

Santa Ana Unified School District
1601 E. Chestnut Avenue
Santa Ana, California 92701

MINUTES

SPECIAL BOARD MEETING
SANTA ANA BOARD OF EDUCATION

April 12, 2004

CALL TO ORDER

Board President Richardson called the meeting to order at 5:56 p.m. Mr. Tinajero, Mrs. Avila, and Mr. Palacio were also present. Dr. Yamagata-Noji arrived at 8:15 p.m.

Cabinet members present were Dr. Mijares, Dr. Stabler, Mr. Best, Dr. Stainer, Dr. Bratcher, Ms. Brown, Mr. Sharp, and Mrs. Araujo-Cook. Dr. Bennett was not in attendance.

RECESS TO CLOSED SESSION

The meeting was immediately recessed to Closed Session to consider legal matters, negotiations, and personnel matters.

MEETING RECONVENED

The meeting was reconvened at 7:16 p.m.

There were approximately 30 members of the community and District staff in the audience.

PLEDGE OF ALLEGIANCE

The meeting was opened with the Pledge of Allegiance.

DISCUSSION OF SAUSD INFORMATION TECHNOLOGY SYSTEM PROGRESS REPORT: ORACLE FINANCIAL AND STUDENT SYSTEMS

Dr. Stabler introduced Mr. Dan Leader of New Vision Consulting who discussed the services and features of the Oracle Financial Systems and Mr. Mike Caskey who discussed the Student Systems' aspect of the system.

Dr. Stabler introduced the item. He referred to the CASTS system which has been utilized by the SAUSD for many years and the need for a more integrated and updated system. He said that several systems were looked into by a District advisory team who believed that the Oracle system was best suited for the needs of the SAUSD. Other systems looked into were SAP, BiTech, QSS, and Peoplesoft. He said that before moving forward with Oracle or bringing it to the Board for approval, it was presented to school sites where principals, department chairs, and office managers reviewed each program. Oracle was found to be the most user-friendly system. He said that the Oracle ERP program was presented to the Board of Education on three occasions. He said that in the fall of 2002, the Board approved the contract with Interliant who were the third-party implementer provided by Oracle. Dr. Stabler stated that Interliant went bankrupt in December of 2003, was sold to Schlumberger Sema.

Mr. Richardson asked how Interliant came about. Dr. Stabler stated that they were brought forward as a third party implementer with Oracle. He said that every meeting that was conducted, Interliant was there as of the team from the start.

Mr. Richardson questioned the association with Interliant and the District purchasing the program as a whole. He asked about the due diligence and accountability of Oracle to the District. He said that Oracle must have more than one implementer and asked how the District received Interliant.

Dr. Stabler stated that they were brought in as a team.

Dr. Noji inquired about financing and what the Board previously authorized. Dr. Stabler responded that the Board approved the Certificate of Participation (COP) and authorized up to \$5 million which included hardware, software, implementation costs, and personnel backfill, maintenance, and training. It is funded through General Funds with an on-going cost of \$653,000 per year.

Dr. Noji requested information on the COP in terms of costs and the amount. Dr. Stabler stated that he would supply Board with a spread sheet with that information.

Dr. Noji inquired how the District arrived at \$5 million and asked if it was the intention to discuss that information tonight. Dr. Stabler responded negative. He said that originally the cost was \$3.5 million, and with the additional elements added to the project, the cost increased to \$5 million. Dr. Stabler stated that the \$5 million is a start-up cost for original implementation, staff training, and maintenance for the first year and \$653,000 is the annual payment.

Dr. Stabler stated that tonight's focus is on the current status with Oracle and where the SAUSD future is with that organization. Dr. Noji requested relevant background information in WIR.

Mr. Palacio reiterated that the COP cost per year would cover software, hardware to sustain an integrated system, staff training, and data conversion for integrating, which is separate from the \$5 million.

Dr. Stabler stated that the COP does not allow ongoing costs. He further stated that a legal opinion was requested in reference to personnel backfills because normally COPs would not allow that option. He said that the maintenance fee is \$136,000 per year which was previously approved. Another cost that Mr. Leader will be speaking about tonight is a Data Base Administrator (DBA) which is an additional cost.

Mr. Richardson asked why one would invest in a system of such volume without a DBA. He said that he is disturbed that Oracle ERP recommended Interliant only to have them claim bankruptcy. He said that Oracle recommended Interliant to the District, Oracle has a moral obligation to the SAUSD for a successful implementation.

Mr. Dan Leader was asked to step to the podium to provide an overview of the Oracle assessment which included the process, executive summary, recommendations, and next steps. On the Student Systems side, presented was information on the current status, project goals, implementation status, and key dates. Mr. Leader said that he is the President and Managing Partner of New Vision Consulting Group. The company was founded in 1993 and specializes in Oracle ERP implementations. He has 22 years of

instructional technology experience and 16 years of Oracle ERP system experience. His focus is on State and Local Government, Higher Education, and K-12 education, with the LACOE as an existing customer for the past ten years.

