech.com/cdg/government-experience/government-experience-awards-2022-winners-announced
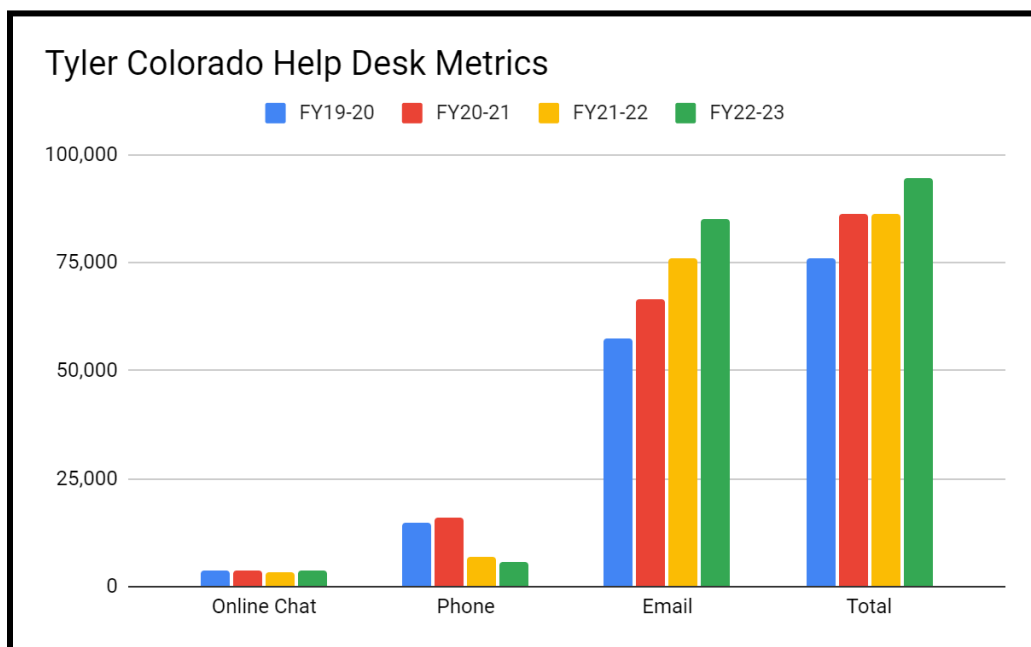
Colorado.gov portal to support HB21-1230, *Create User-friendly State Internet Rules Portal*, making it highly-visible on the state's main website. A resident-facing status page was added as a requirement of the competitive procurement for Digital Government Services. The status page was developed using industry standard technology and is included on the landing page of Colorado.gov.

More information on the Colorado.gov platform can be found at: cms.colorado.gov. The costs of website development, security updates, and hosting are currently absorbed by SIPA and its partner Tyler Colorado. Tyler Colorado also ensures that the Colorado.gov portal and the websites hosted on it, are responsive (i.e., available on any device including mobile devices), and comply with the state of Colorado Information Security Policies.[4] The website platform is routinely updated to help governments comply with state and federal rules related to accessibility.[5] The Colorado.gov website platform and web page templates are designed to make it easy for individual website administrators and content managers from state and local governments to comply with accessibility rules. SIPA cannot prevent individual governments from posting potentially non-compliant content. However, SIPA has recently added additional service providers to its portfolio to help with accessibility compliance.

Customer Service

Tyler Colorado maintains a local support desk to respond to government customers (e.g. password resets, change of banking information, website support) and consumers (e.g. explanation of credit card entries, invoicing, etc.). In FY 2022-2023, Tyler Colorado responded to 3,691 requests by online-chat, 5,744 by phone, and 85,033 by email. As shown in the figure below, customer service engagements by phone have been decreasing while communication by email has been steadily increasing.

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[4] https://oit.colorado.gov/standards-policies-guides/technical-standards-policies
[5] https://oit.colorado.gov/accessibility

Electronic Payment Processing

SIPA's partnership with Tyler Colorado provides a convenient and efficient way for members of the public to pay for government services they receive online or over-the-counter by credit card, e-check, or in some cases cryptocurrency. Encrypted credit card readers have been provided to government entities utilizing Tyler Colorado's payment processing services.

Tyler Colorado is a PCI (Payment Card Industry) Data Security Standards (DSS) Level 1 supplier.[6] Tyler Colorado manages more than 800 independent payment systems for 284 Colorado governments. While electronic payment processing is often provided as a standalone offering, many governments elect to integrate the payment processing solution into their custom applications. Colorado residents can also exchange cryptocurrency to make individual income tax payments or pay for motor vehicle related fees on the Colorado.gov portal.[7,8]

As shown in the table below, the payment processing provided by SIPA and Tyler Colorado provides many benefits and protections to Governments that choose these solutions.

PAYMENT PROCESSING BENEFITS & PROTECTIONS	
Convenience & Customer Support	
Local Help Desk	Tyler Colorado maintains a Denver-based help desk.
Tyler Colorado is the Merchant of Record	Tyler Colorado is the Merchant of Record, as such, the transaction risks are borne by Tyler Colorado, not the government entity. Tyler Colorado manages chargebacks, refunds, and exceptions on behalf of government partners.
Credit Card Processing Equipment	SIPA and Tyler Colorado provide encrypted credit card equipment to our government partners.
Payment Integrations	Tyler Colorado provides robust APIs to enable secure connections to other applications.
Security & Regulatory Compliance	
Level 1 PCI (Payment Card Industry) Compliance	Tyler Colorado's payment solution is hosted in redundant PCI-DSS Level 1 Data Centers. Level 1 merchants process the most credit card transactions (more than 6 million annual transactions) and are subject to the most stringent regulations.
SOC 2 Report	Tyler Colorado provides annual SOC 2 reports per the SSAE 18 auditing standard. The SOC 2 report focuses on non-financial reporting controls as they relate to security, availability, and processing integrity.
Public Deposit Protection Act (PDPA) Compliance	Required by **C.R.S. § 11-10.5-101**, all monies in bank deposit accounts that belong to a public unit or public entity are required to be held in a PDPA account. Funds collected through Tyler Colorado's payment processing solution flow through a holding account owned by SIPA.

