

05 MAY 25 P1:51



STATE PROCUREMENT OFFICE NOTICE OF AND REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

06 MAY 26 P1:44
ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

1. TO: Chief Procurement Officer
2. FROM: Department of Taxation

Department/Division/Agency
Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

3. Description of goods, services or construction:
Act 247, SLH 2005, requires the Department of Taxation (DOTAX) to start collecting a .5% County surcharge tax January 1, 2007. The City and County of Honolulu has officially elected to adopt the .5% surcharge.

To implement the collection of the County Surcharge tax (for the C&C of Honolulu), DOTAX must procure vendor services to purchase hardware and software, and provide integration services to allow ITIMS (Integrated Tax Information Management System) to process the County Surcharge tax, including but not limited to:

- Modifications to the existing ITIMS Tax Processing System (ITPS) for returns processing, taxpayer registration and accounting, and revenue accounting;
- Modifications to the existing ITIMS Imaging System (IIS) for scanning and retrieving county surcharge information;
- Modifications to the existing ITIMS Collection system (ICS) and interface with ITPS;
- Modifications to the existing ITIMS Audit System (IAMS);
- Other support for tax law changes and infrastructure enhancements.

As noted above, the County Surcharge implementation will make modifications to the IIS, ITPS, ICS, and IAMS subsystems of ITIMS, as well as related infrastructure improvements for Virtual Call Center support and System Capacity Enhancements. For these efforts, the respective vendor is expected to thoroughly know the ITIMS system and provide specific details about the project management plan for each effort.

4. Name of Vendor: CGI-AMS, Inc.
Address: 4000 Legato Road
Fairfax, Virginia 22003

5. Price: *Est.*
~~unknown~~
13,000,000

6. Term of Contract: *upon CPO Approval*
From: see Attachment #1 To: *June 13, 2010*

7. Prior Exemption Ref. No.
06-030-J

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:
Act 247 requires DOTAX to start collecting the .5% County Surcharge tax Jan. 1, 2007. As such, a vendor must begin work immediately modifying our computer systems so that we will be able to comply with the law and begin collecting the county tax. DOTAX was unable to complete this request for exemption earlier since bills were pending at the legislature that, if passed, would require the City and County of Honolulu to collect the .5% surcharge themselves. However, these bills did not pass.

Continued on Attachment #2

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

We wish to contract CGI-AMS, Inc. since we have no alternative vendor.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:

The Department shall follow Chapter 103D, HRS, and Chapter 3-122, HAR, as applicable with exempted procurements.

The Department's Administrative Services Officer will prepare the contract documents. The contract will be reviewed and approved as to form by the Department's Deputy Attorney General. Final review and execution of the contract will be by the Director of Taxation, Mr. Kurt Kawafuchi.

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:

Name	Position	Involvement in Process	
Kurt Kawafuchi	Director	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Sandi Yahiro	Deputy Director	<input checked="" type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Ronald Randall	Division Administrator	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Joan Bolte	Division Administrator	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Clay Sato	Staff Officer	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Suzanne Eghan	Administrative Services Officer	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration

13. Direct inquiries to: Department: Department of Taxation
 Contact Name: Suzanne Eghan
 Phone Number: 587-1500
 Fax Number: 587-1506

Agency shall ensure adherence to applicable administrative and statutory requirements

14. ***I certify that the information provided above is, to the best of my knowledge, true and correct.***

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 Department Head Date May 26, 2006

Reserved for SPO Use Only

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

15. Date Notice Posted 5/26/06

The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer
State Procurement Office
P.O. Box 119
Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments:

The approval is for the solicitation process only, section 103D-310(c), HRS, and section 3-122-112, HAR, shall apply.

16. APPROVED DISAPPROVED

Alan S. Fugate 6/02/06
Chief Procurement Officer Date

Attachment #1

It is expected that the contract would begin on June 13, 2006 and would end approximately June 13, 2010. This would allow for the system to be phased-in outside of the tax busy season (due to time constraints, back-end processes such as audit and collection would be included in a later phase); and allow the State to make informed decisions on drafting Scope of Services for subsequent Request for Proposals (RFP); advertising the RFP; selecting the vendor; negotiating the contract and allowing a new vendor, if selected, to develop any necessary applications.

Attachment #2

CGI-AMS has recently implemented the State of Hawaii Department of Taxation's Integrated Tax Information Management System (ITIMS) computer tax system and has been deemed to be in the best position to successfully implement the County Surcharge (Act 247, SLH 2005). The following are reasons justifying the request for exemption:

- Proprietary nature – The ITIMS application was developed from baseline systems that CGI-AMS implemented in other states.
 - ITIMS was previously competitively procured.
 - Existing software is proprietary by CGI-AMS. States own the software license but cannot give away or resell this license or allow software competitors access to the proprietary code.

- Business Continuity – The ability to accelerate the delivery of functional requirements.
 - System advantages
 - ITIMS is configured specifically for State of Hawaii rules.
 - Compliance, collection, audit components are already in place.
 - Contractor advantages
 - CGI-AMS already has experience with tax intake, data entry, imaging, money management, and compliance.
 - Proven delivery with the State.
 - Trained CGI-AMS staff, plus the State staff are already familiar with the system.
 - Local subject matter experts and office presence on the island.
 - Familiar with Hawaii State Tax Laws.

- Efficiencies – The values gained by using the current State contractor.
 - Using ITIMS is likely less costly than developing from prototype with other contractor(s).
 - Using ITIMS already meets tax needs.
 - Lower risk to deploy in view of the magnitude of the project.