



Date: June 30, 2010  
To: Dr. J. Brian Sarvis, Superintendent  
From: Meg Jetté, Director, Fiscal Services  
Subject: Purchase of Quintessential School System License Upgrade of Financial System

**Background**

The Santa Barbara School Districts (the district) is interested in purchasing an upgrade to the perpetual software license the districts originally purchased in 1983 from Pertaine Systems, Inc. as a member of the Central Coast Computing Authority. The original license has been in continuous use since the inception. Quintessential School Systems (QSS), successor in interest to Pertaine Systems, is offering the district an upgrade to the original software (SCHOOL/3000) in order to move to the current version (now named QSS/OASIS) which is a graphical/web application that uses industry standard database and server technology. The district has a long-standing relationship with QSS and has experience using the software as a current license holder. QSS has a fully developed graphical/web integrated financial system, whereas our current system, California Education Computer Consortium (CECC) will not be fully converted to this technology for approximately 5 years and the majority of other school systems are a minimum of a year to several years away from a completely integrated graphical/web solution.

**Plan**

As this is an upgrade and not an original purchase, the district only has to pay an upgrade license fee, which is significantly less than an original license purchase. The cost to the district for the upgraded license, the implementation costs and the training costs for the first year is significantly less than the current financial system annual costs and considerably less than other integrated school financial systems. The chart below illustrates the cost avoidance if the district converts to QSS.

<u>CECC vs QSS</u>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
CECC 14% increase each year	143,475	163,475	186,362	212,453	242,196
CECC Contracted Services: support for HP	75,000	75,000	75,000	75,000	75,000
QSS Implementation less Microsoft Funds	137,995	52,000	58,240	65,229	73,056
<b>Total Cost/(Savings)</b>	<b>356,470</b>	<b>(186,475)</b>	<b>(203,122)</b>	<b>(222,224)</b>	<b>(244,140)</b>
Total Savings Over four years	(855,961)				
Less upgrade	137,995				
Savings over 4 years	<u>(717,966)</u>				

**Fiscal Impact**

\$137,995 from the elementary and secondary general fund.

**Quintessential School Systems**

867 American Street, 2<sup>nd</sup> Floor, San Carlos, CA 94070  
650.598.9500 / Fax: 650.372.3386

**Quote - QSS/OASIS Products / Services**

<b>Organization/Contact</b>	Santa Barbara School Districts
<b>Date</b>	July 1, 2010
<b>Quote Good Through</b>	September 30, 2010
<b>Quote Prepared By</b>	Duane Percox
<b>Quote Comments</b>	Customer is required to supply appropriate application and database server for QSS/OASIS Version 'L'. QSS/OASIS Version 'L' is deployed on industry standard commodity servers using RedHat or SuSE Linux and supports these database servers: (PostgreSQL, MS SQL/Server, Oracle 10g, Sybase ASE). This quote is only valid if signed by an authorized representative of QSS.

#	Description	Qty	Unit Cost	Extended Cost	Taxable
1	Upgrade Tier 5 (School District & Community Colleges; 13,001 to 25000 ADA) perpetual license to QSS/OASIS Version 'L' for license holders not current on support. Includes the following modules: <b>General Ledger and Accounting, Budgeting, Accounts Payable, Receivables, Budget Development, Purchasing, Stores Inventory, Fixed Assets, Invoice and Billing Management, Warrant Management and Reconciliation, Personnel, Employee Absence Tracking, Position Control (with Salary and Benefit projections), Payroll, Retirement Processing, Credentials Management, Benefits Management, Personnel Assignment Tracking, Job History, Employee Self Service, Production Form PDF Interface</b>	1	115,175.00	115,175.00	No
2	Annual Support. See "Services and Support Agreement" for Santa Barbara School Districts. Support will begin anytime after July 1, 2010 (pending board approval) but payment will be prorated from October 1, 2010. Annual cost is \$53,507.00	1	40,130.25	40,130.25	No
3	Training/Implementation Consulting - assuming all QSS/OASIS modules are implemented. This rate would be guaranteed for the length of the implementation project. This represents our experience of the minimum number of days required to implement all QSS/OASIS modules. Additional days can be reserved at this rate with no limit. Expenses are billed as incurred and include all travel/meals. Travel time is NOT billed.	48	1,400.00	67,200.00	No
4	Data Conversion, external interfaces, and Custom Production Form Development. This is the estimate of time for a typical data conversion and to develop standard APY/PAY/PO production forms and external data interfaces. Actual time is determined based on discussions with customer and data conversion needs. QSS has tiered programming rates based on a minimum commitment of time. The rate quoted is based on up to 430 hours. Rates decrease to \$110/hr for a full year commitment (1720 hours). The QSS standard rate is \$175/hour.	180	129.00	23,220.00	No

