

Good afternoon.  
You've all been through contracts.

>> I think so.

>> You haven't?

So just at a very high level, what I'm going to do is go through all of the items, and I'm going to talk about them at a very, very high level.

I'll invite you to stop me at any point in time if you want to get into more detail on the items in question.

Some of them, I'm just going to fly through because they're items we've seen in the past.

I'll talk very little about them.

I'll go into a little bit more detail when we get to, I think it's item 12, a custom item we're very interested in.

I'm going to invite our CIO Al Freeland to discuss that with you as well.

We'll talk to him about what that's about and talk about how that contractor managed those contracts in the past.

But otherwise, you'll see I move very, very quickly through the agenda.

Stop me if you have questions along the way.

With that introduction and with really 30 items, I'll get going.

The first item is a prekindergarten contract.

This is an award pursuant to a protest.

Protest officer found that the vendor should not have been denied a contract award initially reversed and recommended award of the contract.

The second vendor with the second contract is a contract with behavior analysts.

This is a contract pursuant to educational order requiring districts in the state to implement a new teacher evaluation system comprised of measures of student learning, including local measures of student learning.

This web-based product was added as an option in 2014 to provide teachers who work with students with significant language delays an option to meet the needs of the law.

So that's a negotiated service contract.

The next one is also a negotiated service contract with DBQ.

>> Can you just name that?

>> Oh, I'm sorry.

The first item, just to go back -- I apologize.

I usually do that.

Oh, my mistake.

I skipped that.

Wow, that's pretty bad.

Why don't we go back to the beginning.

The first one, they have a contract.

It's actually a contract amendment.

They already had a full day prekindergarten contract for five hours.

What we're doing is modifying that contract to bring them up to sort of the new deal, which is a 6 hour, 20 minute program.

So it's a contract amendment.

Thank you.

Second item is with Match and Burning, and that's the award I talked about that was pursuant to a protest determination.

Third item with behavior analysts is the one that I just talked about.

Moments ago, it has to do with representation for students with significant language delays, which brings us to the fourth item, which is the DBQ project.

This vendor provides capacity in assessment expertise.

They actually solicited a few vendors for proposals and chose this one as the best of those -- of the three vendors to provide these particular services.

Even though it's negotiated services, it's done with these three proposals.

>> Just wanted to make sure, on interview 3, that one is also supported.

>> So the second one is language delays.

It's for students with specific -- actually, you'll see there are a few items, but there's different services.

The final, 3, with web is for students with significant language delays.

The fourth item is social studies.

So it's different content areas.

Next item, item 5, with Hanson Place Child Development is another place where we have a prekindergarten vendor going from 5 hours to 6 hours and 20 minutes.

Item 6 is a contract that actually already came to the panel.

You may remember it.

You approved it a couple of months ago, a few months ago.

But we had failed at the time to present the panel with an investment case, which is actually required by our rules that we provide an investment case to name specific criteria that constitute what the information that's supposed to be provided to the panel.

So we're doing that now.

That's included in the request for authorization we're providing to you.

Also, since that was approved, we've reduced the estimated size of the contract quite significantly.

So you're seeing a new estimate that's down from the earlier request for authorization, had a contract estimate of \$9.2 million.

It's actually the same price per item.

It's just a reduced number of vehicles we're looking at.

>> I have a question on the discussion part to this proposal.  
On number 2 of the first statement, problem or opportunity.  
It says presently in the situation there's no immediate information as to which riders are on which buses.  
Is that -- I'm confused about why that is related to the contracts that exist now.  
Like with communication and speaking with them.

>> Unfortunately, don't have someone from transportation which could speak with more specificity.  
We know which children are transported by bus services, but this one actually links the children to the bus.  
So we get more specific and robust information than we have currently.

>> How does that trickle down to the parent?  
Because you're saying it's going to be able to identify a student on the bus, and I have to say I've had kids on the bus, and I call the bus company, and they were not able to communicate where the bus was, was the child on the bus.  
Is that going to go away with this?  
Or is this just --

>> I know this is going to provide us with much more information about the locations of buses and students that are on the buses, and this is going to pay for itself because of our ability to get Medicaid reimbursements that we haven't been able to leverage until now.  
That's -- I'm not saying the only important benefit from the system, but it is a driving benefit for this system from across.  
I would be more than happy to get you additional information.  
After the meeting, I'll contact OPT and get you more information in terms of specificity, what specific information this might be able to provide for parents.

