

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Name: Finance and Facilities Committee

Date: June 17, 2015

Title: Approval of Contracts Exceeding \$1M for Systemwide, Minnesota State University, Mankato and Inver Hills Community College

Purpose (check one):

- | | | |
|---------------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input checked="" type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

The committee is asked to consider seven contracts in excess of \$1,000,000 per Board Policy 5.14. The contracts concern:

Systemwide – College Source Vendor, PALS Agreement and Oracle Contract, Insight Public Sector – Microsoft and Related Microsoft Support, Extension of License Agreement with Augusoft, Inc,

Minnesota State University, Mankato Hockey Center lease and IT Network Equipment Purchase.

Inver Hills Community College Construction Contract

Scheduled Presenter(s):

Laura M. King Vice Chancellor - CFO
Brian Yolitz, Associate Vice Chancellor for Facilities

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION

Approval of Contracts Exceeding \$1M for:

- a. Systemwide: College Source Vendor, PALS Agreement and Oracle Contract, Insight Public Sector – Microsoft and Related Microsoft Support and Extension of License Agreement with Augusoft, Inc.**
- b. Minnesota State University, Mankato Hockey Center Lease and IT Network Purchase**
- c. Inver Hills Community College Construction Contract**

BACKGROUND

Board Policy 5.14, Procurement and Contracts, requires that contracts, including amendments, with values greater than \$1,000,000, must be approved in advance by the Board of Trustees. This report presents system wide and college and university contracts for consideration and approval by the Board.

Systemwide Contracts Exceeding \$1M for:

- a. College Source Vendor.** College Source is a vendor with several software products that MnSCU licenses in order to provide important online student services. The vendor provides two products to MnSCU, “u.select” and “u.achieve”.

MnSCU Board Policy *3.21 Undergraduate Course Credit Transfer Part 5. Official Repository of Course Equivalents*, updated 5/19/2010, states that u.achieve (formerly Degree Audit Record System or DARS) and u.select (Transferology) shall be the official repository of course equivalencies between system colleges and universities.

MnSCU Board Policy *3.39 Transfer Rights and Responsibilities Subpart C* states that the DARS (now u.achieve) is the electronic system that provides for an evaluation of a student's academic record indicating completion toward the student's academic program requirements.

The annual maintenance of u.achieve provides the necessary support for all MnSCU students, advisors and college/university staff to use degree audit reports to plan for program or degree completion. Over 1.5 million degree audit reports are run each year by students and advisors. More than 26,000 student user accounts have been created in u.select (Transferology) in the last year, with students adding 248,000 courses and creating 14,000 plans (degree audits) as they plan for transfer.

MnSCU has been under contract with the vendor since July, 1999. The committee's approval is sought to continue with College Source up to July 31, 2018, at an average annual cost of \$110,000 for a not to exceed cumulative total of \$1,900,000. The total cost of services provided by College Source will continue to be shared with the University of Minnesota.

RECOMMENDED COMMITTEE AND BOARD ACTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees approves the continuation of the agreement with College Source up to July 31, 2018, at an average cost of \$110,000 for a not to exceed cumulative total of \$1,900,000.

a. PALS Agreement and Oracle Contract. This contract provides staffing for the system-wide helpdesk and support center used by colleges, universities, and system-wide units to improve student and user services through helpdesk, FAQs, instant messaging, and a range of other uses. This support center is managed and staffed by Minnesota State University, Mankato, PALS office. The help desk uses the Oracle Service Cloud product (previously named RightNow) as the customer relations software. PALS office staff help train, configure, and administer the 40 different instances of Oracle Service Cloud being used across the system.

MnSCU has been under agreement with MSU, Mankato/PALS office since February 2003. Board approval is sought to continue this agreement up to June 30, 2018, for an expected cumulative total of \$3,387,500. MnSCU has been under contract with Oracle since August 2012. Board approval is sought to continue this contract up to June 30, 2018, for an expected cumulative total of \$1,743,420.

RECOMMENDED COMMITTEE AND BOARD ACTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or his designee to execute amendments to the agreement with MSU, Mankato/PALS office by extending the term to June 30, 2018, for a not to exceed cumulative total of \$3,387,500 and to execute amendments to the contract with Oracle by extending the term to June 30, 2018 for a not to exceed cumulative total of \$1,743,420.

a. Insight Public Sector –Microsoft and Related Microsoft Support. This contract concerns a three-year system wide Microsoft Enrollment for Education Solutions (EES) agreement, beginning July 1, 2015 and ending June 30, 2018, with Insight Public Sector. Insight Public Sector was selected from a State of Minnesota master contract. Total consideration for the contract will not exceed \$7.5 million.

The Microsoft EES provides all MnSCU schools and the system office with access to the latest versions of Microsoft software for faculty, staff and students. The Microsoft EES offers educational discounts, electronic distribution of software, and software asset management.

System-wide participation assures licensing compliance for both new and legacy software versions. The entire Microsoft catalog of software products is available under this agreement. Products include operating systems, desktop productivity tools, client access licenses, server software, server licenses, and cloud services. Licensing costs for Microsoft EES are paid by the MnSCU system office and charged back to the individual campuses and units using it.

