

AMEND BOARD REPORT 06-1115-PR9
AMEND BOARD REPORT 06-0125-PR16

APPROVE EXERCISING THE SECOND OPTION TO RENEW THE AGREEMENT WITH BLACKWELL CONSULTING SERVICES FOR PROGRAM MANAGEMENT SERVICES FOR THE OVERALL MANAGEMENT AND IMPLEMENTATION OF THE LOCAL AREA NETWORK

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the second option to renew the agreement with Blackwell Consulting Services to provide Local Area Network program and construction services to the Department of Operations and the Office of Technology Services at an aggregate cost not to exceed \$32,863,307.41 of which approximately \$27,549,968.26 is eligible for discounts in accordance with the guidelines and requirements of the Federal Government's Universal Services Program ("E-Rate"). It is anticipated that the School and Library Division/Universal Service Administrative Company ("SLD/USAC") will fund eligible E-Rate services and products, and the total cost to the Board shall not exceed \$5,313,339.15. A written document exercising this option is currently being negotiated. No payment shall be made to Vendor during the option period prior to the execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within ninety (90) days of the date of this Board Report. Information pertinent to this option is stated below:

This first amendment is necessary: i.) to reduce the overall scope of work for E-Rate Year 8 because the installation, configuration, and project management services for system-wide school Local Area Network (LAN) upgrades are to be provided by another vendor pursuant to a SPIN change ii.) to increase the compensation amount by \$16,214,549.79 by adding the reduced scope of E-Rate Year 8; iii.) to amend the pricing schedule by increasing the design and management fees; iv.) to effect a SPIN change for the vendor once approval has been received from the Schools and Library Division (SLD) of E-Rate and v.) to extend the agreement in order to complete the services for E-Rate Year 8. The first renewal of the original agreement was to cover services to be provided during E-Rate year 8. Those services were not provided during the first renewal term and an extension was obtained from the SLD to carry those services forward into E-Rate Year 9. The compensation amount is being increased to cover the E-Rate Year 8 services being carried forward. The services to be provided during this second renewal term will cover E-Rate Years 8 and 9. A written amendment to the renewal agreement is required. No payment shall be made to the vendor above the previously authorized amount prior to the execution of the written amendment. The authority granted herein shall automatically rescind in the event a written amendment is not executed within 90 days of this amended Board Report.

This second amendment is necessary to clarify the changes to the pricing schedule listed in the compensation section and to extend the option period by an additional three months due to the delayed funding approval for E-Rate Year 8. A written amendment to the renewal agreement is required. No payment shall be made to the vendor above the previously authorized amount prior to the execution of the written amendment. The authority granted herein shall automatically rescind in the event a written amendment is not executed within 90 days of this amended Board Report.

SPECIFICATION NO.: 03-250196A

VENDOR: Blackwell Consulting Services
400 110 South Wacker Drive, Ste. 800
Chicago, Illinois 60606
Contact: Robert Blackwell Sr.
Telephone No.: (312) 553-0730
Vendor No.: 20588

USERS: Department of Operations
125 South Clark Street, 16th Floor
Chicago, Illinois 60603
Contact: Kristine Rull, Director, Renovation and Maintenance
Telephone No.: (773) 553-2900

Office of Technology Services
125 South Clark Street, 3rd Floor
Chicago, Illinois 60603
Contact: Robert W. Runcie, Chief Information Officer
Veletta Bell, Project Manager
Telephone No.: (773) 553-1300

ORIGINAL AGREEMENT: The original Agreement (authorized by Board Report 03-1217-PR20 as amended by Board Report 04-0428-PR17), in an amount not to exceed \$42,267,572.00 is for a term commencing March 3, 2004 and ending June 30, 2005, with the Board having three (3) options to renew for periods of one (1) year each. The first renewal is for a term of July 1, 2005 and ending June 30, 2006 (authorized by Board Report 04-1215-PR14). Vendor was selected on a competitive basis pursuant to a request for qualifications/proposals.

OPTION PERIOD: The term of this Agreement is being extended for a term commencing July 1, 2006 and ending ~~September 30~~ December 31, 2007.

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

SCOPE OF SERVICES: Vendor will continue to provide program management services regarding the installation of the LAN infrastructure; pertinent network equipment and services at the individual schools. Blackwell Consulting Services will continue to provide the Board with sufficient working capital at no additional cost to the Board to fund project costs pending E-Rate reimbursement. Prior to rendering any Services, Blackwell shall furnish the Board's Chief Purchasing Officer with a performance bond, which Blackwell shall acquire at its own expense. The performance bond shall be conditioned for the completion of this Agreement, for the payment of material used in the work and for all labor performed in the work, whether by subcontractor or otherwise. The performance bond must be in a form issued by a surety. The performance bond will act as security for the faithful performance of this Agreement and the payment of all contractors and other persons supplying labor, materials and equipment in connection with the Services to be provided under this Agreement.

