


<b>STATE OF NORTH CAROLINA</b>	<b>Request for Best &amp; Final Offer (BAFO) No. 02 of Vendor's Offer in response to REQUEST FOR PROPOSAL (RFP) # 40-IT00114-15</b>
<b>NC DEPARTMENT OF PUBLIC INSTRUCTION (NCDPI)</b>	<b>For: Public Consulting Group Inc. (PCG)</b> Attn: Amy Smith Email: amysmith@pcgus.com
	<b>Offers will be received until: June 2, 2016</b>
<b>Refer <u>ALL</u> inquiries regarding this BAFO to:</b>  <b>Mike Beaver</b> <b>Michael.Beaver@dpi.nc.gov</b> <b>Telephone No. 919-807-3683</b>	<b>Issue Date: May 27, 2016</b>
	<b>Commodity: Exceptional Children Accountability Tracking System</b>
	<b>Using Agency: NC Dept. of Public Instruction</b>
<b>See page 2 for mailing instructions.</b>	<b>Requisition No.: RQ18365871</b>

**NOTICE TO VENDOR**

Offers, subject to the conditions made a part hereof, will be received at this office, NCDPI Purchasing, 301 N. Wilmington Street, Room B04, Raleigh, NC 27601 until 2PM EDT on the day of opening and then opened, for furnishing and delivering the goods and services as described herein. Refer to page 2 for proper mailing instructions. Bids submitted via facsimile (fax) machine in response to this Best and Final Offer (BAFO) will not be accepted. Bids are subject to rejection unless submitted on this form.

**EXECUTION OF BAFO (02)**

In compliance with this Request for Best and Final Offer (BAFO), and subject to all the conditions herein, the undersigned offers and agrees to furnish any or all goods and services which are offered, at the prices agreed upon and within the time specified herein. Pursuant to N.C.G.S. §143B-1354 and under penalty of perjury, the undersigned Vendor certifies that this offer has not been arrived at collusively or otherwise in violation of Federal or North Carolina law and this offer is made without prior understanding, agreement, or connection with any firm, corporation, or person submitting an offer for the same commodity, and is in all respects fair and without collusion of fraud. **Failure to execute/sign offer prior to submittal shall render offer invalid. Late offers are not acceptable.**

<b>OFFEROR:</b> Public Consulting Group, Inc.		
<b>STREET ADDRESS:</b> 5511 Capital Center Drive, Suite 550	<b>P.O. BOX:</b>	<b>ZIP:</b> 27606
<b>CITY &amp; STATE &amp; ZIP:</b> Raleigh, North Carolina 27606	<b>TELEPHONE NUMBER:</b> (919) 576-2200	<b>TOLL FREE TEL. NO</b>
<b>PRINT NAME &amp; TITLE OF PERSON SIGNING:</b> Amy Smith, Manager	<b>FAX NUMBER:</b> (919) 576-2201	
<b>AUTHORIZED SIGNATURE:</b> 	<b>DATE:</b> 05/31/2016	<b>E-MAIL:</b> amysmith@pcgus.com

Offer valid for forty-five (45), days from date of offer opening unless otherwise stated here: \_\_\_\_ days

**ACCEPTANCE OF OFFER**

If the State accepts any or all parts of this offer, an authorized representative of NCDPI shall affix his/her signature to the Vendor's response to this Request for BAFO. The acceptance shall include the response to this BAFO, any provisions and requirements of the original RFP which have not been superseded by this BAFO and the Department of Information Technology Terms and Conditions. These documents shall then constitute the written agreement between the parties. A copy of this acceptance will be forwarded to the successful vendor(s).

<b><u>FOR DEPARTMENT OF PUBLIC INSTRUCTION USE ONLY</u></b>
Offer accepted and contract awarded this ____ day of _____, 20____, as indicated on attached certification, by _____ (Authorized representative of Department of Public Instruction)
State Superintendent of Public Instruction
Date of signature: _____
by _____ (Authorized representative of Department of Public Instruction).
Chief Financial Officer
Date of signature: _____
<b><u>FOR DEPARTMENT OF PUBLIC INSTRUCTION USE ONLY</u></b>

**Instructions:** **Sealed offers**, subject to the conditions made a part hereof, will be received at the address below, for furnishing and delivering the goods, software, and/or services as described herein.