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[6] http://pcipolicyportal.com/what-is-pci/merchants/
[7] https://tax.colorado.gov/cryptocurrency
[8] https://dmv.colorado.gov/cryptocurrency

Custom and Standard Application Development

SIPA and Tyler Colorado help governments develop and implement custom applications that provide improved services to the residents of Colorado. State and local governments have partnered with SIPA to develop numerous custom applications since SIPA was created such as Sex Offender Registry, MyBizColorado, and Colorado Cold Case.

Over the last few years, Tyler Colorado has deployed more than 170 standard applications[9] for state agencies and local governments, many of which accept payments, using their rapid application development platform App Engine. These form-based custom applications range in scope from reserving a gazebo, providing resident feedback, registering for a conference, applying for a municipal business license, or applying for a burn permit. More than 120 standard applications, generally for state agencies, have been developed and hosted on AccessGov. AccessGov allows governments to create and modify their own custom resident-facing applications.

Cloud Based Software as a Service (SaaS) Solutions

SIPA continues to have partnerships which allow Colorado governments to acquire and customize a variety of software solutions at competitive prices. SIPA's goal is to offer SaaS products below list price and still cover SIPA's costs of administration. More than 144 state agencies and local governments procure one or more of SIPA's SaaS offerings.

Professional Services

SIPA has a variety of partners who provide professional services for software implementations, call center support, business process improvement, accessibility assessment and remediation, and cybersecurity assessment and remediation. More than 44 state agencies and local governments have procured professional services from one or more SIPA partners.

Micro-Grant Program

SIPA is entering the fourteenth year of its Micro-Grant Program.[10] Each year, SIPA awards approximately $150,000 to help governments put more resident-facing services and information online. Since the grant program inception in 2010, SIPA has awarded 364 grants totaling $1,698,591 across the State of Colorado. Individual grant awards are small, but they have major impacts especially in small rural communities.

Grant winners have used their funds creatively to put more services and information online: digitizing historic resources (maps, newspapers, art collections, video collections) and making them available online, creating low-cost extensible (can be used by other governments) web-portals based on Google Drive to allow residents to more easily self-serve their CORA (Colorado Open Records Act) requests, and creating resident facing online portals for resident engagement.

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[9] https://appengine.egov.com/appstore/co
[10] https://sipa.colorado.gov/micro-grant
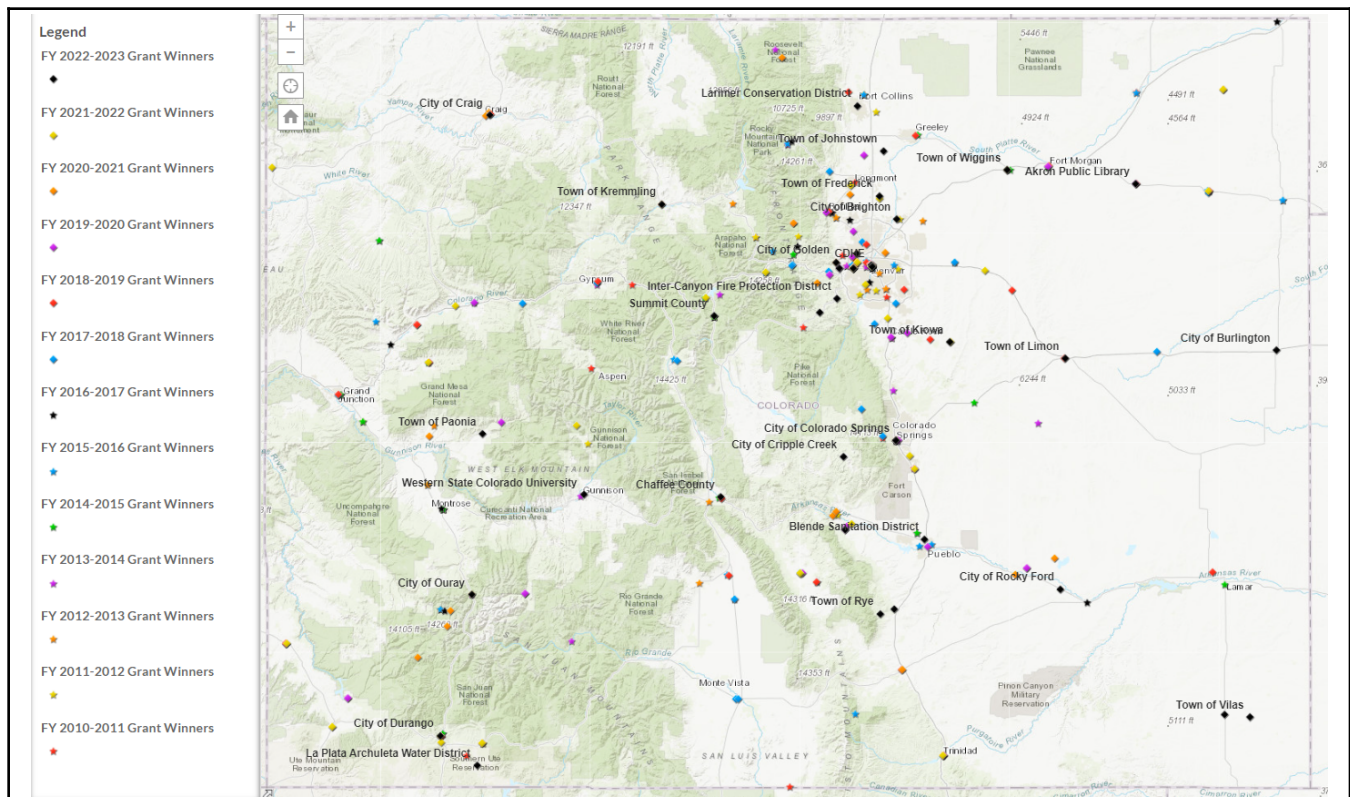
SIPA Micro-Grant Winners 2010 to 2023. SIPA's interactive web mapping application, which lists the grant winners, amounts awarded, and grant purposes, can be viewed at: https://arcg.is/0n1Sru