Vendor was originally awarded services for two (2) projects under the E-Rate Year 8 program, i) Local Area Network (LAN) Upgrades Project; the scope of this project is to provide services to upgrade/replace the existing LAN network at approximately 60 Chicago Public Schools. ii) LAN wiring project; the scope of this project is to install new networks in approximately 49 schools. The E-Rate program granted Chicago Public Schools authorization to move forward with both projects. Based on budget constraints, the Board will decrease the scope of the E-Rate Year 8 project by \$19 million. In addition, the Board will transfer the scope of services associated with the LAN upgrades projects to another vendor. The current vendor will continue to provide all services related to the LAN wiring project. The reduction of scope and the transfer of the LAN Upgrades projects to another vendor brings the total compensation amount to \$16,214,549.79.

In addition, because no services were rendered on the Blackwell contract for E-Rate Year 8 services prior to the expiration of the contract, the compensation amount of \$16,214,549.79 is being combined with the current contract amount of \$16,648,757.62 for a total of \$32,863,307.41.

Blackwell Consulting Services will continue to provide the Board with sufficient working capital at no additional cost to the Board to fund project costs pending E-Rate reimbursement. Prior to rendering any Services, Blackwell shall furnish the Board's Chief Purchasing Officer with a performance and payment bond in accordance with the Illinois Public Construction Bond Act, which Blackwell shall acquire at its own expense.

DELIVERABLES: Vendor will continue to provide the following:

- A. Project Planning
- B. Wireless Survey
- C. Design

- D. Bid and Award
- E. Construction
- F. Testing and Network Integration
- G. Closeout
- H. Reports and Quality
- I. Training
- J. Billing and Invoicing Processes
- K. Pay Contractors
- L. Bill USAC and CPS

OUTCOMES: Vendor’s services will result in the following:

- Individual Schools will have a local area network and classroom internet access
- Replacement of outdated devices will be upgraded to Board approved equipment ensuring remote manageability by the Wide Area Network Department.

COMPENSATION: Vendor shall be paid upon invoicing, per deliverables/projects as will be outlined in the agreement, with total compensation not to exceed \$32,863,307.41 of which approximately \$27,549,968.26 is eligible for E-Rate discounts; the total cost to the Board shall not exceed \$5,313,339.15. The pricing schedule shall be increased as follows: LAN Design from 10% to 32%; Power Design from 10% to 15%; LAN Project Management from 22% to 32%; and Power Project Management from 11 % to 15%, which pricing shall be retroactive as to E-Rate year 8 services and deliverables.

All expenditures are contingent upon availability of FY 2007 and FY2008 capital and school discretionary funds. These services are eligible for, and contingent upon, E-Rate discounts under the Federal Government’s Universal Services Program.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written option agreement and amendment. Authorize the President and Secretary to execute the option agreement and amendment. Authorize the Chief Operating Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION: This contract is in full compliance with the goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE). The M/WBE participation goals for the contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

The vendor has identified and scheduled the following firms and percentages:

Total 95% MBE:

Total 95% African American:

Blackwell Consulting Services

400 110 S. Wacker Drive, Suite 800
Chicago, Illinois 60606

Certified through ~~06/30/04~~
12/01/07

Total 5% WBE:

Kowalenko & Bilotti, Inc.

118 N. Peoria Street, Suite 5N
Chicago, Illinois 60607

Certified through ~~01/31/04~~
4/01/07

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

FINANCIAL:

	<u>E-Rate YR 8 FY07</u>	<u>E-Rate YR 9 FY078</u>	<u>TOTAL</u>
<u>Total Costs</u>	\$16,214,549.79	\$16,648,757.62	\$32,863,307.41
<u>CPS PAYS</u> 0220-XXX-000-9585-5410 0220-474-000-9585-5400	\$1,000,000.00	<u>\$2,000,000.00</u>	\$1,000,000.00
Schools Discretionary Funds	\$1,270,036.97	\$3,043,302.18 <u>\$1,043,302.18</u>	\$4,313,339.15
<u>SLD PAYS</u>	\$13,944,512.82	\$13,605,455.44	\$27,549,968.26

*Capital Funds

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 members during the one-year period following expiration or other termination of their terms of office.

Indebtedness – The Board’s Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board’s Ethics Code adopted June 23, 2004 (04-0623-P04), as amended from time to time, shall be incorporated into and made a part of the agreement.

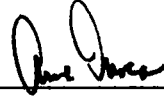
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:



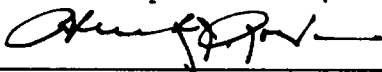
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to Legal Form



Patrick J. Rocks
General Counsel