




<b>REQUEST FOR QUOTATION</b>	Supplier Name: _____	Solicitation No.: <b>RFQ FTB-1920-596</b>	Rev.: _____
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1. **Delivery:** Final delivery, inspection and acceptance shall be at the location described in the "Ship To" address on page 1.
2. **Evaluation:** For the purposes of this solicitation, contract award will be made on the basis of individual items or the basis of all items included in this solicitation. The state may accept any item or group of items of any response. Contract award will be to the bidder with the lowest net cost (excluding applicable sales tax) meeting all other quotation specifications. Refer to paragraph titled "[Award of Contract](#)" of this RFQ for additional information on award. Following award of this RFQ, the State will execute a Standard Agreement - Std. 213 IT (including Attachment 1 – Statement of Work, Exhibit A – PDC Refresh Schedule, Exhibit B – FTB Work Authorization, Attachment 2 – Payment Provisions and Cost Worksheet, Attachment 3 – FTB Special Provisions, Exhibit D – FTB Special Terms & Conditions, and Exhibit F – Internal Revenue Service (IRS) Required Contract Language for Technology Services).  
  


STD. 213 Standard  
Agreement (Revised)
3. **Tie-Break Process:** In the event of a precise tie, if GC Section 14838(f) does not apply to bidders, a witnessed drawing of lots will be conducted by the Procurement Official. If a drawing of lots is needed, the Procurement Official will schedule and arrange for a drawing and non-partisan witnesses; notifying the participating bidders of the outcome of the drawing.
4. **Cash Discounts:** Cash discounts will not be considered when evaluating bid responses for award purposes. However, cash discounts may be offered and taken by departments processing invoices within the timeframe specified.
5. **Shipment:** For the purposes of this solicitation, only bid responses quoting F.O.B Destination will be accepted.
6. **Inquiries/questions:** Written questions must be received no later than the date and time indicated on page 1 of this RFQ.
7. **Bidder's Instructions and General Provisions:** The attached Bidder's Instructions and General Provisions have recently been revised. Please read carefully. See "Attachments" on page 7 of this RFQ.
8. **Quotation attachments:** Bid responses that reference a supplier's own terms and conditions or provisions will be considered non-responsive and will be rejected.
9. **Important Note:** Only bids quoted on the State's own quotation forms will be considered. See paragraph titled "Emailed Responses" below.
10. **The selected bidder must be an IBMLSoftTrac, Tangent Deposit21, and Impression Technology iCapture authorized reseller. FTB will validate bidder responsiveness to this requirement directly with the aforementioned Original Equipment Manufacturer's prior to contract award.**

**Responsible Bidder:** The Franchise Tax Board may require bidder(s) to submit evidence of their qualifications at such times and under conditions, as it may deem necessary. The question of whether a particular bidder is a responsible bidder may involve an evaluation of the bidder's experience, type of facility, expertise or financial resources regarding the particular items requested by the pertinent solicitation. If a bidder has been determined to be non-responsible, the bid shall be rejected.

**Emailed Responses:** The State reserves the right to consider authorized emailed responses as properly "sealed" if received prior to the closing time specified, provided that an authorized original signature is shown on page 1 of this RFQ. Emailed RFQ responses will be considered only if they are sent to the email address listed on page 1 of this RFQ. Request for Quotation responses sent to any other email address will not be considered. To be considered, all pages of an emailed RFQ response must be completely received prior to the RFQ response due date and time specified in this RFQ.

**Payee Data Record:** The successful bidder will be required to submit a [Payee Data Record, STD. Form 204](#) listing their Taxpayer Identification Number. Acceptable verification results are required prior to contract award. Payments to nonresidents may be subject to withholding. Please refer to reverse side of Payee Data Record or, for complete details, please see the applicable forms and instructions found on [FTB's Nonresident Withholding](#) page.

**Verification of California Tax Status:** Acceptable verification results are required prior to contract award.

**Seller's Permit:** If applicable, please note that award will be conditional on providing the following document prior to award: You must provide your company's California retailer's seller's permit or certification of registration and, if applicable, the permit or certification of all participating affiliates, issued by California's State Board of Equalization (BOE), pursuant to all requirements as set forth in Sections 6487, 7101 and sections 6452.1, 6487.3, 18510 of the Revenue and Taxation Code, and Section 10295.1 of the Public Contract code. In order to expedite the process of verifying the validity of the permit, provide the BOE permit number in the space provided below (or attach a copy of the permit with your bid.)

Retailer's Seller's Permit Number: \_\_\_\_\_

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**Recycled Content Products:** State agencies are required to report purchases in many product categories. In order to comply with those requirements, suppliers are required to complete and return a Recycled Content Certification form with their RFQ response. The supplier may certify that the product or material contains zero recycled content. Failure to complete and return the form may disqualify the RFQ response from consideration.

Click on the following link to access the form: [Recycled-Content Certification \(CalRecycle form 74\)](#)

**Certification for Public Contract Code 2010:** Pursuant to Public Contract Code section 2010, if a bidder or proposer executes or renews a contract over \$100,000 on or after January 1, 2017, the bidder or proposer hereby certifies compliance with the following:

1. **CALIFORNIA CIVIL RIGHTS LAWS:** Compliance with the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code); and
2. **EMPLOYER DISCRIMINATORY POLICIES:** If a Contractor has an internal policy against a sovereign nation or peoples recognized by the United States government, the Contractor certifies that such policies are not used in violation of the Unruh Civil Rights Act (Section 51 of the Civil Code) or the Fair Employment and Housing Act (Section 12960 of the Government Code).

Click on the following link to access the form: [California Civil Rights Laws Certification](#)

**Productive Use Requirements:** The objective of the Productive Use Requirements is to protect the State from being an experimentalist for new equipment and software that has no record of proven performance.

#### **Customer In-Use**

The purpose of the Customer In-use requirement is to allow time for the bidder to correct defects that could prevent new equipment and software from performing correctly in support of State programs.

The State requires that **each equipment and software component** proposed as part of an automated system must have been installed and in productive use, in substantially the conformation quotation, for a paying customer external to the bidder's organization, for at least the number of months shown in the table below prior to the required dates of installation and quotation submission.

**Please note: The following table is informational in support of the Productive Use and Customer In-Use requirements. Bidders are not required to complete or submit the below table as part of their quotation submission:**

Product	Installation	Quotation Submission
Critical software, regardless of cost, (that without which application programs cannot run; i.e., operating systems, DBMSs, compilers, or communication control programs) to operate on or control computers or microcomputers (also quotations of multiple computers), or peripheral equipment, for which the project cost is:		
(1) More than \$100,000	8 months	6 months
<u>Category 2 - All Information Technology Equipment and Non-critical Software</u>		
Information technology equipment is defined in SAM Section 4819.2.		
(1) More than \$100,000	6 months	4 months

Substantial design changes in required system control modules or in components critical to the processing requirements of the State's workload are also subject to the In-use requirement. Increases or decreases in numbers of components or minor alteration in equipment or minor modifications or updates to software to provide improvements or features, to correct errors, or to accommodate hardware changes may be **exempt** from the In-use requirement by the Department of General Services, Procurement Division, if no substantial changes in logic, architecture or design are involved.

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**Declaration Forms:** All bidders must complete the Bidder Declaration GSPD-05-105 and include it with the quotation response. When completing the declaration, bidders must identify all subcontractors proposed for participation in the contract. Bidders awarded a contract are contractually obligated to use the subcontractors for the corresponding work identified unless the State agrees to a substitution and it is incorporated by amendment to the contract. Bidders who have been certified by California as a DVBE (or who are bidding rental equipment and have obtained the participation of subcontractors certified by California as a DVBE) must also submit a completed form(s) STD. 843 (Disabled Veteran Business Enterprise Declaration). All disabled veteran owners and disabled veteran managers of the DVBE(s) must sign the form(s). Should the form not be included with the solicitation, contact the State contracting official or obtain a copy online from the Department of General Services Procurement Division, Office of Small Business and DVBE Services (OSDS) website at <https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Office-of-Small-Business-and-Disabled-Veteran-Business-Enterprise/Certification-Program> <http://www.dgs.ca.gov/pd/Programs/OSDS.aspx>. The completed form should be included with the quotation response. At the State's option prior to award, bidders may be required to submit additional written clarifying information. Failure to submit the required written information as specified may be grounds for quotation rejection.

**BIDDER DECLARATION FORM GSPD-05-105**  
<https://www.documents.dgs.ca.gov/dgs/fmc/gspd/gspd05-105.pdf>  
**DVBE DECLARATION FORM Std. 843**  
**(If Applicable)**  
<https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std843.pdf>

**California Disabled Veteran Business Enterprise (DVBE) Program Requirements:** The State has established goals for Disabled Veteran Business Enterprises (DVBE) participating in State contracts. Please review the attached DVBE program requirements package. Bidders must complete and return all the appropriate pages in order for the bid to be considered responsive.

**For purposes of this solicitation, the DVBE program requirements have been waived; however, the DVBE Quotation Incentive will still be applied (see below).**

**Disabled Veteran Business Enterprise (DVBE) Quotation Incentive: Please note, the following DVBE quotation incentives will be applied for the purposes of this solicitation.**

In accordance with Section 999.5(a) of the Military and Veterans Code an incentive will be given to bidders who provide DVBE participation. For evaluation purposes only, the State shall apply an incentive to quotations that propose California certified DVBE participation as identified on the Bidder Declaration GSPD-05-105 and confirmed by the State. The incentive amount for awards based on low price will vary in conjunction with the percentage of DVBE participation. The following percentages will apply for awards based on low price.

**Please note if you would still like to subcontract with a DVBE, FTB will apply the DVBE Quotation Incentive with the percentages stated below.**

<b>Confirmed DVBE Participation of:</b>	<b>DVBE Incentive:</b>
3.1% and Above	5%
3.0%	3%
2.0% to 2.9%	2%
1.0% to 1.9%	1%

**See Page 4 – Section titled “Declaration Forms” for the URL to the Bidder Declaration Form for listing any subcontracting opportunities.**

**Awards based on low price** - the net quotation price of responsive quotations will be reduced (for evaluation purposes only) by the amount of DVBE incentive as applied to the lowest responsive net quotation price. If the #1 ranked responsive, responsible quotation is a California certified small business, the only bidders eligible for the incentive will be California certified small businesses. The incentive adjustment for awards based on low price cannot exceed five percent (5%) or \$100,000, whichever is less, of the #1 ranked net quotation price. When used in combination with a preference adjustment, the cumulative adjustment amount cannot exceed 15 percent (15%) or \$100,000, whichever is less.

**Disabled Veteran Business Enterprise (DVBE) Substitution:** Contractor understands and agrees that should award of this contract be based in part on their commitment to use the Disabled Veteran Business Enterprise (DVBE) subcontractor(s) identified in their bid or offer, per Military and Veterans Code 999.5 (e), a DVBE subcontractor may only be replaced by another DVBE subcontractor and must be approved by the Department of General Services (DGS). Changes to the scope of work that impact the DVBE subcontractor(s) identified in the bid or offer and approved DVBE substitutions will be documented by contract amendment.

