LOS ANGELES UNIFIED SCHOOL DISTRICT

SCHOOL CONSTRUCTION BOND CITIZENS' OVERSIGHT COMMITTEE

RESOLUTION 2016-21

BOARD REPORT NO. 406-15/16

AMENDMENT TO THE INFORMATION TECHNOLOGY DIVISION AND FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLANS – PROJECT APPROVAL AND FUNDING STRATEGY FOR FOOD SERVICES DIVISION POINT OF SALE TECHNOLOGY UPGRADE PROJECT

WHEREAS, District Staff proposes that the Board of Education define and approve the Food Services Division (FSD) proposed Point of Sale (POS) and Cafeteria Manager Desktop (CMD) Technology Upgrade Project and Funding Strategy. The overall project budget is $4.3 million for the procurement of approximately 2,400 POS devices, 700 cafeteria manager desktops and required peripherals (pin pads, cash drawers, etc.) for approximately 700 school cafeteria locations (as listed on Exhibit A of Board Report No. 406-15/16); and

WHEREAS, FSD has approximately 2,400 POS devices and 700 manager machines throughout nearly 700 school cafeterias. These machines are approximately five years old. Furthermore, the operating system is now outdated and is no longer supported; and

WHEREAS, $4.3 million in bond funding is currently reserved in the Facilities Services Division (Facilities) Strategic Execution Plan (SEP) under the "modernize and repair school cafeterias" category of capital need; and

WHEREAS, This action requires that the Facilities SEP and the ITD SEP be amended so that the $4.3 million in bond funding in the Facilities SEP is reallocated to the "technology infrastructure and system upgrades" category of capital need in the ITD SEP. This action is necessary because ITD will manage the installation of the new cafeteria POS and manager devices.

Resolution 2016-21
**AMENDMENT TO THE INFORMATION TECHNOLOGY DIVISION AND
FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLANS – PROJECT
APPROVAL AND FUNDING STRATEGY FOR FOOD SERVICES DIVISION POINT
OF SALE TECHNOLOGY UPGRADE PROJECT
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WHEREAS, If the proposed action is not approved, bond funds allocated to FSD will not be expended and FSD staff will be unable to purchase the necessary machines. Machines that are functional will continue to be utilized; however, the machines are outdated, not covered by warranty, and their current operating system is no longer supported by Microsoft, ITD, and the CMS software vendor. Fixing out-of-warranty machines will cost $842,000 a year to cover site visits and replacement parts; and

WHEREAS, In addition to not having a service warranty, Microsoft and Horizon Software International, LLC, (the developer of the CMS application), do not support the operating system XP, which is installed on more than half of the POS devices. Operationally, upgrades and security patches will no longer be available after April 12, 2016, thereby creating security and system compliance issues such as: vulnerability to security threats; non-compliance with LAUSD ITD security standards and requirements; non-compliance with Horizon minimum software requirements; inability for Horizon to provide bug fixes or enhancements to the application; device malfunction; and

WHEREAS, The Technology Upgrade Project is expected to start May 25, 2016, and to be completed by October 2017; and

WHEREAS, The proposed project was originally front-funded with General Funds; however, pending the approval by the School Construction Bond Citizens' Oversight Committee (BOC) and the Board of Education, any General Fund expenditures will be reimbursed by bond program funds.

WHEREAS, District staff has concluded that this proposed SEP amendments will help facilitate implementation of the ITD and FSD SEPs. Therefore, the proposed SEP amendments will not adversely affect the District's ability to successfully complete either of the SEPs.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The School Construction Citizens' Bond Oversight Committee recommends that the Board of Education adopt the FSD proposed POS Technology Upgrade project and funding strategy to procure approximately 2,400 POS and 700 manager machines and peripherals (pin pads, cash drawers, etc.) at approximately 700 school cafeteria locations as defined in Board Report 406-15/16, a copy of which is attached hereto in the form it was presented to the BOC and is incorporated herein by reference.

Bond Oversight Committee
333 S. Beaudry Avenue, 23rd Floor, Los Angeles, CA 90017✧Phone: 213. 241.5183✧Fax: 213.241.8354✧www.laschools.org/bond
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Resolution 2016-21
**AMENDMENT TO THE INFORMATION TECHNOLOGY DIVISION AND
FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLANS – PROJECT
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OF SALE TECHNOLOGY UPGRADE PROJECT**
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2. This resolution shall be transmitted to the Los Angeles Unified School District Board of Education and posted on the Oversight Committee's website.

3. The District is directed to track the above recommendation and to report on the adoption, rejection, or pending status of the recommendations as provided in section 6.2 of the Charter and Memorandum of Understanding between the Oversight Committee and the District.

