

**DEPARTMENT OF INFORMATION RESOURCES  
OPEN BOARD MEETING**

**Thursday, April 4, 2019, 9:30 a.m.**

Price Daniel Building, 209 W. 14th Street, Room 139 – Ground Floor Conference Room, Austin, Texas 78701

**MINUTES**

- PRESENT** Ben Gatzke (Board Chair)  
Christian Alvarado  
Stuart Bernstein  
Mike Bell  
Jay Dyer  
Jeffrey Tayon (Video conference)  
James Bass, *ex-officio*  
Steve Buche, *ex-officio*  
Nancy Clark, *ex-officio*
- ACTION** *Mr. Gatzke* called the meeting to order at 9:29 a.m., with a quorum present.
- TOPIC** 2. Chair’s Remarks
- Consider approval of meeting minutes from January 25, 2019, board meeting.
- MOTION** A motion was made to approve the board meeting minutes by *Mr. Bernstein* and seconded by *Mr. Bell*.
- ACTION** The motion was unanimously approved.
- TOPIC** **3. Chief Procurement Office**
- DISCUSSION** Mr. Hershel Becker, Chief Procurement Officer, informed the board of four action items for the board’s considerations related to procurement and contracting.
- Ms. Colleen Berkley will provide a brief overview of the Procurement Assistance Contract Statements of Work for Data Center Services procurement activities and background on the recommendation, covering the procurement process and apparent awardee.
- On January 14, 2019, DIR issued two Statements of Work (SOWs) for Procurement Assistance Services for Data Center Services (DCS) Service Component Providers (SCPs) under the Procurement Assistance Master Contract. The SOWs were sent to six vendors, with responses due on February 19, 2019. DIR received three vendor responses for SOW E and two vendors responses for SOW F.
- Prior to Response submittal, DIR created an evaluation team consisting of DIR staff members whose core competencies provided the fundamental knowledge and expertise in specific subject areas considered essential to a successful evaluation. The team evaluated the relevant criteria as presented in the responses. Responses for both SOWs

were evaluated based on the following criteria: Respondent Experience, staff qualifications, and pricing.

The evaluation team provided a consensus ranking score. The evaluation team discussed strengths and weaknesses of each Respondent's proposal and provided a recommendation to select Symbio Ecosystems, LLC., based on meeting the criteria, specific experience, lowest overall risk, and lowest overall price per hour per resource.

The experience Symbio Ecosystem brings is clearly demonstrated by the list of lessons learned they provided, not just from working with DIR in the past, but also from other projects from other states.

The Symbio response demonstrated an understanding of the complexity of the state funding model and indicates a comprehensive approach to developing and maintaining the base case and business case. The Symbio response also included a risk management approach, communications strategy, comprehensive reporting approach, and organizational change management. A highlight of the Symbio response was the focus on the complexity of the procurements and schedule, including contract alignment across the multiple SCPs and **Multi-sourcing Services Integrator (MSI)**.

Based on the strengths listed above for both SOWs E and F, the two (2) review teams both ranked Symbio Ecosystems' Responses as the highest overall and recommended them for Contract Award for both SOWs.

DIR then entered into Contract negotiations with Symbio Ecosystems at a total contract cost of \$3,612,893 and were able to achieve a \$1.3M price reduction as a result of the negotiations. It is for the reasons stated above that DIR has chosen to award both SOWs as a single contract to Symbio Ecosystems with a contract end date of February 2021.

*Mr. Gatzke asked: Regarding the reduction in cost and scope, is this right sizing the contract price?*

Ms. Berkley responded: It was mostly right sizing the contract price; the scope remained the same but we reduced the size of the team that they had proposed initially. Once we entered into negotiations and explained DIR's overall expectations, they removed some of the administrative costs that they assumed would be in the contract.

*Mr. Gatzke responded: The lowest cost is based on the new number and not the original number?*

Ms. Berkley responded: No, it was based on the original number. Even with the original pricing, Symbio Ecosystems was still the lowest price per hour.

*Mr. Buche asked: What's the impact on the turn around time of the project itself?*

Ms. Berkley responded: We don't think there will be a significant impact. DIR has resources that we have dedicated to this project and when we had negotiations we were able to explain the different resource roles and what DIR would be able to bring to the table so they were able to back off of some of their staffing that they had proposed, and still meet the overall requirements of the contract.

*Mr. Buche responded: Are there clear roles and responsibilities defined throughout the SOW?*

Ms. Berkley responded: That is correct, the mapping was done for both statements of work.

*Mr. Bass asked: Were the scoring elements weighted equally?*

Ms. Berkley responded: It was up to each individual evaluator in a consensus ranked scoring system, there were no points directly given to each element.

*Mr. Bass responded: So just one final score for each submission?*

Ms. Berkley responded: Yes.

