**STATE OF NORTH CAROLINA**

**NC DEPARTMENT OF PUBLIC INSTRUCTION (NCDPI)**

**Request for Best & Final Offer (BAFO) No. 03 of Vendor’s Offer in response to REQUEST FOR PROPOSAL (RFP) # 40-IT00114-15**

For: Public Consulting Group Inc. (PCG)

Attn: Amy Smith

Email: amysmith@pcgus.com

**Offers will be received until:** June 15, 2016

**Issue Date:** June 10, 2016

**Refer ALL inquiries regarding this BAFO to:**

Mike Beaver
Michael.Beaver@dpi.nc.gov
Telephone No. 919-807-3683

**Commodity:** Exceptional Children Accountability Tracking System

**Using Agency:** NC Dept. of Public Instruction

**Requisition No.:** RQ18365871

See page 2 for mailing instructions.

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**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 204, 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.

**OFFEROR:**

Public Consulting Group, Inc.

**STREET ADDRESS:**
5511 Capital Center Drive, Suite 550

**P.O. BOX:**

**ZIP:**

27606

**CITY & STATE & ZIP:**
Raleigh, North Carolina 27606

**TELEPHONE NUMBER:**
(919) 576-2200

**FAX NUMBER:**
(919) 576-2201

**PRINT NAME & TITLE OF PERSON SIGNING:**
Amy Smith, Manager

**AUTHORIZED SIGNATURE:**

Amy W. Smith

**DATE:**
06/13/2016

**E-MAIL:**
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).

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**FOR DEPARTMENT OF PUBLIC INSTRUCTION USE ONLY**

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: ________________________

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**FOR DEPARTMENT OF PUBLIC INSTRUCTION USE ONLY**
**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.

<table>
<thead>
<tr>
<th>DELIVER TO:</th>
</tr>
</thead>
<tbody>
<tr>
<td>40-IT00114-15 BAFO 03</td>
</tr>
<tr>
<td>NCDPI</td>
</tr>
<tr>
<td>Attn: Mike Beaver</td>
</tr>
<tr>
<td>301 N. Wilmington Street, Room B04</td>
</tr>
<tr>
<td>Raleigh, NC 27601</td>
</tr>
</tbody>
</table>

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 one (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) #3, 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 June 9, 2016:

1. In reference to your proposal SECTION E. COMPLETED COST OFFER Additional Comments 5. ODS/Advanced Reporting, your proposal states that PCG will accommodate and develop an additional five (5) standard CEIS reports as part of your proposed pricing. Please verify DPI’s understanding that the 5 CEIS reports referenced in SECTION E. COMPLETED COST OFFER Additional Comments 5. ODS/Advanced Reporting are in addition to the 5 standard reports referenced in the BAFO #2 Question #2. DPI will need customized reports pulling data from the ECATS ODS. Limiting the 5 additional reports to CEIS will not be sufficient for DPI. Please define ‘LEA level’, ‘State level’ and ‘both’ in regards to the 75 standard reports. Lastly, please clarify the scope of modification for updating the ‘LEA’ level 75 standard reports to ‘State’ or ‘both’ level(s). In other words, what exactly can be modified on the 75 standard reports and these modifications are included in the cost proposal without using the 750 bank hours or additional customized reports?

Vendor Response to (A) (1):

PCG clarifies that it will provide the development of the five (5) CEIS reports in addition to providing the development of five (5) additional standard reports. These two categories together total 10 reports.

PCG’s notation of reports as either “LEA”, “Both” or “State” is simply our recommendation for how the reports will be most meaningful to viewers. An “LEA Level” report is one which will be most meaningful for gathering data at each discrete district subsite. A “State level” report is one which can be rolled-up and aggregated from a district-level to include data from all LEAs. A report which is “Both” State and LEA level is one which lends itself to usage at all levels, providing data which is relevant in a micro and macro perspective.

As part of the implementation process (does not require NCDPI’s bank of hours), PCG will work with NCDPI to determine the user type permissions and access for each standard report, including whether to make each report available on LEA subsites and/or on the State aggregate site.

2. For general clarification, please provide PCG’s definition for the following: report, form, wizard, and dashboard. Also, please provide your definition for a standard report.

Vendor Response to (A) (2):

A report is a database query that is presented in a summary format, generally used for analysis or making decisions. It can be either (i) a pre-defined standard report with the ability to filter and sort by varying fields, or (ii) a data set configured by the user through Business Objects/Advanced Reporting. Reports can be saved for later use.

A form is a document completed by the end user via the platform. Forms are usually student-centered and can be saved. Examples include meeting invitations or state IEP documents (DEC forms).

A wizard is a process-guided tool used to simplify complex tasks by asking the user a series of easy-to-answer questions. Wizards generally help satisfy compliance requirements or a business process. Examples of wizards include creating accommodation review documents, setting up a user’s caseload,
or documenting Medicaid services.

