

Memorandum

To : Cynthia Bridges
Executive Director

Date : March 9, 2016

From : Edna Murphy, Deputy Director
Administration Department

EM

Subject : **APPROVAL OF CONTRACT OVER \$1 MILLION: 2016-4003 – Department of Motor Vehicles**

Your approval is requested to place an Administrative Agenda item before the Board at the March 29-30, 2016 Board Meeting.

Annual renewal of Interagency Agreement that expires June 30, 2016:

- Interagency Agreement #2016-4003 – 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 2016-17 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.

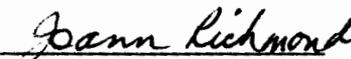
EM:kw

Attachment

cc: Kevin Hanks, MIC 49
Brian Manuel, MIC 35

Approved 
Cynthia Bridges
Executive Director

BOARD APPROVED
At the 3-30-16 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 #2016-4003 | 7/1/2016 | 6/30/2017 | \$6,558,750 | Collection of sales, use and/or special taxes pertaining to vehicles and undocumented vessels as set forth in Vehicle Code Sections 4300.5, 4750.5, 9858.5, 9928, 38211 and Revenue and Taxation Code Section 6248, 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 06/03)

| |
|-------------------------------|
| AGREEMENT NUMBER 2016-4003 |
| 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 California Department of Motor Vehicles |

2. The term of this Agreement is: July 01, 2016 through June 30, 2017

3. The maximum amount \$ 6,558,750.00 of this Agreement is: Six Million Five Hundred Fifty Eight Thousand Seven Hundred Fifty 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 | 3 Pages |
| Exhibit B - Budget Detail and Payment Provisions | 1 Page |
| Exhibit C* - General Interagency Terms and Conditions | GIA 610 (eff. date: 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

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

| | | |
|--|---------------------------|---|
| CONTRACTOR | | California Department of General Services Use Only |
| CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) California Department of Motor Vehicles | | |
| BY (Authorized Signature) | DATE SIGNED (Do not type) | |
| PRINTED NAME AND TITLE OF PERSON SIGNING | | |
| ADDRESS 2415 First Avenue, MS: F112, Sacramento, CA, 95818 | | |
| STATE OF CALIFORNIA | | |
| AGENCY NAME 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, Sacramento, CA, 95814 | | |

Exempt per:

EXHIBIT A
Page 1 of 3

SCOPE OF WORK

1. Department of Motor Vehicles (DMV) agrees to provide for the proper collection of vehicle/vessel use tax and special taxes for the Board of Equalization (BOE) as described below:

- A. DMV shall collect sales and use taxes pertaining to vehicles as set forth in California Vehicle Code Sections 4300.5, 4750.5, 38211 and California Revenue and Taxation Code Section 6248, in accordance with this Agreement approved by the State Department of Finance (DOF), BOE, and DMV.
- B. DMV shall collect use taxes pertaining to undocumented vessels as set forth in California Vehicle Code Sections 4300.5, 4750.5, 9858.5, 9928, 38211 and California Revenue and Taxation Code Section 6248, in accordance with this Agreement approved by DOF, BOE, and DMV.
- C. DMV shall collect the special taxes on vehicles and undocumented vessels, where applicable, as set forth in California Revenue and Taxation Code (Division 2, Part 1.6, Transactions and Use Taxes, and Part 1.7, Additional Local Taxes) and Public Utilities Code (Division 12, Article 6) pertaining to special taxes. Special taxes are defined as additional/supplemental tax assessments incurred over and above the regular use taxes pertaining to vehicles and undocumented vessels mentioned in 1-A and 1-B above; e.g. library funding, transportation projects, etc.
- D. DMV shall identify and report all taxes collected pursuant to this Agreement.
 - I. Each business day, DMV Accounting Office shall prepare a Use Tax Collections report and a Transaction Request (CA 504) for the collection of taxes and fees described in Sections A - C for the prior business day.

DMV Use Tax Collections report shall identify:

- i. The DMV transmittal number.
- ii. The type of tax or fee collected; for example, use tax collections for vehicle and vessel registrations.
- iii. The date of the tax or fee collection.
- iv. The fund title and fund number.
- v. The jurisdiction of the collection.
- vi. The amount collected for each county or city.
- vii. The total amount collected for the date of the report.