>> It's a pilot project.  
So I'm assuming we're going to learn also.

>> Just to know what it actually -- what it's going to be geared to accomplish would be helpful.

>> Again, importantly, it's going to get us some Medicaid reimbursement.

>> That's important.

>> There's other things we want too.

>> Sure.

>> So that was the item there.  
The next item is another prekindergarten related contract.

But in this case, it's for advertising services for the prekindergarten program.

So we're buying air time on various radio stations in the metro area to make sure that people are aware of the availability of full day prekindergarten.

That's what that item is.

>> Has anyone reached out to the channel 1, channel 12 bureaus for free advertisements?

They'll post it on the calendar for nothing.

>> I'll check on it.

New York 1?

>> New York 1 and New York 12.

Bronx 12.

Something on Staten island.

On the community calendar, they do all that for free as long as they know about it.

>> I'll certainly make sure that people are aware of that and take advantage of that.

The intent of this is to make this as widely known as possible and make sure it's as wide in particular to make sure people know about the program.

>> I'm just looking at this fee here, and I'm saying in the past, we advertised for kindergarten.

How many years does this involve here?

Maybe three years and taking that one step further to pre-K, is it necessary for the next three years?

Or will we accomplish what we want in one or two?

>> I think the -- I haven't seen contracts for radio advertisements for kindergarten in the past.

I know we're doing it for pre-K because the newness of it.

We want to make sure that people throughout the city and the local area are aware of the expansion and the opportunity for these prekindergartens.

I don't know what our history has been in terms of advertising for K. I'm not sure if this is something that's going to continue a few years out from now.

I think we'll see.

That's a real see kind of thing in terms of whether people are just aware or if there's a need for it in the future.

So the eighth item with Chinese-American planning council.

Also a prekindergarten item.

This is a program that was initially denied prekindergarten, but because there were significant needs in the community for additional pre-K's, we went back to those sites.

I don't want anyone to imagine we rescored the site based on information that was available. Instead, there was feedback given to the vendor about deficiencies in the program, and they were given an opportunity to resubmit their proposal and address some of the deficiencies in an additional proposal.

They were then rescored, and now we're recommending awarding a contract to them.

That applies to the item I just talked about, item 8, the Chinese-American Planning Association, as well as the next item 9, with A Child's Place 2.

Same story.

The next item 10 is with Beth Jacob Daycare Center, and the previous request for authorization had an incorrect award designation.

It was actually pursuant to an RFP, and we're correcting for that. So actually, the -- while it was correctly noted to the panel that the award resulted in a contract, it was nevertheless put as a contract amendment pursuant to our amendment rules, and, in fact, this was pursuant to a request for authorization.

So it's just correcting the award method.

The next contract is one of two of the technology related contracts. Al Frelander or CIO is with us, mainly to speak about the next item. The first set of contracts here is with Verizon and Manhattan Telecommunications Corp.

For voice and data services.

We did this as actually four different classes.

We did an RFP as a single RFP.

It was an item award RFP.

They did it on pots or plain old telephone services, analog trunks and off premise extensions, and Hal can explain those in more detail if you like.

Class 2 is another voice class, but for ISDN, POI, and then we have the long distance class and class 4, the SEP initiation protocol.

And the last category -- I'm sorry, there were five categories -- is data services.

You can see in the RA the way the proposals were received, what the dollar amounts were.

In some cases, we're actually not going with the lowest overall price, which would be no surprise to you in the context of our particulars.

The primary reason, for example, for the first two classes is there would have been significant conversion costs in going with a different vendor that would not override the difference in price at all.

Even though we had some opportunity, the competition just wasn't worth it to go with another vendor.

Also, the pricing is consistent with the city's master service agreements for these services, where they can be compared as well.

So it is what it is.

We did the best we could to get the best possible pricing.

We wound up with the city's pricing, and they're obviously necessary services.

It's telephone and connectivity services for the schools.  
Unless you have any questions with that, I'm going to move on to the next item.

>> I do.

>> Sure, go ahead.

>> The Internet services, that's not in the schools.  
Is this actually going to bring it to all schools?