Failure of contractor to seek substitution and adhere to the DVBE participation level identified in the bid or offer may be cause for contract termination, recovery of damages under rights and remedies due to the State, and penalties as outlined in M&VC § 999.9; Public Contract Code (PCC) § 10115.10, or PCC § 4110 (applies to public works only).

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**Preference:**  
The following preference will be granted for this procurement. Bidders wishing to take advantage of this preference will need to review the following websites and submit the appropriate response with the quotation:

- [Target Area Contract Preference Act \(TACPA\)](#)

Bidders wishing to take advantage of this preference are required to submit the following applications or forms:

- TACPA ([Std. 830](#))
- Manufacturer Summary of Contract Activities and Labor Hours ([DGS/PD 525](#))
- Bidder's Summary of Contract Activities and Labor Hours ([DGS/PD 526](#))

**Please Note:** The maximum preference allowed for TACPA is nine percent (9%) of the quotation amount but may not exceed \$50,000 for any quotation. In combination with any other preference (TACPA, SB, non-SB subcontracting participation, recycled, etc.), the maximum limit of the combined preference is fifteen percent (15%) of the quotation amount and, in no case, shall be more than \$100,000.00 per quotation, whichever is less.

**Small Business Regulations:** The Small Business regulations, located in the California Code of Regulations (Title 2, Division 2, Chapter 3, Subchapter 8, Section 1896 et. seq.), concerning the application and calculation of the small business preference, small business certification, responsibilities of small business, department certification, and appeals are revised, effective 09/09/04. The new regulations can be viewed at ([www.pd.dgs.ca.gov/smbus](http://www.pd.dgs.ca.gov/smbus)). Access the regulations by Clicking on "Small Business Regulations" in the right sidebar. For those without Internet access, a copy of the regulations can be obtained by calling the Office of Small Business and DVBE Services at (916) 375-4940.

**Non-Small Business Subcontractor Preference:** A 5% bid preference is now available to a non-small business claiming 25% California certified small business subcontractor participation. If applicable, claim the preference in the box on the right hand side of the first page of this solicitation.

**Small Business Nonprofit Veteran Service Agencies (SB/NVSA):** SB/NVSA prime bidders meeting requirements specified in the Military and Veterans Code Section 999.50 et seq. and obtaining a California certification as a small business are eligible for the 5% small business preference. If applicable, claim the preference in the box on the right hand side of the first page of this solicitation.

**Attachment with bid required if claiming the Small Business Preference:** All bidders must complete and include the Bidder Declaration form GSPD-05-105. If claiming the non-small business subcontractor preference, the form must list all of the California certified small businesses with which you commit to subcontract in an amount of at least twenty-five percent (25%) of the net bid price. All certified small businesses must perform a "commercially useful function" (CUF) in the performance of the contract as defined in Government Code Section 14837(d)(4).

**Small Business Certification:** Bidders claiming the small business preference must be certified by California as a small business or must commit to subcontract at least 25% of the net bid price with one or more California certified small businesses. Completed certification applications and required support documents must be submitted to the Office of Small Business and DVBE Services (OSDS) no later than 5:00 p.m. on the bid due date, and the OSDS must be able to approve the application as submitted.

Small business nonprofit veteran service agencies (SB/NVSA) claiming the small business preference must possess certification by California prior to the day and time bids are due.

Questions regarding certification should be directed to the OSDS at (916) 375-4940.

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**Commercially Useful Function Documentation:** All certified Small Business, Microbusiness, and/or DVBE contractors, subcontractors or suppliers must meet the commercially useful function requirements under Government Code, Section 14837(d)(4) (for SB) and Military and Veterans Code, Section 999(b)(5)(B) (for DVBE).

Please answer the following questions as they apply to your company for the goods/services being acquired in this procurement.

1. Will your company be responsible for the execution of a distinct element of the resulting purchase order?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2. Will your company be actually performing, managing, or supervising an element of the resulting purchase order?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
3. Will your company be performing work on the resulting purchase order that is normal for its business, services, and functions?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4. Will your company be responsible, with respect to products, inventories, materials, supplies required for the contract, for negotiating price, determining quality and quantity, ordering, installing, if applicable, making payment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5. Will there be any subcontracting that is greater than that expected to be subcontracted by normal industry practices for the resulting purchase order?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

A response of No in questions 1-4, or a response of Yes in question 5, may result in your quotation being eliminated from consideration. At the State's option prior to award, bidders may be required to submit additional written clarifying information.

**Award of Contract:** Award of contract, if made, will be in accordance with the RFQ information on Evaluation to a responsible bidder whose quotation complies with all of the requirements of the RFQ documents and any addenda thereto, except for such immaterial defects as may be waived by the State. Award, if made, will be made within forty-five (45) days after the scheduled date for Contract Award as specified in the RFQ; however, a bidder may extend the offer beyond 45 days in the event of a delay of contract award.

The State reserves the right to determine the successful bidder(s) either on the basis of individual items or on the basis of all items included in its RFQ, unless otherwise expressly provided in the State's RFQ. Unless the bidder specifies otherwise in its bid, the State may accept any item or group of items of any bid. The State reserves the right to modify or cancel in whole or in part its RFQ.

Written notification of the State's intent to award will be made to all bidders. If a bidder, having submitted a bid, can show that its bid, instead of the bid selected by the State, should be selected for contract award, the bidder will be allowed five (5) working days to submit a protest to the Intent to Award, according to instructions contained in the paragraph titled "Protests" of this RFQ.

**Protests:** Any bidder's issues regarding solicitation requirements must be resolved (or attempts made to resolve them must have been made) before a protest may be submitted according to the procedure below. These issues will first be resolved by the contact for the solicitation or if they result in a protest, the protest will be submitted to DGS Procurement Division Deputy Director to hear and resolve issues and whose decision will be final.

If a bidder has submitted a bid which it believes to be totally responsive to the requirements of the RFQ and to be the bid that should have been selected according to the evaluation procedures in the solicitation and the bidder believes the State has incorrectly selected another bidder for award, the bidder may submit a protest of the selection as described below. Protests regarding selection of the "successful vendor" will be heard and resolved by the Victim Compensation and Government Claims Board whose decision will be final.

All protests of award must be made in writing, signed by an individual authorized to bind the bidder contractually and financially, and contain a statement of the reason(s) for protest; citing the law, rule, regulation or procedure on which the protest is based. The protester must provide facts and evidence to support the claim. Protests must be mailed or delivered to:

**Street and Mailing Address:**  
Deputy Director  
Procurement Division  
707 Third Street, Second Floor South  
West Sacramento, CA 95605  
Facsimile No.: (916) 375-4611

All protests to the RFQ or protests concerning the evaluation, recommendation, or other aspects of the selection process must be received by the DGS Procurement Division Deputy Director as promptly as possible, but no later than the date indicated in the Notification of Intent to Award. Certified or registered mail must be used unless delivered in person, in which case the protester should obtain a receipt of delivery.

**Draft Development Work Plan**

Bidder must provide a draft Development Work Plan with bid submission, which must include:

- A briefing/presentation, in writing, of the delivery and implementation plan to the designated FTB PDC Operations Team.
  - Must include a project timeline/schedule with a final completion date of June 30<sup>th</sup>, 2020 or earlier.
    - Project timeline/schedule must include start and end dates for the tasks in the Attachment 1 - SOW, Data Capture Tasks Table.

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**Attachments:** The following documents are considered part of this solicitation and will be incorporated by reference into the resulting agreement:

[Bidder Instructions \(GSPD-451\)](#) – Revised and Effective 11/09/2011

[IT General Provisions \(GSPD-401IT\)](#) – Revised and Effective 9/5/14

Attachment 1 – Statement of Work

Exhibit A – PDC Refresh Schedule

Exhibit B – FTB Work Authorization

Attachment 2 – Payment Provisions and Cost Worksheet

Attachment 3 – FTB Special Provisions

Exhibit D – FTB Special Terms & Conditions

Exhibit F – Internal Revenue Service (IRS) Required Contract Language for Technology Services

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**Bidder Checklist for Quotation/Bid Submission:** In order for the quotation/bid to be acceptable, the following documents should be completed and included with your submitted quotation/bid response. A description of the nature of each document is included. **THOSE DOCUMENTS MARKED "MANDATORY" MUST BE RETURNED.** Those documents described as "should be submitted with your bid", if they are included it will expedite the procurement process.

Document	Location	Description
Bidder Information and Signature	<a href="#">Page 1</a>	<b>MANDATORY</b>
Payee Data Record	<a href="#">Page 2</a>	Applies to all bidders. This should be submitted with the quotation; however, it may be obtained prior to award.
Seller's Permit	<a href="#">Page 2</a>	This should be submitted with the quotation; however, it may be obtained prior to order award.
California Civil Rights Laws Certification	<a href="#">Page 3</a>	Applies to all bidders. This should be submitted with the quotation; however, it may be obtained prior to award.
Productive Use Requirements	<a href="#">Page 3</a>	Applies to all bidders.
California DVBE Program Requirements	<a href="#">Page 4</a>	Waived for this solicitation; however, DVBE Quotation Incentive will still be applied.
DVBE Quotation Incentive	<a href="#">Page 4</a>	Applies in the following situations: 1. The prime bidder is certified as a Disabled Veteran Business Enterprise, and/or, 2. There are subcontractors that are Certified Disabled Veteran Business Enterprises.
Bidder Declaration (GSPD-05-105)	<a href="#">Page 4</a>	<b>MANDATORY</b>
DVBE Declarations (STD. 843)	<a href="#">Page 4</a>	Applies in the following situations: 3. The prime bidder is certified as a Disabled Veteran Business Enterprise, and/or, 4. There are subcontractors that are Certified Disabled Veteran Business Enterprises. These declarations should be included with the quotation; however, they may be obtained prior to contract award.
Target Area Contract Preference Act	<a href="#">Page 5</a>	Bidder's claiming this preference are required to submit the following applications/form: <ul style="list-style-type: none"> <li>TACPA (STD. 830)</li> <li>Bidder's Summary of Contract Activities and Labor Hours (DGS/PD 525)</li> <li>Manufacturer Summary of Contract Activities and Labor Hours (DGS/PD 526)</li> </ul>
Small Business Preference and Non-Small Business Subcontractor Preference, Small Business Nonprofit Veteran Service Agencies, and Small Business Certification	<a href="#">Page 5</a>	These preferences and regulations apply to all to bidders claiming any of these preferences.
Commercially Useful Function Requirements	<a href="#">Page 6</a>	This applies to Certified Small Businesses and Certified Disabled Veteran Businesses submitting Bids as the Prime Contractor. This should be submitted with the bid; however it may be obtained prior to contract award. The State has the option to verify that the Prime Bidder and any subcontractors are performing a Commercially Useful Function
Draft Development Work Plan	<a href="#">Page 6</a>	<b>MANDATORY</b>
Statement of Work	Attachment 1 <a href="#">(Pages 9 - 22)</a>	Applies to all bidders.
PDC Refresh Schedule	Exhibit A <a href="#">(Page 23)</a>	Applies to all bidders.
FTB Work Authorization	Exhibit B <a href="#">(Page 24)</a>	Applies to all bidders.
Payment Provisions and Cost Worksheet	Attachment 2 <a href="#">(Pages 25 - 26)</a>	<b>MANDATORY</b>
FTB Special Provisions	Attachment 3 <a href="#">(Pages 27 - 30)</a>	Applies to all bidders.
FTB Special Terms & Conditions	Exhibit D <a href="#">(Pages 31 - 34)</a>	Applies to all bidders.
Internal Revenue Service (IRS) Required Contract Language for Technology Services	Exhibit F <a href="#">(Pages 35 - 36)</a>	Applies to all bidders.