*Ms. Clark asked: Is that typically how you do your scoring?*

Ms. Berkley responded: It depends on the procurement and the team. We look at each procurement individually and make the best decision as we are putting together the statement of work for the procurement. We come up with the evaluation approach prior to issuing the statement of work and lock it down while the vendors are preparing their responses.

Mr. Becker responded: When Senate Bill 20 went into effect, we went out for procurement services we were not able to buy off of CO-OP as we anticipated as this one would over \$1M. We awarded master procurement assistance contracts. We went through full evaluation process to establish those master contracts and then we issued statements of work against those contracts. Those statements of work are reviewed, evaluated, were not necessarily scored, we look at the strengths, weaknesses and the various considerations. While going through those, we do consensus scoring or ranking of the respondents.

*Mr. Gatzke asked: Consensus scoring is individualized initially so it's independently scored?*

Ms. Berkley responded: Yes.

Mr. Becker responded: And again, they're not scored but you bring to the table your own independent assessment of the respondents' strengths and weaknesses and then work to achieve a group ranking.

*Mr. Buche asked: As part of this they provide staff, what is the turn around time to get another person in there?*

Ms. Berkley responded: They have a rate card resource and typically they can get a new person on staff, in the time it takes to do a background check. Symbio Ecosystems partnered with North Highland so they have a bench of resources amongst their own company as well as North Highland.

*Mr. Tayon asked: Could you explain Symbio's experience, history and working relationship with DIR and how they performed previously on the master services agreement as well as other things with DIR?*

Mr. Becker responded: The work Symbio has done with us has been under the procurement assistance umbrella. They assisted us with the Texas.gov procurement and the **MSI** procurement. Symbio has participated throughout the process including the solicitation development, helping us address vendor questions and answers during that period of the procurement and helping us prepare for and participate in vendor discussions and negotiations as well as with implementation of those contracts, once awarded. We've had a positive experience with this vendor, because of their knowledge and experience with us, they anticipated some work that we were not asking for under this procurement and that was part of that negotiation discussion. To Mr. Buche's point about roles and responsibilities clearly defined in the statement of work, that was further discussed as part of the discussions and given the experience, we have with this vendor, were using the same terms and understanding the same process.

**MOTION** A motion was made to approve the award of these contracts for Procurement Assistance, as presented and that we delegate authority to the executive director or her designee to execute the contract by *Mr. Bell* and seconded by *Mr. Bernstein*.

**ACTION** The motion was unanimously approved.

**DISCUSSION** Ms. Aiko Neill, Director of Enterprise Contracts, presented the renewal for Enterprise Services/Perspecta for Application Development and Application Maintenance Services.

The base term of the contract was awarded for an initial period of just over two years and ends August 31, 2019. There are up to two 1-yr renewal options. We're considering an amendment to exercise the initial 1-yr renewal option at this time to extend the contract through August 31, 2020. In addition, the extension will provide additional discounts to customers utilizing the service. The negotiated terms for this renewal also include providing additional discounts based on volume and promoting key measurements to critical service levels that will incur a financial credit should there be any defaults for not meeting those service levels to the customers.

The current spend since contract execution is \$3.1M and an additional \$2.4M is forecasted to be spent through the base term of August 2019. Those forecasts are based upon customers' LAR projections.

*Mr. Gatzke asked: In addition to the cost savings, an important aspect of these renewals, is there a timing issue in terms of coterminous contracts?*

Mr. Becker responded: For this particular contract we are exercising a 1-yr renewal and depending where we are with these particular service offerings as part of the Next Generation Data Center Services, we may or may not execute that final renewal.

*Mr. Tayon asked: Why is that, Mr. Becker?*

Mr. Becker responded: There is some consideration to these, or similar services included in the Next Generation Data Center Services procurement.

*Mr. Tayon asked: How did you forecast the expected spend under this amendment to the contract?*

Ms. Neill responded: That was submitted by agencies that report their LARs to the LBB.

Mr. Becker responded: The legislative appropriations request. They included that projected spend in their budget for this period.

*Mr. Tayon asked: How will the contract be paid for? Where does the money come from?*

Ms. Neill responded: Customers enter into the agreements, their project requirements, by agency and the agencies pays for the services that they are consuming under the contract.

*Mr. Tayon asked: Does DIR receive a fee to assist in the negotiation and management of these services?*

Ms. Neill responded: Correct. There is a service fee that is provided through the price of the contract and agencies are billed from DIR for the services that they consume.

*Mr. Tayon asked: What is the set fee that DIR recovers?*

Mr. Becker responded: 2.95%.

*Mr. Bass asked: What does that 2.95% cover?*

Mr. Becker responded: The fee covers the administrative overhead for operating that program.