ADOPTED on April 28, 2016, by the following vote:

AYES: 9	ABSTENTIONS: 1
NAYS: 0	ABSENCES: 4

Scott Folsom

Scott Folsom
Vice Chair

Stephen English

Stephen English
Acting Secretary

Bond Oversight Committee
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File #: Rep-406-15/16, **Version:** 1

Amendment to the Information Technology Division and Facilities Services Division Strategic Execution Plans - Project Approval and Funding Strategy for Food Services Division Point of Sale Technology Upgrade Project
May 10, 2016
Office of Educational Services
Information Technology Division
Facilities Services Division

Action Proposed:
Staff proposes that the Board of Education define and approve the Food Services Division (FSD) proposed Point of Sale (POS) Technology Upgrade Project and Funding Strategy. The overall project budget is $4.3 million for the procurement of approximately 2,400 POS devices and required peripherals (pin pads, cash drawers, etc.) for approximately 700 school cafeteria locations district-wide (See Exhibit A for detailed scope, schedule and budget). $4.3 million in bond funding is currently reserved in the Facilities Services Division (Facilities) Strategic Execution Plan (SEP) under the "modernize and repair school cafeterias" category of capital need.

This action requires that the Facilities SEP and Information Technology Division (ITD) SEP be amended so that the $4.3 million in bond funding in the Facilities SEP is reallocated to the "technology infrastructure and system upgrades" category of capital need in the ITD SEP. This action is necessary because ITD will manage the installation of the new cafeteria POS. The Technology Upgrade Project is expected to start May 25, 2016, and to be completed by October 2017.

Background:
In April 2007, the Board of Education approved the purchase of the Cafeteria Management System (CMS) in order to comply with audit findings cited by the California Department of Education and to increase operational productivity. Implemented in 2010, CMS is a software program designed to increase reporting accuracy, improve production, and reduce the impact on staff by eliminating manual cafeteria processes.

By merging a POS system with CMS, there will be increased service efficiency for students waiting in line for meals and decreased stigma for student eligibility through the use of prepaid accounts. Additionally, more information about student meal activity will be available to parents.

The District has contracted with vendors to install and service all POS devices and manager machines. FSD has approximately 2,400 POS and 700 manager machines throughout nearly 700 school cafeterias. These machines are approximately five years old. Furthermore, the operating system is now outdated and is no longer supported.

Expected Outcomes:
Staff anticipates that the Board of Education will approve staff's proposal to define and approve the FSD proposed POS Technology Upgrade Project and Funding Strategy.

Board Options and Consequences:

A "yes" vote will authorize staff to proceed with the expenditure of bond funds to undertake the proposed program in accordance with the provisions set forth in Measures K, R, Y and Q.

If the proposed action is not approved, bond funds allocated to FSD will not be expended and staff will be unable to purchase the necessary machines. Machines that are functional will continue to be utilized; however, the machines are outdated, not covered by warranty, and their current operating system is no longer supported by Microsoft, ITD, and the CMS software vendor.

Policy Implications:

In addition to not having a service warranty, both Microsoft and Horizon Software International, LLC (the developer of the CMS application) do not support the current operating system XP, which is installed on more than half of the POS devices. Operationally, upgrades and security patches will no longer be available after April 12, 2016, thereby creating security and system compliance issues such as:

- Vulnerability to security threats
- Non-compliance with LAUSD ITD security and standards requirements
- Non-compliance with Horizon's minimum software requirements
- Inability for Horizon to provide bug fixes or enhancements to the application
- Device malfunction

In addition, POS devices contain sensitive student information. If removed from a school site, the vendor will not be able to track the POS device, possibly compromising confidential student data.

Budget Impact:

The proposed project budget is $4.3 million. The project will be funded with bond program funds currently targeted in the School Upgrade Program for the "modernize and repair school cafeterias" category of capital need; however, these dollars will be reallocated from the Facilities SEP to the "technology infrastructure and system upgrades" category of capital need in the ITD-SEP.

The proposed project was originally front-funded with General Funds; however, pending the approval by the School Construction Bond Citizens' Oversight Committee (BOC) and the Board of Education, any General Fund expenditures will be reimbursed by bond program funds.

Bond Oversight Committee Recommendations:

This item was considered by the BOC at its meeting on April 28, 2016. Staff has concluded that the proposed SEP amendments will help facilitate implementation of the ITD and FSD SEPs. Therefore, the proposed SEP amendments will not adversely affect the District's ability to successfully complete either of the SEPs.