## ATTACHMENT 1 – STATEMENT OF WORK

The Franchise Tax Board (FTB), hereinafter referred to as “FTB” or the “State”, agrees to retain and hereby does retain (*awarded contractor's Name*), hereinafter referred to as “Contractor,” for the services described herein. Under the direction of the Administrative Services Division, the Contractor agrees to perform the services described within their respondent quote and RFQ FTB-1920-596 Paper Data Capture (PDC) Refresh and addenda. These documents are hereby incorporated by reference and are made an integral part of this Agreement.

### A. INTRODUCTION

FTB is seeking a Contractor to provide qualified Information Technology (IT) representatives from the following Original Equipment Manufacturers (OEM): IBML, Tangent, and Impression Technology to perform upgrades and enhancements to FTB’s PDC systems (IBML SoftTrac, Tangent Deposit21, and Impression Technology iCapture). These suites of applications are commercial off-the-shelf (COTS) solutions that require outside support for changes and enhancements to the binary code of the application, which FTB does not have the ability to change.

FTB is requiring the following upgrades due to Microsoft (MS) support going End of Life (EOL):

1. Windows Server 2008R2 to 2012 or higher (2016 preferred)
2. MS SQL Server Database 2008 to MS SQL Server Database 2014 or higher (2017 preferred).

In order to meet the FTB’s PDC systems’ compatibility requirements, the PDC applications will need to be upgraded to the aforementioned versions.

### B. AGREEMENT TERM

The Contractor must be available to commence the services outlined in this SOW during the term specified on the executed Standard Agreement (Std. 213) or upon approval/completion of FTB’s background screening, whichever is later. The Contractor must complete the services outlined in the SOW within the term specified in the Std.213.

Consistent with the terms and conditions of the original solicitation, and upon mutual consent, the State may execute written amendments to this Agreement if needed. At the State’s discretion, this Agreement may be amended for time, money or both based on the rates herein.

The Contractor shall not be authorized to deliver or commence performance of services as described in the Contract until written approval has been obtained from all entities. Any delivery or performance of service commenced prior to the contractor obtaining all written approvals shall be considered voluntary on the part of the Contractor and non-compensable by the FTB.

### C. CONTRACTOR RESPONSIBILITIES

The Contractor is responsible for providing the tasks and associated deliverables/documentation that include (but are not limited to) those listed below on a schedule mutually agreed upon by FTB and the Contractor. Upon FTB’s request, all deliverables/documentation should be emailed to the designated FTB Contract Manager in the format specified in SECTION E. DOCUMENTATION, unless otherwise specified. Work should be performed at the FTB’s Central Office facility located at 9646 Butterfield Way, Sacramento, CA 95827 during normal State business hours, which are Monday through Friday, 8:00 a.m. to 5:00 p.m. Pacific Time, excluding State holidays.


1. The Contractor will contact the designated FTB PDC Operations team with any questions using the mail ID [FTBPDCOps@ftb.ca.gov](mailto:FTBPDCOps@ftb.ca.gov).

## ATTACHMENT 1 – STATEMENT OF WORK

2. The Contractor will coordinate on any migration of code for the PDC applications in FTB non-production and production environments with the designated FTB PDC Operations team before starting the migration.
3. The Contractor will provide project management services, which include the following implementation project services:
  - a. **Coordination and Scheduling.** The Contractor will coordinate with designated FTB and solution-provider project managers, to ensure that services are provided on a mutually agreed upon schedule.
  - b. **Internal Team Leader.** The Contractor will lead and coordinate the activities of all of Contractor's Key Personnel involved with the project.
4. The Contractor will provide a **Final Report**, via email, documenting the changes made to the IBML, iCapture, and Deposit 21 systems for archiving by FTB. The Final Report must be provided to FTB no later than **five (5) consecutive State business days** after Contractor's receipt of written notification from FTB that final UAT has been completed and accepted by FTB.
5. The Contractor will work with the designated FTB Technical Project Manager to create and deliver via email and/or in person an Engagement Status Report on a weekly basis, which will contain:
  - Work completed
  - Work in progress
  - Impediments and risks
  - Schedule and Scope status
6. The Contractor will provide the following professional services for requirements gathering:
  - a. Participate in Conference Call for "As Is" vs. "New System" Characteristics.
  - b. Offer Functional and Design Suggestions.
7. The Contractor will provide the following professional services and deliverables to FTB remotely, using FTB-approved remote access in the sequence described below:
  - a. Provide Implementation Documentation.
  - b. Provide Infrastructure Requirements Documentation.
  - c. Provide disk space requirements checklist.
  - d. Provide Application and Infrastructure Implementation Planning Checklist.
  - e. Provide Infrastructure Implementation Checklist.
    - i. This assists FTB with implementation, and the filled-in form allows the Contractor's Key Personnel to know key details about the specific systems that will be used for the installation.
8. The Contractor will set up and lead an introductory conference call to discuss implementation and infrastructure details, as described below. The solution workflow will be discussed to ensure that all parties understand the overall applications clearly.
  - a. FTB decisions and any potential problems or limitations.
  - b. Remote access details for the Service Provider to access the application/database server(s) and relevant supporting systems.
  - c. Establish Timeline/Milestone Dates.
9. The Contractor will provide application developer support (Deposit21 Technical Support, Training Support, etc.) to help the FTB's designated Application Developer(s)/Support Personnel learn about the Deposit21 software and its integration, and to assist them in researching Deposit21-related questions or issues they may encounter during the development and testing of the solution.
  - a. **Provide Deposit21 Developer Documentation.** The Contractor will provide the designated FTB application developer with API documentation and sample code.
  - b. **Initial Conference Call.** This call is to discuss and explain the developer documentation provided to the designated FTB application developer and to answer questions. Detailed technical guidance regarding the use of the API will be provided, using the sample code as a starting point for the discussion. Guidance will be provided regarding the workflow alternatives possible using Deposit21.

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- c. **Developer Support.** Technical support will be provided to the designated FTB application developer regarding the usage of the applicable Deposit21 API or integration layer.
  - d. **Testing Support.** Technical support will be provided to the designated FTB application developer during the application developer's testing of Contractor's application's interaction with Deposit21, to include:
    - i. Check Services submission.
    - ii. Clearing Services submission.
10. The Contractor will assist FTB in communications with FTB's bank partners during the testing and production cutover for electronic banking.
- a. **Bank Testing Support.** Technical support will be provided during testing of non-production deposits to the bank. This includes:
    - i. Verifying FTB connectivity to the bank.
    - ii. Assisting with test management.
    - iii. Interacting with the bank regarding testing and test results analysis.
  - b. **Bank Production Transition Support.** Contractor will provide support as needed to:
    - iv. Verify a live Deposit21 ICL file prior to its being sent to the bank.
    - v. Verify that the first live Deposit21 ICL file has been received and confirmed by the bank.
11. The Contractor will assist FTB with the extraction of the current Deposit 21 environments configuration, and the conversion of data from the existing environments to the new environments.
12. The Contractor will perform the following tasks described in the Data Capture System Task Tables below:

iCapture				
Line Item	Data Capture System	Task	Task Description	Estimated Completion Date
1.	iCapture	Porting custom software to Windows Server 2016	The Contractor will revise and adjust the Proprietary Impression Technology .dlls and binaries to enable applications to utilize the performance benefits of the new Windows 2016 server platform.	March 20 <sup>th</sup> , 2020
2.	iCapture	Off-Site Unit Testing.	<p>The Contractor will provide off-site unit testing, which will consist of validating that all environments (in the embedded Excel sheet below) are functioning as expected on new 2016 Windows Servers. This includes validation of all iCapture backend services. See attachment below, titled iCaptureServerConversion_08_16_ServiceList.xlsx, for listing of iCapture services and their respective environments:</p>  <p>iCaptureServerConversion_08_16_Service</p>	March 20 <sup>th</sup> , 2020
3.	iCapture	Prepare Installation Packages and Instructions.	<p>The Contractor will prepare installation packages, which will be provided to FTB for the following iCapture applications, along with installation instructions:</p> <p>1. iCapMC</p>	March 20 <sup>th</sup> , 2020

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			2. iCapture 6.0 System 3. iEditor 4. iFormEdit 5. iBMLImport 6. iRemitEdit 7. iSlide 8. iQMonitor 9. iCaptureReports	
4.	iCapture	On-site installation and integration testing for all the iCapture environments being used at FTB.	<ul style="list-style-type: none"> <li>• <b>iCAP_PROD environments:</b> PROD_BE, PROD_COR, PROD_PIT</li> <li>• <b>iCAP_PROD_SUPPORT environments:</b> SUP_BE, SUP_COR, SUP_PIT</li> <li>• <b>iCAP_EFIX environments:</b> SIT_BE1, SIT_COR1, SIT_PIT1</li> <li>• <b>iCAP_TRAINING environments:</b> TRAIN_BE1, TRAIN_COR1, TRAIN1</li> <li>• <b>iCAP_SET1 environments:</b> IESS_BE1, ST_COR1, SVTSQT1</li> <li>• <b>iCAP_SET2 environments:</b> ST_BE2, ST_COR2, SVTSQT2</li> <li>• <b>iCAP_SET3 environments:</b> UAT_BE1, UAT_COR1, UAT_PIT1</li> <li>• <b>iCAP_DEV1 environments:</b> DEV_BE1, DEV_COR1, DEV1</li> <li>• <b>iCAP_DEV2 environments:</b> DEV_BE2, DEV_COR2, DEV2</li> </ul>	March 20 <sup>th</sup> , 2020

IBML				
Line Item	Data Capture System	Item of Work	Description	Estimated Completion Date
1.	IBML	Upgrade Kit Upgrade IT5 from T610/T620 to R7920XL Lite	<p>The Contractor will replace FTB's current Dell T610/T620 servers, FTB currently utilizes the Dell T610 in four (4) of FTB's IBML scanners and a Dell T620 server in one (1) of FTB's IBML scanners, with the Upgrade Kit. The Contractor will replace FTB's T610/T620 servers with Dell R7920XL workstations, which will be compatible with Windows 10</p> <p>Note: The new R7920XL workstations must come with IDRAC 9 Enterprise, to allow for remote management of the workstation when it is offline.</p>	
2.	IBML	SoftTrac Scan Advanced for ImageTrac Conversion from Legacy	The Contractor will convert FTB's current SoftTrac IBML version 5.71 R2 application to the new SoftTrac Scan Advanced software (SoftTrac Capture Suite version 4.5.3). This is required for compatibility with SQL Server 2017.	
3.	IBML	Software Configuration	The Contractor will provide software configuration to modify FTB's existing version of iCapture software that FTB uses to accommodate the IBML Embedded Servers and SoftTrac upgrades.	