>> No, and then we're going to say yes.  
When we get to custom, we're going to talk about that.  
So to be clear, here we're paying for services, and these are the rates we're paying for these services, and it establishes relationships with these different vendors to pay them for these types of services.  
The contract that we'll talk about in a moment, the custom contract, is to enhance and expand connectivity throughout the schools.  
Your question is a good segue to the next contract and the benefits of having the next contract.

>> I was just going to ask you --

>> If you want to ask more questions on this.

>> Class 4, I don't understand that class 4 is.

>> SIP is an Internet protocol-based service.  
It uses the same kind of connectivity you get through the Internet to provide voice services.  
It's a service we want to migrate to, but we don't have any provided SIP services now.  
It's part of a general package of voice services that are not currently available.  
We're not using it now, which is one of the reasons we're able to go with a different vendor than we had worked with previously because they weren't inheriting any existing infrastructure they had to maintain.  
This would be all new service if we were able to go in that direction.  
Does that answer the question?

>> That's why you see the difference in treatment.  
In the one case, we didn't go with the low bidder.  
But there actually was a case where we were able to submit to the lower person.

>> Are there reasons why there is such a range in terms of the bids that came through for that?

>> The bids that came through for SIP?

I mean, there's a lot of to go into the vendors that are interested in acquiring our business and not necessarily what the underlying costs are.

In some cases, different companies have different levels of investment in the infrastructure required to deliver different services already and can make that investment available or bring that to us or to their pricing, and I think that's generally the driver on these kinds of services.

>> One more question.

In the past, you've had multiple vendors?

Is.

>> In the past, we've had Sprint, Verizon, and Lincoln.

>> And Verizon.

>> So just some rationale as to why not Sprint, Verizon, AT&T?

What are the benefits to going to the smaller pool of vendors?

Not in the bidding process, in the selection process.

>> There's a couple of issues to consider.

Also, we're not reducing the pool of vendors that much here.

I think the one switch really we're making, since we don't really have SIP services now, so whomever we went with would be sort of a new provider.

The one switch is really run long distance.

So the breakout on long distance really has very much to do with the possibility of e-rate eligibility for the long distance service, which we don't have with our current contract.

The Sprint, thank you.

So that eligibility brings the price down annually significantly for Verizon versus what we currently have for Sprint.

So there's a saving there of \$200,000 to \$300,000 a year savings.

>> There are specific demands put on the vendors in order for us to claim the endorsements for the state to pay the contract and the process.

So both our process and the contracts are structured around making sure that we're able to leverage this as best we can.

So it's money that's not our own.

So that includes both our process and the contracts, presumably the vendors came in with those prices.

I think I'll let Hal do a description.

I think it's important because it's a lot of money, and it's a very important contract for us.

So take a moment to describe the services of what we get out of this next contract with custom especially, which is item 12 on the agenda.

>> So I'm sorry, I don't know the gentleman --

>> Robert.

>> So, Robert, I think you already addressed the question with the sort of -- with the emotion and concern that we hear all the time from principals and from school staff, which is that schools don't have sufficient access to the Internet and schools don't have network speeds inside their buildings that's sufficient for them to do the work.

One of the primary reasons for that is that even in schools in terms of the network equipment they have in the building, the schools that relatively new three to five years old.

Any technology that's now three to five years old is not performing to our expectations.

Might even feel usable depending what it is.

So we have a real need and a real demand in the schools to refresh the network hardware in the schools, the hardware that connects the data service from the previous contract, hardware that connects that data service to the school's network and ultimately to the wi-fi access points in all the classrooms.

The faster we can refresh in terms of a cycle, the more current we can stay, and sort of the depth and breadth of this contract is intended to have us move quickly but also have us move with sort of, I would say, a class of equipment required to provide the level of services we now need.

As all of you are aware, I'm sure, we're looking at the lift of the cell phone ban in March although we don't initially think we'll see impact, we do know that in the very near future March although we don't initially think we'll see impact, we do know that in the very near future we're going to see cell phone use in classrooms.

They'll be connected to the wi-fi because, if the student has to pay for the data plan, they're going to connect to the wi-fi in the school, which is free for them.

So demands like that plus the online testing demands plus much greater use of the Internet.

I think we have something like 10 million outgoing Internet interests a month now that's going to increase exponentially.