In FY 2022-2023, SIPA received 59 applications and awarded 37 micro-grants, totaling $176,831. One grant was awarded in partnership with DOLA to expand broadband access statewide. Six governments requested and received support to improve their website accessibility to become more compliant with HB 21-1110.

Representative Micro-Grant awards for FY 2022-2023 are shown in the table below.

Organization	Problem Addressed
City of Burlington	The Burlington Library seeks to digitize 100 years of historical newspapers.
Town of Wiggins	To combine various ordinances adopted by the Town into one cohesive municipal code document providing an easy electronic access to the ordinances for the citizens.
Town of Paonia	Update and integrate existing hardware and software for hearing-impaired, in-person, and virtual meeting attendees.
Governor's Office	This grant will coordinate the Governor's public inbox with Salesforce to better respond to constituent concerns and coordinate with state agencies.
Western State Colorado University	Purchase a high-definition camera to facilitate streaming campus events and meetings to the internet.
City of Cripple Creek	These funds will be used to start up our new process in tracking and servicing our local short-term rentals within our city.
La Plata Archuleta Water District	The funds will be used to migrate our existing website to a SIPA supported website and update it for ADA compliance.

Organization	Problem Addressed
City of Golden	Golden History Museum & Park is digitizing and making accessible online 150 years of newspapers from the Golden Transcript, Colorado's second oldest continuously published newspaper.
Town of Frederick	The Town of Frederick seeks funding for professional services to provide managed accessibility monitoring for all Frederick citizens, including persons with disabilities.
History Colorado	To 3-D scan Mesa Verde pottery and research, test, and establish a procedural system for unique collections 3-D scanning.
Akron Public Library	The grant will be used to digitize the Akron News from 1910-16 and 1923-24 and put them on the Colorado Historic Newspaper Collection website.
City of Brighton	To be compliant with HB 21-1110, Brighton would like to implement a Web Accessibility Platform to make our website accessible to all audiences.
City of Ouray	Enhance access to City-wide archived documents to streamline city services and policies, benefitting residents through improved access to information, transparent government services, and streamlined communication.
Baca County Conservation District	Digitize all existing paper copies of district records since its inception in 1982.
Jefferson County	Develop a 2–3-year roadmap and estimated cost of remediation for all identified public facing services to meet HB21-1110 Colorado for Persons with Disabilities compliance requirements.
Summit County	Install a website add-on to ensure compliance with website accessibility standards and receive two internal accessibility training sessions.
Town of Johnstown	Grant funds will be used to purchase software to evaluate and improve the accessibility of Town digital resources for equal access for all residents.

Innovation Fund

As part of SIPA's prior contract extensions with Tyler Colorado, SIPA provided more than $2M to support 27 innovative state agency projects for initiatives ranging to underserved communities, user experience, identity management, and the development of story maps. SIPA's Board reviewed 70 projects and selected 27 of them over the past 4 years.

The following projects were funded in FY 2022-2023:

Organization	Amount	Problem Addressed
Governor's Office of Information Technology	$287,000	**myColorado Identity Management.** The evaluation of an alternative identity management component for the myColorado App has the potential to reduce the overall operational expenditures (OPEX) of the platform by nearly one million dollars annually, allowing for greater agency adoption and improved ROI for Colorado taxpayer funds.
Governor's Office of Information Technology	$91,000	**Virtual Empathy Lab.** To formulate and implement an OIT virtual empathy lab, which would, initially, focus on capability, awareness-building, and creating a direct feedback loop with Coloradoans experiencing technological barriers.
Governor's Office of Information Technology	$68,000	**Cyber Self Insurance.** To help fund the cyber self-insurance programs need for an incident response retainer for the state of Colorado.

