

AMEND BOARD REPORT 06-0524-PR3
APPROVE ENTERING INTO AN AGREEMENT WITH SIEMENS BUILDING TECHNOLOGIES, INC.
FOR ENERGY MANAGEMENT SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with Siemens Building Technologies, Inc. to provide energy management and consulting services to Chicago Public Schools at a cost not to exceed ~~\$2,700,000~~ \$2,149,440. Consultant was selected on a competitive basis pursuant to a duly advertised Request for Proposal (Specification No. 06-250017). A written agreement for Consultant's services is currently being negotiated. No services shall be provided by Consultant and no payment shall be made to Consultant prior to the execution of the 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 amendment is necessary to (i) correct the term of the agreement (ii) to decrease the scope and dollar amount of the agreement, (iii) correct the compensation of the agreement, and (iv) change the affirmative Action Compliance Requirements.

CONSULTANT: Siemens Building Technologies, Inc.
 1000 Deerfield Parkway
 Buffalo Grove, IL 60089
 Jeffrey Carroll
 (312) 580-6405
 Vendor #14664

USER: Department of Operations
 125 South Clark-16th Floor
 Chicago, IL 60603
~~Steven Ke Joseph Clair~~
 (773) 553-2904-4126

TERM: The term of this agreement shall commence on ~~June 1, 2006~~ July 1, 2006 and shall end ~~May 31, 2009~~ June 30, 2009. This agreement shall have ~~two (2)~~ two (2) options to renew for periods of ~~(1) one year each.~~ This agreement shall replace and supersede the previous written agreement entered into between Consultant and Board pursuant to Board Report No. 04-1117-PR4, adopted on December 15, 2004, for the overlapping period of June, 2006.

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

SCOPE OF SERVICES: Consultant will render both administrative services and consultative expertise to the Board Chicago Public Schools in ~~four~~ two core areas: ~~(i) natural gas and electricity procurement, utilization and storage strategies; (ii) natural gas and electricity supply management and competitive bid solicitation; (iii) (j) natural gas and electricity data maintenance in support of day-to-day program management services for usage profile evaluation purposes; and (iv) (ij) bill reconciliation.~~

DELIVERABLES: Consultant will provide the following products or services:

- ~~1. Prepare and submit periodic natural gas and electricity for nominations for participating Chicago Public Schools and manage the procurement of natural gas and electricity.~~
- ~~2. Monitor the actual usage of natural gas and electricity at Chicago Public Schools' ("GPS") facilities.~~
- ~~3. Provide the Chicago Public Schools with weekly aggregate reports documenting such usage during the heating season.~~
4. 1. Verify the statistical accuracy of the local distribution company and utility supplier invoices and represent the Chicago Public Schools Board in investigating and reconciling discrepancies that may arise with the local distribution company or supplier.

COMPENSATION: Consultant shall be paid as follows: Following receipt of invoices not to be invoiced more than once a month at rates as set out in the written agreement, and not to exceed the sum of ~~\$900,000~~ ~~2,700,000~~ \$2,149,440 over a 3-year term. Consultant will receive no further compensation under the prior 2004 written agreement, which provision will be included in this agreement.

REIMBURSABLE EXPENSES: Consultant shall be reimbursed for the following expenses: None.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the agreement. Authorize Chief Operating Officer to execute all ancillary documents required to administer or effectuate this 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 Plan). The M/WBE participation goals for the contract include: 35% total MBE and 5% total WBE.

