



**DEPARTMENT OF PROCUREMENT SERVICES
NON-COMPETITIVE REVIEW BOARD (NCRB) APPLICATION**

Complete this cover form and the **Non-Competitive Procurement Application Worksheet** in detail. Refer to the page entitled **"Instructions for Non-Competitive Procurement Application"** for completing this application in accordance with its policy regarding NCRB. Complete "other" subject area if additional information is needed. Subject areas must be fully completed and responses merely referencing attachments will not be accepted and will be immediately rejected.

Department Finance	Originator Name Richard Ponce	Telephone 745-2892	Date 11-7-2014	Signature of Application Author
Contract Liaison Steve Sakai	Email Contract Liaison steve.sakai@cityofchicago.org	Telephone 744-2894		

List Name of NCRB Attendees/Department Richard Ponce Steve Sakai	
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Request NCRB review be conducted for the product(s) and/or service(s) described herein.

Company: P-E Acquisition Holdings LLC

Contact Person: Mike Duffy	Phone: 312-287-2500	Email: mduffy@pay-ease.com
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Project Description: Automated Collection Services

<p>This is a request for:</p> <p><input type="checkbox"/> New Contract</p> <p>Contract Type</p> <p><input checked="" type="checkbox"/> Blanket Agreement Term: ____ (# of mo)</p> <p><input type="checkbox"/> Standard Agreement</p>	<p><input checked="" type="checkbox"/> Amendment / Modification</p> <p>Type of Modification</p> <p><input checked="" type="checkbox"/> Time Extension <input checked="" type="checkbox"/> Vendor Limit Increase <input checked="" type="checkbox"/> Scope Change</p> <p>Contract Number: <u>29687</u></p> <p>Specification Number: <u>39429</u></p> <p>Modification Number: <u>3</u></p>
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<p>Department Request Approval</p> <p><i>[Signature]</i> DEPARTMENT HEAD OR DESIGNEE</p> <p><u>ERIN KEANE</u> PRINT NAME</p> <p><u>11/17/14</u> DATE</p>	<p>Recommended Approval</p> <p><i>[Signature]</i> DEC 04 2014 BOARD CHAIRPERSON</p> <p><u>Rich Butler</u> PRINT NAME</p> <p>DATE</p>
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(FOR NCRB USE ONLY)	
Recommend Approval/Date:	<u>12/3/14</u>
Return to Department/Date:	_____
Rejected/Date:	_____

SV 12/2/14

Approved Rejected

[Signature]
CHIEF PROCUREMENT OFFICER

12-9-14
DATE



**DEPARTMENT OF PROCUREMENT SERVICES
NON-COMPETITIVE REVIEW BOARD (NCRB) APPLICATION
JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT WORKSHEET**

All applicable information on this worksheet must be addressed using each question found on the "Instructions for Non-Competitive Procurement Application" in this application.

Justification for Non-Competitive Procurement Worksheet

PROCUREMENT HISTORY

1. The current sole-source-approved contract with P-E Acquisition Holdings LLC (fka: Pay-Ease, Inc.) (herein, "Vendor") (under PO# 29687 formerly 13777) was awarded in January 1, 2007. Amendment #1 was for a change in scope (MPEA Airport Departure Tax Stamp dispensing) and vendor limit increase of \$880K, and decrease in unit price; Amendment #2 was for a 24-month extension and \$330K vendor limit increase; Amendment #3 was for a 12-month extension to pursue a replacement contract, with a 6-month option to implement replacement services. (Continued)

ESTIMATED COST

1. The estimated annual cost is \$110,000 for current services and \$331,000 for MPEA tax stamp sales, or \$441,000 per year. The Vendor is reducing our current per transaction cost from \$0.78 to \$0.70 with the implementation of the scope change and is willing and able to sustain support of the current contract terms, and conditions. DoF requests a PO vendor limit increase of \$268,817.43, needed to cover existing and additional scope services for the 12 month amendment period, and an additional \$220,516.50 in the event the 6-month extension option is required. See attached calculation of this increase amount. (Continued)

SCHEDULE REQUIREMENTS

1. This request to continue self-pay kiosk services for an 12 month period, is a one-time request to allow the Department the ability to continue providing these valued services to the public, while obtaining a replacement contract with updated technology and expanded services, the Payment Portal RFP. Self-pay kiosk payment services have consistently grown in acceptance with the public, and account for over \$20 million dollars in annual revenue collections for the City, with an additional \$18.9 million related to the scope change for MPEA Tax collections.. The Department estimates, since program implementation, approximately 1 million transactions have been processed using self-pay kiosks, collecting \$140 million of revenue, at a cost of \$780,000, providing a cost savings of approximately \$2.4 million, as compared to the cost for other City provided walk-in payment services. A second RFP for MPEA tax collections at airports will also be submitted to DPS for processing. (Continued)

EXCLUSIVE OR UNIQUE CAPABILITY

1. The current Vendor is the only one who can sustain self-pay kiosk transaction processing while an updated approach is pursued. The current Vendor has proprietary kiosk user interface software that is installed on their proprietary equipment to process payments today. Their continued involvement is needed to sustain the processing of over \$20 million dollars in annual revenue payments. (Continued)

OTHER

1. Serves as a cash-payment portal for underbanked citizens who do not have a bank account or credit card payment option. See attached scope of service and pricing changes related to MPEA Tax Stamp sales.



DEPARTMENT OF PROCUREMENT SERVICES NON-COMPETITIVE REVIEW BOARD (NCRB) APPLICATION INSTRUCTIONS FOR NON-COMPETITIVE PROCUREMENT APPLICATION

INSTRUCTIONS FOR PREPARATION OF NON-COMPETITIVE PROCUREMENT APPLICATION

If a City Department has determined that the purchase of supplies, equipment, work and/or services cannot be done on a competitive basis, a justification must be prepared on this "Justification for Non-Competitive Procurement Application" in which procurement is requested on a or non-competitive basis in accordance with 65 ILCS 5/8-10-4 of the Illinois Compiled Statutes. Using this instruction sheet, all applicable information must be addressed on the worksheet. The information provided must be complete and in sufficient detail to allow for a decision to be made by the Non-Competitive Procurement Review Board. For Amendments, Modifications, describe in detail the change in terms of dollars, time period, scope of services, etc., its relationship to the original contract and the specific reasons for the change. Indicate both the original and the adjusted contract amount and/or expiration date with this change.

Attach a DPS Checklist and any other required documentation; the Board will not consider justification with incomplete information documentation or omissions.

PROCUREMENT HISTORY

1. Describe the requirement and how it evolved from initial planning to its present status.
2. Is this a first time requirement or a continuation of previous procurement from the same source? If so, explain the procurement history.
3. Explain attempts made to competitively bid the requirement (attach copy of sources contacted).
4. Describe in detail all research done to find other sources; list other cities, companies in the industry, professional organizations contacted. List periodicals and other publications used as references.
5. Explain future procurement objectives. Is this a one-time request or will future requests be made for doing business with the same source?
6. Explain whether or not future competitive bidding is possible. If not, explain in detail.

ESTIMATED COST

1. What is the estimated cost for this requirement or for each contract, if multiple awards are contemplated? What is the funding source?
2. What is the estimated cost by fiscal year?
3. Explain the basis for estimating the cost and what assumptions were made and/or data used (i.e., budgeted amount, previous contract price, current catalog or cost proposal from firms solicited, engineering or in-house estimate, etc.)
4. Explain whether the proposed Contractor or the City has a substantial dollar investment in original design, tooling or other factors which would be duplicated at City expense if another source was considered. Describe cost savings or other measurable benefits to the City which may be achieved.
5. Explain what negotiation of price has occurred or will occur. Detail why the estimated cost is deemed reasonable.

SCHEDULE REQUIREMENTS

1. Explain how the schedule was developed and at what point the specific dates were known.
2. Is lack of drawings and/or specifications a constraining factor to competitive bidding? If so, why is the proposed Contractor the only person or firm able to perform under these circumstances? Why are the drawings and specifications lacking? What is the lead time required to get drawings and specifications suitable for competition? If lack of drawings and specifications is not a constraining factor to competitive bidding, explain why only one person or firm can meet the required schedule.
3. Outline the required schedule by delivery or completion dates and explain the reasons why the schedule is critical.
4. Describe in detail what impact delays for competitive bidding would have on City operations, programs, costs and budgeted funds.

EXCLUSIVE OR UNIQUE CAPABILITY

1. If contemplating hiring a person or firm as a Professional Service Consultant, explain in detail what professional skills, expertise, qualifications, and/or other factors make this person or firm exclusively or uniquely qualified for the project. Attach a copy of the cost proposal, scope of services, and **Temporary Consulting Services Form**.
2. Does the proposed firm have personnel considered unquestionably predominant in the particular field?
3. What prior experiences of a highly specialized nature does the person or firm exclusively possess that is vital to the job, project or program?
4. What technical facilities or test equipment does the person or firm exclusively possess of a highly specialized nature which is vital to the job?
5. What other capabilities and/or capacity does the proposed firm possess which is necessary for the specific job, project or program which makes them the only source who can perform the work within the required time schedule without unreasonable costs to the City?
6. If procuring products or equipment, describe the intended use and explain any exclusive or unique capabilities, features and/or functions the items have which no other brands or models, possess. Is compatibility with existing equipment critical from an operational standpoint? If so, provide detailed explanation?
7. Is competition precluded because of the existence of patent rights, copyrights, trade secrets, technical data, or other proprietary data (attach documentation verifying such)?
8. If procuring replacement parts and/or maintenance services, explain whether or not replacement parts and/or services can be obtained from any other sources? If not, is the proposed firm the only authorized or exclusive dealer/distributor and/or service center? If so, attach letter from manufacturer on company letterhead.

MBE/WBE COMPLIANCE PLAN

* All submissions must contain detailed information about how the proposed firm will comply with the requirements of the City's Minority and Women Owned Business program. All submissions must include a completed C-1 and D-1 form, which is available on the Procurement Services page on the City's intranet site. The City Department must submit a Compliance Plan, including details about direct and indirect compliance.

OTHER

1. Explain other related considerations and attach all applicable supporting documents, i.e., an approved "ITGB Form" or "Request For Individual Hire Form".

REVIEW AND APPROVAL

This application must be signed by both Originator of the request and signed by the Department Head. After review and final disposition from the Board, this application will be signed by the Board Chairman. After review and final disposition from the Board, this form will be presented to the Chief Procurement Officer recommending approval.



DEPARTMENT OF FINANCE
CITY OF CHICAGO

November 18, 2014
Jamie L. Rhee
Chief Procurement Officer
Department of Procurement Services
121 North LaSalle Street – Suite 806
Chicago, Illinois 60602-1240

Attn: Richard Butler/NCRB

Subject: New Scope Request; Price Reduction; Additional 12-month Extension, Plus 6-month Extension Option; and VLI (for 12-month Extension and 6-month Extension Option Periods)
Contract Title: Automated Collection Services
Contract Description: Enable Payments to be made to City via Kiosks
PO #: 29687
Specification No.: 39429
Vendor: *P-E Acquisition Holdings LLC* (fka: *Pay-Ease, LLC* prior to contract assignment)
Vendor Limit Increase: \$268,817.43 (for 12-month xtn); plus \$220,516.50 (for 6-month xtn, if needed); \$489,333.93 Total VLI for 12+6.
FMPS PO Remaining Balance: \$202,824.57 (as of 11/6/2014)
Requisition No.: 93962 (unapproved)
Original Contract Start Date: January 1, 2007 (1/1/2014 for P-E Acquisition Holdings LLC)
Original Contract End Date: December 31, 2011
Current Contract End Date: December 31, 2014
Original Extension Options Available: one 24-month period
Extension End-Date Requested Here: December 31, 2015 (June 30, 2016 if 6-month option is exercised)
Revenue Generating Value: \$20 million (\$39 million with Scope Change) per year (approx.)
Total Contract Value after VLI: \$833,158.50 [= current limit + 12-month VLI + 6-month VLI]

Dear Jamie:

This memo is submitted to address certain concerns discussed at the November 3rd 2014, NCRB meeting.