A dashboard is a data visualization tool that displays the current status of metrics and key performance indicators. The dashboard is on the main menu page and is role-specific.

3. In reference to your proposal RFP-40-IT00114-15 SECTION E. COMPLETED COST OFFER Additional Comments 4. MTSS and Early Warning System (EWS), please provide additional information on the basic EWS indicators for Attendance, Behavior, Literacy, and Math. Additional information can be a list of fields on the dashboard, template, user manual, etc. DPI would like information as to what data is included in these EWS.

Vendor Response to (A) (3):

Our Early Warning System (EWS) provides for up to four (4) basic risk indicators that include Literacy, Math, Behavior and Attendance. Generally, the number of associated indicator data fields can be determined by NCDPI as long as they can be imported using a standard template. One import can contain multiple fields and multiple fields can be associated with each indicator. Thresholds on the various fields are rolled up into the defined indicator and can have multiple symbols to indicate the degree of risk—shapes and colors. Creating thresholds for indicators can be as simple as using one data field, or a combination of several weighted data fields. PCG will work with NCDPI to determine the types of data, the frequency of imports and the thresholds at each interval.

- **Literacy and Math** indicator examples - EOG/EOC scores; grades from previous and current years; benchmark data for literacy and math, indicator thresholds by date or various frequencies.

- **Behavior** indicator examples - Suspensions broken down by OSS, ISS days; or the number of office referrals.

- **Attendance** indicator examples - Absences broken down by total, excused and unexcused.

The EWS can also display demographic information included in the standard student import such as gender, race, ethnicity, age, and IEP status.

4. In reference to your initial response to RFP-40-IT00114-15 SECTION D.i.2 MTSS OBJECTIVES, "Our EdPlan MTSS solution begins with identifying students through the configurable Early Warning dashboard, which enables teachers, schools and districts to quickly identify students who may be at risk of academic failure or dropping out of school and then monitor the effectiveness of interventions. Our Early Warning System (EWS) relies on student-level data available from state and local assessments, attendance, course failures, GPA, credit attainment and behavior to calculate potential risk. It tracks targeted support for students with an increased risk of academic failure to get them back on track for academic success and graduation. In addition, our MTSS module empowers districts and schools by providing an early warning of potential due process issues, professional development needs and possible non-compliance with SPP/APR indicators." This paragraph describing your solution to MTSS EWS seems to conflict with what is listed as being in scope in SECTION E. COMPLETED COST OFFER Additional Comments 4. MTSS and Early Warning System. Please clarify what is in scope for EWS.

Vendor Response to (A) (4):

Our proposed Early Warning System (EWS) provides up to four (4) basic risk indicators that include
Literacy, Math, Behavior and Attendance, each of which can be created through the use of multiple data points and general demographic information as described in Question 3 above. Additionally, if PowerSchool contains EOG/EOC as well as other summative assessment data like ACCESS and/or WAPT, these could also be included through a standard import.

5. In response to BAFO #2 Question #2, DPI is requesting the setup and access of a sandbox and delivery of user manuals for the sandbox and reports. Please verify DPI's understanding that this sandbox will provide access to the 75 standard reports, allow DPI access to an operational business intelligence tool, and the environment will contain non-production test data. In preparation for BAFO #4 scheduled for June 20th, DPI requests the delivery of the user manuals and sandbox as soon as possible.

Vendor Response to (A) (5):

PCG confirms that it is providing a reporting-only sandbox to NCDPI for the purposes of this bid evaluation. This sandbox will include both standard reporting and Advanced Reporting (the ad-hoc reporting tool). PCG will also provide user guides which will enable NCDPI to experience the system's reporting tools in a self-guided manner. The document which guides the use of the NCDPI Sandbox is attached to this BAFO Response both on the USB drive and in hard copy in the envelope.

6. PCG provided a response to appendix-a.xls and appendix-b.xls as an embedded PDF document in their response to RFP-40-IT00114-15. Please provide an Excel document in addition to your BAFO #3 response which allows filtering of the requirements in appendix-a.xls and appendix-b.xls.

Vendor Response to (A) (6):

PCG has attached excel versions of Appendix A and Appendix B responses to this submission. These files are contained on the USB drive and in hard copy in the envelope.

7. In reference to your response to BAFO #2 Question #5, DPI gave April and December child count data file size as an example. BAFO #2 Question #5 stated “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?” PCG responded “PCG can import the 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.” DPI is requesting that PCG reconsider their decision of excluding all child counts except the April and December as in scope considering the fact that the additional files are only 877.567 MB and the total data space for all counts is only 4.91 GB. DPI is requesting the following revision: “PCG can import the December Active Child Count, April Active Child Count, September Exited Child Count, October Indicator 11/Timely Placement Count, and August Indicator 7/COSF Count data submissions from year specified in table below 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.”
Vendor Response to (A) (7):

PCG confirms its original response that December and April Child Count reports can be included within scope and not incur charges against the bank of hours. However, PCG cannot include the additional three (3) files of historical data back to 2004 at no cost. PCG has reviewed the file sizes for the data request and understands the storage space required and costs involved to set up import scripts as well as the internal architecture needed to retroactively store all of this information. Pricing for importing the additional three files of historical data back to 2004 is included in Section IV. Cost Proposal at the end of this document.

