

**AMEND BOARD REPORT 22-0727-PR4
AUTHORIZE A NEW AGREEMENT WITH ARBITERSPORTS, LLC FOR ONLINE PAYMENT
SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize a new agreement with ArbiterSports, LLC to provide online payment services for the purpose of compensating sports officials to the Office of Sports Administration and all participating high schools. Vendor was selected on a non-competitive basis: This item was presented to the Single/Sole Source Committee on June 7, 2022 and approved by the Chief Procurement Officer. Upon approval, as a Single Source, the item was published on the Procurement website, on June 28, 2022 found here: cps.edu/procurement. The item will remain on the Procurement website until the July 27, 2022 Board Meeting. This process complies with the independent consultant's recommendations for single source procurements and the Board's "Single/Sole Source Committee Charter." A written agreement for Vendor's services is currently being negotiated. No services shall be provided by Vendor and no payment shall be made to Vendor prior to the execution of their written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 90 days of the date of this Board Report. information pertinent to this agreement is stated below.

This October 2022 amendment is necessary to increase the maximum compensation amount from \$3,072,000 to \$5,239,239 to expand services to elementary schools as well as high schools for the term, and to amend the vendor list to remove JP Morgan Chase Bank National Association and Cache Valley Bank. A written amendment to the agreement is not required.

Contract Administrator : Munoz, Rigoberto / 773-553-2280

VENDOR:

- Vendor # 58545
- 1) ~~JPMORGAN CHASE BANK, NATIONAL ASSOCIATION~~
10 SOUTH DEARBORN., STE IL1-1228
CHICAGO, IL 60603
Mark Lester
312-732-6988
Ownership: ~~JPMorgan Chase and Co. - 100%~~
- 2) Vendor # 26516
ArbiterSports, LLC
9815 S Monroe Ste 204
Sandy, UT 84070-8820
Spencer Evans
781 3254751
- Ownership: Serent Capital II, L.P. - 68.1%;
no other shareholder owns more than 10%

- 3) Vendor # 41118
~~CACHE VALLEY BANK~~
~~101 NORTH MAIN~~
~~LOGAN, UT 84321~~
Michael Miller
435-753-3020
~~Ownership: Cache Valley Bank Holding~~
~~Company~~

USER INFORMATION :

Project 13737 - Sports Administration and Facilities Management - City
Manager: Wide
2651 W. Washington Blvd
Chicago, IL 60612
Blakely, Luke
773-534-0700

TERM:

The term of this agreement shall commence on August 1, 2022 and shall end July 31, 2025. This agreement shall have one (1) option to renew for a period of one (1) year.

EARLY TERMINATION RIGHT:

The Board shall have the right to terminate this agreement with 30 days written notice.

SCOPE OF SERVICES:

Vendor will provide access to an online payment service for the purpose of compensating all sports officials assigned through the Office of Sports Administration. Schools will be given access to sub-accounts to administer payments to all verified sports officials for athletic competitions authorized by the Office of Sports Administration, and approved locally by the Athletic Director of the respective school. The implementation of this agreement will eliminate the need for the current process of transferring funds from the Office of Sports Administration's 115 fund into the internal accounts of each participating school. Where, upon receipt of funds, schools manually created checks from their internal accounts for the confirmed sport officials for their respective events. In addition to the elimination of manual checks, this service will also provide auditing and reporting tools to ensure the appropriate use of board funds for the specified sport and level official fee payment.

DELIVERABLES:

Vendor will provide access to online systems for the Board to create a master account for the purpose of initial seasonal deposits.

Vendor will provide access to sub-accounts for all participating schools for the purpose of administering payment through the online system.

Vendor will provide technical support by way of the following: Annual in-person training, access to webinars and unlimited phone support for all participating CPS high schools and the Office of Sports Administration.

Vendor will provide reporting data as fashioned by the Office of Sports Administration upon final approval of agreement.

Vendor will collect all sports officials tax related documents (collection of W-9s and disbursement of 1099s).

OUTCOMES:

Vendor's services will result in a more efficient and streamlined process for administering payments to sports officials of high school and elementary athletics. Additional benefits to be recognized will be a more controlled management of district funds as it relates to the compensation of sports officials and oversight for any unused funds to be appropriately refunded back to the Office of Sports Administration. Elimination of the current process of transferring seasonal official fees from the Office of Sports Administration into local internal accounts of each school.

COMPENSATION:

Vendor shall be paid a 2.7 % service fee for the payments made to the sports officials for district competitions. Vendor's fee shall be approximately ~~\$24,000~~ \$45,913 annually. An annual balance of ~~\$1,000,000~~ \$1,700,500 shall be deposited into Vendor's master account to be used to pay sports officials.

Estimated annual costs for the term are set forth below:

FY23	\$937,750	<u>\$1,600,879</u>
FY24	\$1,024,000	<u>\$1,746,413</u>
FY25	\$1,025,000	<u>\$1,746,413</u>
FY26	\$85,250	<u>\$145,534</u>

REIMBURSABLE EXPENSES:

None.

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 Executive Director of Sports Administration to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION:

Pursuant to the Remedial Program for Minority and Women-Owned Business Enterprise Participation in Goods and Services contracts, (M/WBE Program), this contract is exempt as this agreement is for proprietary software.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 115, Unit 13737, Sports Administration and Facilities Management

FY23	\$937,750	<u>\$1,600,879</u>
FY24	\$1,024,000	<u>\$1,746,413</u>
FY25	\$1,025,000	<u>\$1,746,413</u>
FY26	\$85,250	<u>\$145,534</u>

Not to exceed ~~\$3,072,000~~ \$5,239,239 for the term of the agreement. The annual ~~\$1,000,000~~ \$1,700,500 balance shall be deposited seasonally into an ArbiterPay master account to be used to pay sports officials. The total cost of the program plus the vendor's fee shall not exceed ~~\$3,072,000~~ \$5,239,239 for the term of the agreement.

Future year funding is contingent upon budget appropriation and approval.

CFDA#: Not Applicable

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 May 25, 2011 (11-0525-PO2), 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:

PATRICIA HERNANDEZ
Acting Chief Procurement Officer

Approved:

PEDRO MARTINEZ
Chief Executive Officer

Approved as to Legal Form: 

JOSEPH T. MORIARTY
General Counsel