Attachments:
Exhibit A

Informatives:
April 21, 2016 CONTRACTORS: CONTRACT NO.: POINT OF SALE (POS) PURCHASE

RESPECTFULLY SUBMITTED,

APPROVED BY:

MICHELLE KING
Superintendent

THELMA MELÉNDEZ DE SANTA ANA, PH.D.
Chief Executive Officer
Office of Educational Services

REVIEWED BY:

APPROVED BY:

DAVID HOLMQUIST
General Counsel

SHAHRYAR KHAZEI
Chief Information Officer
Information Technology Division

___ Approved as to form.

REVIEWED BY:

APPROVED BY:

CHERYL SIMPSON
Director, Budget Services and Financial Planning

MARK HOVATTER
Chief Facilities Executive
Facilities Services Division

___ Approved as to budget impact statement.

PRESENTED BY:

LAURA BENAVIDEZ
TIMIKEL SHARPE
Interim Co-Directors
Food Services Division

Project Name	Point of Sales Replacement Project	System	Cafeteria Management System

Exhibit A	Scope Schedule and Budget Information			
Phase No.	Scope	Start Date	End Date	Budget
1	Replace 900 POS	5/25/2016	8/12/2016	$1.6M
2	Replace remaining 1500 POS.	9/1/2016	10/1/2017	$2.7M
			Total	$4.3M

Project Name	Point of Sales Replacement Project	System	Cafeteria Management System
Project Number	Exhibit B Project Charter	Change	2016.1.1.0
Urgency	Very High	Dependencies	POS will only access Cafeteria Management System data

Project Description	Constraints	Assumptions
Replace 2,400 POS at approximately 700 school cafeteria locations in the District. Background: In April 2007, LAUSD Board of Education approved the purchase of the Cafeteria Management System (CMS) as a proactive measure for the Food Services Division's (FSD) daily productivity operations. CMS, a software program designed to improve production, increase reporting accuracy, and most importantly, decrease and eliminate manual cafeteria processes was implemented in 2010. A main goal of CMS was to introduce a Point of Service (POS) system that would increase service line efficiency for students and provide student meal activity information to parents.	1. Lack of Funding Source.	Either Food Service Division or Information Technology Division will fund this project. Must be implemented as soon as possible to minimize the impact of POS and CM desktop downtime.

Business Needs/ Objectives	Problem Statement
Business Needs: Improve production, increase reporting accuracy, decrease and eliminate manual cafeteria processes , increase service line efficiency for students and provide student meal activity information to parents. **Objective:** replace aging, failing POS, reduce or eliminate repair cost, renew tracking software licenses for theft recovery, renew 5 year replacment warranties, minimize downtime, acquire continuous Microsoft support, meet application minimum requirements, avail application full functionality and comply with IT Security and Standards.	Currently the POS devices are nearing their end of life (5+ years) , failing at a rate of 30 devices per week. Replacement warranties are expiring and the cost of repairs are increasing with replacement parts becoming unavailable. The Embedded XP operating systems on these devices will be desupported by Microsoft starting April 12, 2016 and Mircosoft will no longer send patches and fixes. Student, employee and business data may be compromised and will be vulnerable to security threats. In addition these POS are limited in use and cannot be leveraged for othr official district purposes such as for the MYPLN, a federally mandated training program for cafeteria staff because it is out of compliance with IT Security and Standards.

Scope	Risk	Mitigation Plan
Replace 2,400 POS at approximately 700 school cafeteria locations in the District.	Must deploy these devices on a not to interfere basis preferably during the summer. If done during regular semester may cause interference with cafeteria operations. Also, if not replaced soon may cause downtime in Food Serivce operations.	Although installation and Integration services will be provided by vendor, LAUSD ITD CMS and Technical Support will manage the project in order that Food Service Operations will not be impacted.

Project Timeline / Budget

Key Milestone	Target Start Date	Target End Date	Inter/Vendor	Roles	Responsibility	Cost	Start Date	End Date
Requirements	3/1/2016	3/30/2016	Vendor	Supply	supply and installation	$4.3 M	5/25/2016	10/1/2017
Design	4/1/2016	4/30/2016	ITD Support	PM	project management	included	5/25/2016	10/1/2017
Development	5/2/2016	5/13/2016						
Testing	5/16/2016	5/20/2016						
UAT	5/23/2016	5/24/2016						
Phase 1 POS Completion	5/25/2016	8/12/2016						
Phase 2 POS Completion	9/1/2016	10/1/2017						

			Total Vendor Budget		Total Internal Budget		Total Project Budget	
Total Project Duration:		17 months	approx $4.3M		included		$4.3M	

Reports Requirement

Project Report	Metrics	Frequency

Project Participants

Project Sponsor	Thelma Melendez/ Shahryar Khazei/Laura Benavidez/ Timikel Sharpe	Project Manager	Dr Joe Abrego/ Gil Danila
Technical Lead	Gil Danila	QA	Kim Goebel, Will Paul , Brian Sevilla, Brad Tapie
Users	Food Service Cafeteria Staff	User Signoff	Laura Benavidez, Timikel Sharpe

INTEROFFICE CORRESPONDENCE
Los Angeles Unified School District
Food Services Division

