

# Memorandum

To : Cynthia Bridges  
Executive Director

Date : March 18, 2014

  
From : Liz Houser, Deputy Director  
Administration Department

Subject : **APPROVAL OF CONTRACT OVER \$1 MILLION: 2014-4003 – Department of Motor Vehicles**

Your approval is requested to place an Administrative Agenda item before the Board at the April 22-23, 2014 Board Meeting.

Annual renewal of Interagency Agreement that expires June 30, 2014:

- Interagency Agreement #2014-4003 – Department of Motor Vehicles (DMV)

Because this Agreement exceeds \$1 million, Board Member approval is required. Attached is a brief description of the services to be provided by this Agreement, and a copy of the signature-ready 2014-15 Agreement with the DMV. This contract has been reviewed and approved by Legal.

With your approval, the Board Proceedings Division will place this item on the Public Agenda Notice and provide a copy of the attachments to each Board Member. If you have any questions or wish to discuss the contract further, please call me or have your staff call Linda Ferguson at 445-3814.

LH:kw

Attachment

cc: Kevin Hanks, MIC 49  
Robert Shaw, MIC 37

Approved

  
Cynthia Bridges  
Executive Director

BOARD APPROVED  
At the 4-22-14 Board Meeting

  
Joann Richmond, Chief  
Board Proceedings Division

Board of Equalization  
Proposed Contracts  
Over \$1 Million

<u>Contractor</u>	<u>Start Date</u>	<u>Expire Date</u>	<u>Total Cost</u>	<u>Purpose</u>
Department of Motor Vehicles (DMV)  Contract #2014-4003	7/1/2014	6/30/2015	\$6,909,000	Collection of sales, use and/or special taxes pertaining to vehicles and undocumented vessels as set forth in Chapter 1858, Statutes of 1963; Chapter 2, Statutes of 1965 (First Extraordinary Session); Chapter 1741, Statutes of 1971; Chapter 1816, Statutes of 1971; Chapter 974, Statutes of 1973, and Chapter 665, Statutes of 1982, in accordance with a plan approved by the State Department of Finance, the Board, and the Department of Motor Vehicles.

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**  
 STD 213 (Rev 03/03)

AGREEMENT NUMBER 2014-4003
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:  
 STATE AGENCY'S NAME  
 Board of Equalization  
 CONTRACTOR'S NAME  
 Department of Motor Vehicles
2. The term of this Agreement is: July 1, 2014 through June 30, 2015
3. The maximum amount of this Agreement is: \$ 6,909,000.00  
 Six million, nine hundred nine thousand dollars and No Cents
4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement:

Exhibit A – Scope of Work	2 pages
Exhibit B – Budget Detail and Payment Provisions	1 page
Exhibit C* - General Terms and Conditions	GIA 610 (eff. 6/9/10)
Exhibit D – Special Terms and Conditions	1 page

Items shown with an Asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at [www.ols.dgs.ca.gov/Standard+Language](http://www.ols.dgs.ca.gov/Standard+Language)

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

<b>CONTRACTOR</b>	<b>CALIFORNIA Department of General Services Use Only</b>
CONTRACTOR'S NAME (If other than an Individual, state whether a corporation, partnership, etc.) Department of Motor Vehicles	
BY (Authorized Signature) —	DATE SIGNED (Do not type)
PRINTED NAME AND TITLE OF PERSON SIGNING Jeannie Jones, Contract Officer	
ADDRESS 2415 First Avenue, MS: F112 Sacramento, CA 95818	
<b>STATE OF CALIFORNIA</b>	
AGENCY NAME State Board of Equalization	
BY (Authorized Signature) —	DATE SIGNED (Do not type)
PRINTED NAME AND TITLE OF PERSON SIGNING Linda Ferguson, Manager, Acquisitions Branch	
ADDRESS 450 N Street, MIC: 24; Sacramento, CA 95814	
<input type="checkbox"/> Exempt per:	