Organization	Amount	Problem Addressed
Department of Natural Resources	$45,000	**Website Accessibility.** To develop fully accessible public websites to ensure equitable access for all users.
Colorado Department of State	$50,000	**InnovateCO Forum.** The BIC's InnovateCO Forum and Challenge is intended to create a high-visibility educational event to bring together data providers, business data users, and the tech community to increase understanding, access, and usability of public data to grow and sustain Colorado Businesses.
Colorado Department of Public Safety	$79,000	**Aviation Application Migration for the Colorado Center of Excellence for Advanced Technology Aerial Firefighting.** To migrate the existing custom Colorado Firefighting Aviation use tracking website/application, currently implemented in open-source tools that are approaching the end of support life, to a modern open-source environment that is more supportable, preserves multiple years of data, and allows growth and expansion.
History Colorado	$30,000	**Crime Ledger Digitization.** To digitize the Sam Howe Collection of 71 oversized crime ledgers (16,000 pages from 1863-1934), making them more accessible and discoverable. Sam Howe – Denver's first detective and one of the nation's first crime statisticians – maintained the ledgers during his 47-year law enforcement career.

SIPA will continue funding innovative state agency projects in FY 2023-2024 through the creation of an annual Digital Government Service grant program.

FINANCIAL OPERATIONS

SIPA is self-funded and does not receive any appropriation from the Colorado General Assembly. SIPA is self-funded through its partnership with Tyler Colorado, the sale of licenses, and time and material consulting. To remain a viable and functioning organization, SIPA must offer products and services that are in demand by governments.

Financial Risks

SIPA's business model has several financial risks. SIPA's statute C.R.S. § 24-37.7-104(1)(q) states that "All state agencies and local governments are hereby authorized to enter into and do all things necessary to perform any such arrangement or contract with the authority." However, no Colorado government is required to use SIPA's services.

If any of the core users of SIPA's payment processing services were to change to a new payment processing supplier, SIPA's self-funded operating model, and financial stability, would be impaired. Similarly, if state agencies began to procure electronic information, products, and services from organizations other than SIPA, SIPA's self-funded operating model, and financial stability, could be impaired.

Another financial risk is whether the amount of cash SIPA has on hand is sufficient to cover supplier invoices between the time a government requests licenses or services to be ordered, and the time the government remits payment to SIPA. SIPA's Board approved a policy in 2019 that SIPA maintain a fund for business continuance of at least $2M for the purpose of meeting future obligations, capital expenditures, and operational expenses that cannot be met with operating funds. Several contracts that SIPA enters on behalf of state agencies exceed the cash reserves, putting SIPA at risk if the agencies are slow to pay for the licenses or services that have been ordered.

Risks to SIPA's performance include SIPA's ability to diversify sources of operating revenue, SIPA's relationships with key partners such as OIT and the Colorado Department of Revenue, the quality of SIPA's supplier partners, supplier pricing (i.e., license and professional service prices), and whether SIPA is appropriately staffed to deliver its products and services in a timely and high-quality fashion.

SIPA is changing its business model and financial relationship with its Portal Integrator partner, primarily by shifting to a consumption-based model. This will give SIPA more transparency into Portal Integrator operations and more capacity to strategically direct project implementation and service development.

While not a direct financial risk, cybersecurity risks continue to increase nationally and globally. Because of the services SIPA offers, SIPA along with its supplier partners and government customers are at risk for most of the common cybersecurity attacks such as banking incursions, data breach/theft resulting in disclosure of personally identifiable information or data loss, network breaches, credit card security system compromise, cyber-extortion, and even website attacks that prevent the delivery of services. SIPA conducted a cyber health assessment and updated policies and procedures.

During Fiscal Year 2022-2023, SIPA incurred additional consulting and transition costs related to its portal integrator procurement activities and transition to a new business and operational model that started on July 1, 2023. Even with those additional expenses, SIPA's operations were slightly profitable for FY 2022-2023.

FY 2022-2023: Unaudited SIPA Profit and Loss - July 1, 2022 to June 30, 2023		
REVENUE		
	Tyler Colorado Margin Share	$2,301,804
	Professional Services Revenue	$12,628,692
	SaaS License Revenue	$30,185,568
	Sponsorships	$27,000
Total Revenue		**$45,143,064**
COST OF SERVICES		
	Professional Services Expense	$12,213,466
	SaaS License Expense	$29,296,800
	SIPA Funded Projects	$135,645
Cost of Services		**$41,645,911**
Operating Revenue		**$3,497,153**
OPERATIONS		
	Personnel, PERA liability, Training	$2,058,564
	Office Operations - Insurance, Equipment, Lease, Phones, Office Software, Office Supplies, etc.	$367,398
	Functions – Annual Micro-grants, Marketing, Meetings & Events, Annual User Conference, Memberships,	$242,323
	Professional fees - Accounting, Audit, Legal, Consulting, Transition Costs	$1,056,462
Cost of Operations		**$3,724,747**
Net Ordinary Income		**-$227,594**
Interest Income		$383,958
NET INCOME		**$156,364**

Description of Profit and Loss Line Items

Income

Tyler Colorado Margin Share: This line item is used to account for the revenue received from the contract with Tyler Colorado. SIPA receives a base monthly amount plus a percentage of net revenue.

Professional Services Revenue: This line item is used to account for revenue received from governments that require professional services to implement SaaS licenses, consulting services, cybersecurity assessments, custom integrations or applications, and maintenance of in-production applications.

SaaS License Revenue: This line item is used to account for the revenue received from the purchase of software licenses by governments.

Sponsorships: Contributions from SIPA suppliers to sponsor SIPA's Annual User Conference.

Interest Income: This line item is used to account for revenue from the Interest earned on SIPA's ColoTrust account where the reserve fund balance is maintained.

<u>**Cost of Services**</u>

Professional Services Expense: This line item is used to account for expenses associated with professional services to implement SaaS licenses, cybersecurity assessments, cloud platform development, technical account management services, custom integrations or applications, and maintenance of in-production applications. These expenses are covered by the income line-item Professional Services Revenue above.