Mr. Leader was requested by FCMAT to assist the District with the assessment and completion of the Oracle ERP implementation. Below is a review of the Oracle System as follows:

- FCMAT review and recommendation in October, 2003, was to continue with the Oracle implementation
- Provide an assessment of the current Oracle implementation status and propose a plan of action to complete the implementation and resolve outstanding issues left by Schlumberger

System Implementation Facts:

- All new system implementations are disruptive to daily business and costly to implement
- Implementation takes 18-24 months
- SAUSD is 12 months into the production cycle
- ROI is realized starting in year three of system use

Oracle Assessment and Review Process:

- Knowledge transfer with Schlumberger
- Review Oracle project team documentation
- Conducted interviews, and observed users' online usage patterns
- Assessment of ITC operations and systems support capability
- Identify major issues and propose corrective action plan

Organizational Reviews and Personnel Interviews with:

- Controller's Office
- Purchasing
- Site locations
- Warehouse management
- Human Resources, Benefits and Payroll (limited)
- Information Technology

Recommendations and Next Steps - Business Services:

- Create custom budget and encumbrance reports identified by FCMAT to assist Business Services in providing information in a consistent and common format and definition across all organizations
- Oracle Purchasing procedures and year-end activities need to be defined and documented to insure timely and proper cutoff and carry forward of purchase orders and encumbrances in Oracle
- Oracle Accounts Payable procedures and year-end activities need to be defined and documented to insure timely and proper cutoff and accrual at year end
- Position control and public sector budgeting were never implemented. Work arounds need evaluation in light of current Oracle Human Resources implementation in order to provide a totally integrated system and eliminate manual efforts, procedures and controls
- Existing budgeting process in Oracle requires "fine tuning" and documentation of each step of the budgeting cycle and monitoring process

- Month-end closing procedures for warehouse and Oracle inventory need documenting along with business process re-engineering around the new system

Recommendations and Next Steps - Site Locations:

- Provide site administrators with basic computer use training and ongoing Oracle system training re-enforcement
- Desktop procedures need to be written to instruct users on policy and procedures not inherent to Oracle
- Provide mandatory Oracle training to be conducted in groups of not more than ten at a time to maximize personal attention
- Develop and implement an ongoing training program to re-enforcement system use and provide updates on system and procedural changes

Recommendations and Next Steps - Information Technology Center:

- Augment existing staff to assist in the maintenance and monitoring of the hardware and software production environments. Provide a high level of availability and reliability of systems to District users:
- Obtain technology consultant to advise ITC on data center operations, infrastructure needs, policy, and procedures documentation
- Perform necessary system and database maintenance to keep production and test systems up and reliable
- Upgrade site security infrastructure and provide VPN access to needed systems
- Work with ITC team to develop detailed procedures for routine maintenance and monitoring of the hardware and Oracle production database environment
- Acquire and install additional disks arrays to provide adequate capacity and future growth of the Oracle Enterprise Resource Planning (ERP) and School Max production and test instances
- Obtain remove DBA service contract for next 12 months to provide ongoing support while the systems are being stabilized and ITC personnel become better trained and self sufficient
- Continue to invest in Oracle training for DBA and programmers to become more proficient with Oracle development tools and application functionality to better support District users and respond with solutions in a more timely basis
- skill assessment needs performed in conjunction with current job responsibilities and project assignments to determine gaps in skills and required training
- Redeployment of existing personnel between projects may be necessary to level out existing gaps and voids
- Data processing independence from the County comes with a price and commitment of needed funding and training to support on gong operations and services currently being provided. ITC is under funded as an organization. ITC is providing a wide variety of systems, services, and support to the district
- District should conduct a survey of similar size Districts to obtain budget funding comparisons for analysis. Results should be factored into future budgeting process for ITC

Recommendations and Next Steps - Human Resources and Benefits:

- Re-evaluate and define the goals, objectives and benefits of implementing Oracle HR and Benefits in light of organizational change in leadership

- Establish executive sponsorship for the project within the Human Resource and Benefits department
- Establish new project scope, goals, objectives and system benefits
- Obtain agreement from the County to provide required resources and dedicated test environment for the duration of the Oracle HR and Benefits implementation
- Establish District and County project team structure and communication plan and begin regular weekly meetings

Recommendations and Next Steps - Assemble a New Project Team:

- Assemble a new team to work with each departmental organization to address unresolved system issues, training needs, business process re-engineering and knowledge transfer
- Controllers Office (general ledger, accounts payable, accounts receivable, budgeting)
- Purchasing Department (requisitioning, fund check, procurement)
- Warehouse Operations (inventory and order management)
- Site locations and Administrators (procurement, budget monitoring, reporting)
- ITC (Oracle DBA and technical support)

Cost Summary by Organization:

The estimated implementation cost to complete this effort is \$275,00 and is broken down by organization as follows:

• Controller Office	\$50,000
• Purchasing	\$40,000
• Warehouse	\$50,000
• Site Personnel	\$35,000
• ITC	\$100,000
• Total	\$275,000

Mr. Leader stated for a point of clarification that modifications would be made to the current business processes rather than any changes made to the Oracle system. He said that system implementation require much testing, data conversion, interfaces, analysis, design, and testing and takes anywhere from 18-24 months to stabilize.

