



## **SCHOOL BOARD ACTION REPORT**

**DATE:** April 18, 2017  
**FROM:** Dr. Larry Nyland, Superintendent  
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**For Introduction:** May 3, 2017  
**For Action:** May 17, 2017

### **1. TITLE**

Approval of Contract RFP02756, Point of Sale System

### **2. PURPOSE**

This Board Action Report recommends approval of contract RFP02756 for a Point of Sale system for use at all individual schools as well as the John Stanford Center for Educational Excellence (JSCEE).

### **3. RECOMMENDED MOTION**

I move that the School Board authorize the Superintendent to execute contract RFP02756 with My Payment Network, Inc. (i.e. School Pay) in the amount of \$647,000 for a district-wide Point of Sale System from 2017-2020 in the form of the draft Agreement dated May 3, 2017 and attached to this Board Action Report, with any minor additions, deletions, and modifications deemed necessary by the Superintendent to take any necessary actions to implement the contract.

### **4. BACKGROUND INFORMATION**

Currently Seattle Public Schools (SPS) relies solely on manual receipting systems to charge, track and collect more than \$9 million annually in cash and checks from students, parents, staff, and organizations across its 99 schools and the JSCEE building. The current system does not have the ability for parents, staff or other customers to see what is owed, make payments online or for the district to accept debit or credit cards.

Prior internal audits reviewing cash handling activities at various schools have found that a lack of a uniform point of sale system creates inefficiencies in cash handling and operating procedures around the district and that each school reviewed had different receipting systems and tracking methodology in place. The internal auditors have recommended the following:

1. Implement a point of sale system to eliminate the need for manual receipts and standardize the schools' receipting systems. A point of sale system would be more efficient and provide greater accountability of school funds.

2. Create a standardized receipting system for both elementary and secondary schools that will serve as a best practice for schools to follow.
3. Unify the expectations and procedures related to cash receipting and accounting between the General Fund and ASB Fund to eliminate confusion, complexity, and risk.

The point of sale system will be used for things like ASB cards, fines, class fees, yearbook fees, etc. There is a separate point of sale system currently in place for nutrition service (school lunch) fees. The School Pay point of sale system also has the capability to replace only the payment function of the nutrition service system potentially creating additional savings. The analysis phase of the project to implement the point of sale system will determine the best approach.

A project team, consisting of members from schools and the central office, was formed to gather requirements and charter the project goals. These goals included finding solutions to the cash receipting issues as well as reducing the amount of cash receipting done in the schools; making the receipting process standardized and transparent; providing parents the ability to know what amounts are owed and why; adding the capability to accept online and in person credit card transactions; and decreasing the time it takes to perform the reconciliation process of payments received to deposits.

The recommended, 3 year contract (2017 - 2020) is the result of an advertised competitive solicitation, in which the District sought proposals for a point of sale system for district-wide implementation. During January 2017, a request for proposals (RFP) was created and released to the public on February 14, 2017. Five companies submitted an RFP response in which the top two companies, My Payment Network and In Touch Receipting, were requested to provide an in-person demo of their product. A detailed demo document was created in which it specified the specific online and in person payment scenarios that each company should perform in order to choose the finalist. The in-person demos were held on March 29 and 30 with the finalist notified on April 10, 2017. Since that notification, the final contract has been negotiated and is ready for your approval.

**Alternatives:** The following alternatives have been considered to address inconsistencies in cash receipting processes at each of the district's locations

1. **Implement a new standardized policy district-wide and manually audit to ensure compliance.** This is not recommended as a new policy does not decrease the amount of inefficient processes or the amount of receipting being done in the schools.
2. **Status Quo (Do Nothing).** This is not recommended as the internal audit identified several issues warranting action.

**Research** – Not applicable

## 5. FISCAL IMPACT/REVENUE SOURCE

Fiscal impact to this action will be \$647,060 in expenses. The project costs are detailed in the table below.

