



STATE OF CALIFORNIA
Franchise Tax Board

02.14.19

To: Selvi Stanislaus
From: Michael A. Banuelos

Subject: Board Approval for Contracts Exceeding \$1 Million

Memorandum

This memorandum provides information for your notification to the Board pursuant to the Board's resolution requiring approval for purchases exceeding \$1 million.

Mailroom Inserters

FTB requests approval to purchase three (3) mail machine inserters to process the outgoing mail. FTB currently processes approximately 20,000,000 pieces of mail annually to communicate with taxpayers and the existing mail inserters are at end of life. The estimated cost for three (3) new inserters is \$3 million.

Microsoft Enterprise License Agreement (MELA)

FTB's existing enterprise agreement for Microsoft products expires May 31, 2019. FTB is seeking approval to enter into a new Microsoft agreement effective June 1, 2019. FTB will leverage the California Department of Technology's (CDT) service offering for the bulk of Microsoft products. FTB may continue to contract directly with a vendor for a smaller portion of Microsoft products. FTB is pursuing a three (3) year arrangement estimated at \$3.2 million per year.

IBM Software Maintenance Renewal for FTB Mainframe

FTB seeks approval to renew the software maintenance contract with IBM to use their proprietary software products on the department's mainframe computer. These software products are critical pieces within the department's operating system platform and provide enterprise operation solutions ranging from security to vital tax processing systems. The existing contract, which is a joint contract with the CDT, is valued at \$65 million of which FTB's share is approximately \$11 million. The current agreement expires on September 30, 2019.

If you have any questions regarding any of the above items, please contact me at 916-845-3367.

Michael Banuelos
Director, Procurement Bureau