<b>DELIVER TO:</b>
40-IT00114-15 BAFO 02 NCDPI Attn: Mike Beaver 301 N. Wilmington Street, Room B04 Raleigh, NC 27601

It is the responsibility of the Vendor to deliver the offer in this office by the specified time and date of opening, regardless of the method of delivery. Address envelope and include IFB/RFQ number as shown above. Vendors are cautioned that offers sent via U.S. Mail, including Express, Certified, Priority, Overnight, etc., may not be delivered in time to meet the deadline.

Deliver one (1) signed original executed offer, and o n e (1) copy of the executed offer response, and one (1) signed, executed electronic copy of its offer on a USB Flash Drive. The files must not be password-protected and must be capable of being copied to other media. Offers submitted via facsimile (FAX) machine, telephone or electronically in response to this will not be accepted.

### **SOLICITATION REQUEST FOR BEST AND FINAL OFFER (BAFO)**

This request is to acquire a best and final offer from Vendor for an Exception Children Accountability Tracking System. The offer should integrate the previous response to the RFP and any changes listed below. Any individual vendor can receive a different number of requests for BAFOs that other offerors.

**NOTE:** This bid is still in the evaluation period. During this period and prior to award, possession of the BAFO, original bid response and accompanying information is limited to personnel of the Department of Information Technology (DIT) IT Strategic Sourcing Office, and to agencies responsible for participating in the evaluation. Bidders who attempt to gain this privileged information, or to influence the evaluation process (i.e. assist in evaluation) will be in violation of purchasing rules and their offer will not be further evaluated or considered.

#### **DESCRIPTION of Requested Best & Final Offer to Solicitation's Information, Specifications, or Terms and Conditions:**

(A) The following is a description of the State's desire to communicate with and request a best and final offer from a vendor.

This BAFO shall integrate the vendor's previous response and offer to the solicitation and any changes listed below. **Furthermore, the State also encourages the bidder to supply more competitive pricing herein; vendor should submit its most competitive price(s) in response to this request for BAFO.**

With submission of a response to this *Request for Best and Final Offer (BAFO) #2*, vendor hereby agrees to modify its original Proposal Response and Offer to the solicitation in accordance with the items that follow.

Via submission of a response, vendor hereby agrees that this **language supersedes the original, published solicitation, vendor's original response and offer, and any prior clarifications, communications, or negotiations, for the respective area(s), described.**

**Vendor must specifically respond to each item as requested below and provide any explanations or exceptions in each response as a result of our meeting on May 26, 2016:**

- 1. In reference to your response to BAFO #1 Question 4 and page 394 of your original bid response, can NCDPI choose either or/both PaperClip or EasyFax? Can NCDPI change their preference of PaperClip and/or EasyFax after the initial contract period? If NCDPI can change their preference of PaperClip and/or Easy Fax after the initial contract period, is there a fee associated with the choice of technology? If NCDPI chooses to use only the new technology of PaperClip, can an LEA choose to use the older technology Easy Fax for an additional fee at the expense of the LEA? Do you recommend that NCDPI consult with the LEAs on the current use and need of the older technology Easy Fax?**

Vendor Response to (A) (1):

Yes. NCDPI can choose either PaperClip or EasyFax or both as long as the total cost does not exceed the total allotted amount in the proposal per year (see page 394). Additionally, NCDPI can purchase additional storage and additional lines if necessary. PCG will work with NCDPI to find the right balance between PaperClip and EasyFax. NCDPI can change its preference of PaperClip and/or Easy Fax on an annual basis for no additional fee. Additionally, LEAs can choose to purchase additional storage and fax lines if necessary. It is recommended that NCDPI consult with LEAs to assess the current use and need of EasyFax.