SaaS Licenses: This line item is used for expenses associated with the purchase of software licenses to fulfill orders placed by government entities. These expenses are covered by the income line-item SaaS License Revenue above.

SIPA Funded Projects: This line item supports projects that SIPA's Executive Director and Board of Directors have determined will benefit the most stakeholders. In this case a customer feedback project regarding satisfaction with the Colorado Department of Revenue's DMV experience was supported.

<u>**Expenses**</u>

Personnel, Training, PERA liability: This line item is used to account for the various costs associated with SIPA's employees, including the required reporting from GASB 75 and GASB 68 expenses related to PERA.

Office Operations: This line item accounts for all office operation related expenses such as the lease, including required reporting for GASB 87 and GASB96, insurance, office equipment, software licenses, and office supplies.

Functions: This line item includes all marketing materials, travel, memberships, lunch and learns, other events, participation at government conferences, the annual micro-grant program, SIPA's annual user conference, and other meeting related expenses.

Professional fees: This line item accounts for the SIPA Board's legal counsel, bookkeeping firm, annual independent audit, consulting, and transition costs related to the portal integrator procurement and changing to the new portal integrator business model.

FINANCIAL TRANSACTION DATA

C.R.S. § 24-37.7-113.5 requires SIPA to report the total amount of charges or fees imposed by each state agency for accessing electronic information, products, and services through the statewide internet portal and the total amount of receipts and revenue derived by SIPA from those transactions. These reporting requirements are for the preceding fiscal year, which for this reporting period is FY 2022-2023.

<u>**Receipts & Revenues**</u>

Tyler Colorado shares revenue, generated by offering portal services, with SIPA through a formula set by contract. For FY 2022-2023, SIPA was paid a flat fee ($44,684.29 per month) and a percentage (7.5%) of the portal services revenue collected after expenses (credit card company fees, payment processing fees, and additional payments to agencies). Last year, SIPA received about $2.3M from Tyler Colorado. This number includes profit from payment processing services for state agencies, municipalities, counties, special districts, school districts, and public institutions of higher education. It also includes a small number of professional service projects offered on a time and materials basis.

The revenue (unaudited) SIPA received for FY 2022-2023 related to the transaction services provided to state agencies is approximately $2.1M or 92% of the margin share received from Tyler Colorado.

The residents of Colorado who use these services have many alternatives available and are generally not required to use them; however, they elect to use SIPA and Tyler Colorado's Portal Services because of their convenience and ease of use. In FY 2022-2023, SIPA, through its partnership with Tyler Colorado, processed more than 8.8M transactions for state agencies, which collected approximately $2.9B for their information, products, and services. More than 72M records were delivered on behalf of the Department of Revenue, generating an additional $625K for the state. Records requested by other state agencies and approved by the Department of Revenue are provided at no-cost.

<u>**Fees charged by State Agencies**</u>

For most payment transactions, the fees are simple and posted to SIPA's website.[11] Agencies can choose to absorb these fees or pass them down to the end user as a convenience fee for transacting online. The latter is the most common choice.

> **eCheck Transactions:**
> Transaction Amount + $1.00
> **Credit Card Transactions:**
> Transaction Amount + ((Transaction Amount + $0.75) x 2.25%) + $0.75

For some specialized transactions, Tyler Colorado and state agencies have agreed to exceptions to these standard fees. For example, a credit card transaction fee is not charged to residents for motor vehicle-related transactions for less than $10.00; instead, the credit card transaction fees are absorbed by Tyler Colorado. Judicial fees are $1.90 per statutory filing and $0.50 per case history. Gambling intercept has a fee of $10.00 per intercept. In some cases, Tyler Colorado helps state agencies to deliver bulk records electronically to others. These fees range from $0.003 to $5 depending on the type of record being looked up and delivered. Some entities can receive bulk records without incurring a fee.

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[11] https://sipa.colorado.gov/paymentprocessing

The table, **FY 2022-2023: Fees & Payments Collected by State Agencies (Online & Over the Counter)**, provides information related to the charges imposed by state agencies due to laws, rules, or regulations and includes the list of available state agency services, the number of transactions completed, and the amount of money collected for the state agency. Most of the transactions listed reflect a single payment for a single item.

FY 2022-2023: Fees & Payments Collected by State Agencies (Online & Over the Counter) CI Standard Fees: 2.25% + $0.75 per credit card transaction, $1.00 per eCheck transaction.			
Department or Agency	**Fee Exceptions**	**Transactions**	**Agency Payment**
Department of Agriculture		26,960	$11,393,729
Department of Early Childhood		29,783	$2,290,702
Department of Health Care Policy and Financing		7	$2,080
Department of Higher Education		1,809	$1,365,360
Department of Human Services		109,855	$1,556,470
Department of Labor & Employment		8,103	$10,336,171
Department of Law & Office of Attorney General		358	$85,816
Department of Local Affairs		17,430	$3,906,373
Department of Military and Veteran Affairs		145	$14,278
Department of Natural Resources		10,034	$63,124,478
Department of Personnel & Administration		1,398	$61,727
Department of Public Health & Environment		109,310	$24,517,102
Department of Public Safety		16,542	$5,008,779
Department of Regulatory Agencies *(Banking, Financial Services, Insurance, Registrations, Public Utilities Commission)*		271,993	$32,363,222
Real Estate Licensing		63,169	$10,779,980
Professional Licensing		17,256	$2,090,038
Premium Tax		4,567	$509,545,053
Department of Revenue		16,606	$933,818
Driver Services (Over the Counter & Online, State & County Offices)		1,546,901	$70,603,065
Motor Vehicle (Online & Over the Counter)	Credit Card: 2.7% over $10.00, under is $0.	3,756,283	$865,013,090
Taxation (Multidirectional Tax & MyBizColorado)		204,294	$926,800,995
Enforcement		44,932	$14,754,055
Department of Transportation		182	$30,102
Colorado Energy Office		6,097	$776,687