*Ms. Clark asked: If agencies don't exercise these initiatives, how does that effect the overall budget?*

Mr. Becker responded: It's not guaranteed spend, so it's optional services by the customers, so they may choose not to exercise that. In that case, they are not incurring all the fees that they have budgeted for. It reduces the fees for spend through the shared technology program. Therefore, it would impact our revenue through that program.

*Mr. Gatzke commented: So frankly it's a DIR issue, if other agencies don't consider the initiatives, so we try to do the best job we can, because we are a cost recovery agency.*

*Ms. Clark asked: Are these the services paid through the agency's data center appropriation?*

Mr. Becker responded: Yes. What is encouraging the projected spend of an additional \$2.4M through August 2019.

## **MOTION**

A motion was made to approve the award of these contract renewals for Managed Application Services for Application Development/Application Maintenance, as

presented and that we delegate authority to the executive director or her designee to execute the contract by *Mr. Alvarado* and seconded by *Mr. Bernstein*.

**ACTION** The motion was unanimously approved.

**DISCUSSION** Ms. Aiko Neill, Director of Enterprise Contracts, presented a contract renewal for Allied Consultants for Rate Card Resources. Rate Card services provides customers with resource augmentation for applications hosted in the DCS program. Customers may request a resource(s) with the skills and experiences they need from a pre-defined list at set hourly rates.

Base term of the contract was awarded for initial period of just over two years, ending August 31, 2019 with up to two 1-yr renewal options. The purpose of this amendment will be to exercise one of the two available one 1-yr extension terms, extending the contract to August 31, 2020. In addition, the extension will provide additional discounts to customers utilizing these services.

The negotiated terms for this renewal include providing additional discounts based on volume, providing a credit for 16 hours for new services per resource, and forgoing a rate increase for this year 1 extension.

The current spend since contract execution is \$6.8M and an additional \$3.6 is forecasted to be spent through the base term ending August 2019; based on customers' LAR projections.

*Mr. Buche asked: Does the renewal look at performance from the agency's view point to see how the agencies are rating regarding the turnaround time and performance?*

Ms. Neill responded: The program has built-in customer survey cards and those are submitted every month. We summarize their performance to any services level indicators that we're measuring as well as any contractual issues.

Mr. Becker responded: We also look at the Texas Comptroller vendor performance tracking system before we consider any award, amendment, renewal, extension or other. We will report to the Texas Comptroller vendor performance tracking system.

**MOTION** A motion was made to approve the award of these contract renewals for Managed Application Services for Rate Card, as presented and that we delegate authority to the executive director or her designee to execute the contract by *Mr. Bell* and seconded by *Mr. Alvarado*.

**ACTION** The motion was unanimously approved.

**DISCUSSION** Ms. Aiko Neill, Director of Enterprise Contracts, presented the contract renewal for Hughes Network Systems for TEX-AN Communications Technology Services provides telecommunications services including internet, small-office/home-office (SOHO) and Voice Over IP (VOiP) services. Hughes is the only provider in the TEX-AN program that offers these telecom services as satellite-based.

TEX-AN contracts are awarded based on indefinite quantity. Current customer spend since execution through FY2019 Q1 is \$3.8M.

The initial term of the TEX-AN contracts were awarded with a base 5-yr and included 5 extension options for up to an additional five 1-yr renewal periods. These contracts are presently in the 8th year, with two 1-yr remaining renewal options.

The purpose of this amendment is to exercise all remaining extension periods for up to two (2) years and add a provision for additional extension options up to a maximum of 180 days to include the option to terminate upon notice.

*Ms. Clark asked: Who is using these types of services?*

Mr. Skip Bartek responded: Department of Public Safety is our largest customer.

*Mr. Tayon asked: Who pays for fees of the services?*

*Ms. Neill responded: The agencies that consume the services pay for the fees. There is also a cost recovery fee through the Tex-AN program and that is at 12% cost recovery fee for administration.*

*Mr. Gatzke asked: So higher touch, higher fee?*

Ms. Neill responded: Yes.

*Mr. Buche asked: Is the fee paid by everyone or just those consuming the service?*

Ms. Neill responded: Those consuming the service.

*Mr. Gatzke asked: Is the flexibility of the 180 day window added in this process and do all of the contracts fit within that scope?*

Mr. Becker responded: Yes.

**MOTION** A motion was made to approve the award of these contract renewals for Tex-AN (Telecommunications), as presented and that we delegate authority to the executive director or her designee to execute the contract by *Mr. Bell* and seconded by *Mr. Bernstein*.

**ACTION** The motion was unanimously approved.

**TOPIC** **4. Public Testimony**

No public testimony

**MOTION** A motion was made to adjourn the meeting by *Mr. Bell* and *Mr. Alvarado* seconded the motion.

**ACTION** The meeting adjourned at 10:10 a.m.

Approved by the Board Chair:

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Ben Gatzke, Chair

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Date