

SPECIAL CONDITIONS REGARDING MINORITY OWNED BUSINESS ENTERPRISE COMMITMENT, WOMEN OWNED BUSINESS ENTERPRISE COMMITMENT, AND VETERAN OWNED BUSINESS ENTERPRISE COMMITMENT IN CONSTRUCTION CONTRACTS

I. Policy and Terms

As set forth in 2-92-650 *et seq.* of the Municipal Code of Chicago (MCC) it is the policy of the City of Chicago that businesses certified as Minority-owned Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in accordance with Section 2-92-420 *et seq.* of the MCC and Regulations Governing Certification of Minority and Women-owned Businesses, and all other Regulations promulgated under the aforementioned sections of the Municipal Code, as well as MBEs and WBEs certified by Cook County, Illinois, shall have full and fair opportunities to participate fully in the performance of this contract. Therefore, bidders shall not discriminate against any person or business on the basis of race, color, national origin, or sex, and shall take affirmative actions to ensure that MBEs and WBEs shall have full and fair opportunities to compete for and perform subcontracts for supplies or services.

Under the City's MBE/WBE Construction Program as set forth in MCC 2-92-650 *et seq.*, the program-wide aspirational goals are 26% Minority Owned Business Enterprise participation and 6% Women Owned Business Enterprise participation.

Pursuant to Section 2-92-955 of the Municipal Code of Chicago, the Chief Procurement Officer is authorized to establish a contract-specific participation goal to veteran-owned small local businesses certified by the City (VBEs) if the contract has an estimated value in excess of \$10,000, and there are least three VBEs in each of one or more areas of specialty germane to the contract, and the contract-specific goal is not more than 1% of the contract's value.

Pursuant to MCC 2-92-535, the prime contractor may apply be awarded an additional 0.5 percent credit, up to a maximum of a total of 5 percent additional credit, for every 1 percent of the value of a contract self-performed by MBEs or WBEs, or combination thereof, that have entered into a mentoring agreement with the contractor or subcontractor-to-subcontractor mentoring agreement. This up to 5% may be applied to the Contract Specific Goals, or it may be in addition to the Contract Specific Goals.

As provided in Section 2-92-720(e), Diversity Credit Program credits awarded by the City's affirmative action advisory board may also be applied to the contract specific goals.

Failure to carry out the commitments and policies set forth herein shall constitute a material breach of the contract and may result in the termination of the contract or such remedy as the City of Chicago deems appropriate.

Contract Specific Goals and Bids

A bid may be rejected as non-responsive if it fails to submit one or more of the following with its bid demonstrating its good faith efforts to meet the Contract Specific Goals by reaching out to MBEs, WBEs, and VBEs to perform work on the contract:

- A. An MBE/WBE compliance plan demonstrating how the bidder plans to meet the Contract Specific Goals (Schedule D);
- B. A VBE compliance plan demonstrating how the bidder plans to meet the VBE Contract Specific Goals (Schedule D-V); and/or
- C. Documentation of Good Faith Efforts (Schedule H).

If a bidder's compliance plan falls short of the Contract Specific Goals, the bidder must include either a Schedule H demonstrating that it has made Good Faith Efforts to find MBE, WBE, and VBE firms to participate or a request for a reduction or waiver of the goals.

Accordingly, the bidder or contractor commits to make good faith efforts to expend at least the following percentages of the total contract price (inclusive of any and all modifications and amendments), if awarded the contract:

MBE Contract Specific Goal: [SEE BOOK 2]
WBE Contract Specific Goal: [SEE BOOK 2]
VBE Contract Specific Goal: [SEE BOOK 2]

This Contract Specific Goal provision shall supersede any conflicting language or provisions that may be contained in this document.

For purposes of evaluating the bidder's responsiveness, the MBE, WBE, and VBE Contract Specific Goals shall be percentages of the bidder's total base bid. However, the MBE, WBE, and VBE Contract Specific Goals shall apply to the total value of this contract, including all amendments and modifications.