In order for us to keep up with demand, we need a contract like this that gives us access to both equipment that's the right scale and services to install that equipment on a more aggressive schedule.

And that aggressive schedule, much of that depends on availability of capital moneys in order to move this forward as fast as possible.

But this contract sets us up so that we can take advantage of those moneys as they become available.

It also allows us to recoup rebate moneys.

So taking the contract down from the initial published was about \$1 billion.

There's been some aggressive negotiations, and that's come down to a little over \$600,000, plus potential e-rate reimbursement of \$120 million.

Brings the contract a little closer to earth.



The big number at first might have seemed a little shocking. Ultimately, after the negotiation, after the reimbursement, it's about \$120 million a year, I think, which you think about the size of our organization, the number of buildings, the number of schools, the age of some of the current stuff, I think you would see that \$120 million a year really isn't more than we want to spend. It really is a right size for what we're trying to accomplish here. And on the IT side, we're excited about this because we really want to provide these services. We really want to believe that the Internet services are some of the most critical services, from an IT perspective, that we can provide.

>> Wouldn't this be a twofold approach because, one, you're upgrading the Internet services?

But the Internet services are of no use unless you have computers that are able to connect to them.

99 percent of our schools need electrical upgrades.

So are we doing -- putting in something here, and the technology is here and will never match and it's of no use?

>> Do you want to talk about the electrical?

>> Electrical upgrades is a little outside -- I brought an Army of of folks here who work with me, and some of them are probably closer to the collaboration we have with facilities and with SEA in terms of build-out.

For new build-outs in renovations for schools, we do specify greater capacity in terms of electricity in schools.

Obviously, there are older buildings that have issues, but that's something that we work collaboratively with DSF and SEA to make those upgrades.

It's a goal to get there.

It's obviously not included here.

As you said, it's a twofold thing.

It's separate.

>> With those contracts to the extent that the building doesn't have capacity, that's something we talk about on the facilities contracts. We often deliver services that schools need require different contracts for different sets of services.

So that doesn't mean those things are being ignored.

It's just not within the scope of this particular contract.

>> My concern is getting this contract approved, and ten years from now, we're still back at the table trying to figure out how to make it work when it should be part of a negotiation early on.

Ten years from now, even the technology three years from now that we're trying to establish will be antiquated.

My other question is I hear the vendors that you went out to, but I once worked in the financial arena, in IT position, and what we did on

a global scale for the company I worked for, we reached out to BT Radiants, who was a service manager, and they have connection with all the vendor you just mentioned, and it was beneficial for us to use them because we got a discount.

It wasn't \$1 billion for them to provide the network to deliver our services across.

On a global basis.

I'm just wondering -- who was the --

>> We're talking about the discounts we're actually getting?

>> Yes.

>> I understand fully what you mean.

>> Let me just talk a minute about the process.

I left that out, and we'll get back to this with the hard line.

First of all, we did this as a request.

So this was a public request for bids.

It was a best value bid, which allows -- allowed us to take a look, which allows us to look at the prices individually, but it's structured like a bid.

That means we have to advertise the bid publicly.

We receive the bids.

There's public opening.

And the bids were evaluated based on what's received initially.

I should explain why it was a very unusual case where we advertised a certain amount of money up front, and then you saw the number drop like a rock.

Usually, negotiations in RFP process take place in the con /TEGS of the more general negotiations, and within the selection process.

That's not a big process.

This began with the case of custom.

Once we made the vendor selection, we were in a position to negotiate with them, which we did.

We went into extensive negotiations with the vendor, and you can see the price dropped significantly because the negotiations were based on current contracts, what we want to pay for services, and we did a fairly detailed job and were successful in this case in submitting this drop in price.

But like I said, it was a bid, and it was structured differently than the way the bid was structured in the past.

In the past, there were different services that were separate.

Now this is a vertically integrated contract so that there's a single vendor that's responsible for all services that will be delivered on this.

They wanted us to do this as a city-wide procurement.

But we did do this borough-wide.

So vendors were able to bid on individual items more aggressively, or smaller vendors might have been able to bid on single areas as opposed to bidding on the whole thing.

That's not the way it worked out.

The reality was the proposals were largely consistent across the board, and actually, we get an additional discount for all of the areas going to custom, but they want each of the areas individually and collectively, and they were determined to have the capacity to make it work.