Authorized QSS Representative



Duane Percox, COO

# QUINTESSENTIAL SCHOOL SYSTEMS

July 1, 2010

Ms. Meg Jette  
 Director Fiscal Services  
 Santa Barbara School Districts  
 1720 Santa Barbara Street  
 Santa Barbara, CA 93101

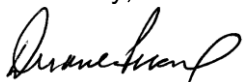
Dear Meg,

I am writing in reply to your correspondence of June 24, 2010 in which you stated Santa Barbara School Districts desire to return to full support status for QSS/OASIS and begin implementing the latest version (Version 'L') in order to be fully implemented by July 1, 2011. This plan, pending Santa Barbara School Districts School Board approval, is acceptable to QSS with the following basic terms and understandings:

- Santa Barbara School Districts has a perpetual license for QSS/OASIS (original name of SCHOOL/3000) issued by Pertaine Systems, Inc. (PSI) in 1983. QSS is the successor organization to Pertaine Systems, Inc. and as such honors and recognizes all software licenses issued by PSI.
- Payment of a back-support/license upgrade fee. This fee accounts for the software updates which have been made to your licensed software since you had a support contract and upgrades you to the most recent version with all associated/bundled modules. This fee (\$115,175.00) is less than the license cost for new customers and recognizes your organization's previous investment in QSS/OASIS.
- Payment of Annual Support Contract for FY'11 with the payment pro-rated for three (3) quarters of support beginning October 1, 2010. QSS will provide a Services and Support Agreement for QSS/OASIS beginning July 1, 2010. In recognition of your organization's previous investment in QSS/OASIS and given the typical project startup timing we will provide the first quarter of support (July 1, 2010 – September 30, 2010) at no cost in order to ensure a timely implementation of QSS/OASIS Version 'L'. New customers are required to pay a 20% support surcharge their first year on support, however, this charge does not apply since you are an existing customer who is returning to support.
- Training and consulting services will be provided at a rate of \$1,400.00 per day. This represents a discount from our standard rate of \$1,500.00 per day. Travel expenses are NOT included in this rate and must be paid as incurred. QSS will work with you to make sure travel related expenses are kept to an acceptable level by pre-selecting appropriate lodging and arranging on-site visits as best possible to minimize travel related expense overhead.
- Programming services will be provided at a rate of \$129 per hour which is a special rate for organizations that guarantee a minimum of 430 hours of work (this is a discount from our standard rate of \$175/hr). QSS estimates that programming services for data conversion, custom forms, and external interfaces will be substantially less than the 430 hours, but will provide the service at the 430 hour rate in recognition of your past investment in QSS/OASIS.

All of us at QSS look forward to working with you and your team as we work together in this coming year to get Santa Barbara School Districts fully implemented on QSS/OASIS Version 'L'.

Sincerely,



Duane Percox, Chief Operating Officer



Quintessential School Systems  
 Support Contract - FY 10-11  
Appendix A

Client: Santa Barbara School Districts      FY10  
 Tier 5

Service and support Contract Charges for Covered Software.