EXHIBIT A  
Page 1 of 2

**SCOPE OF WORK**

1. Department of Motor Vehicles (DMV) agrees to provide the collection of vehicle/vessel and special taxes for the Board of Equalization (BOE) as described below:
  - A. DMV shall perform the following three (3) operations:
    - i) Collection of sales and use taxes pertaining to vehicles as set forth in Chapter 1858, Statutes of 1963, Chapter 2, Statutes of 1965, Chapter 1741, Statutes of 1971 and Chapter 1816, Statutes of 1971, in accordance with a plan approved by the State Department of Finance (DOF), BOE and DMV.
    - ii) Collection of use taxes pertaining to undocumented vessels as set forth in Chapter 1858, Statutes of 1963, Chapter 2, Statutes of 1965, (First Extraordinary Session), Chapter 1741, Statutes of 1971, Chapter 1816, Statutes of 1971, Chapter 974, Statutes of 1973, Chapter 665, Statutes of 1982, in accordance with a plan approved by DOF, BOE, and DMV.
    - iii) Collection of the special taxes on vehicles and undocumented vessels, where applicable. (These are additional/supplemental tax assessments incurred over and above the regular use taxes pertaining to vehicles and undocumented vessels mentioned in 1-A-i and 1-A-ii above; e.g. library funding, transportation projects, etc.).
  - B. DMV will identify and report all taxes collected pursuant to this Agreement.
    - i) Each business day, the DMV will prepare a Use Tax Collection report and a Transaction Request (CA 504) for the collection of taxes and fees listed above for the prior business day.
    - ii) The Use Tax Collection report will identify:
      - a) the DMV transmittal number
      - b) the type of tax or fee collected, for example, use tax collections for vehicle and vessel registrations
      - c) the date of the tax or fee collection
      - d) the fund title and fund number
      - e) the county or city of the collection
      - f) the amount collected for each county and city
      - g) the total amount collected for the date of the report
    - iii) DMV will transmit the completed Transaction Request report daily on business days to the State Controller's Office which will use this report to remit the funds to the appropriate ledgers. This includes but is not limited to Retail Sales and Use Taxes Fund; Local Revenue Fund; Retail Sales/Use Public Safety Fund; Add-Ons & Local/County Jurisdiction Funds; and Earthquake Relief Fund.
    - iv) DMV will transmit the *DMV Use Tax Collections* report by fax daily on business days to BOE Accounting Section and by interoffice mail to the Local Revenue Allocation Unit.

EXHIBIT A  
Page 2 of 2

SCOPE OF WORK (continued)

- v) Transactions for vehicles and vessels involving the taxes and fees described in Section A that occur on DMV's non-business days will be reported on their next business day.
- vi) DMV will notify BOE of any dates when there are no taxes or fees described in Section A collected.

The State Controller's Office will record the financial transactions on its website "SCO VIEW" upon receipt of the DMV Transaction Request and funds.

- 2. BOE Accounting staff will monitor the SCO VIEW and confirm the accuracy of the daily transactions compared with the documentation received from DMV.
- 3. The project representatives during the term of this Agreement will be:

Board of Equalization

Name: Robert Shaw  
Phone: (916) 322-3612  
Fax: (916) 324-2491  
E-mail: [Robert.Shaw@boe.ca.gov](mailto:Robert.Shaw@boe.ca.gov)

Department of Motor Vehicles

Name: Al Tolentino  
Phone: (916) 657-2690  
Fax: (916) 657-8643  
E-mail: [atolentino@dmv.ca.gov](mailto:atolentino@dmv.ca.gov)

Direct all inquiries to:

Board of Equalization

Attention: Contracts Section  
Address: 450 N Street, MIC 24  
Sacramento, CA 95814  
Phone: (916) 322-2107  
Fax: (916) 322-3184  
E-mail: [acquisitionscoor@boe.ca.gov](mailto:acquisitionscoor@boe.ca.gov)