EXHIBIT A
Page 2 of 3

- II. DMV shall transmit the DMV Use Tax Collections report each business day by fax, email, or File Transfer Protocol (FTP) to the BOE Accounting Section and the BOE Local Revenue Allocation Unit.

State Board of Equalization
Accounting Section
450 N Street, MIC: 23
Sacramento, CA 95814
Email: AccountingDex@boe.ca.gov
Fax: (916) 445-2884

State Board of Equalization
Local Revenue Allocation Unit
450 N Street, MIC: 27
Sacramento, CA 95814
Email: RaadJuri@boe.ca.gov
Fax: (916) 322-0986

- III. DMV shall transmit the completed Transaction Request (CA 504) report by email or fax, if the email system is down, each business day to the State Controller's Office (SCO) Division of Accounting and Reporting, Bureau of Accounting and Consulting. SCO records the financial transaction information on its website at <http://www.sco.ca.gov/ppsd/viewdirect.html> and remits 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; Economic Bond Recovery Fund; Local Revenue 2011 Fund; Add-Ons & Local/County Jurisdiction Funds.
- IV. Transactions for vehicles and vessels involving the taxes and fees described in Sections A – C that occur on DMV's non-business days shall be reported to BOE Accounting Section by email or fax on their next business day.
- V. DMV Accounting Office shall notify the BOE Accounting Section by email or fax, of any dates when there are no taxes for fees described in Sections A – C collected.
2. BOE Accounting staff shall monitor the "SCO VIEW" (<http://www.sco.ca.gov/ppsd>) and confirm the accuracy of the daily transactions and compare with the documentation received from DMV. If a discrepancy is discovered, BOE Accounting staff shall immediately notify SCO, and DMV Accounting Office, if necessary.
3. BOE shall provide the following:
- A. Proposed State and County tax changes for Special Taxing Jurisdictions shall be provided to the DMV Project Representative by fax or email no later than 30 days prior to an election.

EXHIBIT A
Page 3 of 3

- B. A formal letter or memo shall be provided to DMV Registration Operations Division's Deputy Director within fifteen (15) business days after certified State and County election results are made available. The correspondence shall include additional or revised tax rate information (jurisdiction name, new tax rate, effective date, and specific location) and applicable zip code information where more than one rate may apply.
4. Additionally, separate and apart from the responsibilities noted in Section 1 – 3 of this Interagency Agreement, the DMV and BOE agree to jointly explore and evaluate alternative methods and technologies available to reduce and/or eliminate reliance upon five-digit zip codes currently used to determine taxing jurisdictions and rates for accessing and collecting use tax. Upon DMV request, this may potentially include the BOE providing examples of software code for deployment of the BOE Geographical Information System to DMV for use in determining the tax rates associated with overlapping zip codes for applicable cities and counties.
5. The project representatives during the term of this Agreement shall be:

Board of Equalization

Name: Brian Manuel
Phone: (916) 324-2422
Fax: (916) 324-2491
E-mail: Brian.Manuel@boe.ca.gov

Department of Motor Vehicles

Name: Al Tolentino
Phone: (916) 657-2690
Fax: (916) 657-8643
E-mail: 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: acquisitioncoor@boe.ca.gov

Department of Motor Vehicles

Attention: Cindy Huynh
Address: 2415 First Ave., MS – E112
Sacramento, CA 95818
Phone: (916) 657-6972
Fax: (916) 657-2387
E-mail: cindy.huynh@dmv.ca.gov

Either project representative may be changed without a formal amendment to this Agreement. The changing party shall notify the other party with a ten-day prior written notice, by either fax, mail or e-mail, which shall contain the new project representative's name, mailing address, phone and fax numbers and e-mail address. Receiving party shall acknowledge receipt of the change within ten (10) business days by fax or email.

