

**APPROVE EXERCISING THE SECOND OPTION TO EXTEND THE AGREEMENT
WITH CPS-IQ SOLUTIONS**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the second option to extend the agreement with CPS-IQ Solutions to provide natural gas program administrative services to the Department of Operations at a cost for the option period not to exceed \$138,000. A written document exercising this option is currently being negotiated. No payment shall be made to Consultant during the option period prior to the execution of the written option document. The authority granted herein shall automatically rescind in the event a written option document is not executed within 60 days of the date of this Board Report. Information pertinent to this option is stated below.

SPECIFICATION NO.: 00-250463

CONSULTANT: CPS-IQ Solutions
34505 West 12th Mile Road, Suite 175
Farmington Hills, MI 48331
800-786-6288
Denise Dunn
Vendor #: 24656

USER: Department of Operations
125 South Clark Street, 16th Floor
Donald C. Barnes
773-553-3252

ORIGINAL AGREEMENT: The original Consulting Agreement (authorized by Board Report 00-0524-PR6), in the amount of \$132,000.00, is for a term commencing June 1, 2000 and ending May 31, 2001, with the Board having three options to renew the agreement for one year periods in the amounts of \$132,000 for the first option period, \$138,000 for the second option period, and \$144,000 for the third option period. The original agreement was extended for a term commencing June 1, 2001 and ending May 31, 2002 pursuant to Board Report 01-0523-PR2.

OPTION PERIOD: The term of this agreement is being extended for 1 year commencing June 1, 2002 and ending May 31, 2003.

OPTION PERIODS REMAINING: There is one option period for 1 year remaining.

SERVICES: The Consultant shall continue to be responsible for the following services:

1. Development and execution of natural gas procurement strategy using historical consumption patterns, weather-normalized consumption forecasts, market-based commodity cost projects and other factors which may impact the cost of natural gas purchase and transportation during the term of the agreement.
2. Maintenance of natural gas statistics for the purpose of balancing daily deliveries, storage accounts, periodic nominations, and utility/supplier bill reconciliation.
3. Submission of electronic data to CPS for import into its energy management database.
4. Management of natural gas supplier relationships with the Board including but not limited to the administrative approval of vendors based on qualification standards established in advance by the Board or by the Board.
5. Advisory services associated with the development of long-term energy procurement strategies that may include the conduct of seminars or other services that support the Board's need to maintain up-to-date knowledge of its options in procurement of natural gas (and, potentially, electricity).
6. Preparation of monthly analyses which document the relationship between the Board's selected procurement strategy and the cost associated with purchase of the commodity from the local

distribution company (Peoples Energy).

Additionally, during the option period, the Consultant shall assume responsibility for the following service:

7. Competitively solicit monthly, quarterly, or annual bids and evaluate for price and reliability.

DELIVERABLES: Consultant shall continue to provide the following:

1. Monthly gas nominations placed with the local distribution company and with the lowest responsible bidder for procurement of natural gas supply.
2. Monthly auditing of utility and supplier invoices to validate the details of billing prior to submission for payment.
3. Preparation of electronic data file documenting monthly commodity procurement, consumption, storage, and cost details at the site (account) and at the contract levels.
4. Bid solicitation documents to the natural gas supply marketplace will be disseminated, received, and tabulated on a schedule that maximizes the financial and operational benefits of the Board.
5. Reports documenting the essential elements of the bidding process, such as method of solicitation, lists of respondents, criteria used for selection, and other information associated with this task, shall be submitted to the Chief Procurement Officer, the Chief Operating Officer, and/or their designates.

OUTCOMES: Consultant's services will result in the Board having more flexibility to tailor its procurement strategy to market trends in the highly volatile natural gas industry.

COMPENSATION: Consultant shall be paid during this option period as follows: a total of twelve equal monthly payments of \$11,500.00, not to exceed the sum of \$138,000.00.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written option document. Authorize the President and Secretary to execute the option document. Authorize the Chief Operating Officer to execute all ancillary documents required to administer or effectuate this option agreement. Authorize the Chief Purchasing Officer, effective as of the date of this Board Report, to execute contracts with the natural gas providers secured by Consultant to ensure the best possible prices for the Board, provided any contracts signed, in the aggregate, do not exceed the annual approved budget allocated for natural gas purchases.

AFFIRMATIVE ACTION: The M/WBE goals for this contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

However, the Waiver Review Committee recommends that a *partial* waiver of the M/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because of substantial compliance.

The vendor has, however, identified and scheduled the following firms and percentages

Total MBE 34%

Total 22% African American:

<i>Black Tie Travel</i>	<i>1350 S. Michigan Ave., Chgo., IL 60605</i>
<i>\$29,670.00</i>	<i>reapplication pending as of 12/18/01</i>

Total 10% Hispanic:

<i>Salsedo Press</i>	<i>3139 W. Chicago Ave., Chgo., IL 60622</i>
<i>\$13,200.00</i>	<i>Re-certified through 10/01/02</i>

Total 2% Asian:

*Excell Screen Printing 7855 Gross Point Rd., Unit #K, Skokie, IL 60077
\$2,640.00 Re-certified through 7/1/02*

Total WBE 5%

*Word Algebra 1770 W. Berteau Ave., Chgo., IL 60613
\$6,600.00 Re-certified through 6/1/02*

The City of Chicago Department of Procurement Services certifies each identified firm. The identified firms are subject to change upon approval from the Procurement and Contract's Division of Compliance and Vendor Services without further Board approval.

LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL: Charge Department of Operations: \$138,000.00 Fiscal Year: 2003
Budget Classification: 0944-552-000-4450-5410
Source of Funds: Operations & Maintenance

GENERAL CONDITIONS:

Inspector General – Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



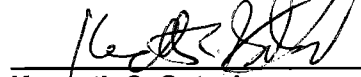
Anita Rocha
Acting Chief Purchasing Officer

Approved:



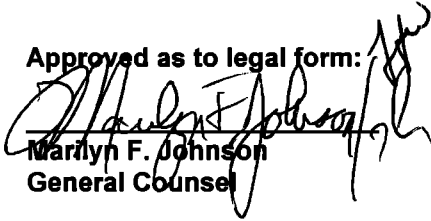
Arne Duncan
Chief Executive Officer

Within Appropriation:



Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:



Marilyn F. Johnson
General Counsel