

chair **John Chiang**
member **Betty T. Yee**
member **Ana J. Matosantos**



State of California
Franchise Tax Board

11.09.10

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 purchases exceeding \$1 million.

Enterprise Data to Revenue (EDR) Project, Prime Solution Provider

The proposed EDR Contract will obtain the services of a qualified Prime Solution Provider (PSP) to provide an integrated solution for FTB's Enterprise Data to Revenue (EDR) Project. The acquisition is being conducted as a solution-based, benefits-funded procurement, funded by increased revenue from State's use of the EDR Solution. All EDR PSP payments including for all services, hardware and software are based on the revenue benefits the EDR Solution generates, up to a fixed price amount.

The term of the EDR Contract will be July 1, 2011 through December 31, 2016 or 66 months from EDR Contract execution start date with up to 24 additional months, at the State's option, to continue measuring EDR Contract Benefits and Compensation. At the State's option, the EDR Contract term may also include five one-year options for continued Maintenance and Operations.

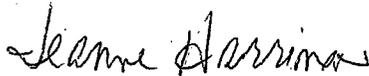
The anticipated amount of this agreement, per our DGS approved Information Technology Procurement Plan and the OCIO approved Feasibility Study Report, is \$212,895,030.00 with benefits totaling over \$3 billion dollars over the life of the contract. The costs and benefits are estimated based on the State's proposed solution. The actual costs and benefits will change based on the selected proposal from the bidder(s).

FTB has undertaken an extensive effort to perform enterprise strategic planning for the FTB Tax Systems' Information Technology Strategic Plan. Through this planning effort, FTB identified significant opportunities to make fundamental changes to return processing and to improve utilization of data and increase tax revenue. These opportunities form the basis of the EDR Project.

The scope of the EDR Project includes:

- o Replacement of return processing systems to process all State income tax returns, related payments and correspondence;
- o Replacement of multiple databases with a new Enterprise Data Warehouse (EDW) to store and manage all enterprise required third party and tax return data;
- o Implementation of a Taxpayer Folder to consolidate existing taxpayer information and self-services available on the FTB net and provide new taxpayer Self-Services and access to the EDW data;
- o Modification of the Business Entities Tax System (BETS) to remove proprietary software to increase maintainability and user productivity; and
- o Modification of FTB current systems to work with the new Return Processing System and access the EDW data.

If you have any questions regarding this contract, please contact me at 845-6431.



Director
Financial Management Bureau



chair **John Chiang**
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State of California
Franchise Tax Board

11.02.10

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 purchases exceeding \$1 million.

EDR - IT Consulting Services – Independent Verification and Validation Services

This agreement will provide IT Consulting Services for the Franchise Tax Board (FTB) Enterprise Data to Revenue (EDR) Project. The EDR Project addresses fundamental business problems with processing Personal Income Tax (PIT) and Business Entity (BE) tax returns including the underutilization of data and business rules to further streamline and automate return processing and generate more revenue for all business areas.

Due to the complexity and size of the EDR Project, and recognizing the potential for sizeable risks and challenges, the State's approach to management and oversight is geared to maximize project success by requiring system development consistent with industry standards and independent verification and validation as reflected in the EDR Requirements.

The IV&V vendor will oversee and perform verification and validation including quality assurance of the EDR Project contractor and State activities to verify execution consistent with requirements. The scope of the IV&V vendor's responsibility was expanded to include technical reviews, gap analysis and quality assurance for a much greater number of management requirement deliverables.

The anticipated term of this agreement will be July 1, 2011 through December 31, 2015, with an option to extend for two (2) additional years. The anticipated amount for the full term of this agreement is \$9,360,000.

If you have any questions regarding any of the above items, please contact me at 845-6431.

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Financial Management Bureau



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Franchise Tax Board

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ETL – Enterprise Tape Library Replacement Project

This project will replace end-of-support Enterprise Tape Library System components, to include the Mainframe Tape Library and the Distributed Tape Library Environments. The programs administered by FTB rely heavily on networked, and automated systems. Replacement reduces the risk of these items failing and impacting FTB's revenue-generating capabilities. This project will support the migration to the new Enterprise Tape Library environment seamlessly and with minimal disruption to the current environment.

The estimated term of the contract will be April 2011 through December 2012, with an anticipated amount of this agreement to be \$4,562,636.

If you have any questions regarding any of the above items, please contact me at 845-6431.

A handwritten signature in cursive script that reads "Jeanne Harriman".

Director
Financial Management Bureau

chair John Chiang
member Betty T. Yee
member Ana J. Matosantos



State of California
Franchise Tax Board

11.03.10

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 purchases exceeding \$1 million.

IT Network Refresh

This procurement will provide network switches for the Franchise Tax Board (FTB) enterprise network infrastructure. This purchase will be financed over 4 years, April 2011 through April 2015, with an anticipated amount of this agreement to be \$6 million.

The primary objective of the IT Network Refresh Project is to replace network switches at the central and district offices to increase operational efficiencies, reliability, scalability and security in support of FTB's mission critical programs and enterprise network infrastructure. The original FSR No. 09-03 (June 2009) was approved as a project, but did not receive funding.

The new switches will be a replacement of network switches that are currently approaching the last date of support (February 2012) and include functionality that will allow FTB to be strategically ready for future technologies. When the last date of support is reached, if a hardware failure or software bug occurs, FTB will no longer be able to receive replacement parts or updates. This will effectively leave business areas connected to the failed switches functionally inoperable on the network. We will start receiving the switches in phases before the end of the FY10/11 in order to ensure adequate time for implementation.

If you have any questions regarding any of the above items, please contact me at 845-6431.

Handwritten signature of Jeanne Harriman in cursive script.

Director
Financial Management Bureau