

DELAWARE DEPARTMENT OF TRANSPORTATION

REQUEST FOR INFORMATION



**Delaware Department
of Transportation**

**FUEL TAX REPORTING AND
AUDIT COMPLIANCE SYSTEM
(FuelTRACS)**

RFI - 201502

**RESPONSES DUE DATE/TIME: November 12, 2015 3:00 p.m.
(local time)**

Responses are to be delivered to:

Contract Administration
Delaware Department of Transportation
800 Bay Road, Dover, Delaware 19901

Issued: October 9, 2015

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1. OVERVIEW AND AUTHORITY

1.1 Purpose

Delaware imposes an excise tax on each gallon of gasoline sold or used in the State. An excise tax is also imposed on the retail sale or use of special Fuel, which includes all combustible gases and liquids suitable for the propulsion of motor vehicles, except gasoline. The motor Fuel and special Fuel taxes are collected by and paid to Delaware Motor Vehicles (DMV) in Delaware Department of Transportation (DelDOT) by licensed users, dealers, and supplier. DMV also issues motor Fuel and special Fuel tax-free purchase licenses.

The Transportation Services section in DMV would like to implement a web-based Motor Fuel / Special Fuel Tax Reporting and Audit Compliance System (FuelTRACS) to provide online credentialing (licensing), monthly tax return e-filing and e-payment capabilities to DMV personnel and motor Fuel / special fuel dealers, suppliers, retailers and transportors over the Internet. DMV is also looking for the same system to provide Electronic Data Interchange (EDI) functionality for the Fuel industries to file tax returns.

1.2 Intent of this Request for Information

The intent of this RFI is to obtain information regarding motor Fuel / special Fuel electronic tax filing, tracking and auditing software from vendors who have prior experience in developing and implementing systems of similar size and scope using web and/or EDI technologies. The information obtained through this RFI may be used to select the technology, develop system requirements, and/or create a Request for Competitive Sealed Proposals (CSP) for the purchasing or licensing of an online monthly Fuel tax reporting and tax remittance system. DelDOT is not obligated to issue or award any contract subsequent to issuance of this RFI nor any CSP request that may result from this RFI.

1.3 Scope & Cost

Vendors shall be responsible for any cost incurred in connection with responding to this RFI, and any subsequent CSP request. Vendors shall fully bear the costs associated with pre-contract activities, including submissions, proposal preparation, demonstrations, and/or communications.

1.4 Inquiries and Communication

Should the vendor have any questions as to the intent or meaning of any part of this RFI, they should contact DelDOT at least ten days prior to the response due date to guarantee a timely reply. Questions and answers will be addressed individually. All inquiries concerning this RFI must be submitted via e-mail to:

Ms. Wendy B. Henry
Contract Administration
800 Bay Road, Dover, Delaware 19901
wendy.henry@state.de.us

Please do not contact any other DelDOT section regarding this RFI.

1.5 RFI Schedule

RFI Issued: October 9, 2015

Question / Answer Period: Vendor questions at least five days prior to the response due date to guarantee a timely reply.

RFI Responses Due by: 3:00 p.m. (local time) November 12, 2015

1.6 Confidentiality and Delaware Freedom of Information Act

This project is subject to DelDOT’s Freedom of Information Act (FOIA). For further information, see “FOIA regulations” under “Information” on DelDOT’s Website; www.deldot.gov.

In order to comply with the State of Delaware’s Freedom of Information Act, firms responding to this Request for Information **shall prepare and submit one (1) electronic copy** (e.g. CD, flash drive) of their response with any proprietary or confidential information redacted. This copy should be clearly marked as “Redacted Copy” and submitted along with the other copies. **This electronic copy is required even if the submission contains no proprietary or confidential information.** Firms should review Delaware’s Freedom of Information Regulations, section 6, Requests for Confidentiality, on the DelDOT Website www.deldot.gov and Section 10002(1) “Public record” of the Delaware Code, <http://delcode.delaware.gov/title29/c100/index.shtml> to determine what information may be considered proprietary or confidential and may be redacted from their response.

Vendors shall specifically designate those portions of their submissions, which they believe to be proprietary and, therefore, or otherwise, privileged under the DelDOT FOIA. DelDOT shall act accordingly and endeavor to maintain the confidentiality of those portions of vendor submissions marked “Confidential” in accordance with the FOIA regulations.

To protect the competitiveness of this project and encourage responses to this RFI, any RFI responses requested through the FOIA will not be released until after the RFI and subsequent CSP (if any) process has ended and a contract for the FuelTRACS project has been awarded and an agreement is binding.