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			1. Modify iIBMLExport software for the upgraded IBML SoftTrac Scan Advanced database. 2. Modify iEOBImport software for the upgraded IBML SoftTrac Scan Advanced database.	
4.	IBML	Integration Services	The Contractor will manage and coordinate with IBML for the scan jobs conversion, installation, and testing. 1. On-site system integration test support 2. On-site acceptance test support	

Deposit 21				
Line Item	Data Capture System	Installation & Training Services	Description	Estimated Completion Date
1.	Deposit 21	1 Deposit21-Install-Clearing-Base (In both Production and Non-Production Environments)	<p>The Contractor will provide and install Deposit21 version 7.3.1 software on FTB's server, configure Deposit21 Clearing Services, setup parameters per FTB input, and verify operation using internal test submissions. The services to be provided by the Contractor are:</p> <ol style="list-style-type: none"> <li>Conduct conference calls with FTB to obtain information on: <ol style="list-style-type: none"> <li>Infrastructure details regarding Deposit21 Application Server and SQL Server.</li> <li>Bank setup details FTB has obtained from the bank.</li> <li>FTB decisions for discretionary software configuration parameters.</li> <li>Configuration details regarding Deposit21's interactions with the submitting software.</li> </ol> </li> <li>Provide FTB with Deposit21 Installation software and license file within ten (10) business days of Agreement award.</li> <li>Install and configure Deposit21 software and Clearing Services parameters, per the information provided by FTB, including: <ol style="list-style-type: none"> <li>One Bank.</li> <li>Two Deposit Methods – one for ICL and one for paper exception deposit (if required).</li> <li>One Bank Account.</li> <li>Two Clearing Routes – one for ICL and one for paper exception deposit (if required).</li> <li>One Submitting System.</li> </ol> </li> <li>Create and provide sample Deposit21 users for testing and training.</li> <li>Test the Deposit21 Clearing submission process using a Tangent-supplied test submission process.</li> </ol>	March 20 <sup>th</sup> , 2020

### D. KNOWLEDGE TRANSFER AND TRAINING

The Contractor will provide user specific knowledge transfer of the applications to the FTB team with documentation, as mutually agreed upon between FTB and the Contractor, during the term of the Agreement.

## ATTACHMENT 1 – STATEMENT OF WORK

Deposit 21				
Line Item	Data Capture System	Installation & Training Services	Description	
2.	Deposit 21	1 Deposit21-Train-Clearing-Intro (2 hour web class)	<p>The Contractor will provide a two (2)-hour remote training with a live instructor, including approximately thirty (30) minutes of practical hands-on exercises conducted independently by FTB with instructor support to provide an introductory familiarity with Deposit21 to FTB's supervisory, management, administrator, support and treasury personnel. This course focuses on the Clearing portion of Deposit21 that accomplishes the deposit functions, with an emphasis on Check 21 and ACH/ARC electronic deposits.</p> <p><b>Topics addressed shall include:</b></p> <ol style="list-style-type: none"> <li>1) Basics of Deposit21</li> <li>2) Web Portal Basics</li> <li>3) Clearing Workflow Fundamentals</li> <li>4) System Dashboard</li> <li>5) Clearing Dashboard</li> <li>6) Item Research Fundamentals</li> <li>7) Using Online Help and Training Videos</li> </ol>	March 20 <sup>th</sup> , 2020
3.	Deposit 21	1 Deposit21-Train-Clearing-Supervisor (3 hour web class)	<p>The Contractor will provide remote training with a live instructor to FTB Supervisors or operational management that will provide a more detailed understanding of the covered reports, Clearing tasks, operation, and management of the system than in the Introduction to Deposit21 course.</p> <p><b>Topics addressed shall include:</b></p> <ol style="list-style-type: none"> <li>1) Deposit21 Workflow</li> <li>2) System Dashboard</li> <li>3) Clearing Dashboard</li> <li>4) Item Research</li> <li>5) Clearing Reports</li> <li>6) Clearing Tasks</li> <li>7) Paper Exception Deposits</li> </ol>	March 20 <sup>th</sup> , 2020
4.	Deposit 21	1 Deposit21-Train-System Administrator (2 hour web class)	<p>The Contractor will provide remote training with a live instructor to FTB System Administrator(s) for the Deposit21 solution, and will provide a more in-depth understanding of the design, operation, and management of the system.</p> <p><b>Topics addressed shall include:</b></p> <ol style="list-style-type: none"> <li>1) Identify and Establish Deposit21 Users and Groups</li> <li>2) Assigning User and Group Permissions</li> <li>3) User Login Control</li> <li>4) Table Manager</li> <li>5) Manage Holiday Schedules</li> <li>6) Reports <ul style="list-style-type: none"> <li>• Permissions Report</li> <li>• Audit Log</li> <li>• Conditions</li> </ul> </li> </ol>	March 20 <sup>th</sup> , 2020

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5.	Deposit 21	1 Deposit21-Train-Alert-Notification (1 hour web class)	<p>The Contractor will provide remote training with a live instructor to an FTB administrator on how to configure Deposit21, so that Users or Groups are alerted by the Deposit21 Notify sub-system when a critical error or condition has occurred.</p> <p><b>Topics addressed shall include:</b></p> <ol style="list-style-type: none"> <li>1) Notify Subscription</li> <li>2) Notify Delivery Methods</li> <li>3) Reports <ul style="list-style-type: none"> <li>• Event History</li> <li>• Audit Log</li> <li>• Conditions</li> </ul> </li> </ol>	March 20 <sup>th</sup> , 2020
6.	Deposit 21	1 Deposit21-Train-Security-Administrator (1.5 hour web class)	<p>The Contractor will provide remote training with a live instructor to FTB System Administrators who will be responsible for managing the login credentials, keys and digital certificates relating to Deposit21's interaction with the bank(s). Both for initial setup with the bank and for periodic changes, FTB personnel need to perform the tasks they will learn in this class.</p> <p><b>Topics addressed shall include:</b></p> <ol style="list-style-type: none"> <li>1) Manage Bank Login Credentials</li> <li>2) Create and Manage Security Credentials <ul style="list-style-type: none"> <li>• PGP Encryption Keys and Digital Signatures</li> <li>• SSH Keys, for Transmission Authentication</li> <li>• SSL Certificates, for Transmission Authentication</li> </ul> </li> </ol>	March 20 <sup>th</sup> , 2020
7.	Deposit 21	1 Deposit21-Train-Reconciliation (1 hour web class)	<p>The Contractor will provide remote training with a live instructor to FTB staff who will reconcile the Deposit21 deposits to the appropriate bank deposit reports and possibly reconcile back to the reports from other systems as well.</p> <p><b>Topics addressed shall include:</b></p> <ol style="list-style-type: none"> <li>1) Clearing Services Dashboard</li> <li>2) Item Research</li> <li>3) Clearing Reports</li> <li>4) Reconciling Deposit21 Deposit Totals to generalized bank deposit info, and possibly to reports from other systems</li> </ol>	March 20 <sup>th</sup> , 2020
8.	Deposit 21	1 Deposit21-Train-IT-Support (1.5 hour web class)	<p>The Contractor will provide remote training with a live instructor to FTB technical support staff personnel who will be responsible for internal support of the Deposit21 software.</p> <p><b>Topics addressed shall include:</b></p> <ol style="list-style-type: none"> <li>1) System Dashboard</li> <li>2) System Status Web Page</li> <li>3) Start and Stop Deposit21 Services</li> <li>4) Reports <ul style="list-style-type: none"> <li>• Event History</li> <li>• Audit Log</li> <li>• Conditions</li> </ul> </li> </ol>	March 20 <sup>th</sup> , 2020



## **ATTACHMENT 1 – STATEMENT OF WORK**

### **E. DOCUMENTATION**

1. All documentation provided by the Contractor in support of the completed Deliverables may be reproduced by FTB.
2. All documentation provided to FTB must be in either Microsoft (MS) Project, MS Word, or MS Excel format.
3. All written content developed by the Contractor and/or developed in collaboration with FTB in support of this Agreement is the property of FTB.
4. Documentation must meet the accessibility requirements specified in Attachment 3 – FTB Special Provisions, Section D, including, but not limited to, compliance with Web Content Accessibility Guidelines (WCAG) 2.1.

### **F. FTB RESPONSIBILITIES**

The following activities and requirements will be completed by the State within a timeframe mutually agreed upon between FTB and Contractor, in order to afford the Contractor the ability to provide the requisite professional services under this Agreement:

1. FTB will provide a designated FTB Contract Manager to serve as a single point of contact for the Contractor to interface with during the course of this work effort.
2. The designated FTB Contract Manager is the contact person to whom the Contractor's communications may be addressed and who has the authority to act on all aspects of the services. This person will review the Contract and associated documents with the Contractor to ensure understanding of the responsibilities of both parties.
3. FTB will provide sufficient access to appropriate levels of staff, business representatives, other users, and department management, as appropriate to facilitate the performance of consulting tasks and creation of consulting deliverables.
4. FTB will make the required implementation decisions and complete the provided checklists to record those decisions.
5. FTB will provide an initial review of the deliverables provided by the Contractor in order for the Contractor to perform its obligations under the Contract. The initial response time is within five (5) State business days of delivery. However, if an iterative process, the Contractor would have up to five (5) State business days to respond, followed by up to five (5) State business days for FTB to respond.
6. FTB will provide access to business and technical documents, as necessary for the Contractor to complete the tasks identified in this SOW.
7. If both parties agree that the Contractor will work onsite, FTB will provide office space for the duration of the Contract, including: desks, chairs, telephones, PCs, internet connections, user ID to access FTB e-mail, Microsoft Word/Excel/Outlook, badges, and access to printer, copier, and fax services.



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### G. SECURITY CERTIFICATION SCAN (SCS)

- 1) **Prior** to the Testing and UAT period, the solution must pass a comprehensive vulnerability scan that assesses the following:
  - a) Software vulnerabilities with a Common Vulnerabilities and Exposure (CVE) score
  - b) System configurations or unused services/functionalities that may present risks
    - i) Any services not required for product functionality as used at FTB must have the option of being disabled.
  - c) Missing patches, updates and software versions that are unsupported
  - d) Risks in architecture and other documentation
  - e) Other items that may increase risk factors
- 2) If a vulnerability is discovered:
  - a) Contractor must provide a fix, such as a patch, update or newer software version, **within seven (7) days** of disclosure of the vulnerability. Workarounds are not considered fixes.
  - b) If a fix is not available, the Contractor must provide a workaround or other mitigation to reduce the risk until the fix is available.
  - c) All security issues must be resolved or mitigated prior to UAT. Contractor will provide any FTB requested documentation to facilitate meeting this requirement.
  - d) All fixes for identified security vulnerabilities must be provided, in order for UAT to be successfully completed/pass.
- 3) Third-party software bundled with the system must also be patched. This includes, but is not limited to, OS, web servers, encryption software, etc.
  - a) Security updates that are released for third-party software dependencies must be implemented **within seven (7) days** of disclosure of the vulnerability.
  - b) If a fix is not immediately available, the Contractor must commit to providing a fix **within six (6) months** of disclosure of the vulnerability.
  - c) Until fixes become available, the Contractor must provide a workaround or other mitigation to reduce the risk.
- 4) These requirements will remain in place for the lifetime of this Agreement.