Product / Module	Amount
QSS/OASIS	
Core QSS/OASIS	5,289.00
Base Financial	5,888.00
Personnel	4,624.00
Position Control	5,884.00
Payroll	8,479.00
Payroll Interface	
Budget Development	5,048.00
Fixed Assets	2,992.00
Benefits Management	3,060.00
Invoicing and Billing Management (IBM)	2,343.00
Employee Self-Service	1,400.00
QSS/OASIS ARP	3,500.00
Server System-level Support	5,000.00
 Total QSS/OASIS	 53,507.00
	-----
<b>Total Support (October through June)</b>	<b>40,130.25</b>
	=====
TOTAL INVOICED SUPPORT CHARGES	40,130.25

**QUINTESSENTIAL SCHOOL SYSTEMS****Services and Support Agreement (FY 10-11)**

This Agreement is made by and among **Quintessential School Systems**, a California corporation, hereinafter called **QSS**; and **Santa Barbara School Districts**, hereinafter called Customer.

**A. Nature of Services**

A1. **QSS** agrees to make available professional consulting services for answering questions arising from the use of **QSS** products, and for resolution of problems which may occur due to malfunction of **QSS** products.

A2. **QSS** agrees to correct errors or malfunctions **QSS** software products for which the Customer holds a valid Product License currently in effect when such error or malfunction occurs and is reported during the term of this Agreement.

A3. **QSS** agrees to make available professional consulting and programming staff for the enhancement and extension of **QSS** software products for which Customer has a valid Product License, or for the development of new software systems.

A4. **QSS** agrees to make available professional for training Customer's users on the operation and management of **QSS** software at either the Customer's site or at the offices of **QSS**.

A5. **QSS** agrees to provide Customer a copy transmitted electronically from **QSS** computers to Customer computer of all enhancements, improvements, or corrections made to any **QSS** software product for which the Customer has a valid Product License in effect.

A6. **QSS** agrees to update the products covered under this Agreement to comply with all State and Federally mandated changes caused by State and Federal Agencies' actions during the period of the Agreement. This service is included within the annual support fee and shall not entitle **QSS** to additional compensation.

For the Customer to be entitled to any specific product modification under the terms of this paragraph (A6.), it shall be the Customer's responsibility to submit a letter of request to **QSS**, clearly stating each change required along with documentation of the mandating authority. All such requests must be received by **QSS** no later than sixty (60) days prior to the expiration of this Agreement.

**B. Obligations of Quintessential School Systems**

B1. If Customer elects full support, **QSS** guarantees to have professional staff available for support from 8:30AM until 5:30PM, Monday through Friday (Pacific Standard or Daylight Time), except on legal holidays at **QSS**.

B2. If Customer elects full support, **QSS** guarantees to have professional staff available for emergency support between the hours of 5:30PM and 8:30AM on weekdays, twenty-four (24) hours per day on Saturday and Sunday, 365 days per year. Fees for emergency support shall be at the rate established in Appendix A of this Agreement.

B3. In the event that Customer elects full support and identifies and reports an error or malfunction of significant impact which cannot be corrected through remote advice from **QSS** offices or through remote diagnostic and correction procedures, **QSS** shall provide onsite staff within a time period not to exceed thirty-six (36) hours. If Customer desires quicker response and **QSS** has the resources available, Customer may elect to pay a quick onsite response fee established in Appendix A of this Agreement, in which case **QSS** shall respond in less than twenty-four (24) hours. Travel time and incurred travel expenses will be charged to the Customer at the rates established in Appendix A of this Agreement.

B4. **QSS** will maintain staff familiar with **QSS** software products for the timely correction of errors or malfunctions in **QSS** software products. **QSS** may apply the correction through the next scheduled release; or, through emergency release by means of electronic transfer only from **QSS** computers to Customer's computer, or through direct correction of the problem on the Customer system if such error or malfunction seriously impedes Customer's operation or causes Customer financial loss, providing Customer has elected full support.

B5. **QSS** will provide a periodic release available for transmission electronically from **QSS** computers to Customer's computer at least semiannually containing corrections, adjustments, and enhancements of software products for which Customer holds a valid Product License and which **QSS** has scheduled for release to the Customer base. Unless Customer contracts with **QSS** for onsite release implementation, **QSS'** responsibility for such implementation is limited to providing instructions and guidance for implementation of these releases. Such releases, once implemented, will be covered under this Agreement in the same manner and with the same limitations as the original software product.