Department or Agency	Fee Exceptions	Transactions	Agency Payment
Colorado Governor's Office		205	$4,856
Colorado Judicial Branch	$1.90/Statutory Filing $0.50/Case History	2,509,744	$45,127,055
Colorado Alternate Defense Counsel		88	$4,693
Colorado Office of the Respondent's Parents' Counsel		187	$22,067
Colorado State University/Colorado State University Pueblo		113,451	$279,987,782
Office of Economic Development and International Trade		80	$206,858
Office of the Colorado State Public Defender		32	$17,150
Multiple Agencies (Gambling Intercept)	$10.00/intercept	666	$1,242,046
Total State Agencies & Offices		**8,888,497**	**$2,883,965,672**

The table, **FY 2023-2023: Bulk Record Deliveries for the Colorado Department of Revenue**, provides information related to bulk record transactions completed for the Colorado Department of Revenue.

FY 2022-2023: Bulk Record Deliveries for the Colorado Department of Revenue			
Bulk Record Deliveries (Department of Revenue)	**Fee Exceptions**	**Transactions**	**Agency Payment**
Bulk Motor Vehicle Records - Count includes $0.00 Transactions	Tyler Colorado: $0.005 per record; Partner $0.025 per record	39,392,643	$522,986
Crash Data Records (and Archived) - Count includes $0.00 Transactions	Tyler Colorado: $0.075 per record; $0.025 per archived record; Partner: $0.005 per record or archived record	399,582	$1,998
Additional Record Delivery - Count includes $0.00 Transactions	Tyler Colorado: Varies per lookup type: $0.03 - $5.00; Partner: $100,000/year	33,567,685	$100,000
Total Records		**73,359,910**	**$624,984**

Fees charged by Local Governments

In addition to processing payments for state agencies, SIPA, through its partnership with Tyler Colorado, processed more than 512K transactions, collecting approximately $662M for Colorado local governments. The tables below separate the fees collected for counties, municipalities, and special districts. Colorado county governments collected $63M through about 171K transactions. Municipalities were responsible for 294K transactions and $590M. Special districts, such as metropolitan districts and water and sanitation districts, were accountable for 47K transactions and $8.8M.

The transaction fees for local governments are the same as for state agencies, except as noted in Fee Exceptions in the tables below. Payment transactions processed for local governments are shown below.

FY 2023-2023: Fees & Payments Collected by Counties (Online & Over the Counter)			
CI Standard Fees: 2.25% + $0.75 per credit card transaction, $1.00 per eCheck transaction.			
Counties	**Fee Exceptions**	**Transactions**	**Gov. Payment**
Adams County		5,232	$555,869
Archuleta County		439	$30,212
Boulder County		17,025	$6,675,619
Chaffee County		269	$44,700
Cheyenne County		70	$19,234
Clear Creek County		7,143	$3,680,913
Delta County		1,656	$8,878
Denver County Courts	$1.90/Statutory Filing: $0.50/Case History	53,530	$2,599,112
Dolores County		309	$152,625
Douglas County		2,012	$239,127
Eagle County		3,685	$57,165
El Paso County		12,231	$255,131
Grand County		4,949	$1,845,477
Gunnison County		4,860	$2,002,443
Hinsdale County		75	$33,291
Jefferson County		3,174	$173,833
Kit Carson county		772	$66,864
Lake County		510	$295,100
Larimer County		6,233	$1,614,913
Las Animas County		222	$76,544
Mineral County		290	$345,132
Moffat County		3,697	$363,711
Montezuma County		879	$26,433
Montrose County		1,630	$90,319
Morgan County		3,894	$481,064
Ouray County		81	$2,032
Phillips County		415	$38,046
Pitkin County		1,466	$257,938
Routt County		621	$20,783
Saguache County		185	$28,800
San Miguel County		244	$43,831
Summit County		29,735	$40,517,843
Teller County		2,899	$515,580
Washington County		229	$19,196
Yuma County		134	$3,867
Total Counties		**170,795**	**$63,181,625**