This request is to: (i) amend the current scope by adding new technology (enable print-on-demand unique codes of Metropolitan Pier and Exposition Authority (MPEA) Airport Departure Tax Stamps through mobile devices, as well as through kiosks); (ii) decrease the current transaction costs upon implementation approval and acceptance of the anti-counterfeiting service by the Department of Finance of the new MPEA technology; (iii) increase the PO vendor limit to cover costs through the 12-month extension period as well as for the 6-month extension option (should that be required); (iv) extend the above-

referenced contract for 12-months (while the new replacement RFP is processed); and (v) provide an additional 6-month extension option, should that be required.

The scope change is being requested in an effort to eliminate counterfeit risks of \$18.9 million annual MPEA Airport Departure Tax Stamp sales, by leveraging the kiosks' ability to dispense printed materials (e.g., Full Payment Certificates; MPEA Tax Stamps; etc.). The current scope, that allows the sale and dispensing of MPEA Tax Stamps will be amended, here, to allow the *printing* of those tax stamps on demand, with unique one-time use identifiers, or codes. Those identifiers would be verified electronically as being valid (or not) at the terminals by Aviation personnel by communicating with the P-E-hosted server's software, in real-time. Currently, hardcopy tax stamps are validated by Aviation personnel by the naked eye. Additionally, the current contract definition of "Kiosk" should be extended to include "Mobile Devices". This broader definition would enable the vendor to "print" virtual "on-demand stamps" directly to a commercial transport vehicle operators' mobile devices, thereby transitioning tax stamp sales from a physical to an electronic media and still maintain unique code identifiers. The scope change will eliminate the need to procure, under separate contracts, any future MPEA Tax Stamps, an annual savings of \$50,000, and enable commercial transport vehicle operators the option to purchase a single MPEA tax stamp for \$4.00 (or the then current tax stamp price). The current requirement limits the purchaser to buy in minimum quantities of 10 tax stamps for \$40.00. A huge customer service improvement would be realized by reducing this financial burden.

The current compensation rate is set at \$0.78 per payment transaction processed. Upon approval of the amended scope and subsequent implementation, P-E has agreed to reduce contract pricing from \$0.78 to \$0.70 per transaction, just over a 10% reduction on all current services. Further, considering the City will now allow the purchase of a single tax stamp, instead of the minimum single sheet of 10 tax stamps, the vendor will also reduce the cost for each tax stamp payment transaction to \$0.07 per stamp included in the payment transaction.

A vendor limit increase total in the amount of \$489,333.93 is requested: \$268,817.43 to cover anticipated costs through the 12-month extension period, and an additional \$220,516.50 for the optional 6-month extension period.

Additional time for this revenue-generating contract is again required. The development of the new replacement kiosk RFP was delayed because of a number technology and administration changes. DoIT considers the current implemented technology to be outdated, and not to be pursued for future services. An updated technological solution has been identified and has been written into the RFP that will provide these valuable and cost effective real-time debt lookup and payment posting services via self-pay kiosks. Additionally, the new "Payment Portal RFP" scope shall require the Contractor to provide multiple payment channels and will not be limited to a single payment channel, such as kiosks (walk-in, phone, web, etc.) to process payments. This updated replacement ¹"Payment Portal RFP" has gone through multiple DoIT, Department of Finance, and Law reviews, and will be submitted to the Department of Procurement Services for processing. It is our expectation that an advertisement date will be determined prior to our scheduled NCRB meeting date of November 4, 2014. Additionally a second RFP for MPEA tax collections at airports will also be submitted to DPS for processing.

Until such time that this newly contemplated and refreshed RFP leads the City to a more global-working payment portal system, the current kiosk contract must be sustained and continue to be supported

¹ The new RFP Title: "Payment Processing Services for Payments to the City for Various Items" Specification #121714, is currently in development with Procurement. However, the new RFP is contingent upon DoIT fully implementing an API that will support the contemplated scope requirements.

in order to provide the public with convenient payment options for payments due the City, by accepting credit, check, and especially cash payments for the under-banked community.

In December 2004, the Sole Source Review Board initially approved the then Department of Revenue's request to enter into the above-referenced contract. The contract was approved to enable patrons to process payments (pay a City bill, e.g. water, parking ticket, etc.) at any one of the walk-up kiosk machines located throughout the City of Chicago, 24 hours a day, 7 days per week, 365 days a year. However, it wasn't until September 2007, that the first kiosk was actually installed – primarily due to extensive vendor development of interfaces to payment processing flows and IT-related installation issues that needed to be resolved. (Up until then, there had never been a kiosk-type agreement with the City of Chicago so the technology related issues were new to all parties involved.)

In August 2010, a sole source request for a scope-change was approved, thereby allowing the then ²*Pay-Ease* kiosk machines to dispense Metropolitan Pier and Exposition Authority Airport Departure Tax (MPEA ADT) Stamps. The concept (for installation at O'Hare Airport and Midway Airport) was intended to essentially eliminate the City's need for having three shifts of cashiering personnel sell stamps 24 hours a day, seven days a week and, instead, enable commercial transport vehicle operators to purchase the needed tax stamps from a kiosk machine. Additionally, that sole source request included a cost reduction for check payments. The cost per transaction for check payments was reduced from \$0.90 to \$0.78, consistent with cash and credit per transaction costs. There are no supplemental steady-state fees or monthly maintenance fees, etc., paid to the vendor. Currently, the contract only requires the City to pay the vendor \$0.78 per kiosk-payment transaction.

While the "Payment Portal" RFP is still being processed and until the new replacement contract is fully implemented, this P-E contract which directly supports the under banked the community and provides a revenue generating stream should be extended. P-E is willing and able to sustain and support the current contract, offer discounted pricing under the amended scope, and operate under the current terms, and conditions. Since implementation, approximately 1 million transactions have been processed using self-pay kiosks, collecting \$140 million of revenue, at a cost of \$780,000, providing a cost savings of approximately \$2.4 million, as compared to the cost for other City provided walk-in payment services.

In accordance with the NCRB policy, the Department of Finance is providing the MBE/WBE compliance requirements under separate cover. P-E indicates the continuation of their 25% MBE goal with *PCG International, Inc.*, and their intention to continue to fully utilize PCG's expertise and services. P-E is also carrying forward from their last request a 5% WBE waiver. We concur with this compliance plan. P-E has contacted an Assist Agency, ruled-out direct compliance, and has provided a new set of Schedules C-1 and D-1.

Based on the above, and in consideration of sustaining an estimated \$20 million annual revenue stream resulting from this kiosk contract (39 million with Scope Change), the Department of Finance respectfully requests a scope change (print on demand MPEA Tax Stamps through mobile devices, as well as through kiosks); a decrease in the unit price for MPEA Tax Stamp sales; an increase in the PO vendor limit; and request to extend the above-referenced contract for 12-months, and include a 6-month extension option period for transition, in the event additional time for the City to transition from P-E to a new Contractor should be required.

Attached, in support of this request, are the following:

- Department of Procurement Services Project Checklist

² In December 2014, *Pay-Ease Inc.* PO#13777 was approved for a contract assignment to *P-E Acquisition Holdings LLC*.

- Requisition #93962 (unapproved and attached by reference)
- Non-Competitive Procurement Justification write-up
- EDS Certificate of Completion print
- Insurance certificates
- Copies of original Scope (marked "No Change in Scope"); Amendment #1; last NCRB approval.

Please feel free to call my Deputy Director over Payment Processing, Richard Ponce at 745-2892 concerning this particular Sole Source justification request. Please contact Steven Sakai, Contracts Coordinator at 744-2894 for any contract processing matters. Both Richard and Steve participated in the NCRB meeting.

Very truly yours,

Dan Widawsky

Dan Widawsky
City Comptroller

Attachments

DW:sys

- cc: Tina Consola - Department of Finance
- Richard Ponce - Department of Finance
- Jason Yost - Department of Finance
- Mark Galvan - Department of Finance
- Steve Sakai - Department of Finance
- Teri Davis - Department of Finance

Project Checklist

Attach required forms for each procurement type and detailed scope of services and/or specifications and forward original documents to the Chief Procurement Officer; City Hall, Room 806.

Date:
November 7, 2014

Department Name:
Finance

Requisition No:
93962

Specification No:
39429

PO No:
29687

Modification No:

Contract Liaison:
Steve Sakai

Telephone:
7-3753

Email:
steve.sakai@cityofchicago.org

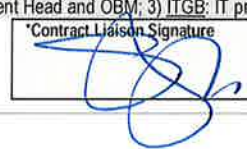
Project / Program Manager:
Richard Ponce

Telephone:
5-2892

Email:
richard.ponce@cityofchicago.org

For blanket agreements, original or lead department must consult with other potential departments who may want to participate on the blanket agreement. If grant funded, attach copy of the approved grant application and other terms and conditions of the funding source. Note: 1) Funding: Attach information if multiple funding lines; 2) Individual Contract Services: Include approval form signed by Department Head and OBM; 3) ITGB: If project valued at \$100,000.00 or more, attach approval transmittal sheet.

*By signing this form, I attest that all information provided is true and accurate.

*Contract Liaison Signature


Project Title:
Automated Collection Services

Project Description:
P-E Acquisition Holdings LLC: Contract Extension, VLI, Scope Change, Price Reduction

Funding:

Corporate Bond Enterprise Grant Other:
 IDOT/Transit IDOT/Highway FHWA FTA FAA

LINE	FY	FUND	DEPT	ORGN	APPR	ACTV	PROJECT	RPTG	ESTDOLLAR AMOUNT
	014	0100	027	2020	0140	220140			\$489,333.93

Check One:
 New Contract Request

*By signing below, I attest the estimates provided for this contract are true and accurate.

*Project / Program Manager Signature


*Commissioner/Authorized Designee Signature


Purchase Order Type:

Blanket/Purchase Order (DUR)
 Master Consultant Agreement (Task Order)
 Standard/One-Time Purchase

Special Approvals Required:

Emergency
 Non-Competitive Review Board (NCRB)
 Request for Individual Contract Services
 Information Technology Governance Board (ITGB)

Procurement Method:

Bid RFP RFQ RFI
 Small Order

Purchase Order Information:

Contract Term (No. of Months): _____

Extension Options (Rate of Recurrence): _____

Estimated Spend/Value: \$ _____

Grant Commitment / Expiration Date: _____

Pre-Bid/Submittal Conference: Yes No
 Mandatory Site Visit

Contract Type:

Architect Engineering Commodity Construction JOC SBI
 Professional Services Revenue Generating Vehicle & Heavy Equipment
 Work Service Joint Procurement Reference Contract

Modification or Amendment

Modification Information:

PO Start Date: 1-1-2015

PO End Date: 6-30-2016

Amount (Increase/Reduction): _____

Modification/Amendment Type:

Time Extension Scope Change/Price Increase /Additional Line Item(s)
 Vendor Limit Increase Requisition Encumbrance Adjustment
 Other (specify): _____

MBE/WBE/DBE Analysis: (Attach MBE/WBE/DBE Goal Setting Memo)

Full Compliance Contract Specific Goals
 No Stated Goals Waiver Request

Vendor Info:

Name: P-E Acquisition Holdings LLC

Contact: Mike Duffy

Address: 4201 N. Ravenswood, Suite 120, Chicago, IL 60613

E-mail: mduffy@pay-ease.com

Phone: 312-291-4800 x7016

Risk Management / EDS

Insurance Requirements (included) Yes No

EDS Certification of Filing (included) Yes No

Section I: General Contract Information	
Department Name	Finance
Department Contact Name	Richard Ponce
Department Contact Number	312-745-2892
Department Contact Email	Richard.Ponce@cityofchicago.org
Contract Number	29687
Contract Subject Name	Automated Collection Services
Contract Initiation Date	1-1-2007 (PO# 13777)
Original Contract Amount	\$150,000 (under <i>Pay-Ease, Inc.</i>) – PO# 13777 \$343,824.57 (under <i>P-E Acquisition Holdings LLC</i>) – PO# 29687
Original Contract Expiration Date	12-31-2011 (PO# 13777) 12-31-2014 (PO# 29687)
Budgeted amount for current year	\$150,000 + \$352,500 = \$502,500
Year to date expenditure	\$105,750.00 {in FMPS for <i>P-E Acquisition Holdings LLC</i> PO# 29687}
Are funds <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> TIF <input type="checkbox"/> Grant	
What is the funding strip?	014-0100-0272020-0140-220140
If contract modification or task request is approved, will department have enough funds to cover new expenditure?	Please note that funding for 2015 and 2016 will have to be requested in each of those years' budget submissions for the department and will be contingent upon the final approval of their budget request for that year.
If no, what is the plan to address the short fall?	N/A
Section II: Contract Modifications	
Complete this section if you are modifying the value of an existing contract.	
Contract Value Increase	\$268,817.43 (VLI for 12-months) + \$220,516.50 (VLI for 6-months) = \$489,333.93 Total VLI for 18-months.
New total contract amount	\$343,824.57 (current contract amt in FMPS) + \$489,333.93 (Total VLI) = \$833,158.50 (New contract amt).