B6. Software modified specifically for the Customer, whether by **QSS** or their agents, is excluded from coverage under this Agreement unless specifically stated in the modification Agreement.

B7. Releases of software products under this Agreement will include software in executable form, detail descriptions of the errors and their resolutions, and descriptions for all enhancements or modifications with updates of user and technical documentation. In addition, if Customer has purchased or received source code of **QSS** product, source code of the updates will also be supplied. All releases will be available only by means of electronic transfer from **QSS** computers to Customer's computer.

B8. Consulting, programming, and training beyond the support provided in this Section B. shall be available as requested by, and negotiated with, each Customer. **QSS** guarantees that rates for such services will not exceed those established in Appendix A of this Agreement.

B9. **QSS** will maintain a Secure Support Area website for purposes of providing a support forum for Customer's questions, problems and other support communication.

B10. If Customer elects **software release support** only, **QSS'** obligations are limited to providing Customer with system adjustments, corrections, and enhancements, along with necessary notes and documentation to allow the Customer to install such releases. **Software release support** specifically excludes those services offered to full support Customer as described in paragraphs B1, B2, and B3 of Section B of this Agreement. Furthermore, **Software release support** specifically excludes emergency releases and direct correction of problems on the Customers system, as described in B4 of Section B of this Agreement. All releases will be available only by means of electronic transfer from **QSS** computers to Customer's computer.

### C. Obligations of Customer

C1. The Customer shall provide **QSS** with timely access to their computer, and the use of all information and facilities determined necessary by **QSS** to support Customer's software products. This includes access to the computer over the Internet in compliance with the provisions of Section 13 in Appendix A. The Customer shall also maintain readily available access to the QSS Secure Support Area website for purposes of posting questions, problems and other support communication, including uploading of supporting documentation related to reported problems or questions, as well as receiving answers from **QSS** to Customer initiated postings.

C2. All associated system hardware and firmware must be maintained at the latest required code revision level.

C3. The Customer is responsible for maintaining a procedure external to the software product for reconstruction of loss or altered files, data, or programs.

C4. The Customer shall follow routine operator procedures as specified in the operating manuals for the software and hardware products.

C5. The Customer shall make every good faith effort within their capabilities to provide **QSS** accurate, complete information regarding problems, inquiries, or enhancements serviced under this Agreement. This information should include: Job Control listings (JCL) for all jobs run; an exact account of error messages displayed on the console; appropriate samples of **QSS** reports including annotations and comments about the question or problem; appropriate printouts of **QSS** screen displays including annotations and comments about the question or problem; and to utilize **QSS** customer procedures for reporting these items whenever possible. Customer agrees that the primary means of providing information described in this section shall be through the **QSS** provided Secure Support Area website.

C6. Customer shall designate one individual and one alternate to serve as primary contacts for all support matters.

C7. The Customer shall remit charges within thirty (30) days of receipt of invoices, and further agrees to pay a 1.0% per month late payment charge for invoices that are past due.

C8. The Customer agrees not to disclose to other individuals or organizations the content or structure of any computer software in Customer's possession which is the property of **QSS** without prior written permission of **QSS**. This includes all documentation which is provided by **QSS** or obtained from third-party sources, regardless of the format in which is provided.

C9. The Customer agrees to abide by the terms and conditions of the Software Product License pursuant to which Customer originally obtained and presently operates the software.

C10. Customer understands and accepts that **QSS** releases software to the Customer only by means of electronic transfer from **QSS** computers to Customer computer. Such electronic transfer of software and other support related material shall occur through internet access between **QSS** and Customer, as further defined in Section 13 (Internet Access) of Appendix A of this Agreement.

#### **D. Termination of Contract**

D1. Termination of the Agreement before the agreed upon expiration date may only be effected for just cause.

D2. Upon failure by **QSS** or the Customer to meet obligations under this Agreement, either party may at their option, with thirty (30) days written notice to the other party, terminate this Agreement. If **QSS** terminates the contract, charges will be pro-rated based on hours expended on Customer's behalf during the term of the Agreement at the rate of One Hundred Seventy Five (\$175.00) dollars per hour. If the Customer terminates the Agreement, **QSS** shall not be liable for return of any fees or penalties arriving out of the termination.