- 2. In reference to BAFO #1 Question 6 and page 395 of your original bid response, will PCG be working with NCDPI to determine which of the PCG 75 standard reports will be needed at the state level and/or LEA level? If a report is currently configured at the LEA level, can it be configured at the state level? If the LEA level report can be configured at the state level, are we correct in assuming that this configuration is considered within scope thereby NCDPI will not be using any of the 750 banked development hours? NCDPI is currently reviewing the PCG 75 standard reports to determine whether or not these reports meet our reporting requirements. Would PCG be willing to provide user manual(s) and/or a sandbox to assist in this process?**

Vendor Response to (A) (2):

Yes. PCG will work with NCDPI to determine which of the 75 standard reports will be needed at the state level and/or LEA level. If a report is currently configured at the LEA level, it can be configured at the state level. PCG included configuration changes for the 75 reports (access to run at the state or LEA level) within the current scope of the initial system development phase, and NCDPI will not be required to use their bank of hours for these changes. Should it be necessary, PCG is willing to set up a sandbox environment for NCDPI to generate standard report examples and supply written guidance on how to run the reports.

- 3. Your BAFO #1 Question 7 response acknowledges PCG's responsibility for list updates only in 'Year One' clarification. Please acknowledge agreement to the "Year One" verbiage as referenced on your initial proposal on page 393 and 396 that the correct interpretation of "Year One" as the initial contract term (Year One and Year Two). Other references include: Page 393 SECTION E. COMPLETED COST OFFER 2. Training Including Training Materials Page 396 SECTION E. COMPLETED COST OFFER Additional comments 3. Medicaid Documentation and Billing.**

Vendor Response to (A) (3):

PCG acknowledges agreement that it will be responsible for list updates during the Initial Contract Term for all modules (in Years One and Two). Additionally, on page 393, Training Including Training Materials, "Year One" in the fourth sentence can be replaced with "Initial Term" such that all pilot trainings are included in the Initial Term. On page 396, Medicaid Documentation and Billing, "Year One" in the last sentence of that paragraph can be replaced with "Initial Term" such that if a statewide contract for all LEAs is negotiated within the Initial Term, PCG will offer a statewide discount.

- 4. Would PCG be willing to increase the number of standard import files from 12 to 16 if 30% of the LEAs had a need for more than 12 import files? If so, would there be a break down for progress monitoring tools, school district benchmark tools, and state level data files related to EWS as proposed in your initial proposal or would more flexibility be given as a total number of standard import files of 16 spread out amongst the three? If an LEA needed more than the standard number of import files, will they be able to purchase additional file imports for an additional fee at the expense of the LEA? Does PCG foresee any limitation with importing data from PowerSchool for progress monitoring or benchmarks**

Vendor Response to (A) (4):

Yes. PCG is willing to increase the number of standard import files from 12 to 16 if 30% of the LEAs have a need for more than 12 import files. The import files will consist of up to four (4) for progress monitoring tools, four (4) for school district benchmarking tools, and four (4) for state level data files related to EWS. The additional four (4) imports can be applied across the three areas as NCDPI chooses. If needed, PCG will provide an option for LEAs to purchase additional file imports. PCG does not foresee any limitation with importing data from PowerSchool for progress monitoring or benchmarks.

- 5. In reference to BAFO #1 Question #14 and your original bid response page 393, in addition to the three years of historical data, NCDPI would like to import child count data from 2004 to present. The file size of this data would be similar to the files PCG provides NCDPI for the December and April child counts. Can the importation of these files be added to the scope of the project or would NCDPI need to use the 750 banked hours?**

Vendor Response to (A) (5):

PCG can import December and April child count data submissions from 2004 to present as long as the data can be provided from NCDPI with the initial data migration process and conform to PCG's standard data import template. Importing in this manner will not count against NCDPI's bank of hours.

- 6. In reference to BAFO #1 Question #16, please clarify whether or not any remaining bank of hours after implementation year 1 and year 2 may carry over to year 3. Also in reference to BAFO #1 Question 16, please acknowledge that your reference to "Desirable requirements currently available in our system as described in our response (categorized as a "1")" should be "Desirable requirements currently available in our system as described in our response (categorized as a "1" or "2"). All requirements (mandatory and desired) in Appendix: B, "Module Technical Specifications" and Appendix: A, "Module Service Specifications" marked as either a "1" or "2" are within scope of the project and the bank of 750 hours will not be used.**

Vendor Response to (A) (6):

PCG is providing the 750 bank of hours to be used during the initial contract term, Years One and Two. Any unused hours from the bank may not be carried over into Year 3.

