

JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT

COMPLETE THIS SECTION IF NEW CONTRACT

For contract(s) in this request, answer applicable questions in each of the 4 major subject areas below in accordance with the Instructions for Preparation of Non-Competitive Procurement Form on the reverse side.

Request that negotiations be conducted only with Huron Consulting Group for the product and/or services described herein. (Name of Person or Firm)

This is a request for X (One-Time Contractor Requisition # _____ copy attached) or _____ Term Agreement orDelegate Agency (Check one). If Delegate Agency, this request is for "blanket approval" of all contracts within the

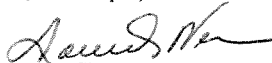
(Program Name) (Attach List) Pre-Assigned Specification No. _____
Pre-Assigned Contract No. _____

COMPLETE THIS SECTION IF AMENDMENT OR MODIFICATION TO CONTRACT

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, as applicable. Attach copy of all supporting documents. Request approval for a contract amendment or modification to the following:

Contract # _____ Company or Agency Name: Huron Consulting Group
Specification #: _____ Contractor Program Description: Consulting Services
Mod. # _____ (Attach List, if multiple)

Lourdes Nur 744-9821
Originator Name Telephone


Signature

Procurement Services May 17, 2005
Department Date

PROCUREMENT HISTORY

The Department of Procurement Services (DPS) met with various consulting firms to explore expertise in government procurement. A select number of firms offer specialized procurement consulting. Huron Consulting Group offers the type of experience and a wealth of knowledge in the development and implementation of strategic procurement initiatives and best practices in the public and private sectors. Huron offers the "Thought Leadership Center", a proprietary collection of information associated with the implementation of procurement best practices. Access to the Thought Leadership Center will afford DPS information necessary for the rapid and effective implementation of procurement strategies geared towards streamlining the procurement processes at DPS, adopting best practices, adding value to the process, and realizing savings for the City of Chicago.

DPS has not, in the past, engaged a firm with this type of expertise. No contract or procurement history exists.

ESTIMATED COST

The fee for the services, including all reimbursable expenses, is \$50,000. The fee is based on the attached proposal from Huron Consulting Group.

SCHEDULE REQUIREMENTS


The services will be completed in approximately four to five weeks. Due to budget constraints in the City, these services are required within a short timeframe in order to implement innovative strategies that may translate into reduced cost for goods and services normally procured by the City.

EXCLUSIVE OR UNIQUE CAPABILITY

The Thought Leadership Center is a collection of proprietary information. No other company offers this resource.

OTHER

Due to the limited scope and number of personnel required to perform the services, there may not be opportunity for direct M/WBE participation, however, Huron has been asked to propose indirect participation.

APPROVED BY:  5-17-05 _____
DEPARTMENT HEAD OR DESIGNEE DATE BOARD CHAIRPERSON DATE

INSTRUCTIONS FOR PREPARATION OF NON-COMPETITIVE PROCUREMENT FORM (Rev. 5/04)

If a City Department has determined that the purchase of supplies, equipment, work and/or services can not be done on a competitive basis, a sole source justification must be prepared on this "Justification for Non-Competitive Procurement Form" in which procurement is requested on a non-bid or non-competitive basis in accordance with 65 ILCS 5/8-1 0-4 of the Illinois Compiled Statutes. All applicable questions in each Subject Area below must be answered. 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. Also attach a complete CPAC Project Checklist, and any other required forms (see **Qth~ #1**, below). The Board will not consider justifications with incomplete information documentation

PROCUREMENT HISTORY (INCLUDING FUTURE PROCUREMENT OBJECTIVES)

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 notices and list of sources contacted)
4. Describe all research done to find other sources. (List other cities contacted, companies in the industry contacted, professional organizations, periodicals and other publications used).
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, why not?

ESTIMATED COST

1. What is the estimated cost for this requirement (or for each contract, if multiple awards contemplated)? What is the funding source?
2. What is the estimated cost by fiscal year, if the job project program covers multiple years?
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, other factors make this person or firm exclusively or uniquely qualified for the project. Attach copy of cost proposal and scope of services.
2. Does the proposed firm have personnel considered unquestionably predominant in the particular field?
3. What prior experience of a highly specialized nature does the person or firm exclusively possess that is vital to the job, projector 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, projector 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, etc. possess. Is compatibility with existing equipment critical from an operational standpoint?

Explain why.

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.

OTHER

1. Explain other related considerations and attach all applicable supporting documents (an approved Information Technology Strategy Committee (ITSC) form, an approved Request for Individual Contract Services form, etc.)
2. Explain what opportunities of direct/indirect involvement of Minority or Women Business Enterprises have been discussed and/or are available on this contract.