1.7 Right to Amend

DelDOT reserves the right to amend or supplement this RFI, giving equal information and cooperation by way of an issued addendum to all interested vendors as a result of any such amendment.

1.8 Liability for Errors

While DelDOT has used considerable efforts to ensure an accurate representation of information in this RFI, the information contained in this RFI is supplied solely as a guideline for vendors.

The information is not guaranteed or warranted to be accurate by DelDOT nor is it necessarily comprehensive or exhaustive.

Vendors acknowledge and understand that it is their responsibility to obtain clarifications concerning this RFI if needed.

Nothing in this RFI is intended to relieve vendors from forming their own opinions and conclusions with respect to the matters addressed in this RFI.

1.9 Use of this RFI

This RFI document, or any portion thereof, may not be reproduced or used for any purpose other than the preparation of a response by the vendor.

1.10 Submission

RFI responses need to be received no later than specified in Section 1.5 to guarantee consideration. Responses should be sent to:

Ms. Wendy Henry
Delaware Department of Transportation
800 Bay Road
Dover, Delaware 19901

1.11 Submission Format

An original (marked as such) and three (3) paper copies of the RFI response should be submitted along with one (1) electronic version of the original, and a redacted response in Microsoft Word (if the response contains any proprietary information) on a Compact Disk (CD).

1.12 Oral Interviews, Presentation, and / or Demonstration

During the review of RFI submissions, DelDOT may request a meeting with selected vendors for further clarification and/or demonstration of technology included in the RFI submission. Notification of any request for clarification, demonstration, or further communications will be made by email.

In accordance with Section 1.3 Scope & Cost, vendors shall be responsible for all costs associated with this RFI, subsequent CSP, and any demonstrations or meetings that may be requested by DelDOT during this process. Vendors may participate in demonstrations or meetings in person or via conference calls/webinars.

1.13 Completeness

Although DelDOT prefers that RFI responses are as complete and comprehensive as possible, the vendor may provide partial responses if all the information requested in this RFI cannot be reasonably provided. The vendor may provide additional information regarding the functionality of their Commercial Off-the-Shelf (COTS), Modifiable Off-the-Shelf (MOTS), or Government

Off-the-Shelf (GOTS) motor Fuel / special Fuel tax reporting and/or electronic data exchange software.

2. BACKGROUND

2.1 Department Organization Overview

The Delaware Department of Transportation is in close communication with jurisdictions that share common interstate roadways and regional corridors with Delaware. It has a team of transportation professionals using state of the art technology and dedicated to ensuring the safety and clear passage of travelers through the State of Delaware and beyond. The Department is organized into the following divisions: Office of the Secretary, Technology & Innovations, Planning, Finance, Transportation Solutions, Maintenance and Operations, Human Resources, Public Relations, Delaware Transit Corporation, and the Division of Motor Vehicles (DMV). This solicitation shall involve personnel from the Division of Motor Vehicles, Finance, and Technology & Innovations.

3. Project Goals

3.1 Goals & Vision

The goal of this project is to increase efficiency, accuracy, productivity, and transparency for motor fuel and special fuel tax reporting & compliance and to deter the evasion of both state and federal fuel taxes through increased enforcement activities and detection.

DelDOT envisions that a FuelTRACS will improve customer service, reduce time and administrative cost as Commercial Motor Fuel / Special Fuel (MF/SF) business partners will be able to apply for, pay for, and receive the MF/SF license and file monthly tax return electronically via the internet or/and Electronic Data Interchange (EDI). Currently, the Department uses a custom built Fuel Tax Return Accounting Compliance Electronic Reporting (Fuel TRACER), a PowerBuilder application to track, manage and audit compliance.

The Department is interested in an integrated system that will utilize modern technologies, which will fully automate all motor fuel and special fuel tax monitoring, compliance activities, audit and investigations in an effort to eliminate manual tax compliance processes and paper storage requirements, better monitor motor fuel and special fuel production and sales, expand/refine motor fuel and special fuel audits and investigations, and to better identify fuel tax evasion. It will also replace the existing antiquated Fuel TRACER application, allowing the State of Delaware tax filers to use a secure internet portal for all interactions with DelDOT. Filer self-service simplifies and automates the processes of fuel license registration and renewals, returns filing, tax remittance, audit and collection notices, and account balance inquiries.

