

chair **John Chiang**
member **Jerome E. Horton**
member **Michael Cohen**

State of California
Franchise Tax Board

09.15.2014

To: Selvi Stanislaus

From: Jeanne Harriman

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 contracts exceeding \$1 million.

Enterprise SAN Fiber Channel Switch Replacements

This contract is to replace our existing legacy Storage Area Network (SAN) Fiber Channel Switches before they reach End of Service Life (EOSL). The SAN fiber channel switches are dedicated devices needed to route mission critical data to and from the storage array systems to servers. The SAN fiber channel switch replacements will ensure that FTB's critical data applications are transmitted and processed in support of FTB's revenue-producing programs. Also, the new fiber channel switches will continue to prevent security vulnerabilities as well as protect mission critical data. If we do not replace the legacy SAN fiber channel switches before EOSL, FTB staff will experience significant delays in accessing taxpayer information and taxpayers will also experience significant delays in accessing self-service applications that assist them in meeting their filing and payment requirements. The replacement of the enterprise storage array system is dependent on the replacement of the legacy SAN fiber channel switches. The estimated cost to replace the switches is \$3.5 million and will include 5 years of hardware and software support.

Enterprise Storage Array (DMX-3) Replacement

This contract is to replace our existing legacy enterprise storage array (DMX-3) before it reaches its End of Service Life (EOSL). This upgrade will ensure that FTB's data warehouse supporting FTB's Filing Enforcement program, various other detection tools for Audit, and other e-commerce applications is available and accessible in support of these revenue-producing programs. Also, replacing the old storage array with new storage array will prevent security vulnerabilities and help protect mission critical data. FTB taxpayer information cannot be supported, stored or processed if the storage array system is not replaced by December 2015. The estimated cost for the new storage array system is \$2 million and will include 5 years of hardware and software support.

Aastra – E-Private Branch Exchange (PBX) System Maintenance

This contract is for maintenance on our E-private Branch Exchange (PBX) system. Aastra is the sole manufacturer, distributor, and maintenance provider of all PBX equipment supporting FTB's telephone enterprise network. FTB would not be able to perform mission critical work that depends on communication with our customers (taxpayers) and business partners (IRS, tax preparers, vendors, other State agencies, law enforcement, judicial, etc.) if the E-PBX system were to fail. In FY 2013/14, approximately 15.9 million incoming and outgoing calls were handled through our PBX system. There would be a major impact to the collection of revenue if maintenance was not renewed. The estimated cost for a two (2) year contract with two one-year extensions is \$2 million.

Security Guard Services

This contract is estimated to be a one-year agreement replacing an expiring contract for un-armed security guard services for the FTB Central Office Campus. The contract services will protect the department's employees, assets, data and property. This contract is dependent upon the disposition of the existing California Highway Patrol Master Service Agreement for security guard services, which expires on December 31, 2014. The estimated cost for this contract is \$3.1 million and the estimated term is January 1, 2015 through December 31, 2015.

If you have any questions regarding any of the above items, please contact Michael Banuelos at 845-6110.



Director
Financial Management Bureau