

Approved in Open Board Meeting November 21, 2017

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA  
OFFICE OF THE SUPERINTENDENT

September 19, 2017  
(Rescheduled from September 12, 2017 due to Hurricane Irma)  
Tuesday, 9:30 a.m.

MINUTES OF SPECIAL MEETING

The School Board of Broward County, Florida, met in special session at 10:33 a.m. in the Board Room of the Kathleen C. Wright Administrative Center, 600 Southeast Third Avenue, Fort Lauderdale, Florida. Present were: School Board Members Abby M. Freedman, Chair; Nora Rupert, Vice Chair; Robin Bartleman; Heather Brinkworth; Patricia Good; Donna P. Korn; Laurie Rich Levinson; Ann Murray; Dr. Rosalind Osgood; Robert W. Runcie, Superintendent of Schools; and Barbara J. Myrick, Esq.

**Call to Order** The Call to Order was followed by the Pledge of Allegiance to the Flag of the United States of America.

**Added/Changed Items** None.

**Close Agenda** Upon motion by Mrs. Rupert, seconded by Dr. Osgood and carried, the Agenda was approved and declared closed. (9-0 vote)

**Purpose of Meeting** For The School Board of Broward County, Florida to discuss and approve the direct negotiation recommendation of \$500,000 or greater - 58-065E Cloud Hosting provider for SAP, and any other items the Board deemed necessary.

**Superintendent's Recommendation**

- 1. Direct Negotiation Recommendation of \$500,000 or Greater – 58-065E Cloud Hosting Provider for SAP (Approved as Amended)**

Motion was made by Mrs. Good, seconded by Mrs. Rupert and carried, to approve the above Direct Negotiation Agreement for the above agreement. Contract Term: September 13, 2017 through September 12, 2020, Years; User Department: Information & Technology; Award Amount: \$2,550,755; Awarded Vendor(s): VirtuStream, Inc.; Small/Minority/Women Business Enterprise Vendor(s): None. **This motion was superseded by Motions to Amend (page 4).** Mrs. Bartleman voted no. (8-1 vote)

Mrs. Bartleman had concerns with this item and asked if there was a reason why it did not go out for bid.

Tony Hunter, Chief Information Officer, replied although there was not a bid, there was an evaluation of multiple vendors that could provide the level of support Broward County Schools (BCS) needed. Part of the research was working with the Gardner group and identifying those vendors that were niche players that focused on supporting SAP for Fortune 500 companies and larger that needed 99.9% "up time" and had a proven track record. He said they chose the vendor with the highest level of availability and the best fit for BCS, and had the flexibility to provide services as needed in order to avoid buying things the District would not continuously use. He stated the reason for this situation was because it was not the best use of a Request for Proposals (RFP) process to bid out, which was why the direct negotiation option was part of the solicitation process.

Mrs. Rich Levinson asked for a breakdown of the total costs.

Mr. Hunter provided a handout and said the items before the Board today had a three-year commitment, which was different from the \$6.5 million requested for Year 1.

Ms. Marte added the budget requirement was \$6.5 million total. She said of that amount, \$4.5 million was Capital, \$1.5 million was for hosting and licensing, and an additional \$500,000 was a one-time consulting implementation cost.

Mrs. Rich Levinson inquired how staff determined the round number of \$500,000 for the consultant costs.

Mr. Hunter responded there were fixed costs on the front-end of the project and it was compiled based on the future projected needs.

Mrs. Rich Levinson pointed out that the VirtuStream Cloud Hosting contract was for \$2.55 million but on the sheet it showed a cost of \$2,413,548 million for the fiscal year.

Mr. Hunter replied he would check on the difference in numbers. He explained the \$2.55 million was an estimate and would fluctuate a little.

Mrs. Rupert had concerns as to how many other vendors could have done the work and if this vendor had worked with other school districts.

Mr. Hunter responded there were a number of vendors that could do the work, but they were looking for vendors with a proven track record and that would provide a level of service and support in doing the work. He indicated the District would be one of the first school districts to host SAP in the Cloud.

Mrs. Rupert questioned how the direct negotiations worked and who was the one to initiate them. She wanted to know if there was a procedure with a flow chart that would determine when "not" to go out for bid.