INFORMATIVE

TO: Members, Board of Education   **DATE:** April 21, 2016
                Michelle King, Superintendent of Schools

FROM: Laura Benavidez, Co-Director
                Timikel Sharpe, Co-Director
                Food Services Division

SUBJECT: **CONTRACTORS:**
                CONTRACT NO.:
                POINT OF SALE (POS) PURCHASE

Introduction
In April 2007, the Los Angeles Unified School District (LAUSD) Board of Education approved the purchase of the Cafeteria Management System (CMS) in order to comply with audit findings cited by the California Department of Education and to increase operational productivity. Implemented in 2010, CMS is a software program designed to increase reporting accuracy, improve production, and reduce the impact on staff by eliminating manual cafeteria processes. Additionally, purchasing a Point of Sale (POS) system in conjunction with CMS, there will be increased service efficiency for students waiting in line for meals and decreased stigma for student eligibility through the use of prepaid accounts. Additionally, more information about student meal activity will be available to parents.

The District contracted with TekVisions to install and service all POS devices, and Food Services Division (FSD) has approximately 2,400 POS devices across 694 school cafeterias. All POS devices carry a 5-year repair and/or replacement warranty and a concurrent 5-year security/tracking software license. The warranty and tracking license software for 900 machines will expire on June 30, 2016.

FSD is requesting that the Board of Education approve the use of a piggybackable contract to immediately purchase 900 expiring machines needing replacement. The decision to purchase any other POS devices that expire following the June 30 date will be based upon whether it would be more advantageous for LAUSD to purchase the 500 additional POS devices via an Invitation for Bid (IFB), which is currently in the process. However, because the IFB process requires more time for due diligence, the delivery of 900 POS devices would not be guaranteed by the time the Board of Education reconvenes in August or September.

Why is this necessary?
In addition to not having a service warranty, we were notified by the Information Technology Division (ITD) that neither Microsoft nor Horizon Software International, LLC, (the developer of the CMS application), will support the operating system XP which is installed on more than half of the POS devices.

Operationally, upgrades and security patches will no longer be available after June 30, thereby creating security and system compliance issues such as:

- Vulnerability to security threats
- Non-compliance with LAUSD ITD security standards and requiremenMembers, Board of Education
- Non-compliance with Horizon's minimum software requirements
- Inability for Horizon to provide bug fixes or enhancements to the application
- Device malfunction

In addition, POS and CMD devices contain sensitive student information. If removed from a school site, the vendor will not be able to track the POS device, possibly compromising confidential student data.

Why do we need to do this now?

FSD is undergoing an IFB to purchase more POS devices needed to meet the overall need of 2,400 devices. The expired/expiring devices need to be replaced immediately to avoid additional costs.

What will happen if this is not approved?

If this contract is not approved, FSD will not be able to purchase the necessary machines. We will continue to utilize the expired machines and risk the potential of having to pay $170 per site visit and $600-$800 per machine for repairs. Given the age of the devices, spare parts may not be available.

Based on the current number of expired/expiring devices, this could add an additional expense of $873,000 annually for machines that would be covered only through a 90-day warranty.

What are the terms of the proposed agreement?

FSD is requesting the Board to authorize the execution of a one-time piggyback contract with an aggregate not-to-exceed amount of $1.62 million to purchase POS machines and peripherals (pin pads, cash drawers, etc.). The contract utilizes the same terms and conditions provided by TekVisions that allows us to supply the District's need for the devices. The funds are provided by General Funds. However, FSD is on the agenda to present at the Bond Oversight Committee on April 28th to request the project be approved under the School Upgrade Program utilizing the funds allocated to Food Services. Pending the approval of the Committee and the Board, a transfer of expenditures can be issued to cover the costs utilizing bond funds and not General Funds.

Timeline for proposed action

The CMS Equipment Replacement Project will occur in three phases. The first phase or work is being performed during the summer to avoid any disruption to service for our students.

Phase No.	Scope	Start Date	End Date
Phase 1	Replace 900 POS	05/25/2016	08/12/2016
Phase 2	Replace remaining 1500 POS	09/01/2016	10/01/2017 or earlier
Phase 3	Replace 700 Manager Machines	09/01/2016	10/01/2017 or earlier

Vendor installation will be done on-site on a "not-to-interfere" basis between the hours of 7 – 11 a.m. and 2 – 5 p.m. when regular school days are in session. Unexpired warranties of replaced equipment will be added to new replacement equipment warranty.

If you have any questions or require additional information, please contact Laura Benavidez at 213-241-2993, or laura.benavidez@lausd.net.

c: Frances Gipson
    Thelma Meléndez de Santa Ana
    David Holmquist
    Megan Reilly
    Nicole Elam-Ellis
    Alma Peña-Sanchez
    Jefferson Crain
    George Silva
    Shahryar Khazei
    Luis Buendia