Department of Motor Vehicles

Attention: Loretta Vasquez  
Address: 2415 First Ave., MS – E112  
Sacramento, CA 95818  
Phone: (916) 657-9918  
Fax: (916) 657-2387  
E-mail: [Loretta.Vasquez@dmv.ca.gov](mailto:Loretta.Vasquez@dmv.ca.gov)

Either project representative may be changed without a formal amendment to this Agreement. The changing party will notify the other party with a ten-day prior written notice, by either fax, mail or e-mail, which will contain the new project representative's name, mailing address, e-mail address, telephone and fax numbers.

**EXHIBIT B**  
**Page 1 of 1**

**BUDGET DETAIL AND PAYMENT PROVISIONS**

1. **RATES:** The cost for these services shall be a flat rate of \$3.01 per transaction.

<b>Transactions</b>	<b>Volumes</b>	<b>Administrative Service Fee</b>	<b>Payment to DMV</b>
Vehicles *	2,250,000	\$3.00	\$6,750,000.00
Vessels *	53,000	\$3.00	\$ 159,000.00
<b>Totals"</b>	<b>2,303,000</b>		<b>\$6,909,000.00</b>

\* The volumes of vehicle and vessel transactions are estimates. The total amount of the contract is not to exceed **\$6,909,000.00** (six million, nine hundred nine thousand dollars and zero cents).

2. **INVOICING AND PAYMENT:** For services satisfactorily rendered and upon receipt and approval of the invoices, the BOE agrees to compensate DMV for actual expenditures incurred in accordance with the rates specified above.

Invoices shall include the BOE Agreement number #2012-xxxx, and DMV Agreement number and be submitted in duplicate not more frequently than monthly in arrears to:

Board of Equalization  
Accounting Section  
450 N Street, MIC: 23  
Sacramento, CA 95814 ,

Invoices shall also contain the mailing address and contact name for remittances.

3. **BUDGET CONTINGENCY CLAUSE:** It is mutually agreed that if the Budget Act of the current and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the BOE shall have no liability to pay any funds whatsoever to the DMV or to furnish any other considerations under this Agreement and DMV shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the BOE shall have the option to either: cancel this Agreement with no liability occurring to the BOE or offer an Agreement amendment to DMV to reflect the reduced amount.

**EXHIBIT D**  
**Page 1 of 1**

**SPECIAL TERMS AND CONDITIONS**

1. **SETTLEMENT OF DISPUTES:** In the event of a dispute, DMV shall file a "Notice of Dispute" with the Chief, Administrative Support Division of the BOE in Sacramento within ten (10) days of discovery of the problem. Within ten (10) days of receipt of the Notice, the Chief, Administrative Support Division, or designee, shall meet with DMV and Contract Manager for purposes of resolving the dispute. The decision of the Chief, Administrative Support Division, shall be final.
2. **CONFIDENTIALITY OF DATA:** Contractor agrees that all financial, statistical, personal, technical and other data and information relating to the BOE's operations, which is designated confidential by the BOE and made available to DMV in order to carry out this Agreement, or which becomes available to DMV in carrying out this Agreement, shall be protected by DMV from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the BOE. The identification of all such confidential data and information as well as the BOE's procedural requirements for protection of such data and information from unauthorized use and disclosure, shall be provided in writing to DMV by the BOE. DMV shall not, however, be required to keep confidential any data or information which is or becomes publicly available, is already rightfully in DMV's possession, is independently developed by DMV outside the scope of this Agreement, or is rightfully obtained from third parties.
3. **RIGHT TO TERMINATE:** This Agreement is subject to cancellation (in whole or part) by either party upon thirty (30) days written notice. If for any reason the BOE finds just cause for termination, the BOE may terminate this Agreement immediately without the thirty (30) day notice. The BOE shall also be relieved of any payments should DMV fail to perform the requirements of this Agreement at the time and in the manner herein provided.
4. **FORCE MAJEURE:** Neither party shall be liable to the other for any delay in or failure of performance, nor shall any such delay in or failure of performance constitute default, if such delay or failure is caused by "Force Majeure." As used in this section, "Force Majeure" is defined as follows: Acts of war and acts of God such as earthquakes, floods, and other natural disasters such that performance is impossible.
5. **COMPUTER SOFTWARE COPYRIGHT LAWS:** DMV certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.
6. **MUTUAL COOPERATION:** DMV and the BOE intend to structure and foster increased communication and cooperation between the agencies with the goal of jointly developing effective solutions to the sales tax gap problem specific to the used car industry. The Executive Directors of DMV and the BOE agree to appoint management staff of their respective agencies to a working task force for this purpose. The DMV and BOE further agree to confer, discuss, research and explore all possible options for solving the tax gap, including, but not limited to, a full exchange of electronic data on used vehicle sales, developing and sponsoring legislation related to used car sales in the State, and to conducting a systematic review of their respective administrative procedures, and to strengthen such procedures, as necessary.

