Administration Department—MIC: 69 Telephone: (916) 445-4272

Memorandum

To

Cynthia Bridges **Executive Director**

Date: September 28, 2015

From

Edna Murphy, Deputy Director

Administration Department

APPROVAL OF CONTRACT AMENDMENT OVER \$1 MILLION Subject :

> Your approval is requested to place the following Administration Agenda item before the Board at the October 27, 2015 Board Meeting.

SICPA Cigarette Tax Stamps Contract Amendment #2010-0034

Because this contract amendment exceeds \$1 million, Board Member approval is required. Attached is a short description of the goods to be provided by this amendment and a Purchase Order/Estimate Change Request (STD. 96) for the Department of General Services.

Upon 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 amendment further, please call me or have your staff call Cheryl Blakeway at 323-8316.

EM:cr

Attachments

Approved

Cynthia Bridges Executive Director

BOARD APPROVED

At the 10/27/15 Board Meeting

Joann Richmond, Chief

Board Proceedings Division

Board of Equalization Proposed Contract Amendment Over \$1 Million

Contractor	Start Date	End Date	Total Cost	Purpose				
SICPA Product Security LLC Contract #2010-0034	1/1/2011	12/31/2015	\$70,470,000	PURCHASE ESTIMATE: This purchase estimate was sent to Department of General Services in 2010 to request creation of the cigarette tax stamps contract. This contract is used to collect cigarette tax stamp fee revenue. The original term is for 5 years, from January 1, 2011 to December 31, 2015. BOE has the right to exercise two options to extend the contract by two additional years each, allowing for a possible 9-year contract term through December 31, 2019.				
Amendment #1	same same		\$38,429,595	The actual cost of the contract was reduced by \$32,040,405 from the original estimated amount. Amendment #1 reflects the actual pricing of the contract based upon the purchase order issued by Department of General Services on behalf of the BOE.				
Amendment #2	same	same	\$41,552,370	Amendment #2 illustrates a change in the total cost of the purchase order. It was estimated that additional funds of \$94,136 were needed to buy additional cigarette tax stamps. Accordingly, fiscal year allocations were adjusted to match. Also, sales tax of \$3,028,639 was added to the total purchase order amount.				

Board of Equalization Proposed Contract Amendment

Contractor	Fiscal Year Allocation	TOTAL STEET TOTAL	iop _{urpose}
SICPA Product Security LLC	FY 15-16	\$4,920,000	The cigarette tax stamps contract is set to expire on December 31, 2015. The purpose of Amendment #3 is to extend the
Contract #2010-0034 Amendment #3			contract for two years. This is the allocation for the first six months of the two year extension, covering January to June of the 15-16 Fiscal Year.
same	FY 16-17	\$9,840,000	This is allocation for the next 12 months of the extension and covers the entire 16-17 Fiscal Year.
same	FY 17-18	\$4,920,000	This is the allocation for the last six months of the two year extension, covering July to December of the 17-18 Fiscal Year.
	Amendment #3 Subtotal	\$19,680,000	
	Sales Tax (8.5%)	\$1,672,800	
	Amendment #3 Total	\$21,352,800	
	Prior Contract Amount	\$41,552,370	
	Full Contract Total	\$62,905,170	

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STATE OF CALIFORNIA - GENERAL SERVICES PROCUREMENT DIVISION

PURCHASING AUTHORITY PURCHASE ORDER CONTINUATION STD. 65 (REV. 7/2003)

CONTRACT REGISTRATION NUMBER AGENCY ORDER NUMBER AMENDMENT NO. issued by DGS 2010-0034 SUPPLIER: The numbers identified above MUST be shown on invoice & Packing Slip. PAGE OF PAGE DATE 12/01/2015 02 02

LEVERAGED PROCUREMENT AGREEMENT NO. AGENCY BILLING CODE PURCHASING AUTHORITY NUMBER 024499 9G-1015-BOE-HQ1 QUANTITY UNIT PRODUCT OR SERVICES DESCRIPTION UNIT PRICE EXTENSION TOTAL COMM, OR PROD. CODE or SERVICES ID NBR RECYCLE PROD. unit cost of \$41,552,370.20 and updated % for each FY as applicable) Amendment - #3: to extend contract term by two years, through 12/31/2017; to add \$19,680,000 plus sales tax over 3 fiscal years: \$4,920,000 to 15/16, \$9,840,000 to 16/17, \$4,920,000 to 17/18. The total is now \$62,905,170.20, including sales tax. FY percentages updated.

ENTER GRAND TOTAL ON FRONT PAGE

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STATE OF CALIFORNIA - GENERAL SERVICES PROCUREMENT DIVISION PURCHASING AUTHORITY PURCHASE ORDER CONTINUATION STD. 65 (REV. 7/2003)

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