New contract expiration date	12-31-2015 (+ 6-month xtn = 6-30-2016)
Goods/services provided by this contract	Kiosks, where customers can pay bills; and/or drivers can purchase MPEA Airport Departure Tax Stamps at airports.
Justification of need to modify this contract	Increase Vendor Limit to cover anticipated costs through the 12-month contract extension through 12-31-2015, and additional 6-month extension option through 6-30-2016.
Impact of denial	About \$20 million in revenues processed through the kiosks would be at risk if the contract is not extended.
Section III. Issue a Request for Services to a Master Consulting Agreement	
Complete this section if you want to issue a request for services to a Master Consulting Agreement	
Value of planned task order request	N/A
Expiration date of planned task order request	N/A
Scope of services	N/A
Justification of need to issue request for services	N/A
Impact of denial	N/A
Section IV: Assessment of Office of Budget and Management Analyst	
Approve/Deny	Reason
OBM Analyst Initials	BR
OBM Analyst Name/number	Bryant Robinson 312-744-9590

PROCUREMENT HISTORY

1. Describe the requirement and how it evolved from initial planning to its present status.

The current sole-source-approved contract (under PO# 29687) with P-E Acquisition Holdings LLC (fka: Pay-Ease, Inc.) (herein, "Vendor") was originally awarded in January 1, 2007 (under PO#13777). Amendment #1 was for a change in scope (MPEA Airport Departure Tax Stamp dispensing) and vendor limit increase of \$880K, and decrease in unit price; Amendment #2 was for a 24-month extension and \$330K vendor limit increase; Amendment #3 was for a 12-month extension to pursue a replacement contract, with a 6-month option to implement replacement services.

This contract requires the Vendor to furnish and install, operate and maintain self-pay kiosk machines at strategic locations throughout the City of Chicago. The Vendor is also responsible for all kiosk application and customer user screens development. Through the City's cashiering system, the Vendor is provided real-time access to various other City systems, allowing them the ability to query customer debt balances and provide payment information. Over \$20 million of revenues are processed using self-pay kiosks annually. These kiosks provide the public convenient payment opportunities for making payments due the City, accepting credit, check and especially cash payments for the under-banked community. There are no additional supplemental steady-state, maintenance, or other monthly fees paid to the Vendor. The contract requires the City to pay the Vendor \$0.78 per kiosk-payment transaction.

Since implementation, approximately 1 million transactions have been processed using self-pay kiosks, collecting \$140 million of revenue, at a cost of \$780,000, providing a cost savings of approximately \$2.4 million, as compared to the cost for other City provided walk-in payment services.

In August 2010, a sole source request for a scope-change and cost reduction was approved. Kiosk machines were allowed to dispense Metropolitan Pier and Exposition Authority Airport Departure Tax (MPEA ADT) Stamps. The concept installation at O'Hare Airport and Midway Airport was intended to reduce cost by essentially eliminating the City's need to have cashiers sell stamps 24 hours a day, seven days a week and, instead, enable commercial transport vehicle operators to purchase the stamps from a kiosk machine. These services were not implemented due to the prohibitive escalating costs of a new tax stamp of sufficient quality to support kiosk dispensing. The request also included reducing the cost for a check payment \$0.90 to \$0.78, consistent with cash and credit per transaction costs.

This Sole Source request consists of a scope change, related price reductions, a PO vendor limit increase and an extension to enter into a replacement services contract. DoF is separately submitting two RFP requests to replace these services, a Payment Portal RFP to replace core kiosk services and a MPEA Tax Collection RFP to replace the additional scope.

Recently DoF has been made aware of unauthorized individuals approaching our print vendor to manufacture tax stamps identical to our MPEA tax stamp specification, putting \$18.9 million of annual tax stamp sales at risk (2013 figures). The Departments of Aviation and Finance have been pursuing alternate solutions to the collection of the MPEA tax at City airports. The current kiosk vendor has proposed a stop gap solution.

The proposed solution requires that the current scope for the sale and dispensing of MPEA tax stamps be revised to include the ability to print tax stamps on demand, with unique one time use identifiers, and to modify the definition of a kiosk to include mobile devices. The unique identifiers would be verified at the terminals by Aviation resources against vendor data, before allowing the transport vehicle to provide customers ground transportation from the airports. The additional mobile device scope change will allow the vendor to print "on demand stamps" directly to a ground transportation provider's phone, transitioning tax sales from a physical to an electronic media. These minor scope changes will eliminate the opportunity to counterfeit our tax stamp; eliminate the need to procure any future physical MPEA Tax Stamps at an annual savings of \$50,000; and allow taxi cab and limousine ground transportation providers the opportunity to purchase a single MPEA tax stamp for \$4.00, as opposed to the current minimum requirement to purchase a single sheet of 10 tax stamps for \$40.00, a huge customer service improvement by reducing this financial burden. DoF expects to be able to deliver to DPS a draft RFP for these MPEA tax collection services at airports within 60 days.

The current scope requires a vendor cost of \$0.78 per payment transaction. The Vendor will experience operational efficiencies as a result of above scope change. In conjunction with that change, the Vendor will reduce contract pricing from \$0.78 per transaction to \$0.70 per transaction, just over a 10% reduction on all current services. Further considering the City will now allow the purchase of a single tax stamp, instead of a minimum of a single sheet of 10 tax stamps, the vendor will also reduce the cost for each tax stamp payment transaction to \$0.070 per stamp, per payment transaction.

DoF requests a PO vendor limit increase total in the amount of \$489,333.93: \$268,817.43 to cover anticipated costs through the 12-month extension period, and an additional \$220,516.50 for the optional 6-month extension period. See attached calculation of this increase amount.

Although there are no extension options remaining, the development of a new "replacement kiosk" RFP, Spec # 121714, titled Payment Processing Services for Payments to the City for Various Items (Payment Portal) was delayed because of a number technology changes. DoIT considers the current implemented technology to be outdated, and not to be pursued for future services. An updated technological approach has now been identified and is being pursued to provide these valuable and cost effective real-time debt lookup and payment posting services via self-pay kiosks.

Additionally, the new Payment Portal RFP concept requires the respondents to provide multiple payment channels (walk-in, kiosk, phone, web, etc.) to process payments and will not be limited to a single payment channel, such as kiosks. Extensive technical analysis was needed to develop the new Payment Portal RFP concept. DoF has only recently, through continued DoIT participation and previously approved OBM funding from the Innovation Loan Fund, been positioned to pursue this concept.

This updated replacement 'Payment Portal" RFP has gone through multiple DoIT, DoF and Law reviews, and is now undergoing a final Law review prior to being submitted to the Department of Procurement Services for advertisement. It is our expectation that an advertisement date will be determined prior to our scheduled NCRB meeting date of November 4, 2014.

Until such time this new Payment Portal RFP leads the City to a more global-working payment portal system, the current kiosk contract must continue to be sustained and supported, in order to provide valued revenue processing services. Over \$20 million of revenues are processed annually using self-pay kiosks.

This request is for a 12-month extension to pursue a replacement contract. The Department of Finance is also requesting a 6-month contract extension option to implement replacement services, as specifically provided for, if needed.

2. Is this a first time requirement or a continuation of previous procurement from the same source? If so, explain the procurement history.

This procurement is a continuation of a previous procurement from the same Vendor, P-E Acquisition Holdings LLC.

3. Explain attempts made to competitively bid the requirement. (Attach copy of sources contacted.)

An RFP has been drafted as is in final review with Law, prior to submitting to DPS. The Department is using an updated technology to pursue a similar approach, enabling the selected respondent to access debt in City systems and post payments real-time. Additionally, the new Payment Portal RFP concept will require the respondent to provide multiple payment channels (walk-in, kiosk, phone, web, etc.) to process payments and will not be limited to a single payment channel, such as kiosks. Extensive technical analysis was needed to develop the new Payment Portal RFP concept. The Department of Finance has only recently, through continued DoIT participation and previously approved OBM funding from the Innovation Loan Fund, been positioned to pursue this concept.

4. Describe in detail all research done to find other sources list other cities, companies in the industry, professional organizations contacted. List periodicals and other publications used as references.

Other kiosk products are available in the marketplace today, so other kiosks could probably be used to perform the same functions required by the City. However, the current Vendor has proprietary kiosk user interface software that is installed on their proprietary equipment to process payments today. Accordingly, the current Vendor is the only one capable of continuing to process transactions while an updated technological approach is pursued, developed and implemented.

5. Explain future procurement objectives. Is this a one-time request or will future requests be made for doing business with the same source?

This request is to continue self-pay kiosk services for a 12-month extension, to pursue a replacement contract, and a 6-month contract extension option to implement replacement services, as specifically provided for, if needed. The 12-month plus 6-month extension option period request, is a one-time request to allow the Department the ability to continue providing these valued services to the public, while obtaining a replacement contract with updated technology and expanded services, the "Payment Portal RFP". Self-pay kiosk payment services have consistently grown in acceptance with the public, and account for over \$20 million dollars in annual revenue collections for the City, with an additional \$18.9 million related to the scope change for MPEA Tax collections.. The Department estimates, since program implementation, approximately 1 million transactions have been processed using self-pay kiosks, collecting \$140 million of revenue, at a cost of \$780,000, providing a cost savings of approximately \$2.4 million, as compared to the cost for other City provided walk-in payment services. A second RFP for MPEA tax collections at airports will also be submitted to DPS for processing.

6. Explain whether or not future competitive bidding is possible. If not, explain in detail

Competitive bidding in the future is possible and is currently being pursued. An updated replacement Payment Portal RFP has gone through multiple DoIT, DoF and Law reviews, and is now undergoing a final Law review prior to being submitted to the Department of Procurement Services for advertisement. It is our expectation that an advertisement date will be determined prior to our scheduled NCRB meeting date of November 4, 2014. Until such time this new Payment Portal RFP leads the City to a more global-working payment portal system, the current kiosk contract must continue to be sustained and supported, in order to provide valued revenue processing services. Over \$20 million of revenues are processed annually using self-pay kiosks. A second RFP for MPEA tax collections at airports will also be submitted to DPS for processing.

ESTIMATED COST

1. What is the estimated cost for this requirement or for each contract, if multiple awards contemplated?

The estimated annual cost is \$110,000 for current services and \$331,000 for MPEA tax stamp sales, or \$441,000 per year. The Vendor is reducing our current per transaction cost from \$0.78 to \$0.70 with the implementation of the scope change and is willing and able to sustain support of the current contract terms, and conditions. DoF requests a PO vendor limit increase of \$268,817.43, needed to cover existing and additional scope services for the 12 month amendment period, and an additional \$220,516.50 for the 6-month extension option period, if needed. See attached calculation of the increase amounts.

