



STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD**  
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## MEMORANDUM

To: Department of General Services  
Procurement Division  
Attention: Elosia Stratton  
707 3<sup>RD</sup> Street, 2<sup>nd</sup> Floor  
West Sacramento, CA 95605

June 27, 2003

From: Joan Rabang

Subject: State Agency Recognition Awards 2003

Thank you for inviting Franchise Tax Board to participate in the State Agency Recognition Awards 2003 program.

Attached is our executive summary and nomination for consideration by the Department of General Services.

If you need additional information or have any questions, please call Tracie Wagner at (916) 845-3937.

*Joan Rabang*

Director  
Quality Management & Control-Transitional Program

Attachment

cc: Gerald Goldberg  
Lynette Iwafuchi  
Titus Toyama

# STATE AGENCY RECOGNITION AWARDS 2003

## FRANCHISE TAX BOARD

### NOMINATION

The Franchise Tax Board (FTB) is submitting a nomination for the State Agency Recognition Awards 2003. Throughout the 02/03 fiscal year, FTB has actively pursued opportunities to use Small Businesses and Disabled Veteran Business Enterprises (SB/DV). The following is an example of our success in obtaining SB/DV participation:

#### BIG DEAL LETTER:

FTB's advanced technology environment requires a partnership with manufacturers that can meet our technical needs as well as provide current innovative technology products. To accommodate these needs, FTB has worked with Compaq/HP for several years. The majority of our personal computer and server equipment in the department is Compaq. When the state of California adopted the newly implemented Western States Contract Alliance (WSCA), this concept was to develop a pre-negotiated price and make it available to all vendors. The goal was to even the playing field and save money with several manufacturers offering the same price to any vendor. Later it was discovered we could not use SB/DVBE due to brokerage fees collected when processing WSCA orders. This discovery left the SB/DVBE unable to participate with WSCA orders, and with the price savings through WSCA and the financial times the State was facing we had to figure out another method of adding SB/DVBE participation when ordering Compaq equipment.

Knowing FTB had a goal to meet for SB/DVBE participation, we networked and researched different methodologies we could use in order to solicit SB/DVBE suppliers and still get a good price when ordering Compaq equipment. Working with Compaq, FTB became aware of a previously used "toss" letter that provided special pricing with the advent of WSCA toss letters were not necessary, due to the already negotiated price. Toss letters later were used in lieu of WSCA in special circumstances, mostly with larger purchases. After HP merged Compaq, the toss letters were still used but recently renamed to the "Big Deal Letter". This pricing is available to selected vendors, solely to the Franchise Tax Board. In order for a vendor to utilize a big deal letter, their names need to be indicated on the letter. Vendors can be added and deleted from this letter at the manufacturer's discretion.

FTB has been using these big deal letters for over a year and a half and been successful with an open and fair solicitation and has been able to award to SB/DVBE vendors. Other manufacturers have recently started offering special pricing and letters to vendors that contact them in lieu of WSCA pricing so they can be competitive with the larger businesses. FTB has awarded over \$1 million contract dollars to SB/DVBE vendors during the 02/03 fiscal year with the help of these big deal letters. FTB will continue to explore different opportunities to help meet our SB/DVBE goals.

# STATE AGENCY RECOGNITION AWARDS 2003

## FRANCHISE TAX BOARD

### EXECUTIVE SUMMARY

Franchise Tax Board (FTB) demonstrates a proactive approach to contracting with Small Business Enterprise and Disabled Veteran Business Enterprises (SB/DV). The percentages for mid-year 02/03 fiscal year were 9.23% for certified small business participation, 2.90% for certified micro business participation and 8.66% for the certified disabled veteran business participation. FTB anticipates that we will improve our goals at the close of the 02/03 fiscal year.

#### FTB Goals:

- Increase SB/DV purchases and contracts in the technology area.
- Pursue opportunities to create small business and large business partnerships.

#### FTB Outreach Program:

- Continue to conduct workshops to educate small businesses and disabled veteran businesses about the expectations of our Department as well as educating FTB's end users.
- Maintain a small business enterprise database for Departmental access.
- Work with SB/DV to improve relationships with FTB, advising various business opportunities within FTB.
- SB/DV information available on the FTB intranet.
- Distribute information to small businesses on how to apply for small business certification with the State of California.
- Make presentations to executive staff and provide information in our forums as an ongoing effort to raise the awareness of SB/DV.
- Assign a SB/DV advocate who acts as a liaison between FTB, DGS and the suppliers, prepares reports for DGS and the legislature, attends forums and workshops and shares information with staff.
- Attended the SB/DV summit offered by DGS.

We will continue to explore successful opportunities to enhance SB/DV participation.