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

Total MBE – ~~36%~~ 35.2%

East Gate Energy, Inc. (AA)

354 Forest Blvd.
Park Forest, Illinois 60466
Awarded 4.3%

certified through 01/03/~~2007~~2008

Utilivate Technologies (AA)

203 N. LaSalle Street, Suite 2100
Chicago, Illinois 60601
Awarded 30.9%

certified through 09/01/~~2006~~2007

Total WBE – ~~5%~~ 5.9%

The Haven Group (WBE)

825 Rose Lane
Matteson, Illinois 60443
Awarded ~~5.1%~~ 5.9%

certified through 08/01/~~2006~~2007

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

FINANCIAL: Charge to Department of Operations: ~~\$2,700,000~~ \$2,149,440 Fiscal Year: FY06-09

~~\$900,000~~ \$601,260 Fiscal Year: FY07

~~\$900,000~~ \$762,648 Fiscal Year: FY08

~~\$900,000~~ \$785,532 Fiscal Year: FY09

Budget Classification: 0944-552-000-4453-5410

Source of Funds: Operations and Maintenance

- ~~5. Advise Chicago Public Schools staff on the full range of cost saving strategies in the natural gas and electricity industry (e.g. market analyses, risk management strategies, etc.)~~
6. 2. Maintain a database for tracking usage and cost by facility, potential cost savings, etc. and report results to the Chicago Public Schools Board.
- ~~7. Competitively solicit bids on a monthly, quarterly, or annual basis and evaluate them for price and reliability.~~
8. 3. Develop innovative, creative and multi-disciplinary initiatives which involve CPS students, faculty, administrators, operating personnel and other appropriate parties in efforts that result in more institutionalized monitoring of energy usage.
9. 4. Data harvesting strategy that maximizes the value of real-time energy monitoring.
- ~~10. 5.~~ Auditing of primary utility data using historic profiles and known billing determinants to validate accuracy of billing.
11. 6. Electronic encoding and digital scanning of all utility bills to support the record-retention requirements of Board's Accounts Payable Department.
12. 7. Profiling of building usage characteristics in a manner consistent with the needs of Board GPS when open-market electricity procurement is required.
- ~~13. 8.~~ Provide technical support to facility planning and facility operations with regard to building construction and renovation practices and their impact on energy.
14. ~~Manage natural gas and electric supplier relationships including but not limited to, administrative approval of vendors based on qualification standards established by GPS.~~
15. ~~Manage inventory of gas at cost effective levels.~~
- ~~16. Take appropriate measures to ensure the most accurate purchasing profile and to guarantee penalties will not be assessed.~~
- ~~17. Conduct or sponsor training courses and seminars periodically, upon request by Board representatives.~~
- ~~18. Bid solicitation documents to the natural gas supply and electricity marketplace will be disseminated, received and tabulated by Consultant on a schedule that maximizes the financial and operational benefits of the Board.~~
- ~~19. Submit 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, submitted to the Chief Procurement Officer, the Chief Operating Officer and/or their designees.~~
20. 9. Assist, as required, in the implementation and monitoring of Consultant's recommendations or initiatives to Board.

OUTCOMES: Consultant's services will result in:

1. 1. Comprehensive demand site energy management plan inclusive of short, medium and long-term energy management goals for both natural gas and electricity; and initiatives required to achieve them.
2. 2. Multi-year, multi-phased initiatives for energy demand management through occupant activities recommended to Board GPS by Consultant.
3. 3. Monthly data file documenting natural gas and electricity usage by meter and by account.
- ~~4. Properly managed natural gas and electricity procurement program, which secures the Board from exposure to supply imbalance penalties and other forms of ancillary costs related to the improper procurement, delivery and usage of natural gas and electricity.~~
5. 4. The integrated efforts of school-based personal (and students), regional personnel and District-wide management personnel to focus on a set of activities that seek both to enhance the Board's science curriculum as well as elevate the importance of energy efficiency within the schools, eventually leading to improvements in the efficient use of energy resources.
6. 5. Improved capability to control utility costs by pro-active intervention when abnormal energy usage patterns begin.
7. 6. Capability to identify and successfully challenge utility billing inaccuracies.
8. 7. Capability to document historic usage and payment history, thereby avoiding cost to the Board resulting from post-dated utility collection claims.
9. 8. Capability to identify Board GPS accounts which are not included in monthly bills and those accounts included in monthly bills that are not Board GPS accounts, thereby avoiding costly recovery payments which often cover multiple fiscal years.

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.

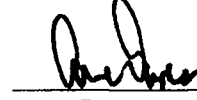
Ethics – The Board’s Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

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