What is the funding source?

14-100-27-2020-0140-0140

2. What is the estimated cost by fiscal year?

The estimated annual cost is \$110,000 for current services and \$331,000 for MPEA tax stamp sales, or \$441,000 per year.

3. Explain the basis for estimating the cost and what assumptions were made and/or data used (i.e., budgeted amount, previous contract price, current catalog or cost proposal from firms solicited, engineering or in-house estimate, etc.).

Cost estimates were based on actual historic usage figures.

4. Explain whether the proposed Contractor or the City has a substantial dollar investment in original design, tooling or other factors which would be duplicated at City expense if another source was considered.

The implementation of the kiosk operations, at the time, was a new venture, and required a substantial amount of Vendor investment, time and human resources in order to obtain the equipment, develop the kiosk logic, design the customer interaction screens, develop the transaction interface to City systems and implement go-live. None of this development work nor equipment purchases were done at the expense of the City. Installation coordination (with the Department of Fleet & Facilities Management), interface and testing of the kiosk links into the City's existing cashiering system, and the coordination of processes involving the City's ACH check processing and credit card processing vendors, etc., required a substantial investment of time and effort. Further DoIT is not in support of implementing a replacement process without upgrading technology. A replacement vendor and the City would require significant time and effort to provide the current needed services.

Describe cost savings or other measurable benefits to the City which may be achieved.

These minor requested scope changes will eliminate the opportunity to counterfeit our tax stamp, safeguarding \$18.9 million of annual tax stamp sales that would otherwise be at risk (2013 figures), eliminate the need to procure any future MPEA Tax Stamps, an annual savings of \$50,000, and allow taxi cab and limousine ground transportation providers the opportunity to purchase a single MPEA tax stamp for \$4.00, as opposed to the current minimum requirement to purchase a single sheet of tax stamps for \$40.00, a huge customer service improvement by reducing this financial burden.

Self-pay kiosk payment services have consistently grown in acceptance with the public, and account for over \$20 million dollars in annual revenue collections. The Department estimates, since program implementation, approximately 1 million transactions have been processed using self-pay kiosks, collecting \$140 million of revenue, at a cost of \$780,000, providing a cost savings of approximately \$2.4 million, as compared to the cost for other City provided walk-in payment services. The City expects kiosk self-pay transaction volumes and cost savings to continue. Additionally, MPEA print on demand sales will eliminate \$50,000 of tax stamp purchases annually.

5. Explain what negotiations of price has occurred or will occur.

The current scope requires a vendor cost of \$0.78 per payment transaction. The Vendor will experience operational efficiencies as a result of above scope change. In conjunction with that change, the Vendor will reduce contract pricing from \$0.78 per transaction to \$0.70 per transaction, just over a 10% reduction on all current services. Further considering the City will now allow the purchase of a single tax stamp, instead of a minimum of a single sheet of 10 tax stamps, the vendor will also reduce the cost for each tax stamp payment transaction to \$0.070 per stamp, per payment transaction.

Detail why the estimated cost is deemed reasonable.

The estimated cost is based on the cost of \$0.70 per transaction, reduced over 10% from the original contract unit price of \$0.78 per cash, credit and debit kiosk-transactions, and the reduced cost of \$0.78 for check kiosk-transactions. This cost reduction and related elimination of the purchase of MPEA Tax Stamps will result in significant cost savings.

SCHEDULE REQUIREMENTS

1. Explain how the schedule was developed and at what point the specific dates were known.

Although no specific schedule or dates are currently known, the assumption is that a 12-month extension is required to pursue a replacement contract and a 6-month contract extension option may be required in order to provide sustained services during the anticipated implementation and approval period of the new solution. Self-pay kiosk payment services have consistently grown in acceptance with the public, and account for over \$20 million dollars in annual revenue collections for the City, with an additional \$18.9 million related to the scope change for MPEA Tax collections. The Department estimates, since program implementation, approximately 1 million transactions have been processed using self-pay kiosks, collecting \$140 million of revenue, at a cost of \$780,000, providing a cost savings of approximately \$2.4 million, as compared to the cost for other City provided walk-in payment services. A second RFP for MPEA tax collections at airports will also be submitted to DPS for processing.

2. Is lack of drawings and/or specifications a constraining factor to competitive bidding?

Not applicable.

If so, why is the proposed Contractor the only person or firm able to perform under these circumstances?

Drawings and/or specifications are not an issue.

Why are the drawings and specifications lacking?

Drawings and/or specifications are not an issue.

What is the lead-time required to get drawings and specifications suitable for competition?

Drawings and/or specifications are not an issue.

If lack of drawings and specifications is not a constraining factor to competitive bidding, explain why only one person or firm can meet the required schedule.

Only the current kiosk Vendor has the existing contract to perform the kiosk-related operations as proposed in this extension request. Proprietary equipment and customized software development and integrations into the City systems required for the kiosk-payment portal operations, currently only exist with this Vendor.

3. Outline the required schedule by delivery or completion dates and explain the reasons why the schedule is critical.

The Department requires the ability to continue providing these valued self-pay kiosk services to the public, while obtaining a replacement contract with updated technology and expanded services, the Payment Portal RFP. Self-pay kiosk payment services have consistently grown in acceptance with the public, and account for over \$20 million dollars in annual revenue collections for the City, with an additional \$18.9 million related to the scope change for MPEA Tax collections. The Department estimates, since program implementation, approximately 1 million transactions have been processed using self-pay kiosks, collecting \$140 million of revenue, at a cost of \$780,000, providing a cost savings of approximately \$2.4 million, as compared to the cost for other City provided walk-in payment services. A second RFP for MPEA tax collections at airports will also be submitted to DPS for processing.

4. Describe in detail what impact delays for competitive bidding would have on City operations, programs, costs and budgeted funds.

Delays in competitive bidding would potentially result in lost opportunities to process additional payments through multiple payment channels, beyond kiosks, for reduced costs. The new broader services contract will provide the City the potential opportunity to reorganize, reduce or better manage existing City provided payment services and related costs.

EXCLUSIVE OR UNIQUE CAPABILITY

1. If contemplating hiring a person or firm as a Professional Service Consultant, explain in detail what professional skills, expertise, qualifications, and/or other factors make this person or firm exclusively or uniquely qualified for the project.

The current Vendor is the only one who can sustain self-pay kiosk transaction processing while an updated approach is pursued. The current Vendor has proprietary kiosk user interface software that is installed on their proprietary equipment to process payments today. Their continued involvement is needed to sustain the processing of over \$20 million dollars in annual revenue payments.

Attach a copy of the cost proposal, scope of services, and Temporary Consulting Services Form.

The Temporary Consulting Services form is not applicable.

See attached scope of service and pricing changes related to MPEA Tax Stamp sales sought under this request.

Please see attached excerpts of original and amended scope and current compensation schedule labeled and signed as follows: "No Change in Original Contract Scope," "No Change in Amendment #1 Scope," "No Change in Amendment #2 Scope" and "No Change in Amendment #3 Scope".

2. Does the proposed firm have personnel considered unquestionably predominant in the particular field?
No.

3. What prior experiences of a highly specialized nature does the person or firm exclusively possess that is vital to the job, project or program?

The current Vendor has proprietary kiosk user interface software that is installed on their proprietary equipment to process payments today. The current Vendor is the only one who could sustain self-pay kiosk transaction processing while an updated approach is pursued. Their continued involvement is needed to sustain the processing of over \$20 million dollars in annual revenue collections with an additional \$18.9 million related to the scope change for MPEA Tax collections.

4. What technical facilities or test equipment does the person or firm exclusively possess of a highly specialized nature which is vital to the job?

The current Vendor has proprietary kiosk user interface software that is installed on their proprietary equipment to process payments today. The current Vendor is the only one who could sustain self-pay kiosk transaction processing while an updated approach is pursued. Their continued involvement is needed to sustain the processing of over \$20 million dollars in annual revenue collections with an additional \$18.9 million related to the scope change for MPEA Tax collections.

5. What other capabilities and/or capacity does the proposed firm possess which is necessary for the specific job, project or program which makes them the only source who can perform the work within the required time schedule without unreasonable costs to the City?

The current Vendor has proprietary kiosk user interface software that is installed on their proprietary equipment to process payments today. The current Vendor is the only one who could sustain self-pay kiosk transaction processing while an updated approach is pursued. Their continued involvement is needed to sustain the processing of over \$20 million dollars in annual revenue collections with an additional \$18.9 million related to the scope change for MPEA Tax collections.

6. If procuring products or equipment, describe the intended use and explain any exclusive or unique capabilities, features and/or functions the items have which no other brands or models, possess.

Not applicable.

Is compatibility with existing equipment critical from an operational standpoint?

Yes.

If so, provide detailed explanation?

Compatibility with the City's existing payment network is essential. The interface of all kiosk stations to the Department's cashing system is a critical requirement as are the links to the City's ACH check processor, payment card processor and designated depositories.

7. Is competition precluded because of the existence of patent rights, copyrights, trade secrets, technical data, or other proprietary data (attach documentation verifying such)?

Not applicable.

8. If procuring replacement parts and/or maintenance services, explain whether or not replacement parts and/or services can be obtained from any other sources.

Although maintenance and parts are provided by the Vendor under the terms of the contract, no separate costs for parts or maintenance are a part of the current contract. All costs are included in the per-transaction cost.

If not, is the proposed firm the only authorized or exclusive dealer/distributor and/or service center?

Not applicable.

If so, attach letter from manufacturer.

Not applicable.

MBE/WBE COMPLIANCE PLAN

* All submissions must contain detailed information about how the proposed firm will comply with the requirements of the City's Minority and Women Owned Business program. All submissions must include a

completed C-1 and D-1 form, which is available on the Procurement Services page on the City's intranet site. The City Department must submit a Compliance Plan, including details about direct and indirect compliance.

Vendor shall sustain, and the Department of Finance shall concur, with its current MBE/WBE compliance plan with *PCG International* as their MBE in the amount of 25% of the DUR contract value, and full 5% waiver from WBE compliance.

OTHER

- 1. Explain other related considerations and attach all applicable supporting documents, i.e., an approved "ITGB Form" or "Request for Individual Hire Form".**

See attached scope of service and pricing changes related to MPEA Tax Stamp sales.

REVIEW AND APPROVAL

This application must be signed by both Originator of the request and signed by the Department Head. After review and final disposition from the Board, this form will be presented to the Chief Procurement Officer recommending approval.

September 19, 2014

**DEPARTMENT OF FINANCE
P-E Acquisition Holdings LLC
NEW SCOPE**

Overview

The City of Chicago (the "City") approved the Contractor to provide automated payments of various debts owed to the City and the dispensing of printed materials, such as tax stamps and other potential types of stickers or printed materials, through public use of the Contractor's hardware and software installed in its interactive Kiosks.

This additional scope includes the dispensing of "print on demand" materials with a unique one time use identifier. Those identifiers will be made available to the City for verification against vendor data. The definition of a kiosk device will include mobile devices. The vendor will process payments and print "on demand stamps" directly on a customer's phone, or other electronic device.

Scope of Services

In addition to all other services included in the original scope and subsequent amendment, the Contractor must

- Provide and maintain a native app-based system (ABS) for mobile and other commonly available consumer hand held device operating systems for the generation and vending of MPEA ADT Stamps.
- Generate on demand, one-time use, machine scannable bar codes assigned to MPEA ADT Stamps, sold as print on demand stamps via kiosks, or sold digitally and displayed on mobile device screens.
- Provide all hardware, software and secure communication connectivity needed for the City to instantly verify the authenticity of barcodes on MPEA ADT Stamps, surrendered or displayed by ground transportation providers at City Airport terminals, or other City designated locations.
- Invalidate barcodes on MPEA ADT Stamps after a single validated use.
- Provide a system that must sell and dispense MPEA Tax Stamps, and validate barcodes, 24 hours a day, seven days a week, 365 days a year.
- Provide sufficient and secure data processing and storage capacity to support all system functionality.
- Gather, maintain, and provide all customer and payment information as required by the City. All such information must also be available through the existing Contractor provided web-based reporting portal.
- Provide customers, the ability to purchase multiple MPEA Tax Stamps, and allocate or assign those stamps to individual users, as directed by the customer.
- Provide the ability to store customer payment account information for recurring purchases. Any payment information must be held in a manner compliant with all relevant rules and laws, including but not limited to Payment Card Industry (PCI) Requirements.