Maurice Woods replied it was a collaborative process between Procurement and the user department. Procurement usually presents the options and the user group then negotiates which one would make the most sense.

Mrs. Rupert explained she was trying to understand it procedurally because at times the decision was made immediately and other times it took a while; sometimes the department would initiate it and Procurement heard about it later; and for her it was not very clear, nor was there a procedural aspect for this process. She would like to have Procurement at the beginning of the process and have Legal sign off on it.

Dr. Osgood suggested that language should be added to policies that Legal would approve decision/process via the Superintendent.

Mrs. Bartleman stated the problem was that nothing was on record and a Request for Information (RFI) should have been done, which would have accomplished the same result and eliminated many questions.

Mrs. Good asked the Superintendent what his comfort level was for this vendor.

Mr. Runcie replied his comfort level was high for this company and believed staff followed the process. He said since he had been involved with the outsourcing before, he believed this vendor was highly effective, had the skills, and would be able to handle and operate an organization of this size.

Mrs. Rich Levinson stated she wanted to see an evaluation of the savings in the future from the mainframe and other factors.

Mr. Runcie responded the savings would not be until 2018-2019 and that it would be reflected in next year's financials.

Ms. Korn stated it would be helpful in the future if the Executive Summary included how and why the decisions were determined. Referring to page 3, under 3.C., Phase 1, she pointed out that the dates needed to be amended. On page 7, under 6.B., it shows the amount would not exceed \$2.919 million. She said because the wording for the Financial Impact stated \$2,550,775 was an estimate, she wanted to ensure the limit would not exceed the \$2,550,755. She suggested changing the Requested Action to state, "no more than \$2,550,755 without additional spend authority."

Mr. Hunter referred to the discrepancy on the amount shown on the handout sheet and the contract that Mrs. Rich Levinson questioned and stated that the \$137,000 difference was for maintenance in Year 4 that should have been included on the sheet he provided. It covered the first two (2) months so the contract would not expire.

Motion to Amend (Carried)

Motion was made by Ms. Korn, seconded by Mrs. Rupert and carried, to amend Statement of Work on page 3, 3.C. Professional Services, changing the dates in Phase I to read, "...executed by SBBC by September 19, 2017...." and "...shall be made available to SBBC no later than October 5, 2017." (9-0 vote)

A vote was taken on the Motion to Amend.

Second Motion to Amend (Carried)

Motion was made by Ms. Korn, seconded by Mrs. Rich Levinson and carried, to amend the Requested Action taken to read, "...Award Amount: Not to exceed \$2,550,755;...." (9-0 vote)

A vote was taken on the Second Motion to Amend.

**2. Direct Negotiation Recommendation of \$500,000 or Greater – SAP Upgrade and Migration (Approved)**

Motion was made by Mrs. Rupert, seconded by Mrs. Good and carried, to approve the above Direct Negotiation Agreements for SAP Public Services, Inc. Contract Term: September 13, 2017 through no later than December 31, 2020, Years; User Department: Information & Technology; Award Amount: \$5,900,000; Awarded Vendor(s): SAP Public Services Inc.; Small/Minority/Women Business Enterprise Vendor(s): None. Dr. Osgood was absent for the vote. Mrs. Bartleman voted no. (7-1 vote)

Mrs. Rupert referred to page 2, 3.1 Service Fees, paragraph at the bottom under chart, and questioned the language that the ..."estimate is for Licensee's budgetary and SAP's resource scheduling purposes only and is non-binding."

Mr. Hunter replied that all language was discussed extensively with Legal and was approved.

Mrs. Rupert suggested changing the date on page 3, 6. Validity of Offer, to September 19, 2017. She also inquired why the Service Element on page 2 did not show the number of employees being paid for the indicated amount under the Program Management and Program Support.

Mr. Hunter said under direct negotiations that would allow the contractor to increase their costs in order to cover themselves, so it was better to lock them in for the number of days and tell them the services would be used when needed. He said the costs on the Broward side would be managed more easily without exceeding the costs for the project.

**Adjournment** This meeting was adjourned at 12:01 p.m.

/dvn