REVIEW AND APPROVAL

This form must be signed by both the Originator of the request and approved by the Department Head or authorized designee. After review and final disposition from the Board this form will be stamped to indicate the final disposition and signed by the Chairperson of the Board of authorized designee



May 3, 2005

Mary Dempsey
Interim Purchasing Chief
Department of Procurement Services
City Hall, Room 403
121 North LaSalle Street
Chicago, Illinois 60602

✓ Lourdes Nur
Managing Deputy Procurement Officer
Department of Procurement Services
City Hall, Room 403
121 North LaSalle Street
Chicago, Illinois 60602

Dear Mary and Lourdes,

I am pleased to present this proposal on behalf of Huron Consulting Services LLC ("Huron") to provide The City of Chicago ("Client") with a pilot project to assess your Contract Administration - Commodities Group. Huron is making an investment in this proposal, in hopes of initiating a lasting relationship with the City.

Objectives and Scope

We understand that the objectives of this engagement are to assist City of Chicago Procurement Services to:

(1) Review the process, organization, and strategy of the current Contract Administration Group; (2) Identify the strengths, weaknesses, industry best practices, and opportunities for the department; and (3) Define roles, responsibility, goals, and appropriate training plan for the department and its professionals. Huron will leverage its proprietary information to perform this high-level assessment, based on its knowledge base of Procurement Services, including both assessment and implementation of cross-industry Procurement organizations and implementation of Strategic Sourcing programs.

Our work will be completed in accordance with the procedures outlined under the caption "Our Services" below. If, during the course of our engagement, we mutually agree that we should pursue a significant new objective, the Engagement Letter (and fee) will be amended to include the additional objective.

Our Services

Our services will consist of reviewing the organization, identifying its strengths and weaknesses, defining roles, responsibilities and goals, and identifying opportunities for process improvement. The high-level assessment will consist of reviewing existing process documentation, conducting interviews with key personnel, analyzing best practices, designing the future state, and developing the associated implementation plans. We will present our summarized findings and recommendations to your management team. Huron will rely heavily on its proprietary knowledge base of procurement process and contract negotiation best practices in our analysis of current and desired state.

We will work together with you to initiate the process of developing an information request relating to the specific objectives we outlined above. To the extent information is not readily available, we will share the responsibility of gathering the required data with you. This will be accomplished through review of key documents and observation and brief interviews of personnel.

Project deliverables may include elements of the following, however, the deliverable for each area will be customized (depending upon techniques employed for a given activity):

Document Contract Administration/Commodities Current State (4-8 pages)

- Conduct brief interviews of personnel to assess skill sets, processes, training needs, functional use of systems
- Brief summary of observations and current processes

Gaps & Opportunity Identification (5-10 pages)

- Summarize industry best practices
- Identify improvement opportunities
- Provide accountability measures/performance evaluation standards by function within unit

Define roles, responsibilities, and goals of department (5-10 pages)

- Use Huron's proprietary Thought Leadership Center[®] knowledge base to define best practice skill sets, and training guidelines for department positions
- Create and document goals of Contract Administration/Commodities department

Process Improvement Recommendations (3-4 pages)

- Summary of improvement recommendations

We will not be auditing any financial statements or performing attest procedures with respect to information in conjunction with this engagement. Our services are not designed, nor should they be relied upon, to disclose weaknesses in internal controls, financial statement errors, irregularities, illegal acts or disclosure deficiencies.

Approach

We will complete this engagement using the following approach:

- Review existing documentation and data
- Interview key members of management
- Document current state
- Review Huron proprietary Thought Leadership Center[®] knowledge base to research/assess industry best practices
- Summarize and present findings

Your Responsibilities

In connection with our provision of services, you will perform the tasks, furnish the personnel, provide the resources, and undertake the responsibilities specified below.

You will designate an employee or employees within your senior management who will make or obtain

all management decisions with respect to this engagement on a timely basis. You also agree to ensure that all assumptions set forth below are accurate and to provide us with such further information we may need and which we can rely on to be accurate and complete. You also agree to cause all levels of your employees and contractors to cooperate fully and timely with us. We will be entitled to rely on all of your decisions and approvals and we will not be obligated to evaluate, advise on, confirm, or reject such decisions and approvals.

To help maximize the value of our work to you and to keep the project moving on schedule, you agree to comply with all reasonable requests and to provide us timely access to all information and locations reasonably necessary to our performance of the services.

Specifically, you will be responsible for the following:

- Provision of accurate and complete information to us
- Designation of overall Project/Sponsor/Champion
- Reasonable support and access to clerical staff
- Reasonable access to available information including ad hoc reports, electronic files as necessary, certification documentation, and internal reports
- Provision of your resources, personnel and assistance as reasonably requested by us
- Project priority set at high level by Project Sponsor for all involved
- Availability of managers, directors and other personnel to facilitate results in a timely manner
- Agreed-upon workspace.

