

AMEND BOARD REPORT 08-0723-PR15
APPROVE EXERCISING THE FIRST AND SECOND OPTIONS TO RENEW TWO AGREEMENTS
WITH QUANTUM CROSSINGS, LLC FOR TELECOMMUNICATIONS MAINTENANCE, CABLING,
AND SERVICES FOR MOVES, ADDS, AND CHANGES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first and second options to renew two agreements with Quantum Crossings, LLC ("Quantum") to provide telecommunications maintenance, cabling, and services for moves, adds, and changes ("MAC"), for CPS Information & Technology Services ("ITS"). The first agreement ("Contract #1") is for basic maintenance services eligible for discounts in accordance with the guidelines and requirements of the Federal Government's Universal Services Program ("E-Rate") discount. Due to the uncertainty in E-Rate funding, a Reduced Scope will be implemented for Contract #1 until E-Rate funding is secured. The cost for the option period for the Reduced Scope of Contract #1 shall not exceed \$335,000.00. Should E-Rate funding become available, the Full Scope will be implemented and the cost fFor the renewal term, ~~Contract #1 shall not exceed \$4,200,000.00~~ \$3,350,000.00, of which approximately ~~\$3,642,000.00~~ \$3,015,000.00 is eligible for E-Rate discounts and the cost to the Board shall not exceed ~~\$588,000.00~~ \$335,000.00. The second agreement ("Contract #2") is for both eligible and ineligible services (other than basic maintenance). Similarly, a Reduced Scope will be implemented for Contract #2 until E-Rate funding is secured. The cost for the option period, for the Reduced Scope for Contract #2, shall not exceed \$5,899,200.00. Should E-Rate funding become available, the Full Scope will be implemented and the cost fFor the renewal term, ~~Contract #2 shall not exceed \$6,050,000.00~~ \$6,900,000.00, of which approximately ~~\$1,161,000.00~~ \$1,000,800.00 is eligible for E-Rate discounts and the cost to the Board shall not exceed ~~\$4,889,000.00~~ \$5,899,200.00. Written agreements exercising these options are currently being negotiated.

No payment shall be made to Quantum prior to the execution of the respective written renewal agreement. The authority granted herein shall automatically rescind as to each renewal agreement in the event such agreement is not executed within 120 days of the date of this Board Report. Information pertinent to these options is stated below.

This June 2009 amendment is necessary to (1) change the E-Rate percentage rate from 86% to 90%, (2) reduce the scope of services provided under both renewal agreements in response to a possible lack of E-Rate funding for the duration of this contract, and (3) change the parties funding amounts as a result of the percentage change. However, if E-Rate funding does become available, Quantum shall perform the Full Scopes of services. This amended Board Report is also necessary to authorize the Chief Information Officer to give written notification to Vendor in the event additional funding becomes available and to proceed under the Full Scopes of services without further Board approval. Written amendments to both renewal agreements are required. The authority granted herein shall automatically rescind in the event the written amendments to the renewal agreements are not executed within ninety (90) days of the date of this Board Report.

SPECIFICATION NO.: 05-250046

VENDOR: Quantum Crossings LLC
455 North Cityfront Plaza
Chicago, Illinois 60611
Contact: Roger Martinez, President
Telephone No.: (312) 467-0065
Vendor No.: 32334

USER: Information & Technology Services
125 South Clark Street
Chicago, Illinois 60603
Contact: ~~Robert W. Runcie~~ Arshele Stevens, Chief Information Officer
Kathryn Zalewski, Director of Telecommunications
Telephone No.: (773) 553-1300

ORIGINAL AGREEMENT: The original agreements (authorized by Board Report 06-0125-PR13 as amended by #06-1115-PR8) in the amount of \$7,123,638.00 for Contract #1 and \$11,917,331.40 for Contract #2, are for a term commencing July 1, 2006 and ending June 30, 2009, with the Board having two options to renew for a term of one year each. The original agreement was awarded on a competitive basis pursuant to Board Rule 5-4.1.

OPTION PERIOD: The term of each agreement is being extended for two (2) years, commencing July 1, 2009 and ending June 30, 2011.

OPTION PERIODS REMAINING: There are no remaining options to renew.

SCOPE OF SERVICES:

Reduced Scope of Services – Until E-Rate funding becomes available and Quantum receives written notification from the Chief Information Officer to implement the Full Scopes, Quantum shall provide a reduced level of services.