All Appendix A items marked as a “1” as well as all “mandatory” items marked as a “2” will not incur a monetary or hour-bank charge. PCG clarifies that in BAFO #1 Question 16, development of “desirable” requirements categorized as a “2” from Appendix A are not included within the scope of the project but can be developed using the bank of hours.

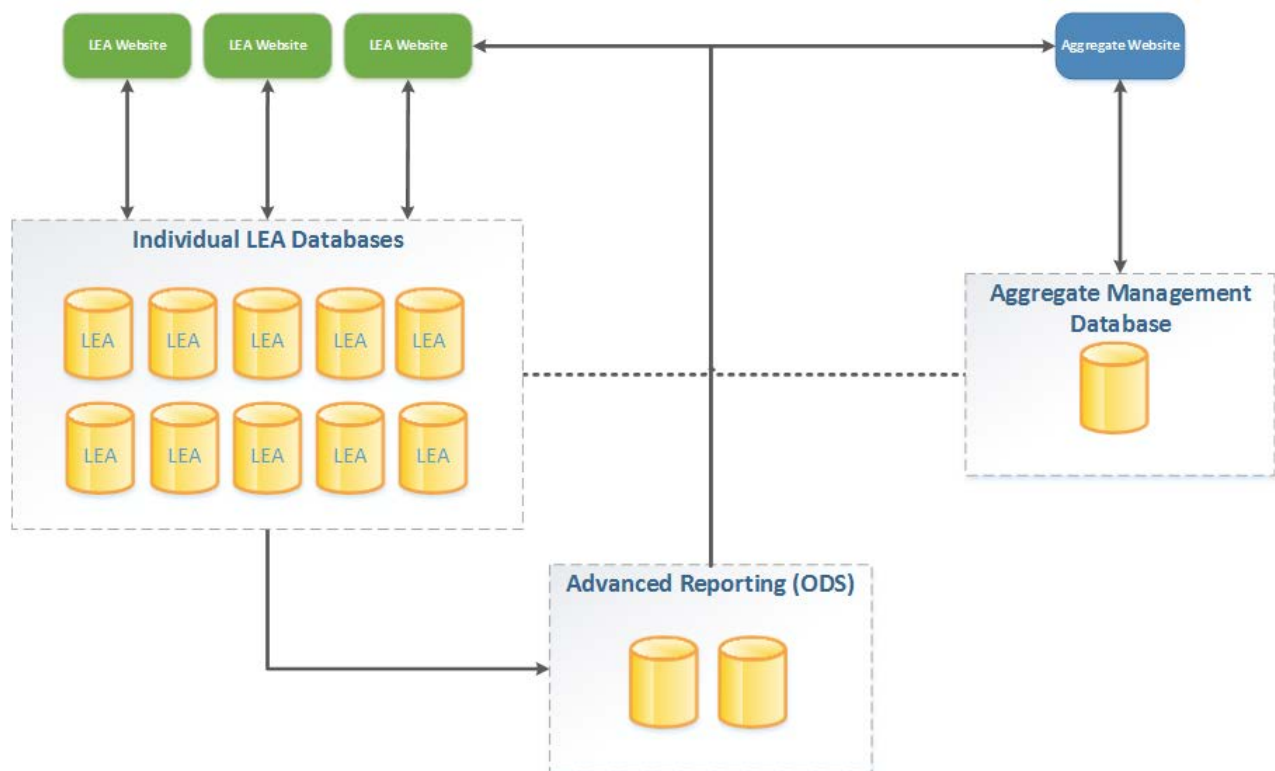
PCG acknowledges that in its Appendix B Proposal Response, all requirements are within the scope of this project (Marked with “1” or “Agree”). Therefore, NCDPI will not need to utilize any of the hours’ bank for these items.