Contractor will reimburse the City for any deposit shortages. Shortages are defined as transactions values processed and revenue recorded that exceeds related deposits in City bank accounts.

Service levels will be defined to ensure that an appropriate capacity of ADT tax stamp sales and validation services are operational at all times.

Fee Schedule

As a result of above scope change and in conjunction with that change, the Vendor will reduce contract pricing from \$0.78 per transaction to \$0.70 per transaction, just over a 10% reduction, on all current services. These cost reductions will go into effect when DoF approves the tax stamp scope implementation.

The City will now allow the purchase of a single tax stamp, instead of a minimum of a single sheet of 10 tax stamps. Accordingly, the vendor will also reduce the cost for each tax stamp payment transaction to \$0.070 per stamp included in the payment transaction. For example:

# of Stamps Purchased	Cost per Transaction
1	\$0.07
2	\$0.14
3	\$0.21
4	\$0.28
5	\$0.35
6	\$0.42
7	\$0.49
8	\$0.56
9	\$0.63
10	\$0.70

And so on.


Richard Ponce

P-E ACQUISITION HOLDINGS LLC

November 6, 2014

City of Chicago
Department of Procurement Services
Jamie L. Rhee
Chief Procurement Officer
121 N. LaSalle Street – Suite 806
Chicago IL 60602-1240
RE: PO # 29687; Specification # 39429

Dear Ms. Rhee,

Please accept this letter as a request to extend specification # 39429 for a 12 month term with an additional 6 month term at the option of the City of Chicago.

P-E Acquisition Holdings LLC (“P-E”), formerly known as “Pay Ease” in the City of Chicago, operates a bill payment system on behalf of the City of Chicago and the Department of Finance and is contracted to manage the collection process for the MPEA Airport Departure Tax (“ADT”). The system accepts cash, card, and check payments from citizens for a variety of municipal debts including Red Light Tickets, Parking Tickets, Water Utility Bills, and other fines and taxes. To date, P-E has processed over 1,000,000 transactions and collected over \$140,000,000 in revenue for the City of Chicago.

P-E is the only company that is capable of providing this transaction service to the City of Chicago for the extension period. P-E developed multiple proprietary systems for the City of Chicago both at inception of the contract and on an ongoing basis has added many additional systems throughout the term. Each stage of enhancement required many months of software development and testing. These unique components include (1) Proprietary kiosk hardware, (2) Processing network for each payment method; cash, check, and card, (3) Unique touch screen interface for each debt type processed, and (4) Direct integration over secure private network to the Department of Finance’s databases required to provide the service. To our knowledge, P-E is the only vendor in the City of Chicago that has undertaken the significant effort to directly integrate into these databases, relieving the City of Chicago of the immediate expense of building a modern API. In aggregate, P-E is the only company that is capable of providing this transaction service to the City of Chicago for the extension period.

P-E respectfully supports the Department of Finance’s request to implement a unique and proprietary ANTI-COUNTERFEITING technology. Airport Departure Tax Stamp counterfeiting is a serious risk to the nearly \$20 million of revenue collected annually. Our proprietary technology replaces the physical stamp with a unique one-time code that is generated on-demand for each and every stamp purchase. This unique code, once used, is retired from the database ensuring 100% of all tax stamps are legitimate. The unique code would be instantly scanned at the airport terminal to guarantee authenticity.

The ANTI-COUNTERFEITING technology will have the immediate benefits to the City of Chicago including; (1) Increased revenue collection through the elimination of counterfeit stamps, (2) Reduced cost through the elimination of City of Chicago Tax Stamp printing/purchasing, and (3) Reduced cost to the City of Chicago through the reduction of labor-hours required to sell, manage, and account for physical stamp inventory 24/7. Given the volume of existing technology already developed at P-E coupled with the aforementioned direct integration to the Department of Finance, P-E is the only vendor currently offering, and capable of delivering, this unique and proprietary ANTI-COUNTERFEITING technology for the extension period. P-E would implement the technology within weeks following an extension if granted.

P-E ACQUISITION HOLDINGS LLC

Use of the ANTI-COUNTERFEITING technology will result in operational efficiencies at P-E, and in concert, P-E would like to reduce the price-per-transaction charged for ALL services provided to the City of Chicago more than 10% to \$0.70 per transaction. For clarification, bill payment transactions would be reduced to \$0.70 from \$0.78, and ADT stamp transactions would be reduced from \$0.078 per stamp to \$0.070 per stamp (derived from transaction price of \$0.78 for a sheet of 10 stamps). All price reductions would be effective upon the approval and acceptance of the ANTI-CONTERFEITING service by the Department of Finance.

Should P-E install, move, or replace any equipment P-E will typically use in-house staff and vehicles for the purpose. However, in the event P-E should require any outside vendor vehicle rental or labor to conduct equipment installation, movement, or replacement, P-E will first advise procurement on the vendor of choice, and wait for procurement's approval of that vendor before formally engaging the vendor to perform the work. Any outside vendor would be managed and monitored by a P-E staff member throughout the process.

P-E appreciates this opportunity to (1) increase revenue collection, (2) reduce cost to the City of Chicago. P-E is a proud vendor to the City of Chicago and we look forward to serving the citizens of Chicago now and in the future.

Thank you very much for your consideration,



Michael Duffy
Chief Executive Officer
P-E Acquisition Holdings, LLC



CERTIFICATE OF FILING FOR
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT

EDS Number: 49240

Date of This Filing:08/29/2014 11:08 AM

Certificate Printed on: 08/29/2014

Original Filing Date:11/04/2013 01:04 AM

Disclosing Party: P-E Acquisition Holdings
LLC

Title:CEO

Filed by: Michael Duffy

Matter: AUTOMATED KIOSK
COLLECTION SERVICES (TRANSFER
FROM PAY EASE PO # 13777)

Applicant: P-E Acquisition Holdings LLC

Specification #: 39429

Contract #: 29687

The Economic Disclosure Statement referenced above has been electronically filed with the City. Please provide a copy of this Certificate of Filing to your city contact with other required documents pertaining to the Matter. For additional guidance as to when to provide this Certificate and other required documents, please follow instructions provided to you about the Matter or consult with your City contact.

A copy of the EDS may be viewed and printed by visiting <https://webapps1.cityofchicago.org/EDSWeb> and entering the EDS number into the EDS Search. Prior to contract award, the filing is accessible online only to the disclosing party and the City, but is still subject to the Illinois Freedom of Information Act. The filing is visible online to the public after contract award.

**P-E ACQUISITION HOLDINGS LLC
 VENDOR LIMIT INCREASE WORKSHEET
 AMENDMENT PERIOD
 01-01-15 TO 06-30-16**

Existing Scope Cost		
	Annual	12 Month
	Vendor Cost	Cost
2013	111,907	
2012	129,639	
2011	<u>125,756</u>	
	367,302	
Avg Annual Cost	122,434	
Avg Monthly Cost Current Rate	10,203	
Adjusted for new rate \$0.70	9,157	109,884

Additional Scope Cost		
	2013	
Tax Stamp Revenue	<u>18,922,780</u>	
Tax Stamps Sold	4,730,695	
Pricing per stamp sold	<u>0.070</u>	
Annual Cost	331,149	<u>331,149</u>

Cost - 12 Months:	\$441,033.00
Cost - 6 months:	\$220,516.50
Total Amendment Period Cost:	\$661,549.50

VLI Calculation	
PO Balance 11-06-14	202,824.57
Projected Payments	
Oct-14	(10,203.00)
Nov-14	(10,203.00)
Dec-14	<u>(10,203.00)</u>
Projected	
PO Balance 12-31-14	172,215.57
Projected	
Amendment Period Cost	<u>(661,549.50)</u>
Shortfall	<u>(489,333.93)</u>

Total VLI 12-month:	\$268,817.43
Total VLI 6-month:	\$220,516.50
Total VLI (12 months +6 months):	\$489,333.93

Current Contract Limit:	\$343,824.57
New Contract Limit including Total VLI:	\$833,158.50

Exhibit B

Scope of Services

No change in scope
[Signature]

I. Overview

The City of Chicago (the "City") approved the Contractor to provide automated of payments of fines and fees, owed to the City of Chicago, through public use of the Contractor's hardware and software installed in its interactive Kiosks, to be located around the City of Chicago. These Kiosks will provide residents the ability to pay various types of debts owed to the City of Chicago (e.g. parking tickets, taxes, water bills, and other potential types of payable debt instruments) and be capable of accepting cash (U.S. currency bills), check, credit card, and debit cards as payment types to the City. City Kiosks may only accept payment for debts owed the City; they may not enable payment to any other person or entity.

II. Scope of Services

The Contractor must furnish, install, and maintain all Kiosks and related appurtenances, including hardware and software ("the System"), at various City-designated sites that meet the specified criteria in Exhibit L. The System must interface with the City's cashiering system or other City System.

The Contractor must outline the installation of a network configuration that will interface with the City's cashiering system, the City's check verification service provider's application, and the City's credit card services provider's application, thereby making the System accessible from each and every Kiosk.

Contractor must capture each customer account number using the City's bill payment-stub scan line and must enable manual account number entry.

Contractor must transmit a completed customer transaction record to Chicago Department of Revenue (DOR), in real-time, for immediate posting of payment to the customer's account.

Contractor shall have and institute applicable and appropriate disaster recovery and business continuity procedures and systems, which, at a minimum, are consistent with industry standards and comply with applicable laws and regulations, and which include a "back-up" or redundant system that allows Contractor to perform the Services at all times.

Payment Types to be Processed by Kiosks

- ❖ Cash, checks, various credit cards, and debit cards.
- ❖ All paper check payments must be converted into electronic-debits or ACH payments. All funds from check payments and other payments using the ACH system must be routed from the ACH processor and directly deposited into the City's designated bank account. Such funds must not be routed through Contractor's bank account.
- ❖ Upon the City's entering into an agreement with a check verification service provider, Contractor must interface its application with check verification service provider's application, in order to perform check verification for all checks processed through the kiosk.

- ❖ Contractor must interface with the City's credit card services provider's application, in order to perform address verification service (AVS) and any magnetic stripe protection values for all card programs that support such controls.

Deposits and Fund Transfer

- ❖ All cash transactions (collected as payments made to the City through a Kiosk) must be collected by a licensed and bonded armored car service at no charge to the City.
- ❖ Contractor must deposit gross collected funds (collected as payments made to the City through a Kiosk) into the City's bank account within one (1) business day after the armored car collects funds at a City Kiosk, or sooner, and within three (3) business days of the date on which the transaction occurs at a kiosk located on property other than City property, or sooner, ensuring the City meets the deposit deadline to earn interest for that day. For the purposes of this Exhibit B, "business day" shall mean Monday through Friday, excluding banking holidays and City-observed holidays.
- ❖ Contractor must reimburse the City for any lost interest when payments to the City from a kiosk were not made on the business day after the armored car collects funds at a City Kiosk, or within (3) three business days of the transaction at kiosks located on property other than City property. The lost interest will be calculated based on the average federal funds rate, for the period during which the deposits were not made on the day following the transaction date.
- ❖ Contractor is liable to the City for all funds (collected as payments made to the City through a kiosk), until such funds are deposited into the City's designated bank account.
- ❖ Contractor must reimburse the City for all funds (collected as payments made to the City through a Kiosk) which are not accounted for, are lost, misdirected, or otherwise not delivered to the City as required. All such instances must be reported immediately to the Director and the authorized representative of Department of Revenue managing this Agreement.