## AGREEMENT SUMMARY

STD. 215 (REV. 1-2014)

AGREEMENT NUMBER 2014-4003	AMENDMENT NUMBER
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 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

1. CONTRACTOR'S NAME  
California Department of Motor Vehicles

2. FEDERAL I.D. NUMBER  
88-8888888

3. AGENCY TRANSMITTING AGREEMENT  
Board of Equalization

4. DIVISION, BUREAU, OR OTHER UNIT  
Consumer Use Tax Section

5. AGENCY BILLING CODE  
024474

6. NAME AND TELEPHONE NUMBER OF CONTRACT ANALYST FOR QUESTIONS REGARDING THIS AGREEMENT  
Kathryn Weaver, 916-322-2107, AcquisitionsCoor@boe.ca.gov

7. HAS YOUR AGENCY CONTRACTED FOR THESE SERVICES BEFORE?  
 NO  YES (If YES, enter prior contractor name and Agreement Number) California Department of Motor Vehicles, 2012-4026

8. BRIEF DESCRIPTION OF SERVICES - LIMIT 72 CHARACTERS INCLUDING PUNCTUATION AND SPACES  
DMV Multi-million dollar contract

9. AGREEMENT OUTLINE (Include reason for Agreement: Identify specific problem, administrative requirement, program need or other circumstances making the Agreement necessary; include special or unusual terms and conditions.)  
Collection of sales, use and/or special taxes pertaining to vehicles and undocumented vessels.

10. PAYMENT TERMS (More than one may apply.)

MONTHLY FLAT RATE  QUARTERLY  ONE-TIME PAYMENT  PROGRESS PAYMENT

ITEMIZED INVOICE  WITHHOLD \_\_\_\_ %  ADVANCED PAYMENT NOT TO EXCEED

REIMBURSEMENT/REVENUE \$ \_\_\_\_\_ or \_\_\_\_\_ %

OTHER (Explain) upon approved invoice

FUND TITLE	ITEM	F.Y.	CHAPTER	STATUTE	PROJECTED EXPENDITURES	
General Fund	0860-001-0001	2014/15	.	2014	\$ 6,909,000.00	
					\$	
					\$	
OBJECT CODE 3845				AGREEMENT TOTAL	\$ 6,909,000.00	
OPTIONAL USE				AMOUNT ENCUMBERED BY THIS DOCUMENT	\$ 6,909,000.00	
I CERTIFY upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above.					PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT	\$ 0.00
ACCOUNTING OFFICER'S SIGNATURE <i>[Signature]</i>		DATE SIGNED		TOTAL AMOUNT ENCUMBERED TO DATE	\$ 6,909,000.00	