Municipalities	Fee Exceptions	Transactions	Gov. Payment
FY 2022-2023: Fees & Payments Collected by Municipalities (Online & Over the Counter) *CI Standard Fees: 2.25% + $0.75 per credit card transaction, $1.00 per eCheck transaction.*			
City of Aurora		28,927	$78,589,670
City of Colorado Springs		66,106	$272,813,335
City of Commerce City		10,640	$25,618,621
City of Creede		147	$18,243
City of Florence		2,820	$203,881
City of Fountain		1,440	$216,920
City of Fruita		12,410	$1,851,199
City of Glenwood springs		22,295	$5,923,870
City of Golden		3,054	$63,930
City of Grand Junction		10,897	$24,530,818
City of Gunnison		7,726	$2,246,625
City of Leadville		665	$59,586
City of Littleton		25,524	$30,205,073
City of Longmont		24,897	$49,029,418
City of Westminster		23	$4,255
City of Yuma		221	$5,540
Town of Arriba		419	$46,221
Town of Bennett		24	$5,022
Town of Blue River		927	$317,013
Town of Brookside		235	$18,441
Town of Castle Rock		20,185	$37,495,900
Town of Collbran		371	$47,396
Town of Crawford		302	$26,785
Town of Crestone		98	$11,262
Town of De Beque		1,967	$560,997
Town of Deer Trail		997	$127,912
Town of Del Norte		1,715	$235,905
Town of Dinosaur		349	$53,522
Town of Dove Creek		1,384	$139,579
Town of Empire		18	$3,350
Town of Estes Park		2,544	$809,763
Town of Foxfield		196	$68,511
Town of Genoa		240	$37,598
Town of Georgetown		1,684	$537,233
Town of Granada		289	$56,003
Town of Granby		3,371	$1,203,586
Town of Grand Lake		951	$146,535
Town of Green Mountain Falls		283	$98,687
Town of Haxtun		743	$143,447
Town of Holly		631	$143,737
Town of Hotchkiss		1,256	$119,235
Town of Hudson		109	$17,971
Town of Hugo		1,752	$356,906
Town of Ignacio		2,023	$541,646

Municipalities	Fee Exceptions	Transactions	Gov. Payment
Town of Jamestown		161	$48,782
Town of Julesburg		143	$31,173
Town of Keenesburg		2,416	$380,780
Town of Kiowa		32	$9,186
Town of Larkspur		795	$63,966
Town of Limon		467	$58,983
Town of Lyons		13	$65
Town of Minturn		148	$59,998
Town of Monument		1,926	$253,699
Town of Norwood		1,449	$128,394
Town of Nucla		1,076	$135,104
Town of Olathe		2,006	$204,387
Town of Ordway		1,013	$111,830
Town of Palmer Lake		800	$130,098
Town of Parachute		1,157	$222,997
Town of Ramah		76	$7,053
Town of Rico		641	$54,226
Town of Ridgway		1,549	$275,382
Town of Rye		440	$26,263
Town of Silver Cliff		28	$24,166
Town of Silver Plume		153	$44,873
Town of South Fork		478	$65,808
Town of Swink		115	$12,226
Town of Timnath		2,486	$4,200,121
Town of Vail		10,510	$48,535,170
Town of Walsh		446	$47,547
Town of Westcliffe		55	$6,764
Town of Williamsburg		352	$31,499
Town of Yampa		541	$78,384
Total Municipalities		**294,327**	**$590,000,072**

FY 2022-2023: Fees & Payments Collected by Special Districts (Online & Over the Counter) *CI Standard Fees: 2.25% + $0.75 per credit card transaction, $1.00 per eCheck transaction.*			
Special Districts	Fee Exceptions	Transactions	Gov. Payment
Metropolitan Districts		9,685	$1,735,816
Other Associations & Districts		4,662	$2,068,039
School Districts		729	$97,817
Water and/or Sanitation Districts		32,244	$4,901,894
Total Special Districts		**47,320**	**$8,803,566**

RECOMMENDED LEGISLATION

As previously noted, **C.R.S**. **§ 24-37.7-113.5** requires that SIPA's annual report include any recommendations regarding additional legislation that might be necessary to carry out the purposes of SIPA.

No legislation is requested at this time.

APPENDIX 1: SIPA BOARD OF DIRECTORS ROSTER

Board of Directors Roster (October 2023)

	Name	Designee	Agency	Title	Appointed By
1	Mark Baisley	n/a	Colorado State Senate	Senator	Senate Minority Leader
2	Ernesto Chavez	n/a	Local Government Representative	Chief Technology Officer, City of Lafayette	Governor*
3	Mark Ferrandino	Meghan Tanis		Executive Director	Governor
4	Rick Garcia	Dionne Stroter	Department of Local Affairs	Executive Director	Governor
5	Tony Gherardini	Tobin Follenweider	Department of Personnel & Administration	Executive Director	Governor
6	Jena Griswold	Chris Beall	Department of State	Secretary of State	Ex officio
7	Jason Harris	TBD	Judicial Branch	Manager of Data Analytics	Chief Justice
8	Jesse Marks	n/a	Governor's Office	Director of Operations and Cabinet Affairs	Governor
9	Danielle Morrill	n/a	Private Sector Member	Cofounder and CTO, Firstparty Labs	Governor*
10	Anthony Neal-Graves	William Chumley	Governor's Office of Information Technology	CIO and Executive Director	Ex officio
11	Hannah Parsons	n/a	Private Sector Member	Chief Operating Officer, Barn Owl Tech	Governor*
12	Kevin Priola	n/a	Colorado State Senate	Senator	President of the Senate
13	Sam Taussig	n/a	Private Sector Member	Principal RXN Group	Governor*
14	Brianna Titone	n/a	Colorado House of Representatives	Representative	Speaker of the House
15	Ron Weinberg	n/a	Colorado House of Representatives	Representative	House Minority Leader
					*** Requires Senate Confirmation**

APPENDIX 2: TYLER COLORADO DIGITAL GOVERNMENT SERVICES

Tyler Colorado provides services to more than 532 Colorado governments through its contract with SIPA. Some of these services are listed below. Many of these services were developed and have been maintained at no-cost to the government entity. One exception is the third-party software applications which have annual maintenance and licensing fees that are charged back to the government entities using those applications.