Reconciliation

- ❖ The reconciliation of gross revenues must match bank statement information and City's revenue report. Contractor must provide the City with documentation accounting for any discrepancies.
- ❖ Contractor must reimburse the City with any collection shortages and immediately correct any instance where the shortage is due to a recurring fault which may be inherent in the Contractor's hardware, software, or any other factor within the Contractor's control – all at no cost to the City.

Reporting

- ❖ Contractor must provide City with online access daily and monthly reconciliation reports to allow City personnel to account for and reconcile receipts collected through the system.
- ❖ Reporting format must be approved in accordance by the authorized representative from the Department of Revenue.
- ❖ Contractor must provide a usage report to Department of Revenue at least on a month basis, and more frequently if so requested, indicating the following metrics per transaction made (or attempted to be made) for all funds (collected as payments made to the City through a Kiosk) for the following during a specified reporting period:

- Date (or range of dates) for the reporting period;
 - Date and time of day transaction took place;
 - Location of Kiosk where transaction was made;
 - Number of errors made per transaction;
 - Number of reported problems and related downtime of a kiosk (if the kiosk was reported to be or was rendered to be inoperable in whole or in part);
 - Type of payment transaction (e.g. parking ticket, water bill, etc.);
 - When armored car pickup was made;
 - Amount of total payments made
 - Type of transaction (e.g. check, credit card, debit card, cash, etc.)
 - type of check
 - type of credit card
 - denominations of U.S. currency
- ❖ Provide a “funds received” reporting format to compare against the City’s revenue collection report, to facilitate an efficient account reconciliation review by the authorized representative of the Department of Revenue.

Technical Requirements and Maintenance Support

- ❖ Contractor must be responsible for all costs and expenses associated with the delivery, installation, operation, maintenance, upgrades, and support of the Kiosks covered under the terms and conditions of this agreement, including the performance standards in Exhibit F, and must obtain all necessary licenses and permits as required by law and City ordinances which may apply.
- ❖ Contractor must obtain all necessary approvals which may be required concerning the delivery, installation, operation, maintenance, upgrades, and support of the kiosks covered under the terms and conditions of this agreement.
- ❖ All Kiosks covered under the terms and conditions of this agreement must provide a printed receipt for every transaction.
- ❖ Contractor must customize the receipt, in order to meet changes to the City’s requirements.
- ❖ Contractor must provide all consumable Kiosk supplies.
- ❖ Citizens must provide notice of a malfunctioning Kiosk by phone.
- ❖ Kiosks must automatically send a time-stamped notice to a repair technician whenever it self-diagnoses a malfunction/error type, as well as indicate to the citizen who may be using a Kiosk, that service has been notified.
- ❖ All reported Kiosk malfunctions must be serviced within the Service Levels set forth in Exhibit F, at no cost to the City. The Contractor must acknowledge to the authorized representative from the Department of Revenue when a Kiosk was reported as having a performance problem as well as report back to the authorized representative when the problem should be resolved, and when the problem was resolved.
- ❖ All scheduled maintenance work should occur during normal business hours during the periods of anticipated lowest activity. Notice of scheduled maintenance work should be pre-scheduled with and approved by the authorized representative from the Department of Revenue.

- ❖ Contractor must provide routine maintenance every 90 days to insure the System and any Kiosk is available not less than 99% in any 30-day period (not including the time taken to perform the routine maintenance).
- ❖ All laborers, technicians, or other personnel provided by the Contractor to perform work on a Kiosk, must be provided at no cost to the City. Furthermore, all such personnel must provide services in a courteous and professional manner at all times while on duty. The Director reserves the right to require any such worker to not be assigned to provide services for any Kiosk under this Agreement.

Issue Resolution Procedures

Resolving issues is an on-going process throughout the life of the project/agreement. The keys to effective issue resolution are early identification, communication and management. Contractor must inform the City of any issue and the propose resolution. Contractor must submit an issues log to the City on a monthly basis along with the solution.

Implementation / Installation Plan of Kiosks

- ❖ Upon award and release of this agreement by the City, Contractor must arrange for installation of any communication lines and Kiosks requirement, unless the City elects to make such arrangement on its own at no extra cost to City.
- ❖ Contractor must prepare an installation/implementation plan defining anticipated roll-out dates for the City's approval. The plan should be all-inclusive including information on initial and continuing customer service support.
- ❖ Any plans for additional hardware installation on City property must be submitted to the City for review and approval.
- ❖ Contractor must inform City in advance of any additional hardware installation on non-City property within the City limits.

Public or Private Advertisements

Contractor must not display any public or private advertisement, post notice of sale or event, or display any message viewable by the public, without the City's prior written approval, which will not be unreasonably withheld.

No CHANGE IN SCOPE


Specification No.: 39429
Contract (P.O.) No.: 13777("Agreement")
Amendment No.: 43207
Vendor No.: 50082525

AMENDMENT No. 1

This amendment ("Amendment") is made and entered into effective as of the 28th July, 2010 by and between the City of Chicago ("City"), a municipal corporation and home rule unit of local government existing under the Constitution of the State of Illinois, acting through its Department of Revenue ("Department") and Pay-Ease, LLC ("Contractor"), a Maryland company with its principal place of business at 101 West Grand Avenue, Suite 400, Chicago, Illinois 60654..

The parties agree as follows:

TERMS AND CONDITIONS

1. **Article 3.5 Confidentiality of Transaction Information**, is amended to add **Section 3.5.2, Payment Card Industry Data Security Standard (PCI DSS)**,

Compliance with Payment Card Industry Data Security Standard

Contractor shall at all times during the Term of this Agreement be compliant with the Payment Card Industry ("PCI") Data Security Standard to the extent applicable to the Services and shall be responsible for the security of the payment cardholder data in its possession. Contractor shall provide City such information as the City may reasonably require regarding Contractor's compliance with such PCI requirements, including, at a minimum, an annual certificate of compliance by Contractor with the PCI Data Security Standard. In the event of Contractor's non-compliance with the PCI Data Security Standard, Contractor will promptly perform, at Contractor's expense, all curative measures necessary to remedy such non-compliance.

2. **Article 3.5 Confidentiality of Transaction Information**, is amended to add **Section 3.5.3, City of Chicago Red Flag Policy and Protocol**.

Contractor must comply with all the requirements stated in the City's Red Flag Policy and Protocol as it relates to identity theft contained in Exhibit 4 of this Amendment and incorporated here by reference. Additional and current information on red flag policy may be found on the attached website <http://www.ftc.gov/bcp/edu/pubs/business/alerts/alt050.shtm>

3. **Article 4. Price and Payment, Section 4.10, Funding** is hereby deleted and replaced with the following:

Funding for this Agreement is from Fund Number 09-0100-29-4641-0140-220140 and any other funds that may be appropriated, subject to the availability of funds. "Funding" is amended to increase the dollar amount by \$880,000.00. The maximum funding from fund number 09-0100-29-4641-0140-220140 and any other funds that may be appropriated is \$1,080,850.00. Payments under this Agreement must not exceed \$1,080,850.00 ("Maximum Compensation") without a written amendment in accordance with Section 13.1 of the Agreement.

4. **Article 4. Price and Payment**, is amended to add **Section 4.12, Subcontractor Payments**

4.12 Subcontractor Payments

Contractor must submit a status report of Subcontractor payments with each invoice for the duration of the Agreement on the "Subcontractor Payment Certification" form required by the City. The form can be downloaded from the City's website at http://egov.cityofchicago.org/webportal/COCWebPortal/COC_EDITORIAL/subcompliance.pdf. The statement must list the following for Contractor and for each Subcontractor and supplier for the period for which payment is requested:

- (i) Total amount invoiced by the Contractor for the prior month;
- (ii) The name of each particular Subcontractor or supplier utilized during the prior month;
- (iii) Indication if the Subcontractor or supplier is acting as an MBE, WBE, DBE, or non-certified firm on this Agreement;
- (iv) The vendor/supplier number of each Subcontractor or supplier;
- (v) Total amount invoiced that is to be paid to each Subcontractor or supplier.

If a Subcontractor has satisfactorily completed its Work, or provided specified materials in accordance with the requirements of the Agreement, Contractor must pay Subcontractor for such work or materials within fourteen (14) calendar days of Contractor receiving payment from the City.

5. **Article 11. Contractor Compliance with Laws, Section 11.6.3 Chicago "Living Wage" Ordinance** is hereby deleted and replaced with the following:

11.6.3 As of July 1, 2006, the Base Wage became \$10.00 per hour, as of July 1, 2007, the Base Wage became \$10.33 per hour; as of July 1, 2008, the Base Wage became \$10.60 per hour, as of July 1, 2009, the Base Wage is \$11.03 per hour, and each July 1 thereafter, the Base Wage will be adjusted, using the most recent federal poverty guidelines for a family of four as published annually by the U.S. Department of Health and Human Services, to constitute the following: the poverty guidelines for a family of four divided by 2000 hours or the current base wage, whichever is higher. At all times during the term of this Agreement, Contractor and all other Performing Parties must pay the Base Wage (as adjusted in accordance with the above). If the payment of prevailing wages is required for Services done under this Agreement and the prevailing wages for Covered Employees are higher than the Base Wage, then Contractor and all other Performing Parties must pay the prevailing wage rates.

6. **Article 11, Contractor Compliance with Laws**, is amended by adding a new Section 11.10, **Office of Compliance**, as follows:

11.10, Office of Compliance

It is the duty of any bidder, proposer, consultant, Contractor, all Subcontractors, and every applicant for certification of eligibility for a City Agreement or program, and all officers, directors, agents, partners and employees of any bidder, proposer, consultant or such applicant to cooperate with the Office of Compliance in any investigation or audit pursuant to Chapter 2-26 of the Municipal Code of Chicago. The Contractor understands and will abide by all provisions

of Chapter 2-26 of the Municipal Code of Chicago. All subcontracts will inform Subcontractors of this provision and require understanding and compliance with it.

7. **Exhibit B, Scope of Service in the Agreement**, is amended to add *Exhibit B, Attachment (I)* as set forth in Attachment A of this Amendment.
8. **Exhibit K, Insurance Requirements and Certification of Insurance in the Agreement**, is hereby deleted and replaced with Attachment B of this Amendment.
9. **Exhibit M, Fee Schedule in the Agreement**, is amended to decrease the personal check payment transaction fee from \$0.90 to \$0.78, replaced as follows:

Contractor will charge the City \$0.78 per each cash, credit card, debit card and personal check payment transaction processed at the Kiosks.
10. Contractor has executed an Economic Disclosure Statement and Affidavit, Appendix A and Schedule C-1 and D-1, Insurance Certificate, and City's Red Flag Policy and Protocol, of which are attached to this Amendment as Exhibit 1, Exhibit 2, Exhibit 3, and Exhibit 4, respectively and incorporated here by reference.

The terms of the Agreement remain in full force and effect except as modified in this Amendment.

(Signature Page)

CONTRACTOR: PAY EASE, LLC

By:

[Signature]
(Signature)

Its:

Dean Scores - President
(Print Name and Title)

County of Cook
State of Illinois

Acknowledged on 7/20/2010 (date)
before me by Dean Scores (as)
President (title) of Pay - Ease LLC (firm)

Kimberlee R. Upcraft
Notary Public Signature
Commission expires: NOV 9, 2013



CITY OF CHICAGO

By: Richard M. Daley
Mayor

By: [Signature] 7/22/10
Comptroller

The undersigned has determined, on behalf of the City of Chicago, with regard to this Contract Amendment, that the circumstances said to necessitate the change in performance were not reasonably foreseeable at the time the contract was signed, or that the change is germane to the original contract as signed, or that the change order is in the best interest of the City of Chicago and is authorized by law.