Dr. Yamagata Noji asked if the Oracle system was being utilized at other school districts. Mr. Leader responded affirmatively.

Mr. Richardson inquired about Mr. Leader's concept on the return on investment for the school district with the Oracle system. Mr. Leader stated that once the system has stabilized that the district will gain efficiency and expediency in the many processes that district handles day to day.

Board discussion ensued. Board members questioned Interliant and its association to Oracle. Dr. Stabler stated that originally when Oracle was brought to the Board, Interliant was included.

Mr. Leader provided information on costs and total expenditures and consulting expenditures from onset to 2007. He said that cost of ownership will begin to level off in 2004.

Dr. Stabler stated that Schlumberger SEMA decided to sell off to Argo Anton, a national worldwide information technology integration company. The District is in dispute mediation with Schlumberger SEMA/Argo Anton and the completion of their contract with the SAUSD. Dr. Stabler stated that Mr. Leader is here to assess program and to provide some implementation services during this time. He said that the District stopped paying Schlumberger SEMA when the dispute began.

Dr. Stabler reminded the Board that Mr. Leader was requested by FCMAT to assist the District with the assessment and completion of the Oracle ERP implementation. Explained above by bullet points are the assessment and review and a plan for a successful implementation.

Mr. Palacio inquired about the different phases of Oracle such as research and evaluation module completed. Dr. Stabler stated that we were in the first phase and that is on the second phase.

Board discussion ensued. Mr. Leader continued clarifying and addressing questions from the Board regarding the above bullets. Other areas addressed were training, future growth, capacity, and costs.

Mr. Richardson requested that an account executive or representative from Oracle and Interliant come to a future Board meeting to explain their role on the selection process.

Dr. Stabler introduced Mr. Mike Caskey who will be speaking on a new program implemented called the California Student Information System to provide current student data. The SAUSD received a grant to purchase a program. He said that there was a process to evaluate various process which involved counselors, principals, and assistant principals. The elementary part has been implemented and the intermediate and high schools portion has been delayed. FCMAT has recommended that the District attain an expert in student information systems and Mr. Caskey has been asked to provide that information. He said that eventually all districts will be required to participate.

Dr. Yamagata-Noji inquired about the date that District received the grant and the amount. Dr. Stabler stated he did not know the exact amount and that he would send the information in WIR.

Mr. Mike Caskey presented information in reference to the Student Systems aspect of Oracle. Information included was on the current status; project goals; implementation; and key dates. The following bullets are relative to Student Systems. As he refers to each bullet, a brief explanation is provided:

- Review requested by FCMAT
- 38 years IT experience
- Recently retire IT director from Stanislaus County Office of Education
- Implementation of Large School Systems
- School finance and accounting
- School payroll
- Student information systems
- Elementary SchoolMax implementation completed
- Middle School and High School implementation on hold (pending SchoolMax modifications/adjustments)

Three products in use currently:

- SchoolMax
- SASI
- CASTS
- Student Systems - Project Goals
- Use of a single SIS by SAUSD
- Ongoing SAUSD ITC Support
- SIS Oversight Committee

Student Systems - Implementation:

- Establish a Steering Committee
- Direction and guidance
- Prioritization
- Change control
- Project Manager
- Implementation Plan
- Develop and monitor
- Adjustments to plan
- Coordination
- Communication
- Resource identification
- Required time commitment

Implementation Key Dates:

- Implementation Plan 6/11/04
- System functional and ready for Registration process 4/1/05
- First day of school using School Max for Middle School and High School operation 7/1/05

Mr. Caskey explained average daily attendance (ADA), additional student services for NCLB. He said that he would be visiting a school district that is currently utilizing the system.

Board inquired about the system integrating with Oracle. Mr. Caskey said that School Max runs on the Oracle database.

Mr. Richardson stated that the assessment that one must realize is what the District needs rather what it wants in terms of prioritization and cost.

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was immediately adjourned at 8:53 p.m.

FUTURE MEETING

The next regularly scheduled meeting of the Board of Education will be held on Tuesday, April 13, 2004, at 6:00 p.m.

ATTEST:

Al Mijares, Ph.D.
Secretary
Santa Ana Board of Education