7. In reference to BAFO #1 Question 6 and on page 395 of your original bid response, does the PCG 75 standard reports pull data from the multi-instance LEA database and/or the aggregate single instance database? Can PCG further clarify the proposed solution architecture they provided in their original bid response as referenced at: D.ii.1 PROPOSED ECATS SYSTEM ARCHITECTURE D 172 (RFP Section VI.7.d.ii.a) D.ii.2 PROPOSED ECATS SYSTEM PHYSICAL ARCHITECTURE AND D 172 HARDWARE INFRASTRUCTURE (RFP Section VI.7.d.ii.b)?

Vendor Response to (A) (7):

The EdPlan™ application utilizes a multi-tiered system architecture that separates application functionality into separate sections of the system. This follows the MVC (model, view, controller) architecture model, where the data storage is separated from the visualization code and the business logic. By separating these areas of responsibility, the application core can run more efficiently and reliably. Additionally, this allows PCG’s technical staff to more easily handle requests for customization without directly impacting the functionality of the system or the data storage. The diagram below further illustrates and clarifies the architecture of the PCG’s proposed ECATS solution:

### Proposed ECATS Database Architecture



Some PCG standard reports are intended primarily for use at the LEA level. Standard reports run at the state, or “aggregate”, level can be generated in one of two ways:

1. When a state level user runs a state-wide standard report from the aggregate site, the report query pulls data from each individual LEA site together to create a single data set for review in the report output. This allows for real time updates to LEA data being reported in subsequent queries on the same standard report.
2. A report from the aggregate can also be run against one or more specific individual LEA databases in a way that retains the segregation of LEA-specific information.

In addition to the local sites, there is an “aggregate” site and database. This aggregate database contains no LEA specific information, but instead stores information about which LEAs exist in the state and stores references to their databases. The architecture allows centralized management of certain list configurations which are consistent across the statewide implementation. This ensures uniformity for reporting and consistency in appropriate state-wide policies.

PCG’s proposed ECATS system will include “Advanced Reporting”, a system through which the data from the LEA databases feeds into a separate state-wide operational data store (ODS) on a nightly basis. From this environment, NCDPI can run custom built reports using Business Objects.

The EdPlan application utilizes multiple tiers in its physical architecture as well. The user interface / web application tier handles all requests from the user. This includes logging into the system, sending responses to data requests, receiving data to update records, and any other interaction with the end users. This tier is made up of multiple application servers in a load-balanced arrangement. Servers may go offline or be taken out of service without disrupting service to the end user, and new servers can be added to increase capacity as necessary.

The database tier includes several clusters of database servers running in active / active fail-over groups. Since all hardware in this tier is included in clusters, a hardware fault will automatically move the production database to another server without user interruption.

The data storage tier consists of a storage area network (SAN) made up of multiple fail-over storage devices. These contain all of the information for both the databases and application servers, so no customer data is stored in a single location.

The EdPlan physical architecture is designed to provide high performance and have no single point of failure. All systems are redundant and are designed to fail-over to alternate hardware when needed so that the end users continue to be able to use the system.

PCG will work with NCDPI to clarify any specific architectural questions NCDPI may have regarding the proposed ECATS system.

- 8. In reference to your original bid response requirements in "Appendix: A, Module Service Specifications ECATS Service Specifications - Special Education Module - Child Counts", can you describe the process PCG has to ensure there are no conflict of IDs in the system? Assuming you have this process, would NCDPI be able to set the frequency and level of validation for this process?**

Vendor Response to (A) (8):

PCG’s system has three ways in which the possibility of duplicate students is addressed:

1. PCG has a report that can run on the aggregate site, utilizing data from the individual LEAs that will identify duplicate students based on duplicate Student IDs, and even possible duplicates based on matching data fields such as First Name, Last Name, Gender, Date of Birth, etc. The way in which these possible duplicates are detected is highly configurable. This report can be configured by NCDPI to run on a schedule (e.g. nightly, weekly, etc.) and be delivered by various means, including via email, to authorized users such as state administrators.
2. NCDPI can configure the statewide aggregate system to prohibit the existence of two active student records with the same ID at the same time. This prevents the same student from erroneously appearing in two district rosters and, therefore, prevents any double-counting of that student in standard reports.
3. When the state-wide Child Count Report is run, the report can be configured to allow only one instance of a particular student to appear so that it ensures that the total count is accurate at the state level. To facilitate accuracy, the report includes a section at the end which includes a list of the students who otherwise would have been duplicated if the report had not been designed to only count one instance of a particular unique student ID. This error section tells the user where that duplicated ID is currently residing in the system. This allows the user to investigate the situation and ensure that the instance of the student which was counted in the report is the correct instance (e.g. is associated with the correct district) for official reporting purposes.

PCG understands the importance of integrity and accuracy in Child Count reporting and has developed these options to ensure that these goals are met. PCG will discuss each of these options with NCDPI to determine the preferred approach.

- 9. Please confirm that PCG will release new software versions and hot fixes to a NCDPI QA environment for NCDPI testing and signoff prior to releasing them in the production environment.**

Vendor Response to (A) (9):

PCG confirms that it will release new software versions and hot fixes to a NCDPI QA environment for NCDPI testing and signoff per the established project management process prior to releasing them in the production environment.

- 10. In reference to "Appendix: A, Module Service Specifications" BR-1.1.128.6, what discipline data does PCG currently pull from PowerSchool; what discipline data is in scope of RFP # 40-IT00114-15?**

Vendor Response to (A) (10):

PCG/LEAs currently utilize the autosend functionality to directly receive attendance OSS and ISS code data from PowerSchool. These fields are included in the scope of the proposal.

PCG also has an incident management system (not included in the ECATS proposal) which allows for the import of a wide range of discipline data from PowerSchool. These databases allow for similar fields to be imported from the PowerSchool Discipline module.

- 11. Please confirm the following: PCG currently has 50 NC districts utilizing a Medicaid module comprising approximately 66% of NC Medicaid students. Please acknowledge the following: When referencing the Medicaid cost proposal percentage, NC defines "LEA" as referencing only to the traditional LEAs; Charters and SOPs are not included.**

Vendor Response to (A) (11):

Counting only “traditional” LEAs, PCG currently has 47 North Carolina districts utilizing its Medicaid documentation module, comprising 68% of Medicaid students. PCG acknowledges that when referencing the Medicaid cost proposal percentage, NCDPI defines “LEA” as referencing only the traditional LEAs; Charters and SOPs are not included. PCG’s current Medicaid clients include:

Current PCG Medicaid FFS Clients

- [010] Alamance-Burlington Schools
- [030] Alleghany County Schools
- [060] Avery County Schools
- [100] Brunswick County Schools
- [110] Buncombe County Schools
- [111] Asheville City Schools
- [120] Burke County Schools
- [130] Cabarrus County Schools
- [132] Kannapolis City Schools
- [230] Cleveland County Schools
- [290] Davidson County Schools
- [292] Thomasville City Schools
- [320] Durham Public Schools
- [340] Winston Salem/Forsyth County Schools
- [350] Franklin County Schools
- [360] Gaston County Schools
- [390] Granville County Schools
- [410] Guilford County Schools
- [430] Harnett County Schools
- [440] Haywood County Schools
- [450] Henderson County Schools
- [490] Iredell-Statesville Schools
- [510] Johnston County Schools
- [530] Lee County Schools
- [550] Lincoln County Schools
- [590] McDowell County Schools
- [600] Charlotte-Mecklenburg Schools
- [610] Mitchell County Schools
- [620] Montgomery County Schools
- [630] Moore County Schools
- [650] New Hanover County Schools
- [680] Orange County Schools
- [730] Person County Schools
- [740] Pitt County Schools
- [770] Richmond County Schools
- [790] Rockingham County Schools
- [800] Rowan-Salisbury Schools
- [810] Rutherford County Schools
- [830] Scotland County Schools
- [840] Stanly County Schools
- [850] Stokes County Schools
- [900] Union County Public Schools
- [920] Wake County Schools
- [950] Watauga County Schools
- [970] Wilkes County Schools