By: Jamie Miller
Chief Procurement Officer
723

AUTOMATED KIOSK COLLECTION SERVICES
AMENDMENT #1
SERVICE LEVELS

SLA 1. Response Time to a Call for Service

Requirement Vendor to respond within 2 hours of a service call placed to repair an MPEA Tax Stamp Selling Kiosk.
Default Contractor does not respond within 2 hours of placed service call.
Credit 2% of monthly invoiced amount

SLA 2. Back-Up Services

Requirement If not more than one MPEA Tax Stamp Selling Kiosk will be operational at a location for more than 4 consecutive hours (even if at no fault of the Vendor's), then Vendor must, within 4 hours from the time the service call is placed provide signage with directions to a cashier for customers to go to and a location where a Contractor-provided qualified cashier must sell and dispense MPEA Tax Stamps, until such time the kiosk is repaired.
Default A period of more than 4 hours exist when only one kiosk is operational at a location and Back-up services have not been provided
Credit 4% of monthly invoiced amount

SLA 3. System Availability

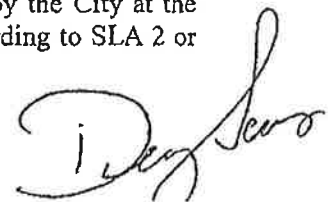
Requirement MPEA Tax Stamp Selling Kiosks and Back-Up Services must be available not less than 97% of the time each month per location, unless system unavailability is due to no fault of the Vendor.
Default All MPEA Tax Stamp Selling Kiosks and Back-Up Services are not available for 97% of the time at a single location during the month, and such system unavailability is not attributed to any source other than a matter within the Vendor's reasonable control.
Credit 2% of monthly invoiced amount

SLA 4. Continuous Stamp Sales

Requirement Vendor is to sell MPEA Tax Stamps without a break of more than 2 consecutive hours at any location. Stamp sales may be performed by either a kiosk or Back-up services.
Default Vendor is unable to sell MPEA Tax Stamps at any location for more than 2 consecutive hours.
Credit 4% of monthly invoiced amount, and 0.5% for each hour of non-sales beyond the first 3.

Pay-Ease may request in writing a waiver, from the Director of the Department of Revenue, of any SLA Requirement or SLA Credit due to unforeseen circumstances beyond the control of Pay-Ease. The City at their sole discretion may grant or approve the request for waiver.

Back-up services are defined as live cashiers housed at locations identified by the City at the airports, who will sell MPEA tax stamps. Back-up services are required according to SLA 2 or when jointly agreed to by the City and Pay-Ease.



Attachment A

Exhibit B - Attachment 1

Scope of Service

Effective by and through this Amendment No. 43207 dated 28th July 2010 the Scope of Service for Contract No. 13777 shall now include the following:

Scope of Services

In addition to all other services included in the scope of service Contractor will provide and maintain kiosks and related hardware and software needed to sell and dispense single sheets of MPEA ADT Stamps.

The City is responsible for costs to obtain all tax stamps, and for their delivery to the Contractor's facility.

The Contractor is responsible for all aspects of managing, handling and safeguarding the MPEA ADT Stamps to be sold from the kiosks. Contractor is responsible for all stamps delivered to their facility and is responsible for delivery and re-stock of tax stamps in the kiosks.

The Contractor shall maintain a tax stamp inventory system and provide access to that system to Department of Revenue designated personnel. City personnel will have the right to audit and inventory the tax stamps at any point in time. Contractor will reimburse the City for any loss of stamps, at the stamp's face value at the time of the loss. Contractor will provide additional insurance as determined by City risk management personnel.

Contractor will install a minimum of three MPEA Tax Stamp dispensing kiosks at O'Hare Airport and two at Midway Airport. Kiosks are to sell and dispense tax stamps 24 hours a day, seven days a week, 365 days a year. A single tax stamp sale will consist of a minimum of a single sheet of tax stamps, currently configured with ten stamps per sheet.

Service levels will be defined to ensure that an appropriate capacity of tax stamps dispensing kiosks are operational at all times.

Contractor and City agree that the 1,300 minimum transactions required for each kiosk in operation will be calculated and measured in aggregate for all kiosks in the program and not at the individual kiosk level.

Contractor will interface with the City's electronic check processor to obtain check verification and electronic check processing services. The City will be responsible for transaction costs from their check processor. As a result, the Contractor agrees to reduce the personal check payment transaction charge to the City from \$0.90 to \$0.78 per transaction.

DB



COPY

DEPARTMENT OF PROCUREMENT SERVICES
CITY OF CHICAGO

MAR 28 2014

Mr. Michael Duffy, CEO
P-E Acquisition Holdings
4201 N. Ravenswood, Suite 102
Chicago, Illinois 60613

Subject: Amendment for Automated Collection Services – 12 Month
Extension of the Contract with an Additional 6 Month Extension
Option
Specification Number: 39429
Contract PO Number: 29687
Requisition Number: 86051

Dear Mr. Duffy:

Per our letter dated 12/31/2013 the City of Chicago elects to amend the subject contract under the same terms and conditions as the original contract. The contract will be extended for 12 months through December 31, 2014 with an additional 6 month extension option. The following document must be completed and returned to finalize the contract amendment:

1. Contract Amendment. The attached document must be fully completed and signed by an authorized officer of your firm.

Review the document carefully. The contract amendment must be properly executed and returned within 7 calendar days in order to expedite processing the contract amendment for remaining signatures and award. You may address any questions or concerns to Tiheta L. Hinton, Senior Procurement Specialist at (312) 744-2260 or Tiheta.Hinton@cityofchicago.org.

Sincerely,


Jamie L. Rhee,
Chief Procurement Officer

Cc: JLR/tlh
File (Specification No. 39429) 



DEPARTMENT OF FINANCE
CITY OF CHICAGO

November 18, 2014

Jamie L. Rhee
Chief Procurement Officer
Department of Procurement Services
121 North LaSalle Street – Suite 806
Chicago, Illinois 60602-1240

Subject: 5% WBE Waiver Request for 12-Month Additional Extension Period
Contract Title: Automated Collection Services
Contract Description: Enable Payments to be made to City via Kiosks
PO #: 29687
Specification No.: 39429
Vendor: *P-E Acquisition Holdings LLC* (fka: *Pay-Ease, LLC* prior to contract assignment)
Vendor Limit Increase: \$268,817.43 (for 12-month period); plus \$220,516.50 (for 6-month period), if needed;
\$489,333.93 total VLI for 12+6
FMPS PO Remaining Balance: \$202,824.57 (as of 11/7/2014)
Requisition No.: 93962 (unapproved)
Original Contract Start Date: January 1, 2007 (1/1/2014 for P-E Acquisition Holdings LLC)
Original Contract End Date: December 31, 2011
Current Contract End Date: December 31, 2014
Original Extension Options Available: one 24-month period
Extension End-Date Requested Here: December 31, 2015
Revenue Generating Value: \$20 million (\$39 million with Scope Change) per year (approx.)

Dear Jamie:

This memo is submitted to address certain concerns discussed at the November 3rd 2014, NCRB meeting – specifically pertaining to the size of *P-E Acquisition Holdings, LLC*, in terms of current number of employees in the company. Since no other change to the original WBE waiver matter is considered here, the only change shall address the staff size, in paragraph four, below.

This request is sustain the last granting of the 5% WBE waiver, and is in concert with a concomitant non-competitive procurement request to extend the above-referenced contract for an additional 12-month period – through December 31, 2015. This request is intended to address only the MBE/WBE Compliance Plan associated with that same extension-Amendment request.

P-E Acquisition Holdings LLC is again continuing its commitment of 25% MBE and is again requesting a 5% WBE waiver for the 12-month extension period – and the Department of Finance concurs with this request.

As before, other than the direct compliance to be achieved through subcontracting IT work and management consulting services to PCG, other reasonable considerations for identifying additional direct or indirect compliance was not practical because *P-E Acquisition Holdings LLC* is a small local business, currently having a full-time staff of 11 people, and a part-time staff of 10 people. The core business of *P-E Acquisition Holdings* is, primarily, labor-related with minimal expenses outside of themselves. Kiosk machine hardware maintenance and repairs are provided with one

P-E Acquisition Holdings LLC (fka: *Pay-Ease, Inc.*)

pg. 1 of 2

Schedule D-1: Prime Contractor Affidavit-MBE/WBE Compliance Plan

Phone Number: _____

Dollar Value of Participation \$ _____

Percentage of Participation % _____

Mentor Protégé Agreement (attach executed copy): () Yes () No Add'l Percentage Claimed: ____%

Total Participation % _____

3. Name of MBE/WBE: _____

Address: _____

Contact Person: _____

Phone Number: _____

Dollar Value of Participation \$ _____

Percentage of Participation % _____

Mentor Protégé Agreement (attach executed copy): () Yes () No Add'l Percentage Claimed: ____%

Total Participation % _____

4. Name of MBE/WBE: _____

Address: _____

Contact Person: _____

Phone Number: _____

Dollar Value of Participation \$ _____

Percentage of Participation % _____

Mentor Protégé Agreement (attach executed copy): () Yes () No Add'l Percentage Claimed: ____%

Total Participation % _____

5. Attach Additional Sheets as Needed

II. Indirect Participation of MBE/WBE Firms

NOTE: This section need not be completed if the MBE/WBE goals have been met through the direct participation outlined in Section I. If the MBE/WBE goals have not been met through direct participation, Contractor will be expected to demonstrate that the proposed MBE/WBE direct participation represents the maximum achievable under the circumstances. Only after such a demonstration will indirect participation be considered.

MBE/WBE Subcontractors/Suppliers/Consultants proposed to perform work or supply goods or services where such performance does not directly relate to the performance of this contract:

1. Name of MBE/WBE: _____

Address: _____

Contact Person: _____

Schedule D-1: Prime Contractor Affidavit-MBE/WBE Compliance Plan

Phone Number: _____

Dollar Value of Participation \$ _____

Percentage of Participation % _____

Mentor Protégé Agreement (attach executed copy): () Yes () No Add'l Percentage Claimed: ____%

Total Participation % _____

2. Name of MBE/WBE: _____

Address: _____

Contact Person: _____

Phone Number: _____

Dollar Value of Participation \$ _____

Percentage of Participation % _____

Mentor Protégé Agreement (attach executed copy): () Yes () No Add'l Percentage Claimed: ____%

Total Participation % _____

3. Name of MBE/WBE: _____

Address: _____

Contact Person: _____

Phone Number: _____

Dollar Value of Participation \$ _____

Percentage of Participation % _____

Mentor Protégé Agreement (attach executed copy): () Yes () No Add'l Percentage Claimed: ____%

Total Participation % _____

4. Name of MBE/WBE: _____

Address: _____

Contact Person: _____

Phone Number: _____

Dollar Value of Participation \$ _____

Percentage of Participation % _____

Mentor Protégé Agreement (attach executed copy): () Yes () No Add'l Percentage Claimed: ____%

Total Participation % _____

5. Attach Additional Sheets as Needed

Schedule D-1: Prime Contractor Affidavit-MBE/WBE Compliance Plan

III. Summary of MBE/WBE Proposal

A. MBE Proposal (Direct & Indirect)

1. MBE Direct Participation

MBE Firm Name	Dollar Amount Participation (\$)	Percent Amount Participation (%)
PCG International	DUR	25%
Total Direct MBE Participation	DUR	25%

2. MBE Indirect Participation

MBE Firm Name	Dollar Amount Participation (\$)	Percent Amount Participation (%)
Total Indirect MBE Participation		

B. WBE Proposal (Direct & Indirect)

1. WBE Direct Participation

WBE Firm Name	Dollar Amount Participation (\$)	Percent Amount Participation (%)
Total Direct WBE Participation		

2. WBE Indirect Participation

WBE Firm Name	Dollar Amount Participation (\$)	Percent Amount Participation (%)
Total Indirect WBE Participation		

Schedule D-1: Prime Contractor Affidavit-MBE/WBE Compliance Plan

The Prime Contractor designates the following person as its MBE/WBE Liaison Officer:

Michael Duffy

312-925-9911

(Name- Please Print or Type)

(Phone)

I DO SOLEMNLY DECLARE AND AFFIRM UNDER PENALTIES OF PERJURY THAT THE CONTENTS OF THE FOREGOING DOCUMENT ARE TRUE AND CORRECT, THAT NO MATERIAL FACTS HAVE BEEN OMITTED, AND THAT I AM AUTHORIZED ON BEHALF OF THE PRIME CONTRACTOR TO MAKE THIS AFFIDAVIT.