RECOMMENDED COMMITTEE AND BOARD ACTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or his designee to execute an agreement with Insight Public Sector beginning July 1, 2015 and ending June 30, 2018. Total consideration for the contract will not exceed \$7.5 million.

a. Extension of License Agreement with Augusoft, Inc. The system office has contracted with Augusoft for licenses for the Lumens software product in support of systemwide continuing education/customized training since June 2010. Staff desire to extend the license agreement an additional year in order to allow time for a RFP process to be undertaken and completed. At that time, it is expected that a new license agreement will be brought to the Board. One year would be added to the current agreement for a new end date of June 31, 2016. The cost of the added year is \$414,000 for a new total value of the agreement not to exceed \$2,600,000.

RECOMMENDED COMMITTEE AND BOARD ACTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or his designee to execute an extension to the Augusoft, Inc contract of one year at a cost of \$414,000 for a new term ending June 30, 2016 and a total value of the agreement not to exceed \$2,600,000.

b. Minnesota State University, Mankato Hockey Center Lease. Minnesota State University, Mankato has leased the Verizon Civic Center for Men's Hockey games and pre-game practices since the 1995-96 season. Hockey operations (offices, weight rooms, locker rooms, athletic training and equipment areas), practices, and women's games have been held at All Season's Arena under a separate lease arrangement.

In 2014, the Legislature appropriated \$14.5 million (to be matched by local revenues) to expand the Civic Center to provide a performing arts/mixed use facility and to renovate and expand the hockey arena to allow Minnesota State University, Mankato to relocate all Men's and Women's hockey operations to the Verizon Civic Center. The project also replaced seating, the ice chiller system as well as replaced all dasher board and glass systems.

The renovated arena space and expanded operations areas will allow Minnesota State University, Mankato to host both Men's and Women's games in the arena. Both Men's and Women's Hockey

teams will base all hockey operations in the Verizon Center as the new performing arts/mixed use space will allow the arena to be devoted to hockey operations. Office and support space will be available year round. The arena will be available for practices and games each year from September to until the end of the NCAA Ice Hockey Championships in mid-April.

The lease arrangement with the Verizon Civic Center as part of the City of Mankato is not an uncommon arrangement in Division I hockey. In Minnesota, Duluth and Bemidji have very similar lease arrangements with publicly owned off campus facilities. Historically Mankato differs slightly from Duluth and Bemidji in that Mankato locally funded the entire initial civic center/arena project while both Bemidji and Duluth received a portion of construction funds from the State of Minnesota as regional projects. The base lease rates for this lease moving forward are very similar to the existing lease rates for MSU, Mankato when adding together use at the Verizon Civic Center and All Season's Arena.

The City of Mankato and MSU, Mankato are engaged in negotiations for a lease of the upgraded facility. Negotiations are still ongoing, but in the interest of keeping the discussions continuing, the parties are in general agreement about an eight year term and a maximum rent cost not to exceed \$5.5 million over the term of the lease.

RECOMMENDED COMMITTEE AND BOARD ACTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or his designee to execute up to an eight year Lease Agreement between Minnesota State University, Mankato and the City of Mankato for use of the Verizon Wireless Center for Men's and Women's Hockey at a value not to exceed \$5.5 million over the term.

b. Minnesota State University, Mankato IT Network Equipment Purchase. The university's network switch equipment located on most floors of each building throughout campus has been in use for the past ten years. This equipment has reached the end of its useful life and must now be replaced since it will no longer be supported by the manufacturer as of August 1, 2015. This work has been planned for the past five years with the intent that replacement work will start during the summer break of 2015. This work will also replace a number of wireless access points that are at their end-of-life and will improve wireless speed, reliability and capacity to meet the growing usage that the university is experiencing each year.

Nearly all technology on campus depends on a fast and reliable network. Replacement of this infrastructure will remove current bottlenecks, improve network bandwidth by a factor of ten, and position the network for demands and usage for the next ten years.

RECOMMENDED COMMITTEE AND BOARD ACTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees authorizes Minnesota State University, Mankato to purchase replacement network equipment at a cost not to exceed \$1.7 million.

c. Inver Hills Community College Construction Contract. At the April 2015 meeting, the Board approved a construction contract for the renovation and renewal of the Inver Hills Community College Activities Building. The approval motion called for the contract to not exceed \$1,350,000. Since that time, required additional scope has been added to the construction contract to meet code and accessibility requirements. While some of the original project scope was removed to mitigate the additional scope costs, it did not mitigate the total cost impact. Bids came in reflective of this additional scope and exceed the Board's originally approved contract amount.

In seeking review and approval of construction documents in May, the chief building official from the City of Inver Grove Heights required an elevator to be installed as part of the project to enhance accessibility to the building. This scope of work was not originally contemplated in the original project scope presented to and approved by the Board. The project architect included the new scope into the contract documents and worked with the college to reduce the original scope of work and to mitigate the impact on the project budget. The resulting construction project estimate rose from \$1,337,753 to \$1,646,930. The increase of nearly \$300,000 represents the cost of the elevator and associated costs for additional masonry, mechanical, and electrical work.

Six responsible bidders responded to the solicitation with bids and project costs from \$1,637,000 to \$2,018,500. The college would like to increase the Board's approval to \$1,750,000 in order to respond to the scope change. The college has general fund resources to cover the increased costs and the contract is ready for execution.

RECOMMENDED COMMITTEE AND BOARD ACTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or his designee to execute a construction contract not to exceed \$1,750,000 for purposes of the renewing the Activities Building on the Inver Hills Community College campus.

Date Presented to the Board of Trustees: June 17, 2015