



NEWS

YCCD spent \$800,000 without public bidding; the fallout continues

BY KEN CARLSON
kcarlson@modbee.com

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Darin Gharat, chairman of the Yosemite Community College District board, said the district's new legal firm will send an order demanding that a New Jersey software firm remove a former chancellor's endorsement from its marketing website.

At Wednesday's YCCD board meeting, Gharat said Joan Smith's endorsement violated a district policy. The cease-and-desist order will be sent to the Robert Ferrilli Company, whose contracts with YCCD have come under scrutiny in recent weeks.

Smith hired the software company in 2016 without seeking competitive bids. Between November 2015 and February, a series of contracts with Ferrilli cost the community college district \$820,000.

At the time, state law required community college districts to bid projects costing \$87,000 or more. The YCCD, which includes Modesto Junior College and Columbia College near Sonora, has a policy against using district property or its name to endorse a product or service.

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Smith agreed to videotape the testimonial in the YCCD board room, at Ferrilli's request, sometime before her retirement in December 2016, she said. The board did not approve the endorsement. Her testimonial and the YCCD logo remained on the company's site Thursday.

The district initially made a March 27 request for Ferrilli to take down the video, which is alongside endorsements from other college administrators in the country. A call to Ferrilli on Thursday was picked up by an outside answering service.

This week, Smith defended her action to hire the software firm that specializes in services for higher education. A July 2016 contract, not to exceed \$300,000, called for Ferrilli to provide three of its consultants to help the district complete a database conversion from an older software supporting student financial aid and business offices to a newer system.

Smith explained that the district's information technology director had served notice he was taking a job with a large school district in Florida, and she needed expertise in completing the conversion.

"(Ferrilli) came in and did a fabulous job, connecting all of our operating systems and all those things," Smith said in a telephone interview. She gave the plug for Ferrilli for doing a good job and was not paid for it, she stressed.

Smith said the conversion, completed Thanksgiving weekend that year, was needed to prevent a disruption of computer access at the two colleges and district office. But the union representing faculty members, and at least two board trustees, have said the contracts with Ferrilli lacked transparency and were too costly.

After the conversion was finished, and Smith retired, the YCCD entered into more contracts with Ferrilli to implement service upgrades. There was no apparent urgency for those contracts and that work was not put out to bid, either.

A group that advocates for accountability in public institutions was not surprised people are suspicious of the software contracts.

"Community colleges spend taxpayer dollars and people need to know how those decisions are made through a transparent and open bidding process," said Kathay Feng, executive director of California Common Cause. "When a major contract is signed without a public bidding process, it can affect the public's confidence in the district."

A Ferrilli consultant, Dan Duffy, was given the title of assistant interim vice chancellor of IT in August 2016 under a contract costing the district \$30,000 a month, plus travel expenses. Duffy held the district position for months as several other contracts with Ferrilli were developed.

Records released by the YCCD show that Duffy signed vouchers used to approve payments to Ferrilli, his employer. One voucher OK'd by Duffy detailed his own travel expenses.

The YCCD has said the additional contracts with Ferrilli were approved by staff members other than Duffy. The district also said Duffy was not paid by YCCD but payment for his services went to Ferrilli.

Smith said she could not speak for the other district contracts with Ferrilli after she retired in December 2016. From March 2017 to February of this year, there were 10 additional purchase orders for Ferrilli consulting services, project management and planning, costing \$217,600.

The additional software projects are not described on YCCD's online agendas, as similar projects would be found on city council or county board agendas in Stanislaus County.

Roger Clague, the district's IT director for six months, shed some light on the matter Thursday afternoon. The upgrades included Ellucian Mobile, a Starfish project with MJC students, team collaboration software and upgrades for portals. Clague said the database conversion saved YCCD about \$128,000 in annual licensing costs.

The contracts and Smith's video endorsement of the company on Ferrilli's website came to light when the Yosemite Faculty Association, representing professors at MJC and Columbia, declared an impasse in labor negotiations with the district last month.

The YFA has questioned why a Silicon Valley firm wasn't hired instead of spending thousands of dollars on travel expenses for Ferrilli employees, who were flown in from Washington state and Michigan.

In seeking records on the contracts, the union said it was concerned about district spending and transparency in governance.

Modesto resident Cliff Miller said he would like to see an audit of district spending. "They keep spending money the way they want to spend it and they go back to students to say they need more money for tuition," Miller said.

Marty Gang, the former IT director who left for a job in Florida, agreed to talk about hiring Ferrilli for the database conversion. He said Smith asked him to find a company with experience and knowledge to convert from an Oracle database to Microsoft SQL.

Gang said he wound up with two companies, Ferrilli and Ellucian, whose software supports operations at thousands of colleges in the United States. The YCCD has licensing agreements with Ellucian, which was paid \$2.7 million for licensing and services between 2014 and 2017.

Though it was not formal bidding, Gang said, Ellucian made a price quote for the conversion that was 20 percent higher than Ferrilli's. The New Jersey firm also could commit the resources right away, Gang said.

Gang and Clague said colleges are mostly limited to Ellucian and Ferrilli because of their specialty in higher education. A formal bid process would have delayed the work for six to nine months, they said.

Gang said he talked with the district office to make sure the \$300,000 contract was legal under an exemption for specialized service. Gang said he gave the YCCD board a presentation on the contract in closed session in response to a board question.

The board later convened in open session and approved a consent item that included the contract with Ferrilli, the former director said.

California public meeting laws require governing boards to discuss business in public except in special circumstances.

When told this week the district has paid \$800,000 to Ferrilli since 2016, Gang uttered a "Wow". But he then said the expense and additional work Ferrilli has done were worthwhile if students today are using portals that don't freeze up and district staff have good access to programs.

Smith responded to criticism from Trustee Anne DeMartini that the board was kept in the dark about contracts with Ferrilli.

Smith said updates on the database conversion were given to board members. In a statement sent to The Bee, Smith also referred to a Oct. 12, 2016, board item proposing to pay Ferrilli \$55,000 for consulting services for the SQL migration, which was approved by board members.

The online agenda for the meeting contains only a one-line description of the \$55,000 contract on a list of purchase orders. By contrast, the Modesto City Council and county Board of Supervisors meetings routinely display significant contracts on the front page of agendas, with a link to a staff report on project details.

YFA President Jim Sahlman said the union has tried to get the district to be more transparent. "We complain that the agendas and minutes are so sketchy that the average community member would not know what is going on," Sahlman said.

Clague said he's aware of a final small contract with Ferrilli and the remaining funds owed to the company won't be paid until he's satisfied the systems are working well.

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