Michael Duffy

(Name of Prime Contractor – Print or Type)

State of: IL


(Signature)

County of: COOK

Joann Cho

(Name/Title of Affiant – Print or Type)

9-22-14

(Date)

On this 22 day of September, 20 14, the above signed officer Joann Cho

(Name of Affiant)

personally appeared and, known by me to be the person described in the foregoing Affidavit, acknowledged that (s)he executed the same in the capacity stated therein and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and seal.


(Notary Public Signature)

SEAL:

Commission Expires: 11/4/15





FOR
NON-CONSTRUCTION
PROJECTS ONLY

SCHEDULE C-1
MBE/WBE Letter of Intent to Perform as a
Subcontractor, Supplier, or Consultant

Project Name: Automated Kiosk Collection Services Specification No.: 39429

From: PCG International, Inc.
(Name of MBE/WBE Firm)

To: P-E Acquisition Holdings LLC and the City of Chicago.
(Name of Prime Contractor)

The MBE or WBE status of the undersigned is confirmed by the attached City of Chicago or Cook County, Illinois Certification Letter. 100% MBE or WBE participation is credited for the use of a MBE or WBE "manufacturer." 60% participation is credited for the use of a MBE or WBE "regular dealer."

The undersigned is prepared to perform the following services in connection with the above named project/contract. If more space is required to fully describe the MBE or WBE proposed scope of work and/or payment schedule, including a description of the commercially useful function being performed. Attach additional sheets as necessary:

- Data processing computer services
- Custom computer programming services
- Computer systems integration design consulting

The above described performance is offered for the following price and described terms of payment:
To perform 25% of the actual contract value

SUB-SUBCONTRACTING LEVELS

A zero (0) must be shown in each blank if the MBE or WBE will not be subcontracting any of the work listed or attached to this schedule.

_____ % of the dollar value of the MBE or WBE subcontract that will be subcontracted to non MBE/WBE contractors.

25 % of the dollar value of the MBE or WBE subcontract that will be subcontracted to MBE or WBE contractors.

NOTICE: If any of the MBE or WBE scope of work will be subcontracted, list the name of the vendor and attach a brief explanation, description and pay item number of the work that will be subcontracted. MBE/WBE credit will not be given for work subcontracted to Non-MBE/WBE contractors, except for as allowed in the Special Conditions Regarding Minority Business Enterprise Commitment and Women Business Enterprise Commitment.

The undersigned will enter into a formal written agreement for the above work with you as a Prime Contractor, conditioned upon your execution of a contract with the City of Chicago, within three (3) business days of your receipt of a signed contract from the City of Chicago.

The undersigned has entered into a formal written mentor protégé agreement as a subcontractor/protégé with you as a Prime Contractor/mentor: () Yes () No

NOTICE: THIS SCHEDULE AND ATTACHMENTS REQUIRE ORIGINAL SIGNATURES.

Sept. 22, 2014
(Signature of President/Owner/CEO or Authorized Agent of MBE/WBE) (Date)

Tom Numbere Jr. / President
(Name/Title-Please Print)

tnumbere@pcgintl.com / 312-343-5265
(Email & Phone Number)



DEPARTMENT OF PROCUREMENT SERVICES

CITY OF CHICAGO

November 7, 2014

Tom Numbere
PCG International, Inc.
106 West Germania Suite 292
Chicago, IL 60610

Email: tnumbere@pcgintl.com

Dear Tom Numbere:

This letter is to inform you that the City of Chicago has extended your status as **Minority Business Enterprise (MBE) until December 31, 2014**. We are providing this extension to allow enough time to provide any additional documentation that your application may be missing and for our office to complete our review of all of the submitted documents.

This extension does not guarantee eligibility in the program but will act as a courtesy extension until we receive all of the required documentation and complete a review of that documentation.

Please present this letter and copy of your last certification letter as evidence of your certification to be included with bid document submittals as needed.

If you have any questions, please feel free to contact our office at (312) 744-1929.

Sincerely,



George Coleman Jr.
Deputy Procurement Officer

GC/II

Vendor Information

CLOSE WINDOW 

 HELP

Vendor Information

Business Name **PCG International, Inc.**
 Owner **T Tom Numbere, Jr**
 Address **966 W. Cuyler #2S Chicago, IL 60613**
 > [Map This Address](#)
 Phone **312-337-8825**
 Fax **708-575-1218**
 Email **tnumbere@pcgintl.com**
 Website **<http://www.pcgintl.com>**

needs to be corrected by ops

Certification Information

Certifying Agency **City of Chicago**
 Certification Type **MBE - Minority Business Enterprise**
 Certification Date **5/31/2012**
 Renewal/Anniversary Date **7/1/2013**
 Expiration Date **6/1/2017**
 Certified Business Description **Administrative and General management Consulting Services; Office administration services and Training Professional and Management Development**

Commodity Codes

NAICS 541611 Administrative and General management Consulting Services ([More](#))
 NAICS 561110 Office administration services ([More](#))
 NAICS 611430 Training Professional and Management Development ([More](#))

[Customer Support](#)

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P-E ACQUISITION HOLDINGS LLC

September 23, 2014

Richard Ponce
Department of Finance
City of Chicago
121 North La Salle Street, Room 403
Chicago, Illinois 60602

Dear Mr. Ponce,

Please accept this letter as a request to waive the WBE requirement for a proposed extension of specification # 39429 by P-E Acquisition Holdings, LLC (using trade name Pay Ease).

At inception of the original contract, Pay Ease identified both WBE and MBE partners with contract participation goals of 5% and 25% respectively. Pay Ease has satisfied the WBE goal with partner Advotek and well exceeded its goal with MBE partner PCG International.

Our WBE partner was contracted to provide equipment that was required at the initial installation of the Pay Ease contract with the City of Chicago. As Pay Ease now seeks an extension of the existing contract, no new equipment will be required from Advotek. Pay Ease continues to maintain a very close and productive relationship with MBE partner PCG Intl and expects to again exceed its MBE goal during the requested extension period.

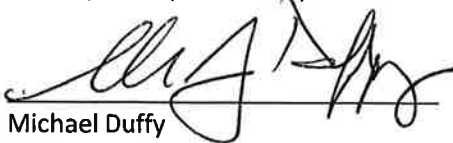
Pay Ease is a small local business with four fulltime employees and has only one direct subcontractor need for Armored Car Service. Internally, Pay Ease provides hardware maintenance for the contract as well as consumables like receipt paper. MBE partner PCG Intl provides Pay Ease with compliance management consulting. Internally, the hardware service is performed by a highly experienced employee with 12 years in supporting our proprietary equipment.

Pay Ease has no services to contract with a WBE directly or indirectly at this time. To seek a WBE partner to provide small items like the consumables would be impractical for Pay Ease and not meaningful to the WBE partner and contract. Pay Ease has requested the assistance of the Woman's Business and Development Center in identifying a potential WBE Armored Car partner and will exhaust all efforts to identify a candidate prior to the beginning of the requested extension period, January 1, 2015.

Should Pay Ease fail to identify a suitable WBE Armored Car partner, we request the WBE goal to be waived for the duration of the requested extension period.

Pay Ease is a proud vendor to the City of Chicago and proud supporter of the City's efforts to support WBE/MBE/DBE businesses and professionals.

Thank you very much for your consideration,



Michael Duffy
CEO
P-E Acquisition Holdings, LLC

Vendor Information

Business Name Securatex, Ltd.
Owner Patricia J. DuCanto
Address Two Trans Am Plaza Drive, Suite 150
> [Map This Address](#) Oak Brook Terrace, IL 60181-5209
Phone 630-317-8980 Ext. 113
Fax 630-317-8997
Email pducanto@securatex.com
Website www.securatex.com

Certification Information

Certifying Agency City of Chicago
Certification Type WBE - Women Business Enterprise
Certification Date 8/20/2014
Renewal/Anniversary Date 8/15/2015
Expiration Date 8/15/2019
Certified Business Description
NAICS 561612 Guard services
NAICS 561612 Parking security services
NAICS 561612 Patrol services, security
NAICS 561612 Personal protection services (except security systems services)
NAICS 561612 Property protection services (except armored car, security systems)
NAICS 561612 Protection services (except armored car, security systems), personal or property
NAICS 561612 Protective guard services
NAICS 561612 Security guard services
NAICS 561612 Security patrol services

Commodity Codes

NAICS 561612 Guard services ([More](#))
NAICS 561612 Parking security services ([More](#))
NAICS 561612 Patrol services, security ([More](#))
NAICS 561612 Personal protection services (except security systems services) ([More](#))
NAICS 561612 Property protection services (except armored car, security systems) ([More](#))
NAICS 561612 Protection services (except armored car, security systems), personal or property ([More](#))
NAICS 561612 Protective guard services ([More](#))
NAICS 561612 Security guard services ([More](#))
NAICS 561612 Security patrol services ([More](#))

[Customer Support](#)

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Vendor Information

Business Name Digby's Detective & Security Agency, Inc.
Owner Christine Digby
Address 2630 South Wabash Avenue
> [Map This Address](#) Chicago, IL 60616-2825
Phone 312-326-1100
Fax 312-326-4991
Email info@digbysecurity.com
Website www.digbysecurity.com

Certification Information

Certifying Agency City of Chicago
Certification Type WBE - Women Business Enterprise
Certification Date 8/30/2013
Renewal/Anniversary Date 8/1/2014
Expiration Date 8/1/2015
Certified Business Description NAICS 561612 Parking security services
NAICS 561612 Property protection services (except armored car, security systems)
NAICS 561612 Security guard services
NAICS 561621 Alarm systems sales combined with installation, repair, or monitoring services

Commodity Codes

NAICS 561612 Parking security services ([More](#))
NAICS 561612 Property protection services (except armored car, security systems) ([More](#))
NAICS 561612 Security guard services ([More](#))
NAICS 561621 Alarm systems sales combined with installation, repair, or monitoring services ([More](#))

P-E ACQUISITION HOLDINGS LLC

RETURN RECEIPT REQUESTED

September 23, 2014

Re: Specification 39429

Description: Automated Bill Payment Kiosks

Cynthia Johnson
Director of Established Business Services
Women's Business Development Center
8 South Michigan Ave., Suite 400
Chicago, IL 60603

Dear Ms. Johnson:

Pay Ease LLC intends to submit a bid/proposal to extend the above referenced specification with the City of Chicago. A response is due October 5, 2014 with the City of Chicago.

The following areas have been identified for subcontracting opportunities on both a direct and indirect basis:

1. Armored Car Service

Our efforts to identify potential subcontractors have not been successful in order to meet the Disadvantaged/Minority/Women Business Enterprise contract goal. **Due to the inability to identify an appropriate DBE/MBE/WBE firm certified by the City of Chicago to participate as a subcontractor or joint venture partner, a request for the waiver of the contract goals will be submitted.** If you are aware of such a firm, please contact Michael Duffy at 312-291-4800 within (10) ten working days of receipt of this letter.

Under the City of Chicago's MBE/WBE/DBE Ordinance, your agency is entitled to comment upon this waiver request to the City of Chicago. Written comments may be directed within fifteen (15) working days of your receipt of this letter to:

Monica Jimenez, Deputy Procurement Officer
Department of Procurement Services
City of Chicago
121 North La Salle Street, Room 403
Chicago, Illinois 60602

If you wish to discuss this matter, please contact the undersigned at 312-291-4800.

Sincerely,



Michael Duffy
CEO
P-E Acquisition Holdings, LLC