

December 7, 2022

AUTHORIZE A NEW AGREEMENT WITH VENDORS FOR NATURAL GAS SUPPLY SERVICES**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Authorize a new agreement with one or more Natural Gas Vendors to provide natural gas supply services to all of the Board's facilities at an estimated annual cost set forth in the Compensation Section of this report. Vendor was selected on a competitive basis pursuant to Board Rule 7-3. 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.

REQUEST FOR PROPOSALS:

The Board issued a Request for Proposals ("RFP") for Natural Gas Services for the Board which invited the submission of proposals from Natural Gas Suppliers certified by the Illinois Commerce Commission to provide natural gas supply services to all of the Board's facilities. The RFP contained a form contract for the supply of natural gas approved by the North American Energy Standards Board (the "Agreement"). The Agreement is the most widely used contract in the natural gas supply market. The Agreement shall be executed by the selected Proposers with an accompanying Rider that incorporates required Board contract terms.

CURRENT AGREEMENT:

The Board has a current contract for natural gas supply with Constellation Energy Services-Natural Gas, LLC which is scheduled to expire on March 31, 2023.

PROPOSALS:

Each Proposer has been invited to submit a proposal for supply of natural gas for a period of three (3) years with renewal options. The natural gas supply contract will be awarded by the Board based on the lowest cost qualified Proposer. Proposers will be pre-qualified during Phase One of the RFP evaluation based on the submittals, indicative pricing, and identified evaluation criteria. During Phase Two of the evaluation process, pre-qualified Proposers shall submit Fixed Basis Product Pricing which shall be held for a period of ten (10) minutes. Agreement(s) shall be awarded and executed within that time frame based on the lowest Fixed Basis Product Pricing.

Specification Number: 22-257

Contract Administrator: Gonzalez, Cristina / 773-553-2280

USER INFORMATION:

Project

Manager: 11880 - Facility Opers & Maint - City Wide
42 West Madison Street
Chicago, IL 60602
Beach, Matthew M
773-553-2960

PM Contact: 11880 - Facility Opers & Maint - City Wide
42 West Madison Street
Chicago, IL 60602
Hansen, Ivan
773-553-2960

TERM:

The term of this agreement shall commence upon execution and shall continue for a designated term of three (3) years. The Board shall have the right to renew the Agreement for two (2) additional two-year periods each.

EARLY TERMINATION RIGHT:

The Board shall not have the right to terminate for convenience due to the nature of the particular product and service. Each underlying transaction shall be governed by a termination process established by the North American Energy Standards Board, with that process having been memorialized in the Agreement and its accompanying documents.

SCOPE OF SERVICES:

The selected Proposer(s) will supply the Board's full requirements for natural gas supply (including, but not limited to, space and hot water heating to all of the Board's facilities) for a term of three (3) years under a block index purchase model that will allow the Board to purchase its required natural gas consumption in block each month dependent on market forecast during the term of the Agreement(s). Proposers are required to submit a Transition Plan to ensure a seamless transition as of the effective date, and upon termination, of the Agreement.

DELIVERABLES:

Vendor will deliver natural gas supply.

OUTCOMES:

The Board will secure natural gas supply services at a competitive rate while at the same time providing the flexibility of being able to fix prices and make strategic purchases of incremental blocks of natural gas as part of the existing CPS Energy Purchasing Strategy. The Board will also be able to align its purchasers under the NYMEX market versus the Chicago Citygate market which will improve the Board's ability to monitor and police prices provided by its natural gas supplier(s).

SECURITY DEPOSIT:

The Board may be required to pledge security to secure the performance of its obligations under the Agreement(s) in a form acceptable to the selected Proposer(s), including, without limitation, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty.

COMPENSATION:

Vendor shall be paid as follows:

Estimated annual costs for the term are set forth below:

\$2,213,979 FY23

\$20,625,132 FY24

\$20,625,132 FY25

\$18,411,154 FY26

The selected Proposer(s) will be compensated at the rates set forth in the Agreement(s) based on the amount of natural gas required by the Board facilities each month.

REIMBURSABLE 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 the Chief of Facilities and/or designee to execute all ancillary documents required to administer or effectuate this 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 a Utilities Supplier of Gas.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 230, Facility Operations & Maintenance, Unit 11880

\$2,213,979 FY23

\$20,625,132 FY24

\$20,625,132 FY25

\$18,411,154 FY26

Not to exceed \$62,000,000 for the term. 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.

Approved for Consideration:


DocuSigned by:

68F0875FFDF456...
PATRICIA HERNANDEZ
Acting Chief Procurement Officer

Approved:

DocuSigned by:

8E9397A6F19E43B...
PEDRO MARTINEZ
Chief Executive Officer

Approved as to Legal Form: 

DocuSigned by:

571EC59C33144C5...
JOSEPH T. MORIARTY
General Counsel