4. FUEL TAX REPORTING AND AUDIT COMPLIANCE SYSTEM

4.1 Automated Data Processing Software

DelDOT is looking for an automated data processing tool/information technological software system to automate fuel tax filing for fuel tax return filing and processing of time-consuming, complex motor fuel excise tax schedules and returns. The software system should address data acquisition and transformation, data analytics and compliance reporting and electronic filing, while still being flexible, configurable, and extensible. The tool for example, should provide DelDOT with the ability to automate license and registration applications and renewals for various license types and businesses of all sizes, provide automation (e-filing) of the motor fuel tax reporting, automated payment processing, and provided enhancements for investigation, compliance and audit activities to support fuel tax evasion monitoring and enforcement, thereby increasing internal productivity and providing improved customer service.

4.2 MF & SF Registration and Tax Reporting Capabilities

The system should provide the ability to automate the registration process to allow customers to apply for a license – MF Distributor, SF Supplier, SF User, SF Dealer, Transporter/Common Carrier in an online format; the system should automate (online) registration for one time registration for Retail Dealers. Then system should provide the capability to automate the license renewal capability via an online format.

The system will provide comprehensive support for taxpayer account management, including all financial transactions. As part of the license registration and renewal process, bonding requirements will be determined and tracked.

The system should allow the monthly tax returns to be filed electronically via EDI, XML, Excel, or other formats as well as paper. This automation of the monthly tax reporting filing process would eliminate manual data collection and tax collection for filing for MF Distributor, SF Supplier, SF User, SF Dealer, and Transporter and allow the customer some options to use for filing. This would include electronic signature capability for online filing. This would include automated import, schedule validation, verification of calculation of motor Fuel excise taxes, and other information reporting.

In addition, the automated system will validate each field on the tax return and its related schedules to ensure that there are no errors or filers will be notified of the error and would be required to resubmit the return. It will be able to calculate summary fields and taxes due based on the schedule data provided and will notify the filer if changes need to be made. This system will provide for automatic calculation of late charges, penalties, and interest and will automatically notify taxpayers of these charges to facilitate collections. Furthermore, when additional collection efforts are required to collect, the tool will automatically track both collection cases. The system should have tax report detail function capabilities so that the audit staff can download the receipt and disbursement schedule information directly into the audit excel file.

The system should have a centralized repository for all schedules, returns, and reporting data to be retained for to be determined retention period as defined in the business rules. The system should be configurable and provide for customizable business rules/control files to allow for built-in tax content and other business decision parameters without programming or IT involvement; the system should have the capability to include a tax rate that is more than two decimals (For future excise tax indexing if ever enacted into law).

The system should provide for robust payment processing capability to accept various payment types and at a minimum, mirror current DMV electronic filing payment types; (check, ACH, and Wire; possibly credit cards). The system should provide export capability to assist with monthly bank reconcilements. The system should have the capability for automating aspects of the refund process. The system should allow a monthly assessment delinquency report to be generated on any date and allow for data to be output specific to that date's delinquency instead of being time sensitive. The system should automate the annual estimated tax process including calculation, generation of notices etc.

The system should automate and provide robust data validation for all fields and processes. There should also be some ability to customize some validation rules. The system should identify duplicate data and any keying errors. It will also provide customizable workflow rules for both the accounting and administrative support tasks and the audit processes. This will include routing tasks for review and approval, including license application, license renewal, refunds, collections, appeals, and audits. The system should provide the ability to build and maintain workflows, processes, forms, and schedules, while supporting current and future needs. The system should have full capability to capture notes, conversations, problems etc. on all activities occurring with customers with the ability to attach/append emails or other documents. The system should have capability to capture email information for businesses and send out global and individual emails to the licensed accounts. This could be used so that we no longer need to send out paper renewals by mail, to provide confirmation of payments, of returns received etc.

The system should provide robust reporting including canned, custom, and ad hoc reporting capability for all fields in the database, so that all the information needed by management, accounting, compliance, and audit staff is able to be zeroed in and used to yield greater returns. This would include the identification of errors, omissions, fraud, or areas where updated information is needed by the licensee. It should provide the ability to query all fields in the database; all canned reports should have the capability to be sorted or filtered and have an excel download function; the system should allow users the ability to create new reports.

The system should provide export capability to allow further automation of the 551M – Monthly Reporting and 556 Annual Reporting with the FHWA. The system should provide export capability to provide data to various groups or source systems including the FHWA, IRS, other State Agencies, State Legislators, and State systems.

4.3 MF & SF Monitoring & Enforcement

The system will provide compliance analysis and audit management capability. It will allow the audit to perform a variety of compliance analysis to assist with identification of errors and tax evasion.

The system will bring the entire audit process on-line, eliminating the need for paper files and enabling the tracking of the audit process from the beginning to the end. All audit work products including analysis, findings, and customer communications will be maintained with this tool/system, which will allow for increased productivity. It will allow the auditors to perform annual audit planning and help to identify audits which will maximize audit returns (revenue). It will allow audits to be tracked in various stages and provide audit history.