AGREEMENT	TERM		TOTAL COST OF THIS TRANSACTION	DID, SOLE SOURCE, EXEMPT
	From	Through		
Original	7/1/2014	6/30/2015	\$ 6,909,000.00	Exempt
Amendment No. 1			\$	
Amendment No. 2			\$	
Amendment No. 3			\$	
		TOTAL	\$ 6,909,000.00	

(Continue)

AGREEMENT SUMMARY

STD. 215 (REV. 1-2014)

13. BIDDING METHOD USED:

- REQUEST FOR PROPOSAL (RFP)  INVITATION FOR BID (IFB)  USE OF MASTER SERVICE AGREEMENT  
*(Attach justification if secondary method is used)*
- SOLE SOURCE CONTRACT  EXEMPT FROM BIDDING  OTHER *(Explain)*  
*(Attach STD. 821)* *(Give authority for exempt status)* Interagency Agreement

NOTE: Proof of advertisement in the State Contracts Register or an approved form STD. 821, Contract Advertising Exemption Request, must be attached

14. SUMMARY OF BIDS *(List of bidders, bid amount and small business status) (If an amendment, sole source, or exempt, leave blank)*

15. IF AWARD OF AGREEMENT IS TO OTHER THAN THE LOWER BIDDER, PLEASE EXPLAIN REASON(S) *(If an amendment, sole source, or exempt, leave blank)*

16. WHAT IS THE BASIS FOR DETERMINING THAT THE PRICE OR RATE IS REASONABLE?

17 (a) JUSTIFICATION FOR CONTRACTING OUT *(Check one)*

- Contracting out is based on cost savings per Government Code 19130(a). The State Personnel Board has been so notified.
- Contracting out is justified based on Government Code 19130(b). Justification for the Agreement is described below.

Justification:  
N/A

17 (b) EMPLOYEE BARGAINING UNIT NOTIFICATION

- By checking this box, I hereby certify compliance with Government Code section 19132(b)(1).

AUTHORIZED SIGNER:

DATE:

18. FOR AGREEMENTS IN EXCESS OF \$5,000, HAS THE LETTING OF THE AGREEMENT BEEN REPORTED TO THE DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING?

- NO  YES  N/A

19. HAVE CONFLICT OF INTEREST ISSUES BEEN IDENTIFIED AND RESOLVED AS REQUIRED BY THE STATE CONTRACT MANUAL SECTION 7.10?

- NO  YES  N/A

20. FOR CONSULTING AGREEMENTS, DID YOU REVIEW ANY CONTRACTOR EVALUATIONS ON FILE WITH THE DGS LEGAL OFFICE?

- NO  YES  NONE ON FILE  N/A

21. IS A SIGNED COPY OF THE FOLLOWING ON FILE AT YOUR AGENCY FOR THIS CONTRACTOR?

A. CONTRACTOR CERTIFICATION CLAUSES

- NO  YES  N/A

B. STD. 204, VENDOR DATA RECORD

- NO  YES  N/A

22. REQUIRED RESOLUTIONS ARE ATTACHED

- NO  YES  N/A

23. ARE DISABLED VETERANS BUSINESS ENTERPRISE GOALS REQUIRED? *(If an amendment, explain changes, if any)*

- NO *(Explain below)*  YES *(If YES complete the following)*

DISABLED VETERAN BUSINESS ENTERPRISES: \_\_\_\_\_ % OF AGREEMENT

Explain:

Exempt

24. IS THIS A SMALL BUSINESS CERTIFIED BY OSBCR?

- NO  YES *(Indicate Industry Group)* \_\_\_\_\_

SMALL BUSINESS REFERENCE NUMBER \_\_\_\_\_

25. IS THIS AGREEMENT (WITH AMENDMENTS) FOR A PERIOD OF TIME LONGER THAN ONE YEAR? *(If YES, provide justification)*

- NO  YES

*I certify that all copies of the referenced Agreement will conform to the original Agreement sent to the Department of General Services*

SIGNATURE/TITLE

DATE SIGNED