



# SCHOOL BOARD ACTION REPORT

**DATE:** 05/29/2017 ~~03/24/2017~~  
**FROM:** Dr. Larry Nyland, Superintendent  
**LEAD STAFF:** JoLynn Berge, Asst Superintendent for Business & Finance, [jdberge@seattleschools.org](mailto:jdberge@seattleschools.org); Clover Codd, Asst Superintendent for Human Resources, [clcodd@seattleschools.org](mailto:clcodd@seattleschools.org); John Krull, Chief Information Officer, [jkrull@seattleschools.org](mailto:jkrull@seattleschools.org);

**For Intro:** 05/03/2017  
**For Action:** 06/07/2017 ~~05/17/2017~~

## 1. TITLE

Budget Development and Management System (BDMS) Contract Award

## 2. PURPOSE

This Board Action Report details two purchase agreements for a BDMS solution that exceeds \$250,000. This solution will provide budget development functionality to support Central Office departments for the 2018-2019 budget period and for all District budgeting activity beginning in the 2019-2020 budget period.

## 3. RECOMMENDED MOTION

I move that the School Board authorize the Superintendent to execute contracts with SHI International Corp in the amount of ~~no more than \$250,000.00~~ for the purchase of purchasing Questica licensing and with Questica Inc. for in in the amount of ~~no more than \$695,050.00~~ 550,000, for the purchase of purchasing software licensing and professional services, hosting, maintenance, and support services in the form of the draft Agreements dated May ~~10~~ 29<sup>th</sup>, 2017 and attached to the School Board Action Report, with any minor additions, deletions, and modifications deemed necessary by the Superintendent, and to take any necessary actions to implement the contract.

## 4. BACKGROUND INFORMATION

- a. **Background** In its 2013 to 2018 Strategic Plan, the District identified the strategic necessity of improving its budget development systems and processes. Goal 2, Strategy 2: “*Adopt a sustainable annual budget aligned with district goals in a manner that assures an equitable distribution of resources that prioritizes the needs of students.*”

The District’s current budget development system was developed 14 years ago in an Access database and is one component of a “system-of-systems” supporting a complex budgeting process. As the District’s needs have grown over time, other components and work-arounds were added, further complicating a manually intensive process. The proposed budgeting solution will replace this collection of homegrown tools with a single, integrated, modern tool that will help the District tie budgets to strategic plans, have the flexibility to better comply with constantly changing guidelines from the State of Washington and will be able to support modern governmental budgeting

methodologies such as activity-based or service-based budgeting. Through this tool, this project will aim to simplify, shorten, and improve the accuracy of budget development, improve ability to monitor performance against budget, and adopt best practices in public sector/education.

~~The recommended system, Questica Budget, is obtainable through~~ The software licenses were obtained using a master contract between NASPO (National Association of State Procurement Officials) and the State of Washington. NASPO is a non-profit association dedicated to advancing public procurement through competitive bidding processes. Through a Request for Proposal (RFP) conducted by the State of Arizona, in furtherance of the NASPO ValuePoint Cooperation Purchasing Program, SHI, Inc. (SHI) was selected as a software value-added reseller authorized to sell products direct from Key Software Publishers or authorized Distributors. By leveraging the NASPO ValuePoint Master Agreement No: ADSPO16-130651 and Washington State Master Contract No. 06016~~NASPO ValuePoint agreement and the Washington State Master Contract~~, the District is able to ~~do~~execute a contract with SHI to purchase Questica software licenses. All services, professional and -will hosting, will be contracted directly with Questica, ~~as they are a sole source vendor for providing implementation services for their product.~~

The Questica budgeting solution will be implemented in two phases. The first phase is to install the Questica Budget application and use it to build Central Office budgets for the 2018-19 budget cycle beginning in November (current estimate) of this year. The second phase will open up this new application to use to build all SPS budgets, including schools, for the 2019-20 budget cycle beginning in November of 2018 (current estimate). The ~~second phase~~ project will include the replacement of the School Planning Online Tool (SPOT) and renovation of the Position Change Request (PCR) tool. The second phase will also fully activate the use of “Position Control” at the District; including budgeting of staff down to the position level.

Training will be role-based. Budget Office and Human Resources (HR) staff will receive training in October of this year. Central managers will receive training in January 2018 prior to the start of the Central budgeting arenas. School principals and staff will receive training in February of 2019 prior to the start of the School budgeting arenas.

## b. Alternatives

1. Status Quo (Do Nothing): This option is not recommended as the current budget development solution is labor intensive, inflexible and requires highly knowledgeable analysts to operate. This solution imposes significant duplicate data entry and has been identified as a weakness in our financial controls and accountability; this weakness was identified as a contributing factor in financial problems the district has experienced in the past.

Conduct our own RFP: This option is not recommended as it will delay the timeline for implementing Questica Budget for a full calendar year and not allow for any improvements until the 2019-20 budget cycle. Questica Budget was reviewed, along with the other major commercial budgeting solutions, within an RFI process and was found to be demonstrably superior with very competitive pricing. Additionally, since a master contract exists, we are able to purchase Questica directly via SHI.

- c. **Research** Requirements were gathered through interviews with Budget Office staff and HR Business Partners. Based on these requirements, the top commercial solution vendors were identified and invited to participate in a public K-12 sector budgeting Request for Information (RFI). Additionally, the RFI was published to make sure no viable solutions were missed. Top responders (SAP, CGI, PowerPlan, MyBudgetFile, Kiehl, Questica and Adaptive Insights) were asked in to present demos to Budget, HR and Technology Services (DoTS). Based on evaluations of the RFI responses and the demos that were outlined by Budget Office analysts, the Questica Budget solution was found to be more feature rich and a much better fit for the District.

