

March 21, 2018

DEBARMENT OF JEWEL'S BUS COMPANY**THE CHIEF ADMINISTRATIVE OFFICER REPORTS THE FOLLOWING RECOMMENDATION:**

That the Board of Education of the City of Chicago ("Board") permanently debar Jewel's Bus Company ("Respondent") from doing any business with the Board.

The Board's Chief Procurement Officer served Respondent with a Notice of Debarment, on November 15, 2017, initiating a debarment proceeding against it, based upon Respondent's violations of contractual provisions and the Board's debarment and ethics policies. Specifically, between 2010 and 2011, Respondent used vans instead of buses in violation of its contract with the Board and created a potential safety issue for the students transported in these vans. This conduct violated its contractual provisions, Sections 401.6(2)(i)(9), (2)(i)(18) and 2(k) of the Board's Policy Manual and Sections 503.1 (V) of the Board's Policy Manual. Further, between 2008 and 2012, Respondent overbilled the Board an estimated \$3 million dollars. The bills submitted by Respondent were false and/or exaggerated and thereby violated the contractual provisions, Sections 401.6(2)(c), (2)(i)(1), (2)(i)(2), (2)(i)(3), (2)(i)(9), (2)(i)(18) and 2(k) of the Board's Policy Manual and Sections 503.1(IV) and (V) of the Board's Policy Manual. Lastly, Respondent misrepresented its financial status and failed to pay debts it owed in violation of contractual and policy provisions. Specifically, at a July 23, 2013 meeting, Respondent requested an extension of time to post the bond required under the 2013 Contract claiming it owed nearly \$2 million to the Internal Revenue Service ("IRS"). At that same meeting, the Board raised discrepancies with Respondent's 2011 finances. On October 2, 2014, the Board received a levy from the IRS against any future payments from the Board to Respondent until Respondents paid the IRS more than \$2.3 million dollars. Respondent's misrepresentation of its financial status and failure to pay debts were violations of its contract and section 401.6(2)(c), (2)(i)(6), (2)(i)(7), (2)(i)(9) and 2(k) of the Board's Policy Manual. The Chief Administrative Officer has reviewed the record (as defined in section 4.5(10) of the Board Policy) and recommends permanent debarment.

Based on the facts set forth in the record as defined in section 4.5(10) of the Board policy, the Chief Administrative Officer recommends that the Board permanently debar Respondent from doing any business with the Board effective immediately. All existing contracts between the Board and Respondent are terminated. Respondent is ineligible to act as a subcontractor or supplier to any existing or future Board contracts.

LSC REVIEW: LSC approval is not applicable to this report.

AFFIRMATIVE ACTION STATUS: Affirmative Action review is not applicable to this report.

FINANCIAL: None.

GENERAL CONDITIONS: None.

APPROVED:



JORGE MACIAS
Chief Administrative Officer

APPROVED AS TO LEGAL FORM:



JOSEPH T. MORIARTY
General Counsel