### H. TESTING AND USER ACCEPTANCE

The Contractor will be responsible for performing Unit Integration Testing (UIT) before turning the environment(s) over to FTB for System Testing and User Acceptance Testing (UAT). FTB's Testing Team, which is comprised of the Technology Services Division (TSD) Intake Systems Section and TSD Operations Section, will perform System Testing in various non-production environments. The final UAT will be performed by FTB end users in the Production environment and TRAIN environments, with support from the Contractor. Testing will be conducted in the following order and may go through several iterations, as needed to complete each test cycle successfully.

Test Cycle for each specified deployment listed below:

1. UIT – Performed by the Contractor prior to releasing the environment(s) to FTB for System Testing.

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UIT includes interactions between all layers of an application, including interfaces to other applications, as a complete end-to-end test of the functionality.

The Contractor will be responsible for the creation of the UIT scripts for any unit the Contractor develops (software, components or other functionality). The Contractor will also be responsible for execution of the test scripts and certifying that UIT is complete, with no outstanding issues. FTB will retain the test scripts. The Contractor will be responsible to log the certification of completeness into the Microsoft Team Foundation Server (TFS) task associated to the work. The Certification will be verified by the designated FTB Technical Lead.

2. System Testing – Performed by FTB's Testing Team, with support from the Contractor, prior to releasing the environment(s) for UAT (for Production and TRAIN environments only)
3. UAT – Performed by FTB's end users in the Production and TRAIN environments, with support from the Contractor. Final acceptance by FTB at the conclusion of each UAT phase is required in order to mark each project milestone as complete. For the IBML scanners, UAT is to be performed on each scanner.

### **Deployment Plan (please refer to Exhibit A – PDC Refresh Schedule):**

#### **iCapture (Milestone 1)**

- 1<sup>st</sup> Rollout: DEV and TEST (SET1 only) environments
- 2<sup>nd</sup> Rollout: Production and TRAIN environments
- 3<sup>rd</sup> Rollout: SET2, SET3, and all other non-production environments that have not yet been completed

#### **IBML (Milestone 2)**

- 1<sup>st</sup> Rollout: Scanner W and X Upgrade
- 2<sup>nd</sup> Rollout: Scanner Y and Z Upgrade
- 3<sup>rd</sup> Rollout: Scanner V Upgrade

**Note:** UIT, System Testing, and UAT will be performed after each scanner upgrade is completed.

#### **Deposit 21 (Milestone 3)**

- 1<sup>st</sup> Rollout: DEV environment
- 2<sup>nd</sup> Rollout: TEST environment
- 3<sup>rd</sup> Rollout: Production environment

### **UAT**

Deposit21, iCapture, and **each** of the IBML Scanners will have a separate UAT period. The UAT period will begin when the designated FTB Contract Manager receives written notification via

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email from the Contractor stating their completion of all the required tasks/deliverables for UAT readiness (one email per IBML scanner, Deposit 21 Production Environment and iCapture Production Environments) and will continue for a period of **ten (10) consecutive State business days**.

**NOTE:** FTB may elect to accept the data capture system or scanner within a specified milestone prior to the end of the **ten (10) consecutive State business days** UAT timeframe.

### **Notification of Acceptance or Rejection**

FTB will provide the Contractor with a written acceptance or rejection of **EACH** data capture system and each of the five (5) scanners **within twenty (20) consecutive State business days after** the respective UAT period begins.

### **Date of Final Acceptance**

The Date of Final Acceptance shall mean the date that **ALL** the data capture systems or scanners within a specified milestone are accepted by FTB. In the event the UAT for any of the completed milestones does not meet FTB's standards of acceptance during the respective UAT period, the acceptance testing shall continue on a day-to-day basis until the standards of acceptance are met for **five (5) consecutive State business days**. If any issues are identified during the respective UAT period(s), the Contractor shall quickly resolve the issue(s) and the UAT period(s) will start anew until the UAT standards are met for **five (5) consecutive State business days**.

### **Option to Terminate Agreement**

If successful completion of the UAT for any completed data capture system or scanner is not attained within **forty-five (45) calendar days** after the initial UAT start date(s), FTB shall have the option of terminating the Agreement, or by mutual agreement, continuing acceptance testing. FTB's options to terminate the Agreement shall remain in effect until as acceptance testing is successfully completed.

#### **1. UAT Administrative Requirements**

Each UAT testing period will begin upon Contractor's successful completion of all tasks required within a specified milestone and upon Contractor's notification to the FTB Contract Manager of its completion of the task(s).

#### **2. UAT Acceptance Criteria**

FTB's acceptance of the data capture system or scanner is based upon Contractor's successfully meeting the following criteria:

- a. The data capture system or scanner is complete, with substantive content and appropriate charts and exhibits.
- b. The documentation must be free of grammatical errors.
- c. The data capture system or scanner must meet the technical specifications and system performance requirements.
- d. All training materials and classes have been provided to FTB.

#### **3. UAT Acceptance Letter(s)**

Upon the Contractor's successful completion of the respective UAT period(s) for the specified data capture system or scanner, **and** upon the FTB Contract Manager's approval, FTB will provide the Contractor with a signed Acceptance letter generated by the assigned Procurement Official, at the end of acceptance testing for each accepted data capture system or scanner. For

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IBML, all scanners must achieve successful completion of UAT in order for Final Acceptance to occur.

If the FTB **does not** accept the Contractor's products and services, payment of the invoice will be withheld by FTB, and the Contractor will be notified. The Contractor must take timely and appropriate measures to correct or remedy the reason(s) for non-acceptance, and demonstrate to FTB that the Contractor has successfully corrected the service or met the requirements before invoices are issued or payment is made.

#### 4. Production Validation Support

During UAT, the Contractor will be available to respond within one (1) business day to resolve any issues with the changes that may arise.

### I. PROBLEM ESCALATION

The parties acknowledge and agree that the Contractor may wish to escalate issues pertaining to the administration of this Agreement by FTB. Such issues may include, but are not necessarily limited to, invoice processing or FTB timeliness in meeting its other contractual obligations.

Problems or issues shall normally be reported in regular status reports to the designated FTB Contract Manager. However, there may be instances where the severity of the problem justifies escalated reporting.

To this extent, the Contractor's Engagement Manager will determine the level of severity, and notify the appropriate FTB personnel. The FTB personnel notified, and the time period taken to report the problem or issue, shall be at a level commensurate with the severity of the problem or issue. FTB personnel are to be notified in the following sequence:

1. **First level:** FTB Contract Manager
2. **Second level:** FTB Section Manager
3. **Third level:** FTB Bureau Director

The Contractor's Engagement Manager will advise the designated FTB Contract Manager of any intended escalation. Should the Contractor's Engagement Manager not be entirely satisfied that the FTB is exercising its best efforts to resolve any problem or issue in an appropriate period of time, then the Contractor's Engagement Manager must escalate the problem or issue to the next appropriate level(s).

### J. UNANTICIPATED TASKS

1. In the event that additional work must be performed which was wholly unanticipated and is not specified in the SOW, but which, in the opinion of the State, is necessary to the successful accomplishment of the general scope of work outlined, the procedures outlined in this Section will be employed. However, no such additional work may commence without the prior written approval of the designated FTB Contract Manager via an FTB Work Authorization (Exhibit B).
2. For each item of unanticipated work not specified in the SOW, an FTB Work Authorization will be prepared in accordance with the sample attached as Exhibit B.
3. It is understood and agreed by both parties to this Agreement that all of the terms and conditions of this Agreement shall remain in force, with the inclusion of any such FTB Work Authorization. Such FTB Work Authorization shall in no way constitute a new or separate contract. Nor shall such FTB Work Authorization in any way amend or supersede any of the other provisions of this Agreement.
4. Each FTB Work Authorization shall consist of a detailed statement of the purpose, objective, or goals to be undertaken by the Contractor, the job classification or approximate skill level of the

## ATTACHMENT 1 – STATEMENT OF WORK

personnel to be made available by the Contractor, an identification of all significant material to be developed by the Contractor and delivered to the State, an identification of all significant materials to be delivered by the State to the Contractor, an estimated time schedule for the provisions of these services by the Contractor, completion criteria for the work to be performed, the name or identification of the Contractor personnel to be assigned, the Contractor's estimated work hours required to accomplish the purpose, objective or goals, the Contractor's billing rates per work hour, and the Contractor's estimated total cost of the FTB Work Authorization.

5. All FTB Work Authorizations must be in writing and signed by the Contractor and the State prior to beginning work.
6. The State has the right to require the Contractor to stop or suspend work on any FTB Work Authorization pursuant to the "Stop Work" provision of the IT General Provisions.
7. Personnel resources will not be expended (at a cost to the State) on task accomplishment in excess of estimated work hours required, unless the procedure below is followed:
  - a. If, in the performance of the work, the Contractor determines that a FTB Work Authorization to be performed under this Contract cannot be accomplished within the estimated work hours, the Contractor will immediately notify the State in writing of the Contractor's estimate of the work hours which will be required to complete the FTB Work Authorization in full. Upon receipt of such notification, the State may:
    - a. Authorize the Contractor to expend or provide the estimated additional work hours or services in excess of the original estimate necessary to accomplish the FTB Work Authorization (such an authorization is not unreasonably to be withheld), or
    - b. Terminate the FTB Work Authorization, or
    - c. Alter the scope of the FTB Work Authorization in order to define tasks that can be accomplished within the remaining estimated work hours.
  - b. The State will notify the Contractor in writing of its election within seven (7) calendar days after receipt of the Contractor's notification. If notice is given of the election to proceed, the Contractor may expend or provide the estimated additional work hours or services. In that event, the State agrees to reimburse the Contractor for such additional work hours or services.

### K. TRAVEL AND EXPENSES

Travel and per diem are not applicable to this Contract. Contractor will not charge the State for trip charges as FTB will not pay for Travel and Expenses. FTB will not pay for mileage, parking, or any other related incidentals.