That's why it was a single award.

It wasn't procurement.

It was procured as those five individual items.

So it's the potential it would have been broken up into pieces.

>> I guess my concern is I hear a motto that's surrounding the vendor. I don't hear support, whether there's support procedures that are going to be put in place.

What is the turnaround time if something goes down at a major facility?

Is.

>> So now you're talking about the IT.

So we have a full-time -- and this is probably a whole other conversation, and you're welcome to come toward the data center as well as the network operation center.

We have a data center.

We have a network operations center.

We have field teams in each one of the boroughs.

We have a full complement of tier 1 through tier 3 support built out, full model in terms of issue resolution.

We look very much like an IT organization that you would see in any large corporation except that we have very specific customers with very specific needs.

So we've adapted sort of corporate standards like ITIL standards, which is sort of infrastructure, issue resolution and management, service delivery standards.

We've adopted those standards over the years to be specific for schools and what school needs.

We got a 96 percent on the principal satisfaction survey in terms of our field support, which is the direct service we provide in schools to fix things when they break, whether it's the Internet going down. That's not the principal saying the Internet is great, but it's the principal saying, when they call, we come, and we're very proud of that 96 percent.

It's up a tick from 94 percent on the previous year, and we're aiming to go as high as we can go.

>> That's not what this contract is.

>> That has nothing to do with this contract.

That's our full-time staff.

That staff has expertise.

Almost all of them come from private sector IT jobs.

We have a mix of veterans from the organization who have been -- left that corporate sector 15 years ago and have become experts in serving a large K to 12 district in terms of what IT needs, and we have new folks that are just coming in also usually from corporations because often that's where you get your jobs.

So we've learned to serve this big niche, if you will, but I think we do a pretty good job of it.

The thing that we feel that has stood in our way is our ability to really provide equipment and services to the scale the system really needs.

But I absolutely welcome everyone to come tour the data center, ride along with our field service, our borough tech teams.

Everyone on the team is very proud of the service that they provide, and doing their best in sometimes adverse situations.

>> I understand that.

I just don't want to be -- I want to walk away from this with a full understanding of this and not have the dots connected.

>> Oh, absolutely.

>> The dots at some point have to be connected.

The service and support is equal to service, et cetera.

>> We maintain expert people to deal with this.

>> I just wanted to piggy-back what he said about the upgrades in the school.

I think what he's getting at is, when we had PCBs, we had a plan.

A certain number of year plan to accomplish the task.

So at one point, 1 million children to worry about in schools.

So we need a plan that everybody has the electrical capacity to support the Internet.

So while it's not up for a contract vote, there has to be a plan in place.

When we're talking about connectivity, we're talking about that.

There has to be a plan to bring these other schools, of which we have many, up to the level they need to be, in addition to the newer schools.

So if you're making a plan of where to go, the capacity at the older schools is of utmost importance.

So how do you connect the dots for this plan to work?

So that's in play.

On a separate note, totally different, I was hoping you could just talk a little bit about the caution on the vendor and how that differs from previous business.

>> Maybe I should talk about that.

Custom is actually not part of this.

The phone contract is for losses.

They were big contracts.

It's not the possibility for the events that took place with the plan. The process states the steps to fix the contracts generally and how it can attest they've certainly taken hold within IT and how this contract came about.

In particular, we require that all departments the contract manager speak with the departments, and monitors actually compile contracts for contract managers.

This contract there are actually consultants that are involved in management contracts.

That doesn't happen outside.

We manage our own contracts as a staff.

The curriculum for contract management training we had some from the special commissioners office, and it's an open curriculum in managing contracts and what the responsibilities are in that regard.

So there's the responsibility of who's overseeing these contracts with consultants that there have been in the past.

So Hal's office steps up and says his office is responsible for management these contracts.

And people in the facility are responsible for managing these contracts.

And that's their job.

So these are very important to manage the contract as well.

>> I think it's also important to stress that this was a few years ago now.

So we're really well established in the changes that took place.

>> And as far as custom is concerned, we did require them, they provided us with a corrective action plan for deficiencies on their side as well.

I'll note that the special commissioner's report that brought the problems we're talking about to light did not recommend that we not do business with custom.