[980] Wilson County Schools  
[995] Yancey County Schools

**12. In reference to Appendix: B, “Module Technical Specifications” PRQ-52, does PCG have a SOC 2 type 2 (or similar) report they can provide to NC NCDPI? This will help to show adherence to NC statewide security requirements. This would be in addition to any SOC 2 type 2 reports that your hosting provider may have. Hosting provider reports would cover areas such as network, and physical security but would not cover your internal processes.**

Vendor Response to (A) (12):

PCG has attached a recent SOC1 Type II report to the end of this BAFO 02 Response.

**BAFO COST:**

Note: NCDPI is requesting a two-fold updated cost on Medicaid: 1) fee for service cost for NCDPI, and 2) Contingency fee percentage for LEAs. Please incorporate both costs accordingly, when completing the ECATS Cost Template below, as discussed on May 26, 2016.

**Section IV. Cost Proposal**

- A. The vendor must list and describe any applicable proposal costs which may include the following:
1. Future customization for customer requested enhancements
  2. Training including training materials
  3. Updates to supplemental files
  4. New functionality
  5. Other costs (*provide details of each proposed cost*)
  6. The consulting and other value added service hourly rates or costs shall be listed separately by type of service. Travel and lodging expenses, if any, must be thoroughly described; and are limited by the State's SAAS Terms and Conditions.

Our response to Section IV, Paragraph A, Questions 1-6 above is unchanged from our initial proposal and BAFO #1 responses except for additional considerations indicated in this BAFO #2 document.

1. As stated in BAFO #1, PCG's existing Contingency Fee for Medicaid Billing services will be reduced from 15% to 13% for billing services upon ECATS system rollout (est. January 2017). As clarified in our response to Question 11 in this BAFO #2, PCG's current Medicaid FFS clients represent 68% of the North Carolina Medicaid student population. When the LEA participation rate for PCG billing services increases to 80% of the Medicaid student population, the contingency fee for LEAs will reduce again to 10%.
2. PCG is offering to include the import of December and April child count data submissions from 2004 to present as described in this BAFO #2 document as part of the contracted scope of work for no additional cost to NCDPI and without using the bank of hours. This cost savings to NCDPI equates to \$50,000.
3. PCG is offering to increase the number of standard import files by four (4) as described in this BAFO #2 document as part of the contracted scope of work for no additional cost to NCDPI and without using the bank of hours. This cost savings to NCDPI equates to \$40,000.

In summary, the combined savings and/or discounts included in BAFO's #1 and #2 equate to more than \$1,649,500 over the three-year contract term in cost adjustments to NCDPI and LEAs.

ECATS Cost Template					
Item #	Cost Description	Special Ed Module Cost	MTSS Module Cost	Medicaid Module Cost	ECATS Service Total Cost
1	<p>The Firm Fixed Price Subscription Fee for the module's <u>Statewide Implementation</u> of the Vendor proposed solution:</p> <p>*This is the year one (1) and year two (2) subscription fee which is to be inclusive of all Deployment, Integration, Implementation, Data Migration, Maintenance and Technical Support for the module's ECATS Service solution.</p>	\$4.0M	\$2.38M	\$0.60M	\$6.98M
2	<p>The optional year three (3) Firm Fixed Price Subscription Fee for the module's Implementation of the Vendor proposed solution:</p> <p>*This is the subscription fee inclusive of any additional Integration, Implementation, Data Migration, Maintenance and Technical Support for the modules ECATS Service solution.</p>	\$2.0M	\$1.19M	\$0.30M	\$3.49M
3	Any other proposed fee for the module's ECATS Service.				
Additional Comments					

- B. Payment Plan Proposal - If the Vendor has a specific payment schedule or installment payment plan or percentage payment plan, etc. it must be detailed here.
- C. Vendors who propose an Alternative cost response must submit a separate document labeled "ALTERNATIVE COST RESPONSE".
- D. **Optional.** A Cost Response Form may be used to summarize the Vendors' pricing responses to specifications.

-End of Document -