Tyler Colorado Service	More Information
Content Management System (CMS)	More than 500 websites deployed.
Payments	
Payment Integrations	Numerous payment integrations to other applications.
Checkout	Numerous payment integrations to a standard Checkout application.
PayPort	Many simple standalone payment applications that are hosted on Colorado.gov.
Third Party Software	
CAVU eLicense system (MicroPact/Tyler Technologies)	Two implementations for the Department of Regulatory Agencies – Division of Professions & Occupations & Division of Real estate.
Q-Flow queuing system (ACF Technologies)	Four Instances of 3rd party Software licensed, managed, and hosted in partnership with ACF Technologies.
Tyler Services	
Customer Database (CDB)	More than 50,000 Customer accounts managed. Accounts can have up to 10 associated users.
Transaction Payment Engine (TPE)	TPE Transactions Payment Engine – This service is offered centrally through Tyler Technologies and provides payment processing and funds disbursement capabilities.
CCP (Common Checkout Page)	Secure interface for accepting payment method information with more than numerous for Colorado. Ties into PayPort, Payment Integrations, App Engine, Access Gov, Event Registration and Custom Applications.
Event Registration	Applications that allow governments to create events, receive event registrations, and payments.
Gov2Go	Mobile application with six services. The primary use case is to remind a resident to take a certain action on a certain date.
App Engine & AccessGov	270+ online standard web applications that may also take payment.
Custom Applications	
DRIVES - Portal Detail File	A simple job that runs on weekdays and generates a CSV file containing transaction information for DRIVES eServices and DLO transactions.
Denver County Courts Payment and Billing	An integrated payment engine and customer billing solution that enables the creation of customer billing accounts.
Courts Payment and Billing	An integrated payment engine and customer billing solution that enables the creation of customer billing accounts.
MyBizColorado	Business one-stop application enabling users to submit an application for a sales tax license, wage withholding account, and/or unemployment insurance account.
Motor Vehicle Verification System	Bulk Records.

Tyler Colorado Service	More Information
Custom Applications	
Sex Offender Registry and Mapping	This application allows Colorado residents to locate level three and four sex offenders in their neighborhoods using Google's mapping application and the CBI/DPS database.
Cold Case	DPS CBI Colorado Cold Case Files is an application displaying unsolved criminal cases in Colorado. Application stores information pertaining to cold case files for the CBI and presents to the public a set of options for searching through the files.
State Telephone Directory	To improve the accessibility of contact information to State of Colorado employees, the Office of Information Technology (OIT) in cooperation with Tyler Colorado (CI) has created an improved State Telephone Directory with-new interface.
Driver Records – Interactive and Point to Point	Interactive driver history provides a graphic user interface application to driver history. Allows registered Insurance companies to pull driving records one at a time.
Health Care Policy and Financing Community Mapping & Reporting	Two different applications for the Colorado Department of Health Care Policy and Financing (HCPF) to help the public to find medical assistance sites close to their location.
Online Surcharge Filing	The Colorado Department of Labor and Employment (CDLE)-Division of Workers Compensation (DOWC)-have identified the need for an automated calculation system that allows users to calculate surcharge monies owed to the Colorado Division of Workers Compensation.
Motor Vehicle Records	The Colorado Department of Revenue (DOR) and Colorado.gov have partnered to provide approved customers with Motor Vehicle Record Information (Titles and Liens).
Gambling Intercept Payment	The Gambling Intercept Payments (GIP) application intercepts gambling winnings for outstanding child support debts owed to the Colorado Department of Human Services (CDHS) and court ordered restitutions owed to the Colorado State Judicial Branch.
Motorists Insurance Information Database-MIIDB	The Motorists Insurance Information Database (MIIDB) is a service that determines the insurance coverage of all vehicles registered in the State of Colorado.
Youthful Driver Monitoring	Youthful Driver Monitoring is a service which allows approved vendors to upload a request file containing addresses of current policy holders and receive a match file containing information on drivers.
Agriculture Cashier Payment Portal	The Colorado Department of Agriculture (CDA)-Division of Plant Industry (DPI) has identified-need for an automated payment processing system in order to process payments from walk-in customers at CDA office locations. Known as the "cashier utility".
Payment Engine/CORE Integration	Has integrated TPE into the state's new Colorado Operations Resource Engine (CORE) that tracks all incoming funds to state departments.
Driver Monitoring	Provides a monitoring service for Colorado drivers.
Online Traffic Ticket Payment	Online payment for Jefferson & Adams County Traffic Tickets and Parking Tickets.
Minors in Possession (MIP)	Underage Drinking Enforcement.
CDPHE Invoice Payments	This is a custom application that allows users to search and pay for CDPHE invoices that are extracted from CORE. Payments are also reported directly into CORE.

SIPA CUSTOMER SATISFACTION

Ensuring Your Success

How would you rate SIPA's interest in ensuring your success?

9.2

Understanding Your Needs

How would you rate SIPA's understanding of your gov's vision, culture, challenges & opportunitites?

9.4

Mindful Listening

Did SIPA ask the right questions to understand your challenges and needs?

9.4

Effective Communication

Did SIPA clearly communicate its process and supplier options?

9.3

Delivering Success

How would you rate SIPA's ability to connect you with a supplier that met your budget?

9.1

Aligning Values

Do you believe SIPA's purpose is aligned with your government?

9.0

Customer experience and satisfaction was measured on a 10 point scale (0 = worst, 10 = best) to determine if SIPA is meeting the needs of the Colorado governments.