### L. POINTS OF CONTACT

Table 5: FTB's Points of Contact			
Name	Phone(s)	Address	Email
PDC Ops Team <b>FTB Primary Technical Contact</b>	916.845.2948	9646 Butterfield Way Sacramento, CA 95827	<a href="mailto:FTBPDCOps@ftb.ca.gov">FTBPDCOps@ftb.ca.gov</a>
Myron Burns <b>FTB Contract Manager</b>	916.845.6490	9646 Butterfield Way Sacramento, CA 95827	<a href="mailto:Myron.Burns@ftb.ca.gov">Myron.Burns@ftb.ca.gov</a>
Mimi Mooc <b>FTB Procurement Official</b>	916.845.7176	9646 Butterfield Way, Sacramento, CA 95827	<a href="mailto:Mimi.Mooc@ftb.ca.gov">Mimi.Mooc@ftb.ca.gov</a>

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### M. CONTRACTOR POINTS OF CONTACT

Table 6: Contractor's Points of Contact			
Name	Phone(s)	Fax	Email
(To be completed by contractor) Engagement Manager			

### N. CONTRACTOR'S KEY PERSONNEL

The following Contractor's Key Personnel will provide the services described in this SOW. The State will be notified, in writing, of any proposed changes in the Contractor's Key Personnel assigned to these tasks. The Contractor and the State agree that Contractor's Key Personnel are critical to the performance of the Agreement and cannot be removed without prior FTB approval.

The required certifications for proposed staff changes must meet or exceed Request for Quote **RFQ FTB-1920-596** requirements including any addenda. The State has the right of refusal for any personnel assigned to these tasks.

Any changes to Contractor Key Personnel will be processed through an approved FTB Work Authorization (**Exhibit B**). New staff may not report until their names have been added to the Agreement through an approved FTB Work Authorization. **No amendment to the Agreement will be needed.**

Table 7: Contractor's Key Personnel			
Name	Phone(s)	Fax	Email
(To be completed by contractor)			

### O. CHANGES TO THE AGREEMENT

Requests for changes in scope or Agreement terms must be made in writing to the assigned FTB Contract Manager. However, no such changes may commence unless approved by FTB, in writing, in the form of an amendment to the Agreement.

EXHIBIT A – PDC REFRESH SCHEDULE

		<div>ISB SMIQ/DSE Vendor Installation/Configuration/UAT/Training PTE Testing by IS/POCOps  Business UAT in PROD and/or TRAIN (RDS/KCBS)  PDC Contract Manager (Myron/Maria)</div>																															
		Jan 5-11	Jan 13-18	Jan 19-25	Jan 26-Feb 1	Feb 2-8	Feb 9-15	Feb 16-22	Feb 23-29	Mar 1-7	Mar 8-14	Mar 15-21	Mar 22-28	Mar 29-Apr 4	Apr 5-11	Apr 12-18	Apr 19-25	Apr 26-May 2	May 3-9	May 10-16	May 17-23	May 24-30	May 31 - Jun 6	Jun 7-13	Jun 14-20	Jun 21-27	Jun 28-30						
Procurement/Contract Management																							Final Acceptance of Deposit21			Final Acceptance of 5 IBM Scanners							
																							Final Acceptance of iCapture										
IBM/Affected iCapture Services (IBM)	IBM Scanner W & Scanner X				IBM Scanner Y & Scanner Z								MORATORIUM Old Systems In Production: Deposit21, iCapture, IBM Scanner V New Systems In Production: IBM Scanner W, X, Y, Z								IBM Scanner V												
	Installation, Configuration, and Training by IBM	Intake Systems/POCOps Testing	Scanners W and Y in Production RDS UAT	User Acceptance Letter	Installation, Configuration, and Training by IBM	Intake Systems/POCOps Testing	Scanner Y and Z in Production RDS UAT	User Acceptance Letter									Installation, Configuration, and Training by IBM	Intake Systems/POCOps Testing	Scanner V in Production RDS UAT	User Acceptance Letter													
Deposit 21 (Tangent)	Installation, Configuration, and Training of TEST (1st Rollout ), DEV(2nd Rollout ) & PROD(3rd Rollout ) ENVIRONMENTS														Intake Systems/POCOps Testing								New Deposit21 Environment In Production Bank Desk User Acceptance Testing (Thursday May 21st Deployment for PROD after 2PM)				User Acceptance Letter						
iCapture (Impression)	Installation, Configuration, and Training of DEV/TEST ( 1st Rollout ), PROD/TRAIN( 2nd Rollout ), and then remaining Non-Prod ENVIRONMENTS ( 3rd Rollout ) (SET2 and SET3 priority)														Intake Systems/POCOps Testing								New iCapture Environment in Production KBIS User Acceptance Testing (Monday, May 25th deployment for Train environment for UAT. Then Thursday, June 4th, Production cutover after 5 pm with Prod validation to begin on Friday, June 5th)				User Acceptance Letter						
		Jan 5-11	Jan 13-18	Jan 19-25	Jan 26-Feb 1	Feb 2-8	Feb 9-15	Feb 16-22	Feb 23-29	Mar 1-7	Mar 8-14	Mar 15-21	Mar 22-28	Mar 29-Apr 4	Apr 5-11	Apr 12-18	Apr 19-25	Apr 26-May 2	May 3-9	May 10-16	May 17-23	May 24-30	May 31 - Jun 6	Jun 7-13	Jun 14-20		Jun 21-27	Jun 28-30					

## EXHIBIT B – FTB WORK AUTHORIZATION

Date: *Month, Day, Year*

Subject: *XXX*

Work Authorization #: *X*

FTB Authorized Representative:

*Name*

*Telephone*

*Email*

Contractor Authorized Representative:

*Name*

*Telephone*

*Email*

Description of Services/Tasks to be Performed:

FTB is requesting the following:

*XXX*

Schedule Dates:

Start Date: *Month, Day, Year*

Completion Date: *Month, Day, Year*

Estimated Services Hours

*XXX*

Hourly Rate

*\$00.00*

Estimated Total Cost

*\$00.00*

Contractor Personnel to be Assigned

*John Doe*

Job Classification/Services Category

*XXX*

Completion Criteria:

*XXX*

These services/tasks will be performed in accordance with this Work Authorization and the provisions of Agreement number *XXXXX*.

Approval:

Upon authorized original signature by both parties, the Contractor is approved to perform the services/tasks specified above. Per Agreement number *XXXXX* the State shall pay the Contractor for services rendered, in arrears. Services invoices prepared in accordance with the aforementioned provisions shall not be submitted more frequently than monthly to the State. This Work Authorization is incorporated by reference into Agreement number *XXXXX*.

\_\_\_\_\_  
Authorized Representative

*Company Name*

\_\_\_\_\_  
Contract Manager

Franchise Tax Board

\_\_\_\_\_  
Procurement Official

Franchise Tax Board



## ATTACHMENT 2 – PAYMENT PROVISIONS AND COST WORKSHEET

### A. PAYMENT PROVISIONS

Contractor shall provide all Professional Services (performing tasks and providing the associated deliverables) as specified in ATTACHMENT 1 – STATEMENT OF WORK. Payment for Hardware, Software, and Services under this Agreement shall be by flat fee per Milestone.

Milestone	Qty	Milestone Description	Flat Fee
1		iCapture Upgrade Professional Services  The following software line items are for asset management tracking purposes only and should be included in the total iCapture Upgrade Professional Services cost. iCapture Upgrade Professional Services Cost should be the same as the iCapture Subtotal Cost.	\$
	1	<b>Software:</b> Installation Packages for iCapture v6.0 Data Capture Suite compatible with Windows Server 2016 Operating System.	\$
	1	<b>Software:</b> Modification to iBMLEXPRESS v6.0 software to work with new IBML SoftTrac Scan Advanced (SoftTrac Capture Suite v.4.5.3) software.	\$
	1	<b>Software:</b> Modification to iBMLEXPRESS v6.0 software to work with new IBML SoftTrac Scan Advanced (SoftTrac Capture Suite v.4.5.3) software.	\$
		<b>iCapture Subtotal</b>	\$
		<b>Taxes (If applicable)</b>	\$
		<b>iCapture Grand Total</b>	\$
2		IBML Upgrade Professional Services  The following hardware and software line items are for asset management tracking purposes only and should be included in the total IBML Upgrade Professional Services cost. IBML Upgrade Professional Services Cost should be the same as the IBML Subtotal Cost.	\$
	5	<b>Hardware:</b> Upgrade Kit, Upgrade IT5 from T610/T620 to R7920XL Lite	\$
	5	<b>Software:</b> SoftTrac Scan Advanced (SoftTrac Capture Suite v.4.5.3) from ImageTrac Conversion from Legacy supporting Windows 10 and Microsoft SQL Server 2017.	\$
		<b>IBML Subtotal</b>	\$
		<b>Taxes (If applicable)</b>	\$
		<b>IBML Grand Total</b>	\$
3		Deposit 21 Upgrade Professional Services  The following software line items are for asset management tracking purposes only and should be included in the total Deposit21 Upgrade Professional Services cost. Deposit21 Professional Services Cost should be the same as the Deposit21 Subtotal Cost.	\$

## ATTACHMENT 2 – PAYMENT PROVISIONS AND COST WORKSHEET

	3	<b>Software:</b> Installation of Deposit 21 v.7.3.1 environments on new VM Servers running Windows Server 2016 Operating System and Microsoft SQL Server 2017.	\$
	1	<b>Software:</b> Installation Packages for Deposit 21 v7.3.1 compatible with Windows Server 2016 Operating System and Microsoft SQL Server 2017.	\$
	Deposit 21 Subtotal		\$
	Taxes (If applicable)		\$
	Deposit 21 Grand Total		\$
GRAND TOTAL OF ICAPTURE, IBML, AND DEPOSIT21 MILESTONES			\$

Unanticipated Tasks Hourly Rate Table			
Line	Name <i>To Be Completed by Offeror</i>	Key Role <i>To Be Completed by Offeror</i>	Rate Per Hour <i>To Be Completed by Offeror</i>
1.			\$

**Note:** The hourly rates proposed above for unanticipated tasks by the Contractor shall be binding for the term of the Agreement.

The State shall pay the Contractor for services rendered, in arrears, upon completion and delivery of each Milestone, FTB's written acceptance (as specified in the Testing and User Acceptance section of Attachment 1 – SOW), **and** each Milestone's accompanying final report (as specified in the Contractor Responsibilities Section of Attachment 1 – SOW). The services are to be completed in three (3) Milestones as follows:

- 1) iCapture
- 2) IBML (**Note: For IBML, all scanners must achieve UAT in order for Final Acceptance to occur.**)
- 3) Deposit 21

Services invoices prepared in accordance with the provisions specified above shall not be submitted more frequently than monthly to the State.

### **IMPORTANT:**

In consideration of the performance of the foregoing in a satisfactory manner the State agrees to pay the awarded contractor, in arrears, for services rendered upon receipt of an undisputed itemized invoice in triplicate, for the period of this agreement.

Franchise Tax Board  
Attn: Fiscal Accounting  
PO Box 2800  
Sacramento, CA 95812-2800

The awarded contractor may submit invoices to FTB **ONLY** after successful completion of the Testing and User Acceptance phase as described in Section H. – Testing and User Acceptance **AND** delivery of the final report as described in Section C. - Contractor Responsibilities. Upon successful completion of Testing and User Acceptance, the State will execute an official acceptance letter to the contractor.