Under Contract #1 which covers basic maintenance services, Quantum will provide remote and onsite basic maintenance services related to voice service disruptions and major system or equipment repairs. This will include providing a minimum team of qualified telecommunications technical resources for maintenance services for the Board's voice communications system infrastructure and voice/data cabling infrastructure. Quantum shall also continue to provide maintenance of the Board's communications systems, data drops, MAC orders and voice/data cabling infrastructure, including fiber, to support the Board's premise-based communications systems. The completion of the Advanced Telecommunications Project Year 5 Test and Tone activities will be completed under this Contract.

Under Contract #2, Quantum shall continue to provide technical support school/department requested and funded services via the Board's 124 funding mechanism. Funded services will include MAC services, intercom programming, telephone line appearances, handset placement and programming, high voltage cabling and electrical work. Remediation services related to the Opteman Project and Advanced Telecommunications Project Year 5 will be completed under this Contract.

Full Scope of Services – Should E-Rate funding become available and the Chief Information Officer provides written notification to implement the Full Scope, Quantum shall provide the services described below.

Under Contract #1, which covers basic maintenance services eligible for the E-Rate discount, Quantum will continue to provide remote and onsite basic maintenance services in conjunction with the E-Rate Program to the Board. This will include qualified telecommunications technical resources for maintenance, cabling and MAC services for the Board's voice communications system infrastructure and voice/data cabling infrastructure for approximately 700 Board locations throughout the City of Chicago. Quantum shall also continue to provide maintenance of the Board's communications systems, data drops, MAC orders and voice/data cabling infrastructure, including fiber, to support the Board's premise-based communications systems.

Under Contract #2, which covers eligible and ineligible services (other than basic maintenance), Quantum shall continue to provide technical support for intercom programming, telephone line appearances, handset placement and programming, high voltage cabling and electrical work as well as additional school/department requested and funded services via the Board's 124 funding mechanism.

DELIVERABLES:

Reduced Deliverables – Until E-Rate funding becomes available and Quantum receives written notification from the Chief Information Officer to implement the Full Scopes, Quantum shall provide the following deliverables

Under Contract #1 during the renewal term, Quantum will provide basic maintenance of services and/or products, including:

- Basic technical support and programming for voice systems/equipment repairs

- A reduced pool of certified and qualified telecommunications technicians including one working supervisor and one driver
- Repair/replacement of system equipment cards and components
- Notification of 24-48 hours to dispatch technicians to site
- Daily status tickets and other supplemental reports upon request
- Completion of Advanced Telecommunications Project Year 5 Test and Tone activities

Under Contract #2, during the renewal term, Quantum will provide non-basic maintenance services and/or products pre-funded by departments/schools via the Board's 124 funding mechanism including:

- Cabling, systems programming, and voicemail programming
- Maintain and/or collect, and replace damaged telephone components with new and/or refurbished equipment
- Cabling and technical support for new/existing cabling and systems
- Technical support for intercom systems, ineligible voice systems, and handset placement
- Electrical and power services
- Remediation services related to the Opteman Project and Advanced Telecommunications Project Year 5
- Other school/department requested and funded services via the Board's 124 funding mechanism.

Full Deliverables: Should E-Rate funding become available and the Chief Information Officer provides written notification to implement the Full Scopes, Quantum shall provide the deliverables described below.

Under Contract #1, during the renewal term, Quantum will provide basic maintenance of eligible E-Rate services and/or products, including:

- Systems programming, voice mail programming, and basic technical support of all voice systems
- An "as-needed" pool of certified and qualified telecommunications technicians, as well as one working supervisor and one driver
- Wiring and cabling in accordance with CPS and City of Chicago Infrastructure Standards
- Extending and testing local exchange carrier (LEC) services
- Repair/replacement of system equipment cards and components
- Cross-connections to trunks/lines
- Notification of 12-24 hours to dispatch technicians to site
- Daily status tickets and other supplemental reports upon request

Under Contract #2, during the renewal term, Quantum will provide non-basic maintenance of eligible and in-eligible E-Rate services and/or products, including:

- Cabling, systems programming, and voicemail programming for new circuits
- Maintain and/or collect, and replace damaged telephone components with new and/or refurbished equipment
- Cabling and technical support for new cabling and new systems
- Technical support for intercom systems, ineligible voice systems, and handset placement
- Electrical and power services
- Additional school/department requested and funded services via the Board's 124 funding mechanism.