EXHIBIT B
Page 1 of 1

BUDGET DETAIL AND PAYMENT PROVISIONS

1. **RATES:** The cost for these services shall be a flat rate of \$2.65 per transaction.

| Transactions | Volumes | Administrative Service Fee | Payment to DMV |
|---------------------|------------------|-----------------------------------|-----------------------|
| Vehicles * | 2,429,000 | \$2.65 | \$6,436,850.00 |
| Vessels * | 46,000 | \$2.65 | \$ 121,900.00 |
| Totals | 2,475,000 | | \$6,558,750.00 |

* The volumes of vehicle and vessel transactions are estimates. The total amount of this Agreement is not to exceed **\$6,558,750.00** (six million, five hundred-fifty eight thousand, seven hundred-fifty dollars and zero cents).

2. **INVOICING AND PAYMENT:** In accordance with California Vehicle Code Section 4750.5 (c) and upon receipt and approval of the invoices, the BOE agrees to compensate DMV within forty-five (45) business days for actual expenditures incurred in accordance with the rates specified above.

Invoices to BOE shall include the BOE Agreement number #2016-4003, and DMV Agreement number (to be determined) and be submitted in duplicate not more frequently than monthly in arrears to:

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

Invoices shall also contain the following mailing address for remittances to DMV:

Department of Motor Vehicles
ATTN: Cashier, Mail Station E-109
PO Box 932382
Sacramento, CA 94232-3820

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.

4. **PAYMENT**

- a. Costs for this Agreement shall be computed in accordance with State Administrative Manual Section 8752 and 8752.1.
- b. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2, of the Government Code of the State of California.

EXHIBIT D
Page 1 of 1

SPECIAL TERMS AND CONDITIONS

1. **SETTLEMENT OF DISPUTES:** DMV and BOE agree to work cooperatively and to timely fulfill their responsibilities set forth in this Agreement. The project representatives for each agency shall make themselves available and shall in good faith and in a timely manner attempt to resolve any disputes resulting from their participation under this Agreement. Problems shall be set down in writing by the party initially identifying the problem and submitted to the other party for resolution. Upon resolution of a dispute, such resolution shall be set forth in writing and shall be maintained by the Parties. If the project representatives are unable to resolve an issue despite their good faith efforts, the matter shall be elevated for resolution to the BOE Executive Director and the DMV Deputy Director or their designees.
2. **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.
3. **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.
4. **MUTUAL COOPERATION:** DMV and 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 systemic review of their respective administrative procedures, and to strengthen such procedures, as necessary.

AGREEMENT SUMMARY

STD. 215 (REV. 1-2014)

| | |
|-------------------------------|------------------|
| AGREEMENT NUMBER 2016-4003 | AMENDMENT NUMBER |
|-------------------------------|------------------|

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

| | |
|---|-------------------------------------|
| 1. CONTRACTOR'S NAME California Department of Motor Vehicles | 2. FEDERAL I.D. NUMBER 88-888888 |
|---|-------------------------------------|

| | | |
|---|--|----------------------------------|
| 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, 2015-4006

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 and fees 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) _____

| 11. PROJECTED EXPENDITURES FUND TITLE | ITEM | F.Y. | CHAPTER | STATUTE | PROJECTED EXPENDITURES |
|--|---------------|---------|---------|---------|------------------------|
| General Fund | 0860-001-0001 | 2016/17 | . | 2016 | \$ 6,558,750.00 |
| | | | | | \$ |
| | | | | | \$ |

| | | |
|--|--|--|
| OBJECT CODE 3845 | AGREEMENT TOTAL | \$ 6,558,750.00 |
| OPTIONAL USE | AMOUNT ENCUMBERED BY THIS DOCUMENT | \$ 6,558,750.00 |
| 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  | DATE SIGNED | TOTAL AMOUNT ENCUMBERED TO DATE \$ 6,558,750.00 |

| 12 AGREEMENT | TERM | | TOTAL COST OF THIS TRANSACTION | BID, SOLE SOURCE, EXEMPT |
|-----------------|----------|-----------|--------------------------------|--------------------------|
| | From | Through | | |
| Original | 7/1/2016 | 6/30/2017 | \$ 6,558,750.00 | Exempt |
| Amendment No. 1 | | | \$ | |
| Amendment No. 2 | | | \$ | |
| Amendment No. 3 | | | \$ | |
| | TOTAL | | \$ 6,558,750.00 | |

(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 B. STD. 204, VENDOR DATA RECORD
- NO YES N/A 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 TWO YEARS? (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