### **ATTACHMENT 3 – FTB SPECIAL PROVISIONS**

#### **A. CONFLICT OF INTEREST**

In recognition of the fact that Contractor personnel providing services under this contract may perform similar services from time to time for others, this contract shall not prevent Contractor from performing such similar services or restrict from using the personnel provided to the State under this contract, providing that such use does not conflict with the performance of services under this contract.

During the performance of this contract, should the Contractor become aware of a financial conflict of interest that may foreseeably allow an individual or organization involved in this contract to materially benefit from the State's adoption of an action(s) recommended as a result of this contract, the Contractor must inform the State in writing within ten (10) State business days. If, in the State's judgment, the financial interest will jeopardize the objectivity of the recommendation, the State shall have the option of terminating the contract.

Failure to disclose a relevant financial interest on the part of the Contractor will be deemed grounds for termination of the contract, with all associated costs to be borne by the Contractor.

#### **B. GENERAL ACCESSIBILITY REQUIREMENTS**

1. Contractor shall ensure and warrants that all products and services consisting of or utilizing electronic, information or communication technology (EICT), including but not limited to software and web-based applications, meet the applicable requirements of each of the following statutes, regulations, standards, guidelines and policies ("Requirements"):
  - a. California Government Code (Cal. Gov. Code) Section 11135, which prohibits discrimination on the basis of physical or mental disability and other grounds;
  - b. Section 202 of the Americans with Disabilities Act of 1990, as amended (42 United States Code (USC) Section 12132, et seq.), and the federal rules and regulations adopted in implementation thereof, which are incorporated in California law by Cal. Gov. Code Section 11135;
  - c. Cal. Gov. Code Section 7405, which:
    - i. Incorporates in California law Section 508 of the Rehabilitation Act of 1973, as amended [29 USC Section 794d], and implementing regulations, as set forth in 36 Code of Federal Regulations (CFR) Part 1194, and
    - ii. Requires Contractors with state governmental entities subject to Cal. Gov. Code Section 11135 to respond to and resolve complaints regarding accessibility of its EICT products and related services;
  - d. To the extent any telecommunications products or services are provided under the contract, 47 USC Section 255 and related regulations, including:
    - i. 47 CFR Parts 6, 7, 14 and (if real-time text functionality is provided) 67, and
    - ii. 36 CFR Part 1194;
  - e. California Fair Employment and Housing Act (Cal. Gov. Code sections 12900-12951 & 12960-12976);
  - f. Unruh Civil Rights Act (Cal. Civ. Code section 51);
  - g. Disabled Persons Act (Cal. Civ. Code sections 54-54.1);
  - h. Cal. Gov. Code sections 19230-19237;
  - i. Web Content Accessibility Guidelines (WCAG) 2.1 Levels A and AA;
  - j. WCAG 1.0 Level AA, to the extent these guidelines include additional requirements that are not included in and are not inconsistent with WCAG 2.1 Levels A and AA;
  - k. State Administrative Manual (SAM) Section 4833;
  - l. State Information Management Manual (SIMM) Section 25.
2. Contractor shall ensure that its products and services maintain or enhance, and do not diminish, the net accessibility, usability and compatibility of FTB's existing environment and applications.

### **ATTACHMENT 3 – FTB SPECIAL PROVISIONS**

3. All documentation, user guides, training materials and services, and challenge response password and other identity-verification systems must meet the Requirements. The Contractor shall ensure that individuals with disabilities have access to the full functionality and documentation for the product, including instructions, product information (including information accessible features), and technical support which is provided to individuals without disabilities.
4. All subsequent updates, upgrades, bug-fixes and patches provided pursuant to the contract shall meet the Requirements.
5. In accordance with Cal. Gov. Code section 7405(b), the Contractor shall have an ongoing obligation to promptly respond to and resolve any complaint regarding accessibility of its EICT products and services that is brought to the attention of the Contractor, to the satisfaction of the State.
6. A failure to meet any of the Requirements may result in rejection of the product or services by FTB, withholding of payment, a complaint filed with California Department of Fair Employment and Housing (DFEH), a civil action, or other remedies, including, but not limited to, those provided in Cal. Gov. Code sections 11136 – 11139 and 12930, and GSPD-401IT.
7. In the event of a conflict between accessibility standards, the highest standard will apply.

#### **C. FTB CENTRAL OFFICE WORKSITE POLICIES**

##### **1. Badges**

FTB issues a security identification badge (badge) to all persons who enter FTB's Central Office Campus secure buildings. The badge serves as a means of identification and/or a means of gaining authorized access to the facility. Badges allow access with allowances or restrictions for specific locations, days and times.

The Worksite Security Section of FTB will arrange for the Contractor's staff assigned to FTB to be issued a non-employees badge. The assigned Contractor's staff will be required to complete and pass a California Department of Justice criminal history background check. The Contractor's staff must present their badge at the access point using the electronic badge reader to enter the facility. The Contractor's staff must wear the badge on their front torso at all times while on the premises.

The photograph must be easily visible and presented to security officers or authorized management upon request. If the badge is lost, misplaced or stolen, the Contractor's staff must notify FTB staff, who will work with the Contractor's staff to get a new badge issued.

If the Contractor's staff does not have their badge, they can report to the Welcome Center in the Lobby, and Worksite Security can issue a temporary badge. The temporary badge is issued and active for one day only. The permanent badge is disabled until the Contractor's staff returns both the temporary and permanent badge to the Welcome Center in the Lobby, at which time the permanent badge will be re-enabled for access permissions.

Badges are the property of the department. The badge must be surrendered if the Contractor's staff is no longer assigned to FTB.

Security officers will request individuals within the FTB's Central Office Campus who do not have a visible badge to present it immediately. The security officer will direct or escort non-employees to the Welcome Center to contact the host/sponsor to obtain an authorized badge. If a Contractor staff member does not have an assigned badge and is required to come on-site, they must arrange with the Worksite Security Section to have a visitor badge issued and must be escorted.

##### **2. Parking**

## **ATTACHMENT 3 – FTB SPECIAL PROVISIONS**

All persons driving on FTB's premises are expected at all times to obey our traffic and parking policies and rules, as well as all applicable provisions of the California Vehicle Code.

Do not park in numbered, reserved or handicap spaces. Worksite Security Services is responsible for traffic management and parking enforcement services at the central office campus. Driving and parking on our premises is a privilege, not a right.

Violations of our policies and/or California Vehicle Code provisions on our property may result in a local law enforcement, California Highway Patrol or private security citation, and/or towing directed by the California Highway Patrol.

### **D. INSURANCE REQUIREMENTS**

#### **1. General Requirements**

If self-insured, review of financial information may be required. Coverage needs to be in force for complete term of Contract. If insurance expires during the term of the Contract, a new certificate must be received by the State at least ten (10) days prior to the expiration of this insurance. This new insurance must still meet the terms of the original Contract.

In the event Contractor fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate the Contract upon the occurrence of such event, subject to the provisions of the Contract.

Insurance policies shall contain a provision that states that coverage will not be cancelled without 30 days prior written notification to the State. Any insurance required to be carried shall be primary, and not excess, to any other insurance carried by the State.

#### **2. Commercial General Liability**

Contractor shall maintain general liability insurance with limits of not less than \$1,000,000.00 per occurrence for bodily injury and property damage liability combined. The policy shall include coverage for liabilities arising out of premises, operations, independent Contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Contractor's limit of liability. The policy must include the State of California, its officers, agents, employees and servants as additional insured, but only insofar as the operations under the Contract are concerned.

#### **3. Workers' Compensation/Employer's Liability**

Contractor shall maintain statutory workers' compensation and employer's liability coverage for all its employees who will be engaged in the performance of the Contract, including special coverage extensions where applicable. Employer's liability limits of \$1,000,000.00 shall be required.

### **ATTACHMENT 3 – FTB SPECIAL PROVISIONS**

#### **E. INDEPENDENT CONTRACTORS**

1. The Contractor represents that it has, or shall secure at its own expense, all staff, including subcontractors and legal staff, required to perform the services described in this Agreement. Such personnel shall not be employees of or have any personal contractual relationship with any governmental entity of the State of California.
2. In accordance with its status as an independent Contractor, the Contractor agrees that it will conduct itself consistently with such status, that it will neither hold itself out as nor claim to be an officer or employee of the State, and that it will not make any claim, demand or application to or for any right or privilege applicable to an officer or employee of the State, including, but not limited to, workers' compensation coverage, unemployment insurance benefits, social security coverage or retirement membership or credit.
3. The State disclaims any obligation to employ the Contractor's services for any future consulting needs, other than the services required by this Agreement.
4. Termination or expiration of this Agreement does not relieve the Contractor of the responsibility to turn over to FTB immediately upon request all information, whether in paper format or electronic data, received from or on behalf of FTB, or created for FTB.

## EXHIBIT D – FTB SPECIAL TERMS AND CONDITIONS

1. **STATEMENT OF CONFIDENTIALITY:** The Franchise Tax Board has state tax return information and other data in its custody, which is confidential. Unauthorized inspection or disclosure of state returns or other confidential data is a misdemeanor (Revenue and Taxation Code Sections 19542, 19542.1 and 19542.3, and Government Code Section 90005). Unauthorized inspection or disclosure of confidential data that includes federal returns and other data is a felony or misdemeanor (Internal Revenue Code Sections 7213(a)(1) and (a)(2) and 7213A(a)(1)(B) and (a)(2) and (b)).

Upon the approval of this Agreement and prior to any access to the confidential or sensitive data of the FTB, [Name of the Contractor] (Contractor), each of the Contractor's employees and any subcontractor's employees who may have access to the confidential or sensitive data shall be required to have on file annually a signed Confidentiality Statement (FTB Form 7904 or 7912, or both), attesting to the fact that he/she is aware of the confidential data and the penalties for unauthorized disclosure thereof under applicable state and federal law. FTB Form 7904 and 7912 are attached as Exhibit F and incorporated in this Agreement. The Contractor, each of the Contractor's employees and any subcontractor's employees who may have access to the confidential or sensitive data shall be required to complete Privacy, Security, and Disclosure Training (PSDT) provided by FTB. The training must be completed within two (2) days of commencing work with FTB, and annually thereafter. Upon completion of the PSDT, Privacy, Security, and Disclosure Training Certification (FTB Form 7819) will be provided, to be signed confirming that the training was completed. The Contractor, each of Contractor's employees, and any of Contractor's subcontractor's employees who may have access to the confidential or sensitive data are required to complete a Conflict of Interest Statement. If upon review it is determined that a conflict of interest exists, the Agreement shall be voided.