Questica has a large presence in Washington State as they have contracted with many local governments and public utilities including Thurston County and Sound Transit. Additionally, Questica has recent large district K-12 experience in the state of Washington as they recently contracted with the Spokane Public Schools to replace their budgeting solution with Questica Budget.

**5. FISCAL IMPACT/REVENUE SOURCE**

Fiscal impact to this action will be ~~\$600,000~~ ~~-\$900,000~~ \$945,050 over a period of 3 years.

The revenue source for this motion is BTA IV levy.

Expenditure:  One-time  Annual  Multi-Year  N/A

Revenue:  One-time  Annual  Multi-Year  N/A

Budget Items	Company	Jun 2017-Aug 17	Sep 2017 - Aug 2018	Sep 2018 - Aug 2019 <sup>t</sup>	3 Year Total
Questica Licensing****	SHI	\$ 250,000			\$ 250,000
Questica Maintenance Support**	Questica	\$ -	\$ 55,775	\$ 55,775	\$ 111,550
Questica Hosting***	Questica	\$ 30,000	\$ 30,000	\$ 30,000	\$ 90,000
Questica Professional Services*	Questica	\$ 82,250	\$ 411,250	Phase 2 TBE	\$ 493,500
<b>Total by Year</b>		<b>\$ 362,250</b>	<b>\$ 497,025</b>	<b>\$ 85,775</b>	<b>\$ 945,050</b>
<b>Questica Contract Amt. minus SHI</b>					<b>\$ 695,050</b>

\* Key design decisions will be made in year 1 of the project in which an amendment to the Scope of Work contract may be needed.

Invoices will be presented monthly and billed for only actual hours worked.

A 15% monthly retainage will be released with identified monthly deliverables.

\*\* Maintenance costs are included in the SHI contract for the first year and are billed yearly in advance from Questica thereafter.

\*\*\* Hosting services are billed yearly in advance.

\*\*\*\* Software licenses were purchased through SHI under Washington State Master Contract No. 06016 and is a 1 time charge for unlimited licenses.

t - The hosting and maintenance costs will be paid yearly in June in advance. Payments made in June 2019 cover through June 2020.

**6. COMMUNITY ENGAGEMENT**

With guidance from the District’s Community Engagement tool, this action was determined to merit the following tier of community engagement:

Not applicable

- Tier 1: Inform
- Tier 2: Consult/Involve
- Tier 3: Collaborate

The proposed solution is a backend system replacement with enhancements to support business processes, so does not require community engagement.

**7. EQUITY ANALYSIS**

The budgeting tool will allow SPS to better apply existing policies and procedures, which are targeted to help improve the opportunity gaps. Through this project, by connecting Questica budget data and SAP financial data with academic data using the Data Warehouse, we will have increased reporting capabilities that will help provide an overall framework to aid with more informed decision-making.

**8. STUDENT BENEFIT**

Students will benefit due to better financial decisions being made as a result of using a budget application with improved visibility and better control of all sources of funding and expenses. New reporting capabilities will provide increased visibility to budget data, allowing management to make better decisions for students and receive faster feedback, increased transparency of budgets, increased understanding of risks and opportunities and better agility to respond to risks and opportunities.

**9. WHY BOARD ACTION IS NECESSARY**

- Amount of contract initial value or contract amendment exceeds \$250,000 (Policy No. 6220)
- Amount of grant exceeds \$250,000 in a single fiscal year (Policy No. 6114)
- Adopting, amending, or repealing a Board policy
- Formally accepting the completion of a public works project and closing out the contract
- Legal requirement for the School Board to take action on this matter
- Board Policy No. \_\_\_\_\_, [TITLE], provides the Board shall approve this item
- Other: \_\_\_\_\_

**10. POLICY IMPLICATION**

Per Policy No. 6220, Procurement, any contract over \$250,000 must be brought to the Board for approval.

## 11. BOARD COMMITTEE RECOMMENDATION

This motion was discussed at the Audit and Finance Committee meeting on 04/18/2017. The Committee reviewed the motion and recommended to approve the motion.

## 12. TIMELINE FOR IMPLEMENTATION

*Phase 1 – Implement Questica application to run budget development for all Central Offices for 2018-19 budget cycle; School budgets will be developed using traditional tools for this period.*

Define business requirements	January 2017 – May 2017
Configure Questica application to support requirements	<del>June</del> May 2017 – September 2017
Integrate Questica application with SAP	August 2017 – September 2017
User Acceptance Testing	October 2017
Training (Budget Office, HR)	October 2017 – January 2018
Phase 1 Go-Live	November 2017
Training (Central Office managers)	January 2018

*Phase 2 – Extend Questica application to run budget development for the entire district for 2019-20 budget cycle.*

Design school budgeting/staffing tool	January 2018
Build school budgeting/staffing tool	February 2018 – August 2018
Integrate school budgeting/staffing tool into Questica tool	September 2018
User Acceptance Testing	October 2018
Training (Budget Office, HR)	October 2018
Phase 2 Go-Live	November 2018
Training (School staff)	February 2019

## 13. ATTACHMENTS

- SHI International Software Licensing Quote – Extended Quote to 6/23/17
- NASPO SHI Master Price Agreement State of Washington - Addendum
- Budget Solution RFI
- SPS Contract Agreement with Questica
- SPS Contract Exhibit A: Scope of Work for Professional Services
- SPS Contract Exhibit B: Fees for Questica Hosting, Maintenance, or Support
- SPS Contract Exhibit C: Fees for Questica Scope of Work
- SPS Contract Exhibit E: Questica Hosting, Maintenance, and Support Agreement
- SPS Contract Exhibit F: Voluntary Product Accessibility Template
- SPS Contract Exhibit G: SPS General Terms and Conditions