

**CONTINUATION OF SUMMARY EXPLANATION AND BACKGROUND**

The spending authorization under ITB 16-021T was awarded for \$7,500,000 on October 20, 2015, and was intended to cover expenditures for a three (3) year bid term. However, the bid term was amended to one (1) year with four (4) additional one-year renewals. To date, this contract has issued purchase orders in the amount of \$881,872. The average monthly spending under this contract is \$110,234 per month, which provides an estimated financial spend of approximately \$1,322,808 for an additional one-year period.

It is recommended that the award amount be reduced from \$7,500,000 to \$3,200,000. Due to the reduction of the original contract term. The new recommended spending authority includes:

- Spend that has taken place since the ITB commenced on January 1, 2016.
- Estimated forecasted spend for the remaining four (4) months of the current contract term.
- The estimated forecasted spend for the additional one-year period.

Provided below is a breakdown on how the new recommended spending authority was determined:

Estimated forecasted spend for twelve (12) months:	\$110,234 x 12= \$ 1,322,808
Estimated forecasted spend for remaining four (4) months:	\$110,234 x 4= <u>\$ 440,936</u>
<b>Total estimated forecasted spend for sixteen (16) months:</b>	<b>\$ 1,763,744</b>
Total estimated financial spend for sixteen (16) months:	\$ 1,763,744
Current Purchase Order (PO) expenditures against Bid 16-021T:	<u>\$ 881,872</u>
<b>Total for estimated forecasted spend and current PO expenditures:</b>	<b>\$ 2,645,616</b>
Total for estimated forecasted spend and current PO expenditures:	\$ 2,645,616
**Contingency to cover miscellaneous expenses:	<u>\$ 554,384</u>
<b>Total for new spending authority:</b>	<b>\$ 3,200,000</b>

\*About twenty percent (20%) is set aside as contingency to cover annual growth in school sites, emergency services, and miscellaneous work requested by the schools.