**E. Hold Harmless**

**QSS** agrees to hold harmless and indemnify the Customer for:

Any injury to person or property sustained by **QSS** or by any person, firm, or corporation employed directly or indirectly by **QSS** or by any of the individuals participating in or associated with **QSS**, however caused; and further, any injury to person or property sustained by any person, firm, or corporation, caused by any act, neglect, default or omission, of **QSS**, or of any person, firm, or corporation directly or indirectly employed by **QSS** upon or in connection with this Agreement, or of any of the participants arising out of or in the course of the term of this Agreement, and **QSS**, at its own cost, expense and risk, shall defend any and all actions, suits, or other legal proceedings that may be instituted against the Customer for any such claim or demand, and pay or satisfy any judgment that may be rendered against the Customer in any such action, suit, or legal proceedings or result thereof.

Nothing herein provided shall be construed to require **QSS** to hold harmless and indemnify the Customer for liabilities or damages resulting from the negligence or willful act, or omission of the Customer or its officers, agents, or employees.

**F. Covered Application Software Systems and Packages**

Reference Appendix A attached.

**G. Terms of Agreement**

G1. This Agreement is for twelve (12) months commencing on July 1, 2010 and expiring on June 30, 2011.

G2. Payment for full support or release support shall be made within thirty (30) days of commencement of this Agreement unless mutually agreed upon terms have been negotiated. Additionally, all other invoices for consulting, programming, training, emergency response, charges for travel time and expenses, and other miscellaneous charges incurred on behalf of the Customer will also be remitted within thirty (30) days of receipt of invoice for said charges.

G3. Customer has read this Agreement in full, and understands and recognizes the limited nature of the services to be provided by full support or by tape release support.

**Quintessential School Systems**

Duane Percox, Chief Operating Officer  
Name / Title



\_\_\_\_\_  
Signature

July 1, 2010  
Date

**Santa Barbara School Districts**

\_\_\_\_\_  
Name/Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Quintessential School Systems  
Support Contract - FY 10-11  
Appendix A**

- 1. Full Service and Software Release Support**  
Prices quoted are for a single annual payment. Semi-annual payment will incur a 4% surcharge, and quarterly payment will incur a 7% surcharge.  
  
Multi-district processing surcharge is 20%.  
  
Please also refer to Section 14, Enrollment-Based Support Tiers, in Appendix A.
- 2. Software Release Only Support Contract**  
Charged at sixty percent (60%) of Full Service and Support Release Contract rates.
- 3. Emergency Support for Customers on Full Support**  
Covers support requests after hours, Saturday, Sunday. Emergency support is available 365 days/year. \$375.00 for first hour of support and each hour thereafter until regular support hours resume on next **QSS** workday. Minimum one hour charge, prorated thereafter in 15 minute intervals (\$93.75 per 15 minute interval).
- 4. Emergency On-Site Support for Customers on Full Support**  
Covers requests for **QSS** staff to travel onsite within 24 hours of request for emergency support purposes. \$750.00 flat fee for response plus \$187.50/hour travel time and onsite time, plus travel expenses.
- 5. Training/Consulting Charges at Customer Facility - full day**  
\$1,500 per day plus travel expenses. Full day charge is required for customers more than 50 miles from trainer/consultant's office.
- 6. Training/Consulting Charges at Customer Facility - half-day**  
\$900 per half-day plus travel expenses. Half-day training/consulting is available for customers within 50 miles of trainer/consultant's office.
- 7. Shared On-Site Customer Training**  
A Customer may contract for on-site training with more than one customer participating in that training situation under the following circumstances:

  - 7.1. The total number of trainees will be limited to a maximum of 30 participants.