Cost by Year	POS Project Costs		
	2016-17	2017-18	2018-19
Start Up	\$ 7,500	\$ -	\$ -
Custom Development	\$ 15,000	\$ 10,000	\$ -
Training	\$ -	\$ -	\$ -
Hardware in Schools	\$ -	\$ 5,000	\$ -
<b>Project Costs</b>	<b>\$ 22,500</b>	<b>\$ 15,000</b>	<b>\$ -</b>
Annual Fee	\$ -	\$ 1,850	\$ 1,850
Transaction Fees	\$ 9,287	\$ 232,184	\$ 309,579
Convenience Fee	\$ -	\$ -	\$ -
Cash and Check Fees	\$ 810	\$ 27,000	\$ 27,000
Food Service Fees	\$ -	\$ -	\$ -
<b>Annual + Fees Total</b>	<b>\$ 10,097</b>	<b>\$ 261,034</b>	<b>\$ 338,429</b>
<b>Total Project/TransCosts</b>	<b>\$ 32,597</b>	<b>\$ 276,034</b>	<b>\$ 338,429</b>
<b>3-Year Contract Amount</b>			<b>\$ 647,060</b>

Transaction fees are the fees credit/debit card companies charge to process payments.

Cash/Check fees are charged by this vendor to process these types of payments.

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

## 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 community for this project includes Central Accounting, Fiscal Clerks in the schools, multiple district technical teams and parents. The project team used the community engagement tool as a guide to determine the level of engagement needed. The parent point of view was provided by district staff who are also parents of students in other districts and using an online POS in those districts. The information provided by the project team and these parents was found to provide a widely varied perspective and additional outside engagement was not needed.

## 7. EQUITY ANALYSIS

The Point of Sale system will be available to all parents and students in the district. It will be used for cash, check, and credit card transactions online or in-person, which will provide multiple ways to make payments. An equity lens guided the selection of the transaction fee structure. The system will use a variable rate transaction fee (\$0.30 +2.99%) so the higher-priced the item that is purchased, the higher the fee will be assessed. The District found this more equitable to the alternatives of flat rate convenience fees at different price points, which would lead to families that make infrequent purchases for lower cost items paying more in fees than families that purchase fewer, higher-priced items.

The RFP selection team included racially and ethnically diverse representation and the racial equity analysis tool was reviewed by multiple persons on the RFP committee to assess the barriers for non-English speaking families and/or families in poverty.

To address language access issues, School Pay's website can be translated into 90 languages and live customer support is provided in English and Spanish. To address families in poverty, the fees can be waived by the system either by automated settings or manually by principals at the school site. Under the manual process we also currently waive fees. That policy will be continued in the new system as families that qualify, will see an adjustment or \$0.00 fee for items being purchased.

**8. STUDENT BENEFIT**

Students will benefit because there will be faster and more consistent means to collect and receipt payments. Students will not have to try to find a time to go to a window or stand in line to pay for their ASB card or other payments. It will be more convenient for them and their families. When a student's parent is able to pay online or in person with a credit card, payments can be more easily tracked with an increased awareness to make payments timely with less effort.

**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 April 18, 2017. The Committee reviewed the motion and moved it forward to the full Board with a recommendation for approval.

**12. TIMELINE FOR IMPLEMENTATION**

Upon approval of this motion, the contract will go into effect with the following established timelines for full implementation:

Define Business Requirements	June 2017 – July 2017
Setup and Configure Software	June 2017 – July 2017
Design and Build functionality- Including interfaces	July 2017 – August 2017
Determine Rollout Schedule	July 2017
User Acceptance Testing	Sept 2017
Training Group 1	Sept 2017
Group 1 Goes Live	October 2017
Completion of Rollout	June 2018

Four schools were selected for the Group 1 rollout in October 2017: Ballard HS, Roosevelt HS, Garfield HS, and Madison Middle School. They were chosen as they have shown high interest and their fiscal representative participated in the RFP selection process. Additional groups for rollout will be identified in July 2017 as part of the project rollout planning once the contract is executed. High schools will be the highest priority followed by middle schools, K-8 schools, and then elementary schools, with anticipated completion by June 2018.

**13. ATTACHMENTS**

- Point of Sale RFP
- My Payment Network (School Pay) RFP Response
- Services Contract (draft)