

April 11, 2019

Director Phipps,

Pursuant to Iowa Administrative Code rule 11-118.16(2), the Iowa Department of Revenue (IDR) hereby requests a waiver from the requirements of Iowa Administrative Code rule 11-118.11(3) regarding the maximum duration of service contracts with respect to the following agreements (herein collectively referred to as the Contracts):

- Fairfax Imaging-RFP# 0713625117-June 15, 2019.
- Fairfax Imaging-MA-005-16026-September 24, 2021
- CGI-June 30, 2019
- First Data Government Solutions Inc.-RFP# 0712625088-October 31, 2019
- Transworld Systems, Inc. (TSI)-MA 005 17087-June 30, 2022
- Jericho Solutions, Inc.-RFP1117625170-June 30, 2023
- Teradata Government Systems-625JAM062117-July 31, 2023
- Teradata Government Systems-SC62510052012JM-November 30, 2022
- Teradata Government Systems-RFB0713625130-November 30, 2022
- Teradata Government Systems-443-13-November 30, 2022

See Attachment 1 for a description of each agreement.

For the reasons discussed below, IDR submits that good cause exists for waiving the six-year requirement in Iowa Administrative Code rule 11-118.11(3) and extending each of the above contracts through and to include November 30, 2025.

**Request for waiver:**

IDR, in collaboration with the Office of the Chief Information Officer (OCIO), hired Gartner, Inc. (Gartner) to evaluate IDR's ability to continue to effectively manage tax processing with existing technology and resources. Gartner determined that the investment, time, and resources required to transform the existing technology architecture to fulfill constituent expectations and future needs is not a cost-effective alternative. After a thorough options analysis and evaluation, Gartner recommended that IDR initiate procurement of a commercial-off-the-shelf (COTS) solution for an integrated tax processing system. IDR will work with OCIO and Gartner over the next 12 months to assess migration readiness, prepare an RFP, and select a vendor. Gartner

# Iowa Department of REVENUE

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1305 East Walnut Street  
Des Moines, IA 50319

<https://tax.iowa.gov>

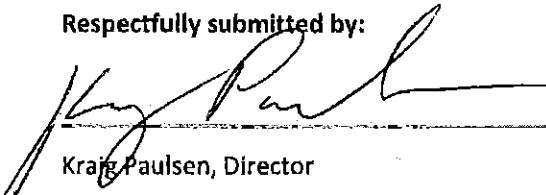
estimates that the system implementation will take up to 5 years from the time the contract is awarded to a vendor. During implementation, IDR will be decommissioning existing systems as relevant parts of the new system are tested and fully deployed. The Contracts listed in this waiver cover areas of IDR's business that will likely be migrated to the new system.

Approval of this waiver request will allow IDR to extend the agreements in 1-year increments, all terminating in November, 2025. This will provide the necessary time for IDR to procure and implement the technology solution which is aligned with the recommendation made by Gartner and meets the technology standards imposed by the Internal Revenue Service and OCIO.

This waiver request meets the requirements of Iowa Code section 17A.9A(2) because:

- Strict application of the rule will prevent IDR from extending the Contracts. Losing the systems and support provided under the Contracts could result in critical failures within IDR's processes, limiting IDR's ability to collect revenue for the State and creating an undue hardship on IDR and its constituents.
- Approval of this waiver would not prejudice the substantial legal rights of any person.
- The term-limit provision of Iowa Administrative Code rule 11-118.11(3) is not specifically mandated by statute or another provision of law.
- Waiver of the rule will provide substantially equal protection of the public health, safety, and welfare as it will ensure proper vendor support to systems, allowing IDR to support the continuance of State of Iowa government by collecting revenue.

Respectfully submitted by:



Craig Paulsen, Director

Iowa Department of Revenue

4-12-19

Date

Waiver approval:



Janet E. Phipps, Director

Department of Administrative Services

04/12/2019

Date

**Attachment 1**

**Fairfax Imaging-RFP# 0713625117-June 15, 2019**

Software solution that enables data capture, document imaging, and forms processing for all paper tax returns and payments. The Department processes approximately 2 million returns and payments through this system annually.

**Fairfax Imaging-MA-005-16026-September 24, 2021**

Maintenance agreement to support OPEX imaging machines used in conjunction with the Fairfax Imaging software.

**CGI-Existing waiver through June 30, 2019**

Our collections system, CACS-G. We were given a 2 year waiver to extend this 6 year contract until June 19, 2019. This is a collections management and correspondence system used by collection agents when working outstanding debtor accounts. Agents can view and send correspondence, log verbal communications, and view account balances and status. Approximately \$150 million is collected annually using the CACS-G system.

**First Data Government Solutions Inc.-RFP# 0712625088-October 31, 2019**

Software to process submitted electronic returns and payments. The types of electronic payments facilitated with this system are individual income, corporation income, withholding, sales, retail use, consumers use, and motor fuel. This system facilitates the payment of approximately \$4.4 billion annually.

**Transworld Systems, Inc. (TSI)-MA 005 17087-June 30, 2022**

Transworld is a vendor that performs call center debt collection on behalf of IDR. TSI uses IDR equipment and software including the CACS-G system that is also included in this waiver request.

**Jericho Solutions, Inc.-RFP1117625170-June 30, 2023**

Jericho provides data warehouse managed solutions for the Teradata warehouse.

**Teradata Government Systems-625JAM062117-July 31, 2023**

Data warehouse staffing and professional management.

**Teradata Government Systems- SC62510052012JM –Existing walver through November 30, 2022**

Teradata audit component maintenance agreement. The audit component is a case management application used for taxpayer compliance management.

**Teradata Government Systems-RFB0713625130-Existing walver through November 30, 2022**

Teradata audit component enhancements.

**Teradata Government Systems-443-13-Existing waiver through November 30, 2022**

Contract for hardware, software, and maintenance of the Teradata warehouse.