OUTCOMES: Quantum's services shall result in the Board having reduced and/or full service infrastructure and telecommunications systems maintenance, cabling, and MAC services through fiscal year 2011.

COMPENSATION: Upon monthly invoicing, Quantum shall be paid as specified in each agreement. ~~Compensation payable under the renewal term of Contract #1 covering basic maintenance services eligible for the E-Rate discount shall not exceed \$4,200,000.00 of which approximately \$3,612,000.00 is eligible for, but not contingent upon E-Rate discounts, at a total cost to the Board not to exceed \$588,000.00.~~

~~Compensation payable under the renewal term of Contract #2 shall not exceed \$6,050,000.00, of which approximately \$1,161,000.00 is eligible for E-Rate discounts; the total cost to the Board shall not exceed~~

~~\$4,889,000.00. Note: Services requested and funded via the Board's 124 funding mechanism shall not exceed \$2,000,000.00 and are included in the not to exceed cost to the Board.~~

Due to the uncertainty in E-Rate funding, a Reduced Scope will be implemented for Contract #1 until E-Rate funding is secured. The cost for the option period for the Reduced Scope of Contract #1 shall not exceed \$335,000.00. Should E-Rate funding become available, the Full Scope will be implemented and the cost for the renewal term shall not exceed \$3,350,000.00, of which approximately \$3,015,000.00 is eligible for E-Rate discounts and the cost to the Board shall not exceed \$335,000.00. The second agreement ("Contract #2) is for both eligible and ineligible services (other than basic maintenance). Similarly, a Reduced Scope will be implemented for Contract #2 until E-Rate funding is secured. The cost for the option period, for the Reduced Scope for Contract #2, shall not exceed \$5,899,200.00. Should E-Rate funding become available, the Full Scope will be implemented and the cost for the renewal term shall not exceed \$6,900,000.00, of which approximately \$1,000,800.00 is eligible for E-Rate discounts and the cost to the Board shall not exceed \$5,899,200.00. Written agreements exercising these options are currently being negotiated.

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 Information Officer to execute all ancillary documents required to administer or effectuate this option agreement. Authorize the Chief Information Officer to give written notification to Vendor in the event additional funding becomes available and to proceed under the Full Scopes of services under both renewal agreements without further Board approval.

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 90% Hispanic:
Quantum Crossing, LLC
 455 N. Cityfront Plaza, Suite# 3100
 Chicago, Illinois 60611

Total 10% WBE:
Phoenix Business Solution
 5330 W. 124th Street
 Alsip, Illinois 60803

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

FINANCIAL:

Reduced Scope -- Until E-Rate funding becomes available and Quantum receives written notification from the Chief Information Officer to implement the Full Scopes of services at the costs outlined below.

	FY10	FY11	TOTAL
CPS PAYS 12540-230-54405-254501-000000	\$1,738,500.00	\$1,738,500.00	\$3,477,000.00
CPS PAYS 12510-124-54405-254501-169400	\$1,378,600.00	\$1,378,600.00	\$2,757,200.00
	\$3,117,100.00	\$3,117,100.00	\$6,234,200.00

Full Scope -- Revised to Reflect E-Rate Percentage Change -- Should E-Rate funding become available and Quantum receives written notification from the Chief Information Officer to implement the Full Scopes of services, the cost shall be as outlined below.

	FY10	FY11	TOTAL
Annual Eligible-Basic Mtnc	\$1,675,000.00	\$1,675,000.00	\$3,350,000.00