**Quintessential School Systems  
Support Contract - FY 10-11  
Appendix A**

- 7.2. For training on a topic similar to an advertised **QSS** seminar, the cost will be the normal on-site daily training rate for the sponsoring customer, plus the normal per-person seminar tuition for each participant from other customers.
- Current pricing for the sponsoring agency is \$1,500 per day plus travel expenses, plus \$250 per person for participants from any other agencies. Charges for each agency will be billed separately.
- 7.3. For training that does not overlap content with an existing scheduled **QSS** seminar, the cost will be the normal on-site daily training rate for the sponsoring customer, plus half the normal on-site daily training rate for each additional participating agency. Current pricing is \$1,500 for the first customer and \$750 for each additional customer, per day, plus travel expenses. All charges will be billed on a single invoice to the sponsoring customer. Half-day rates will apply when appropriate
- 7.4. A licensed county office of education customer may invite participation from any school district or community college within its county, regardless of the license status of the district (licensed **QSS** customer or not), without incurring additional training cost. Such situations are specifically exempted from fees for shared on-site customer training.
- 7.5. Exceptions to these policies must be negotiated with **QSS** in advance on an individual event basis.
- 8. Individual Customer Training/Consulting at QSS offices**  
Charges for training/consulting at **QSS** offices shall be dependent on duration of training, subject matter, and number of participants, and shall be negotiated with customer upon request.
- 9. Online Consulting (Webinar / GoToMeeting) for Customer**  
\$200 per hour with a 2-hour minimum.
- 10. QSS-Sponsored Seminars**  
\$250 per registrant
- 11. Programming Charges**  
Applies to services not covered by support contracts. \$175/hour, or as negotiated with customer for longer term projects. See also Section 12 below.

**Quintessential School Systems  
Support Contract - FY 10-11  
Appendix A**

**12. Dedicated Programmer Resources**

Dedicated programmer assigned exclusively to projects and tasks as determined and directed by customer. All management and office support by **QSS** for the dedicated resource is included. Dedicated programmer contracts are billed at a fixed hourly rate for “time on the job”. Please refer to Section 15, Dedicated Programming Resource Rates, in Appendix A for FY11 rates.

**13. Internet Access**

Your support contract provides that **QSS** will access your system when necessary to diagnose and resolve problems. Such access is provided by Internet connectivity between our network and your network. This provides the most efficient, reliable and least costly manner of access, and brings about quicker resolution of problems. **QSS** will work with your staff to provide our TCP/IP address and port numbers which we use so that you may provide secure access to your network through the Internet.

Please note that Internet access which requires that a VPN client be run from a **QSS** workstation accessing your HP e3000 is not supported, and may also incur a surcharge. VPN solutions which do not require a workstation VPN client may be acceptable. Please contact your Account Manager if you need to provide access to **QSS** through a VPN connection so we may discuss your technical requirements, as well as those of **QSS**.

**14. Enrollment-Based Support Tiers**

<u>Tier</u>	<u>Multi-District Organizations County Offices of Education</u>	<u>Single District</u>
1	1 to 1,500	1 to 1,500
2	1,501 to 3,000	1,501 to 3,000
3	3,001 to 7,000	3,001 to 7,000
4	7,001 to 13,000	7,001 to 13,000
5	13,001 to 25,000	13,001 to 25,000
6	25,001 to 100,000	25,001 to 40,000
7	100,001 to 200,000	40,001 to 80,000
8	200,001 and up	80,001 and up

**Quintessential School Systems  
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Appendix A**

**15. Dedicated Programming Resource Rates**

Dedicated Resource FTE	Total Hours Worked	FY11 Renewals on existing DR Contracts		FY11 First Time DR Contracts	
		Hourly Rate	Total Cost	Hourly Rate	Total Cost
1.00 FTE	1720	\$94.00	\$161,680	\$110.00	\$189,200
.75 FTE	1290	\$97.00	\$125,130	\$113.00	\$145,770
.50 FTE	860	\$102.00	\$87,720	\$119.00	\$102,340
.25 FTE	430	\$110.00	\$47,300	\$129.00	\$55,470

Special FY11 QSS Users Group Rates		
Dedicated Resource FTE	Total Hours Worked	Regular \$90/hr Rate
		Total Cost
1.00 FTE	1720	\$154,800
.75 FTE	1290	\$116,100
.50 FTE	860	\$77,400
.25 FTE	430	\$38,700