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FCC Appeal

Central Islip Union Free School District

Original Submitted November 12, 2012

**Before the
Federal Communications Commission
Washington, D.C. 20554**

November 12, 2012

In the Matter of

Schools and Libraries Universal Service
Support Mechanism

Request for Review of a Decision of the
Universal Service Administrator by

Central Islip Union Free School District
Central Islip, NY

CC Docket No. 02-6

Request for Review

Applicant: Central Islip Union Free School District

Billed Entity Number: 123907

For 471: 797739

FRN: 2159271, 2159266, 2159281, 2159279, 2159273, 2159262

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Argument #1

Introduction

Our appeal to USAC was denied because "your vendor selection was based solely on the results of the second evaluation matrix."

We believe the USAC denial is a result a misinterpretation of the District documentation, the District documentation not being in the format familiar to the USAC reviewers and USAC making assumptions that were incorrect.

The more questions that were asked the more confusing the review became and we continued to stray farther from the main point – the main point being price was the primary factor in selecting the winning vendor.

Summary

The vendor selections process used by the District is very simple and consistent with all USAC rules as documented in the following USAC web site:

<http://universalservice.org/sl/applicants/step03/evaluation.aspx>

- 1 – The District documented the selection of the winning vendor in Chart 1, not Chart 2 as stipulated by USAC.
- 2 – According to USAC rules, the District selected the winning vendor with price being the primary selection criteria as documented in Chart 1 previously provided. The winning vendor was Network Outsource. Network Outsource submitted two proposals – Tier 1 and Tier 2. Both proposals scored higher than the competitive proposal. Therefore, Network Outsource was selected as the winning vendor.
- 3 – In Chart 2 the District evaluated the cost effectiveness of all proposals. No new vendor selection process was started, no new vendor was selected and no new vendor was evaluated. The only purpose of Chart 2 was to select the most cost effective proposal from the proposals already evaluated in Chart 1. The most cost effective proposal was submitted by Network Outsource. The most cost effective proposal was the Network Outsource Tier 1 proposal.
- 4 – USAC requires that all vendors be evaluated fairly and price is the primary factor in that decision. Chart 1 documents the winning vendor with price being the primary criteria.
- 5 – However, the USAC review focused around how Chart 2 was used to select a vendor and what role price played in the selection process in Chart 2.
- 6 – Chart 2 was never intended to be used to select a vendor. The vendor was already selected in Chart 1. Chart 2 was a management tool used to present to the Board the most cost effective solution for the District. The winning vendor remained the same – Network Outsource.

7 – USAC continued to focus on Chart 2 and the role price played in selecting a vendor. It is very difficult to justify the role price played in selecting a vendor in Chart 2 when the Chart was never intended to serve that purpose. The vendor was already selected, as documented in Chart 1, with price being the primary factor.

8 – Chart 2 doesn't look like a vendor selection chart. It does not reference price as a selection criteria because it was not designed for that purpose.

9 – USAC requested the creation of a Chart 3 to justify the results in Chart 2. We kept getting further and further from the point – the point being, the winning vendor was already selected in Chart 1 with price being the primary factor.

Conclusion

We believe that the District followed all the USAC rules in selecting a vendor as documented in Chart 1. If USAC wants to argue the cost effectiveness of the selection based on the information in Chart 2 we would be happy to comply since that is the only purpose of Chart 2.

We request the application be approved or sent back to USAC for further review based on the information presented in this appeal.

Argument #2

Introduction

In the 2011 e-rate year Central Islip Union Free School District applied for E-Rate funds for network equipment. Central Islip Union Free School District conducted what they thought was a fair and open competitive bidding process, where price was the primary factor. However, during selective review it was determined that the district did not, and the districts application was subsequently denied.

Feeling that the reviewer was mistaken in his interpretation, the District filed an appeal with USAC. This appeal was denied by USAC because "Price of the eligible products and services were not an evaluation factor in your vendor selection process used to determine the winning bid"

We believe the USAC denial is a result a misinterpretation of the District documentation. The District conducted a two-step evaluation process. During the first step, the district determined which vendor had submitted the most cost effective bid. The district then conducted their second evolution. This evolution was conducted to find the most cost effective solution for the district over a 5-year period. There were no other factors.

Summary

The vendor selections process used by the District is very simple and consistent with all USAC rules as documented in the following web site: <http://universalservice.org/si/applicants/step03/evaluation.aspx>

1 – The District set out to evaluate all three bids received to determine which vendor was the most cost effective for the District, on a one-year basis. Network Outsource Tier 1 bid won. Please see attached documentation.

2 – The District then set out to evaluate all three bids to determine which bid would be most cost effective for the district, and thus determine which bid was ultimately the most cost effective. In this evaluation, Network OutSource Tier 2 bid won.

3 – USAC explained their rational in their denial reasoning... "The information stated in your chart 3 (Return On Investment (ROI) Details) included the total cost of each proposal from both Chart 1: Network OutSource (NO) Tier 1 - \$1,448,980 and NO Tier 2 - \$1,163,695 and Chart 2 – NO Tier 1 - \$373,300 and NO Tier 2 - \$705,800, but only the total points from chart 2 (Return on Invest (ROI) evolution). If the total points from both chart 1 (Tier 1 – 92 points and Tier 2 – 100 points) and charts 2 (Tier 1 – 100 points and Tier 2 – 94 points) were included, the Network OutSource Tier 1 proposal would have not have received the highest score.

4 – While we do not agree with USAC's denial reason, we think it is pretty clear that the District selected the most cost effective and least expensive vendor as documented in Chart3. Network Outsource Tier 1 total cost \$1,822,280, Tier 2 Total cost \$1,869,495, IPC Tech total cost \$1,897,399. As you can see the Network Outsource Tier 1 bid is \$47,215 less expensive than the next closest bid. Therefore, we believe the District choose the most cost effective solution.

5 – We wholeheartedly disagree with USAC's determination that we did not conduct a proper vendor selection process, where price was the primary factor. However, we think it is a moot point. There is precedent set, in prior appeals, that if the school or library selects the most cost effective vendor, regardless of their criteria, their application is approved. Please see FCC DA 11-723.

Conclusion

Based on the fact that the District selected the most cost effective vendor and the cheapest bid, we believe that the FCC should overturn the denial and approve the Districts application.