	CPS-10%	\$167,500.00	\$167,500.00	\$335,000.00
	SLD-90%	\$1,507,500.00	\$1,507,500.00	\$3,015,000.00
<u>Annual Eligible-Other</u>		<u>556,000.00</u>	<u>556,000.00</u>	<u>\$1,112,000.00</u>
	CPS-10%	\$55,600.00	\$55,600.00	\$111,200.00
	SLD-90%	\$500,400.00	\$500,400.00	\$1,000,800.00
<u>TOTAL ANNUAL ELIGIBLE</u>		<u>\$2,231,000.00</u>	<u>\$2,231,000.00</u>	<u>\$4,462,000.00</u>
	CPS-10%	\$223,100.00	\$223,100.00	\$446,200.00
	SLD-90%	\$2,007,900.00	\$2,007,900.00	\$4,015,800.00
<u>ANNUAL INELIGIBLE</u>		<u>\$1,515,400.00</u>	<u>\$1,515,400.00</u>	<u>\$3,030,800.00</u>
<u>ANNUAL INELIGIBLE-124 FUNDS</u>		<u>\$1,378,600.00</u>	<u>\$1,378,600.00</u>	<u>\$2,757,200.00</u>
		<u>\$2,350,000.00</u>	<u>\$2,350,000.00</u>	<u>\$5,788,000.00</u>
<u>TOTAL</u>		<u>\$5,125,000.00</u>	<u>\$5,125,000.00</u>	<u>\$10,250,000.00</u>
<u>CPS PAYS</u> 12540-230-54405-254501-000000		<u>\$1,738,500.00</u>	<u>\$1,738,500.00</u>	<u>\$3,477,000.00</u>
<u>CPS PAYS</u> 12510-124-54405-254501-169400		<u>\$1,378,600.00</u>	<u>\$1,378,600.00</u>	<u>\$2,757,200.00</u>
<u>SLD PAYS</u>		<u>\$2,007,900.00</u>	<u>\$2,007,900.00</u>	<u>\$4,015,800.00</u>
		<u>\$5,125,000.00</u>	<u>\$5,125,000.00</u>	<u>\$10,250,000.00</u>

Original Financials

	FY10	FY11	TOTAL
Annual Eligible-Basic Mtnee	\$2,100,000.00	\$2,100,000.00	\$4,200,000.00
CPS-14%	\$294,000.00	\$294,000.00	\$588,000.00
SLD-86%	\$1,806,000.00	\$1,806,000.00	\$3,612,000.00
Annual Eligible-Other	675,000.00	675,000.00	\$1,350,000.00
CPS-14%	\$94,500.00	\$94,500.00	\$189,000.00
SLD-86%	\$580,500.00	\$580,500.00	\$1,161,000.00
<u>TOTAL ANNUAL ELIGIBLE</u>	<u>\$2,775,000.00</u>	<u>\$2,775,000.00</u>	<u>\$5,550,000.00</u>
CPS-14%	\$388,500.00	\$388,500.00	\$777,000.00
SLD-86%	\$2,386,500.00	\$2,386,500.00	\$4,773,000.00
<u>ANNUAL INELIGIBLE</u>	<u>\$1,350,000.00</u>	<u>\$1,350,000.00</u>	<u>\$2,700,000.00</u>
<u>ANNUAL INELIGIBLE-124 FUNDS</u>	<u>\$1,000,000.00</u>	<u>\$1,000,000.00</u>	<u>\$2,000,000.00</u>
	<u>\$2,350,000.00</u>	<u>\$2,350,000.00</u>	<u>\$4,700,000.00</u>
<u>TOTAL</u>	<u>\$5,125,000.00</u>	<u>\$5,125,000.00</u>	<u>\$10,250,000.00</u>
<u>CPS PAYS</u> —12540-230-54405-254501-000000	<u>\$1,738,500.00</u>	<u>\$1,738,500.00</u>	<u>\$3,477,000.00</u>
<u>CPS PAYS</u> —12510-124-54405-254501-169400	<u>\$1,000,000.00</u>	<u>\$1,000,000.00</u>	<u>\$2,000,000.00</u>
<u>SLD PAYS</u>	<u>\$2,386,500.00</u>	<u>\$2,386,500.00</u>	<u>\$4,773,000.00</u>
	<u>\$5,125,000.00</u>	<u>\$5,125,000.00</u>	<u>\$10,250,000.00</u>

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

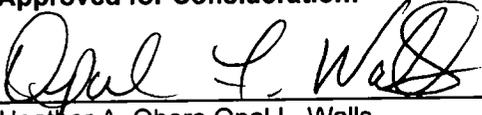
Board members during the one-year period following expiration or other termination of their terms of office.

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:



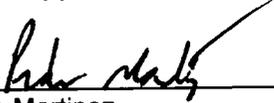
~~Heather A. Obera~~ Opal L. Walls
Chief Purchasing Officer

Approved:



~~Arne Duncan~~ Ron Huberman
Chief Executive Officer

Within Appropriation:



Pedro Martinez
Chief Financial Officer

Approved as to Legal Form: DLK



Patrick J. Rocks
General Counsel