The system should have capability to perform trend analysis, tracking, cross-matching, and variance analysis to help with the identification of variance, errors, omissions, or fraud; this would include functionality similar to the compliance variance analysis and compliance variance letter process. This would also help drive process improvement.

4.4 MF & SF Functionality Maintenance and Modifications

The system must be easy to maintain and modify to accommodate tax rate changes. Application logic should be effective dated and/or table driven where feasible and meet system and business and performance requirements. Some business rules will be parameters and/or table driven, allowing permitted DMV personnel to maintain and override information.

Programs should be structured, well documented and easily support tax calculations, payment plans related changing business rules. The system should be modular with programs organized to maximize the re-use of common logic. Programs will be designed for ease of maintenance and operational support.

5. INFORMATION REQUESTED

5.1 Vendor's Offerings

Explain your company's role in this field including software design experience, software sales, implementation experience etc. Describe how your company's products/services add value to this project.

5.2 Organizational Structure

Provide a description of your company including the organizational structure, number of years providing similar services, number of employees and physical location(s). Include information for any sub-contractors you are likely to use for this project.

5.3 Experience Electronic Fuel Tax Reporting System and Data Conversions

Provide a brief description of your company's familiarity and experience with FuelTRACS software and implementation including data conversions. List any FuelTRACS

implementation projects with functionality similar to that being requested in this RFI where your firm has been involved and explain your firm's role.

5.4 Vendor System Implementations

Provide the following information for each of your FuelTRACS implementation projects;

5.4.1. Client

- Name of the jurisdiction and client organization for which the FuelTRACS project was implemented
- Name and contact information for a client reference knowledgeable about the project

5.4.2. Time Line

- Using information regarding clients shown above, please provide the timeline for project implementation by major phases such as requirements, design, development, implementation and maintenance.
- Detail which of the following functional systems / modules were implemented:
 - Licensing / Credentialing / Registration
 - Licensing renewals
 - Tax Return Filing
 - Correspondence / Notifications
 - Security
 - Interfaces to external entities
 - Audit Compliance
 - Reporting
 - External Interfaces – Federal Reporting
 - Interfaces to internal entities – DTI Identity Access Management System

5.4.3. Project and Software Cost

- Please identify cost of the following:
 - Licensing Cost
 - Offsite hosting (at vendor's Location) or Cloud based hosting cost
 - Service Oriented (Saas) transactions cost
 - In-House (at Delaware data center) hosting cost
 - Cost of System Implementation (by project activity / phase if possible)
 - Project Management cost
 - Cost for external COTS tools/software such as PDF Maker, Crystal Reports, etc.
 - Annual cost of maintenance (if your company is providing maintenance)
 - Pricing model used such as fixed fee, time and materials, etc.
 - Any alternative pricing / funding models

5.4.4. Technology Used

- Identify the technical platform (.NET, Java, etc.) and list the technologies that will be used by servers, workstations, middleware, database, etc. List any COTS tools

or other software that will be part of the system (such as MS Word, Excel, Adobe PDF).

5.4.5. Hardware Requirements

- Identify the hardware infrastructure required to support the system.

5.5 Functionality of the Potential DelDOT System

The vendor should demonstrate how each of the following FuelTRACS implementation goals will be met by the system;

5.5.1 Functionality - The vendor should identify all functionality available through the vendor's system. Based on the information provided, the vendor should identify any functionality or services that are not available through the vendor's system.

5.5.2 Interfaces - The vendor should identify any interfaces that would be available through the system.

5.6 Cost for the Proposed System

Based on the information provided, estimate a non-binding cost required to complete the FuelTRACS implementation project. Please show estimated costs for the following tasks:

- Software licensing cost (if applicable)
- Project Management cost
- Third party COTS software cost (such as PDF maker, Crystal Report)
- Product development and implementation
- Annual maintenance and support

5.6.1 Alternative Pricing Models

Identify the vendor's preferred pricing model as well as any alternative pricing models for the FuelTRACS implementation project that would be acceptable to the vendor. Some of these alternative pricing models may include: per module / product, long-term payment options, milestone based.

5.6.2 High Cost Mitigation

DelDOT is also interested in identifying high risk and cost factors. Information regarding avoiding high cost specification or requirements is encouraged. Proponents may identify from past experience, certain factors that adversely affect cost.

5.6.3 Recommendations

DelDOT welcomes any recommendations, suggestions or improvements regarding this potential project, whether they relate to direct cost, system performance or any other aspect of this project.