We followed their lead from the special commissions office.

They know me well, and I know them well, and we talked to them.

They did not recommend we not do business with them.

So we had concerns, and we had custom provide us with a corrective action plan.

The fact is they provided us with multiple options.

There are various city agencies and other entities from the public schools in Springfield and Nassau County that do business with them. IBM does business with them.

This is an entity that many people do business with, and the quality of their proposal led to the contract.

>> I think you covered all the bases.

>> Look, we took the problems very, very seriously, and it's a very significant contract.

So there's a lot of structure to it.  
I'd like to think we were responsible in looking into the contract.  
Any other questions?

>> Just promise me, when we're back here, you can answer to problems because of this whole issue in 2011.

>> We've been working both in sessions with the federal government about our processes.  
I'm not going to go into the detail, but just a couple things off the top.  
Anyone with a reimbursable contract has to have been to training.  
I went through it.  
Hal went through it.  
Anyone who touches these contracts, they're all familiar with what the federal requirements are.  
Actually, that's one of the reasons why this contract has come so late in the game because we were going through this whole process of making sure everybody was up to speed in what it takes because the federal process.  
It's not just another procurement for us.  
It's a federal reimbursement for us, and we want our money.  
So we learned from the past, and we don't have this anymore.  
We've gone to considerable lengths to make sure we are able to get reimbursed for every federal penny we can.  
I hope that will improve.

>> What are the ramifications if this does not pass?  
Because there are several lawsuits or rumor of lawsuits being brought against the DOE elected officials, until we get further understanding of that.  
Maybe you've heard.  
Maybe you have not heard.  
I just did.

>> So the easy answer is a month delay or two-month delay in the work action but more importantly, the immediate term, the federal reimbursement to work, we have to have a contract in place, registered by the controller's office in late March, or we will not be eligible to claim services under this contract in the next fiscal year.  
And that's about one-fifth of the work that we hoped to do under this contract.  
So if we waited until March, at that point, we're dead in the water in terms of being able to get a contract pushed through in time to meet the federal requirements.  
So we can continue with the contract, but we're not going to get the federal money the first year.

>> Maybe that's something, maybe the money part of getting reimbursed, maybe that's something that should be communicated quickly because

there are some questions out there.

>> I've heard that.

>> I don't know what to say beyond that, but that is the problem.  
That's what we face.

That's why we are pursuing this contract.

>> So given the concerns you're speaking about, is there any other opportunity to meet this week to address that contract?

Can we call a special meeting?

Is there a meeting in between the two, the meetings where you vote on issues?

>> We can hold a special meeting.

I don't know off the top of my head if the timing works.

It might be better -- we can talk to you guys after the meeting, and we can do a better job with external affairs in getting the messages out.

Why don't we talk about that.

>> So item 13.

Library books.

This is the award of class B.

There's five classes.

Generally, it's library books and contracted vendors related to.

Now we get to this.

Quickly through the first is the sixth request for authorization to award the contract in this case for K through 12 for extended services.

This is just adding capital to several other vendors.

We already have contracts with the same set of services.

The next item, item 15, is with a few vendors this is for math related services and professional development.

It actually just replaced a previous contract.

Next is for teachers.

Just add a vendor to that list.

Next is adding a vendor for science professional development and education.

Next is also a city council item.

Next item 20 is also a city council item.

Item 21 is a vendor that was given a grant.

>> That was item 21?

>> That was item 21, yes.

>> \$250,000?

>> Contract totals.

It's the one year contract.

Next item is A.G.

Bell Association for the deaf and hard of hearing.

They provide reference materials for sensory, multisensory communications and awareness development.

Next is also a listing allocation.

This one with Patrick Reed.

They provide communication -- individually as well.

They provide communication behavior, functional skills, curriculum assessment for children with moderate to severe disabilities.

Next is Don Johnson, also additionally listed in the application.

They literacy support materials and assistive communication technology.

These were all requirements contracts, of course.

The next listing application is Amgen.

They publish databases of test questions for elementary, middle school, high school teachers in science and social studies.

The next is for research relations media.

They publish videos about life choices issues, health and well-being for teenagers.

Item 27 has been withdrawn.

I'm sorry.

That was not the last application.

This is going to be to Sussman sales, and they're the exclusive resaler for publishing line.