2. **USE OF INFORMATION:** The vendor agrees that the information furnished or secured pursuant to this Agreement shall be used solely for the purposes described in the Attachment 1 – Statement of Work (SOW). The vendor further agrees that information obtained under this Agreement will not be reproduced, published, sold, or released in original or in any other form for any purpose other than as identified in Attachment 1.
3. **DATA OWNERSHIP:** The confidential tax information and sensitive information being provided under this Agreement remains the exclusive property of the FTB. Confidential tax and sensitive data/information are not open to the public and require special precautions to protect from loss and unauthorized use, disclosure, modification, or destruction. The vendor shall have the right to use and process the disclosed information for the purposes stated in the Attachment 1 to this Agreement - SOW, which right shall be revoked and terminated immediately upon termination of this Agreement.
4. **BACKGROUND CHECK AND FINGERPRINTING OF VENDOR PERSONNEL:** The FTB reserves the right to investigate the personal history of all vendor personnel who might have access to the FTB's facilities, data systems, or confidential materials. The FTB may require such vendors and their employees, at the vendor's expense, to complete a personal history



## EXHIBIT D – FTB SPECIAL TERMS AND CONDITIONS

questionnaire and be fingerprinted. Fingerprints will be sent to the California Department of Justice for information regarding prior criminal history and subsequent arrests during the term of this Agreement. If a vendor currently performs a personal history investigation on its employees, the FTB may, at its discretion, accept that information in lieu of conducting its own investigation. FTB retains the right to suspend, revoke, or deny access privileges as deemed warranted, including, but not limited to, for failure to comply with the California Revenue and Taxation Code. FTB will contact the vendor prior to suspension, revocation or denial of access. FTB shall not be obligated to disclose to the vendor the specific reason for the suspension, revocation or denial of access to an employee of the vendor but may simply cite this paragraph.

5. EMPLOYEE ACCESS TO INFORMATION: The vendor agrees that the information obtained will be kept in the strictest confidence and shall make information available to its own employees only on a “need to know” basis. The “need to know” standard is met by authorized employees who need the information to perform their official duties in connection with the uses of the information authorized by this Agreement. Each party recognizes its responsibility to protect the confidentiality of the information in its custody as provided by law and ensure that such information is disclosed only to those individuals and for such purposes as are authorized by law and this Agreement.
6. PROTECTING CONFIDENTIAL INFORMATION/INCIDENT REPORTING: The vendor, in recognizing the confidentiality of FTB information, agrees to take all appropriate precautions to protect the confidential information obtained pursuant to this Agreement from unauthorized disclosure. The vendor will conduct oversight of its users with access to the confidential information provided under this Agreement and will immediately notify the FTB’s Information Security Audit Unit ([SecurityAuditMail@ftb.ca.gov](mailto:SecurityAuditMail@ftb.ca.gov)) of any unauthorized or suspected unauthorized accesses, uses and/or disclosures (incidents). For purposes of this section, immediately is defined as within 24 hours of the discovery of the breach. The notification must describe the incident in detail and identify responsible personnel (name, title, and contact information). The vendor will provide to FTB the information necessary to comply with the incident reporting requirements provided in Civil Code Section 1798.29 and SAM Chapter 5300 and SAM Section 20080 to facilitate or fulfill the required reporting to the taxpayers or state oversight agencies.
7. INFORMATION SECURITY: Information security is defined as the preservation of the confidentiality, integrity, and availability of information. A secure environment is required to protect the confidential information obtained from FTB pursuant to this Agreement. The vendor shall store the information so that it is physically secure from unauthorized access. The records received by the vendor shall be securely maintained and accessible only by the employees of the vendor who are committed to protect the data from unauthorized access, use, or disclosure. All FTB electronic data must be encrypted when in transit using FIPS 140-2 approved encryption technology and be password protected and secure at all times



## **EXHIBIT D – FTB SPECIAL TERMS AND CONDITIONS**

when in storage. Confidential information obtained from the FTB must be secured in accordance with the State Administrative Manual, Chapters 5100 and 5300 (Information Security); National Institute of Standards and Technology (NIST) Special Publication 800-53 (moderate); and additional security requirements provided by FTB. If this agreement calls for Federal Tax Information (FTI) to be provided by FTB, the vendor must also comply with Internal Revenue Service Publication 1075. The FTB may require that a Security Questionnaire for the vendor receiving confidential data from FTB be completed or on file with FTB's Information Security Architecture and Oversight Section.

8. **CLOUD COMPUTING ENVIRONMENT**: A Cloud Computing Environment cannot be used to receive, transmit, store, or process FTB's confidential data without prior approval from FTB's Chief Security Officer.
9. **DESTRUCTION OF RECORDS**: All records received by the vendor from FTB, and any database created, copies made, or files attributed to the records received, will be returned or destroyed upon completion of the business purpose for which they were obtained. The records shall be destroyed in a manner to be deemed unusable or unreadable, and to the extent that an individual record can no longer be reasonably ascertained.
10. **SAFEGUARD REVIEW**: The FTB retains the right to conduct on-site safeguard reviews of the vendor's use of FTB information and security controls established. The safeguard reviews may include, but are not limited to, an examination of the adequacy of information security controls, "need to know", and use justifications established by the vendor to ensure compliance with the terms and conditions of this Agreement. The FTB will provide a minimum of seven (7) days' notice of a safeguard review being conducted by FTB staff.
11. **DISPUTE RESOLUTION**: In the event of a dispute, the vendor shall file a "Notice of Dispute" with the Chief Financial Officer of the Franchise Tax Board within ten (10) days of discovery of the problem. Within ten (10) days, the Chief Financial Officer, or his/her designee, shall meet with the vendor's designee for purposes of resolving the dispute. The decision of the Chief Financial Officer shall be final.
12. **EVALUATION OF CONTRACTOR**: Performance of the vendor under this agreement will be evaluated. The evaluation shall be prepared on the Contract/Contractor Evaluation Sheet STD. 4 and maintained in the Agreement file. A copy of the evaluation will be sent to the Department of General Services Legal Office, if it is negative and the contract amount is over \$5,000.00.
13. **EXCISE TAX**: The State of California (the State) is exempt from Federal Excise Taxes, and no payment will be made by the State for any taxes levied on employees' wages. The State

## **EXHIBIT D – FTB SPECIAL TERMS AND CONDITIONS**

will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement. The State may pay any applicable sales or use tax imposed by another state.

14. **FTB LIABILITY:** The vendor warrants, by execution of this Agreement, that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the vendor for the purpose of securing business. For breach or violation of this warranty, the FTB will, in addition to other remedies provided by law, have the right to annul this Agreement without liability, paying only for the value of the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.
15. **POTENTIAL SUBCONTRACTORS:** Nothing contained in this Agreement or otherwise shall create any contractual relationship between the FTB and any subcontractors, and no subcontract shall relieve the vendor of its responsibilities and obligations hereunder. Subcontractors will be subject to the same requirements under this Agreement as Contractor's employees. The vendor agrees to be as fully responsible to the FTB for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them, as it is for the acts and omissions of persons directly employed by the vendor. The vendor's obligation to pay its subcontractors is an independent obligation from the FTB's obligation to make payments to the vendor. As a result, the FTB shall have no obligation to pay or to verify the payment of any monies to any subcontractor.
16. **SOFTWARE:** The vendor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
17. **TAX COMPLIANCE:** The vendor must be in compliance with the Revenue and Taxation Code throughout the term of the Agreement. Failure to comply with this provision shall be deemed to be a breach of this Agreement and shall be grounds for cancellation of this Agreement.

## **EXHIBIT F - INTERNAL REVENUE SERVICE (IRS) REQUIRED CONTRACT LANGUAGE FOR TECHNOLOGY SERVICES**

### **I. PERFORMANCE**

In performance of this contract, the contractor agrees to comply with and assume responsibility for compliance by his or her employees with the following requirements:

- (1) All work will be done under the supervision of the contractor or the contractor's employees.
- (2) The contractor and the contractor's employees with access to or who use FTI must meet the background check requirements defined in IRS Publication 1075.
- (3) Any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of this contract. Disclosure to anyone other than an officer or employee of the contractor will be prohibited.
- (4) All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output will be given the same level of protection as required for the source material.
- (5) The contractor certifies that the data processed during the performance of this contract will be completely purged from all data storage components of his or her computer facility, and no output will be retained by the contractor at the time the work is completed. If immediate purging of all data storage components is not possible, the contractor certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.
- (6) Any spoilage or any intermediate hard copy printout that may result during the processing of IRS data will be given to the agency or his or her designee. When this is not possible, the contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts, and will provide the agency or his or her designee with a statement containing the date of destruction, description of material destroyed, and the method used.
- (7) All computer systems receiving, processing, storing or transmitting FTI must meet the requirements defined in IRS Publication 1075. To meet functional and assurance requirements, the security features of the environment must provide for the managerial, operational, and technical controls. All security features must be available and activated to protect against unauthorized use of and access to Federal Tax Information.
- (8) No work involving Federal Tax Information furnished under this contract will be subcontracted without prior written approval of the IRS.
- (9) The contractor will maintain a list of employees authorized access. Such list will be provided to the agency and, upon request, to the IRS reviewing office.
- (10) The agency will have the right to void the contract if the contractor fails to provide the safeguards described above.
- (11) (Include any additional safeguards that may be appropriate.)

### **II. CRIMINAL/CIVIL SANCTIONS:**

- (1) Each officer or employee of any person to whom returns or return information is or may be disclosed will be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure

## **EXHIBIT F - INTERNAL REVENUE SERVICE (IRS) REQUIRED CONTRACT LANGUAGE FOR TECHNOLOGY SERVICES**

of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as 5 years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized further disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRCs 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1.

(2) Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Inspection by or disclosure to anyone without an official need-to-know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee [United States for Federal employees] in an amount equal to the sum of the greater of \$1,000 for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. These penalties are prescribed by IRC 7213A and 7431, and set forth at 26 CFR 301.6103(n)-1.

(3) Additionally, it is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(i)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

(4) Granting a contractor access to FTI must be preceded by certifying that each individual understands the agency's security policy and procedures for safeguarding IRS information. Contractors must maintain their authorization to access FTI through annual recertification. The initial certification and recertification must be documented and placed in the agency's files for review. As part of the certification and at least annually afterwards, contractors must be advised of the provisions of IRCs 7431, 7213, and 7213A (see Exhibit 4, Sanctions for Unauthorized Disclosure, and Exhibit 5, Civil Damages for Unauthorized Disclosure). The training provided before the initial certification and annually thereafter must also cover the incident response policy and procedure for reporting unauthorized disclosures and data breaches. (See Section 10) For both the initial certification and the annual certification, the contractor must sign, either with ink or electronic signature, a confidentiality statement certifying their understanding of the security requirements.

### **III. INSPECTION:**

The IRS and the Agency, with 24 hour notice, shall have the right to send its inspectors into the offices and plants of the contractor to inspect of the facilities and operations performing any work with FTI under this contract for compliance with requirements defined in IRS Publication 1075. The IRS' right of inspection shall include the use of manual and/or automated scanning tools to perform compliance and vulnerability assessments of information technology (IT) assets that access, store, process or transmit FTI. On the basis of such inspection, specific measures may be required in cases where the contractor is found to be noncompliant with contract safeguards.