The successful delivery of our services, and the fees charged, are dependent on (i) your timely and effective completion of your responsibilities, (ii) the accuracy and completeness of any assumptions, and (iii) timely decisions and approvals by your management. You will be responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in the assumptions or in carrying out your responsibilities.

Consulting Staffing

It is anticipated that 4-5 consultants will staff the project. Subject to availability these will include Dale Dreischarf, John Hutchinson, Pam Schilling, and Loren Trimble. Dreischarf, an experienced consultant with 30 years of work experience, will be the primary on site consulting resource. Hutchinson, Schilling, and Trimble will provide oversight and Thought Leadership Center[®] support on an ongoing basis. High-level profiles follow.

Dale Dreischarf is a Manager in Huron's Strategic Sourcing Practice, with thirty years of industry and consulting experience. His clients include companies in the Banking, Higher Education, Technology and Oil & Gas industries focusing on creating long-term sustainable savings. In his earlier work he focused on urban market area and demographic analysis primarily in the Chicago metropolitan area. In this roll he managed documentation for Continental Bank's Neighborhood Investment Program and compliance in its Community Reinvestment Act Program. Recently he has returned to the public sector consulting at major universities.

John Hutchinson is a Director in Huron's Strategic Sourcing practice. He has experience with Fortune 1000 public companies, private companies, and public sector organizations in a variety of industries. John has led and managed several comprehensive nonsalary cost reduction engagements. John has also served in interim management roles leading both in-house and outsourced client procurement departments.



Pam Schilling is a Director in Huron Consulting Group's Strategic Sourcing practice and leads the Thought Leadership Center. She has more than 12 years of consulting and corporate finance experience in various industries including manufacturing, professional services, public transportation, retail, software, technology, and telecommunications. Pam has helped companies in the areas of financial management, project implementation, operations design, product development, strategic planning, and organizational turnaround.

Loren Trimble is the Group Managing Director in charge of Huron Consulting Group's Strategic Sourcing practice with over 20 years of experience delivering value for his clients. Loren has extensive experience with Fortune 200 public companies, private companies and public sector organizations in a variety of industries. Previously a partner with Arthur Andersen's Strategic Sourcing Practice, he has been solely focused on strategic sourcing for 14 years with an emphasis on increasing net income without reducing headcount. He uses nonsalary specific methodologies, tools and techniques such as sourcing skills, change management, data mining, and others.

Fees and Expenses

Based upon the level of complexity and urgency of need for our services, our professional fees for the scope of Services described in this Engagement Letter will be a fixed fee of \$50,000. We will not charge for out of pocket expenses. This effort is expected to take approximately 4 to 5 weeks, beginning immediately. Huron will invoice the City of Chicago for the \$50,000 fee at the end of week one (Exhibit 1). In anticipation of taking the first step towards a lasting relationship with the City of Chicago, Huron extends this pricing which represents a significant reduction from its normal fee schedule.

The fee described in the paragraph above is for the scope as stated in this engagement letter. Any expansion of scope will result in an additional fee to be mutually agreed to by both parties.

Should any invoice remain unpaid for more than 30 days, interest shall be paid at a rate of 1.5% per month.

We understand that our bills should be sent to:

Mary Dempsey
Interim Purchasing Chief
Department of Procurement Services
City Hall, Room 403
121 North LaSalle Street
Chicago, Illinois 60602
Phone: 312-742-9468



Any changes in scope or in fees including project extensions or additions must be documented in an amendment signed by both parties and neither party shall be obligated to implement any change until such amendment is signed by both parties. Changes will result in appropriate adjustments to fees.

Any written work product or deliverables we prepare for you (including business cases and action plans) are to be used solely by you for purposes of this engagement and may not be published or used for any other purpose or shared with affiliated entities or third parties without our written permission. If an affiliated entity of yours would like to utilize the work product, an appropriate fixed fee for use will be determined.



Business Terms

The attached General Business Terms apply to this engagement.

* * * * *

Please indicate your agreement with these terms by signing and returning to me the enclosed copy of this letter. We appreciate the opportunity to be of service to you and look forward to working with you on this engagement.

Sincerely,

HURON CONSULTING SERVICES LLC

By: Loren J. Trimble

Attachments: General Business Terms

Acknowledged and Accepted:

City of Chicago

By: _____

Title: _____

Date: _____



Exhibit 1
Billing Schedule

Week	Amount Due ¹
1	\$50,000
2	0
3	0
4	0

Note:

¹ Out-of-pocket expenses will not be billed