8. In response to BAFO #2 Question #6, Appendix response definitions are clearly listed on the first tab of each appendix. (See table below). The team evaluated all proposals based upon this information. PCG clarified in BAFO 1 and BAFO 2 that their proposal has a different definition for ‘Response 2’ for a desired requirement proposes a change to the criteria of the evaluation process. Procurement rules prohibit the alteration of evaluation criteria once the RFP has been posted. DPI will not be able to continue BAFO with PCG until PCG clarifies that they accept the response definitions as defined in the RFP-40-IT00114-15 appendix-a.xls and appendix-b.xls.

Vendor Response to (A) (8):

PCG confirms that it will conform to NCDPI’s definition for Response 2. PCG hereby amends its response in BAFO #2 Question #6 to read as follows:

“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’ or a ‘2’ will not incur a monetary charge and will not incur usage of the bank of development hours. PCG acknowledges that in its Appendix B Proposal Response, all requirements are marked ‘1’ and, as set forth in the RFP definitions, are part of our ‘as is’ solution.”
9. In reference to your response to BAFO #2 Question #12 which referenced Appendix: B, “Module Technical Specifications” PRQ-52, The report provided was a SOC 1 Type 2 report which is an audit report on your financial controls and is not really a security related report. The SOC 2 type 2 report covers Security, Privacy, Availability, Processing integrity, and Confidentiality. Per an NC legislative requirement added last year we need to be able to validate our 3rd party vendors risk management efforts. To do this we need an assessment conducted using industry best practice certification, e.g. SOC 2 Type 2 or NIST Risk Management Framework (RMF). The assessment report provided, must be with 1 year of completion date in order to satisfy this requirement. Re-assessments will need to occur annually or when a significant change to the system’s security posture is made. If you do not currently have this type of report available, you must go through a SOC 2 type 2 assessment or one based on the NIST Risk Management Framework with the report to be provided to the NC DPI. Timeframe for the report to be provided will be determined by NCDIT but the report will either be due by implementation or within 1 year of contract. Please verify your compliance to this legislative requirement.

Vendor Response to (A) (9):

PCG understands North Carolina’s focus on security and agrees to provide an independent, third party security assessment of the ECATS application using an industry best practice certification. PCG will comply with the legislative requirement to provide the assessment report to NCDPI by one (1) year of the contract date or by implementation if warranted. Any items found to be of concern will be mitigated promptly and PCG will conduct re-assessments as required.

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.

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 and #2 responses except for additional considerations indicated in this BAFO #3 document.

1. PCG is eliminating its annual fee for Medicaid documentation, an annual savings to NCDPI of $300,000 per year.

2. PCG is offering to include the two (2) desired development tasks categorized as 2 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 is $15,000 and consists of the following tasks: BR-1.1.62 (Special Education)
and BR-2.1.164 (MTSS).

In summary, the combined savings and/or discounts included in BAFO’s #1, #2, and #3 equate to more than $2,574,000 over the three-year contract term in cost adjustments to NCDPI and LEAs.

### ECATS Cost Template

<table>
<thead>
<tr>
<th>Item #</th>
<th>Cost Description</th>
<th>Special Ed Module Cost</th>
<th>MTSS Module Cost</th>
<th>Medicaid Module Cost</th>
<th>ECATS Service Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Firm Fixed Price Subscription Fee for the module’s Statewide Implementation of Vendor proposed solution: *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.</td>
<td>$4.0M</td>
<td>$2.38M</td>
<td>$0.0M</td>
<td>$6.38M</td>
</tr>
<tr>
<td>2</td>
<td>The optional year three (3) Firm Fixed Price Subscription Fee for the module’s Implementation of the Vendor proposed solution: *This is the subscription fee inclusive of any additional Integration, Implementation, Data Migration, Maintenance and Technical Support for the module’s ECATS Service solution.</td>
<td>$2.0M</td>
<td>$1.19M</td>
<td>$0.0M</td>
<td>$3.19M</td>
</tr>
<tr>
<td>3</td>
<td>Import of child count data: total size approximate 877.567 MB</td>
<td>$60,000</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$140,000</td>
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<tr>
<td></td>
<td>- September Child Count (585.083 MB)</td>
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<td></td>
<td>- October Indicator 11/Timely Placement Count (218.89 MB)</td>
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<td></td>
<td>- August Indicator 7/COSF Count (73.594 MB)</td>
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<tr>
<td>4</td>
<td>Any other proposed fee for the module’s ECATS Service.</td>
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### 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.