Contract Specific Goals and Contract Modifications

1. The MBE, WBE, and VBE Contract Specific Goals established at the time of contract bid shall also apply to any modifications to the Contract after award. That is, any additional work and/or money added to the Contract must also adhere to these Special Conditions requiring Contractor to (sub)contract with MBEs, WBEs, and VBEs to meet the Contract Specific Goals.
 - a. Contractor must assist the Construction Manager or user Department in preparing its "proposed contract modification" by evaluating the subject matter of the modification and determining whether there are opportunities for MBE, WBE, or VBE participation and at what rates.
 - b. Contractor must produce a statement listing the MBEs/WBEs/VBEs that will be utilized on any contract modification. The statement must include the percentage of utilization of the firms. If no MBE/WBE/VBE participation is available, an explanation of good faith efforts to obtain participation must be included.
2. The Chief Procurement Officer shall review each proposed contract modification and amendment that by itself or aggregated with previous modification/amendment requests, increases the contract value by ten percent (10%) of the initial award, or \$50,000, whichever is less, for opportunities to increase the participation of MBEs or WBEs already involved in the Contract.

II. Definitions

“Area of Specialty” means the description of a MBE’s, WBE’s, or VBE’s activity that has been determined by the Chief Procurement Officer to be most reflective of the firm’s claimed specialty or expertise. Each MBE, WBE, and VBE letter of certification contains a description of the firm’s Area of Specialty. Credit toward the Contract Specific Goals shall be limited to the participation of firms performing within their Area of Specialty. The Department of Procurement Services does not make any representation concerning the ability of any MBE, WBE, or VBE to perform work within its Area of Specialty. It is the responsibility of the bidder or contractor to determine the capability and capacity of MBEs, WBEs, and VBEs to perform the work proposed.

“Broker” means a person or entity that fills orders by purchasing or receiving supplies from a third party supplier rather than out of its own existing inventory and provides no commercially useful function other than acting as a conduit between his or her supplier and his or her customer.

“Chief Procurement Officer” or “CPO” means the chief procurement officer of the City of Chicago or his or her designee.

“Commercially Useful Function” means responsibility for the execution of a distinct element of the work of the contract, which is carried out by actually performing, managing, and supervising the work involved, evidencing the responsibilities and risks of a business owner such as negotiating the terms of (sub)contracts, taking on a financial risk commensurate with the contract or its subcontract, responsibility for acquiring the appropriate lines of credit and/or loans, or fulfilling responsibilities as a joint venture partner as described in the joint venture agreement.

“Construction Contract” means a contract, purchase order or agreement (other than lease of real property) for the construction, repair, or improvement of any building, bridge, roadway, sidewalk, alley, railroad or other structure or infrastructure, awarded by any officer or agency of the City, other than the City Council, and whose cost is to be paid from City funds.

“Contract Specific Goals” means the subcontracting goals for MBE, WBE, and VBE participation established for a particular contract.

“Contracting Equity Officer” means the Contracting Equity Officer of the Office of Contracting Equity.

“Contractor” means any person or business entity that has entered into a construction contract with the City, and includes all partners, affiliates and joint ventures of such person or entity.

“Directory” means the Directory of Certified Firms maintained and published by the Chief Procurement Officer. The Directory identifies firms that have been certified as MBEs, WBEs, and VBEs, and includes the date of their last certifications and the areas of specialty in which they have been certified. Bidders and contractors are responsible for verifying the current certification status of all proposed MBE, WBE, and VBE firms.

“Good Faith Efforts” means actions undertaken by a bidder or contractor to achieve a Contract Specific Goal that, by their scope, intensity, and appropriateness to the objective, can reasonably be expected to fulfill the program’s requirements.

“Joint venture” means an association of a MBE, WBE, or VBE firm and one or more other firms to carry out a single, for-profit business enterprise, for which each joint venture partner contributes property, capital, efforts, skills and knowledge, and in which the MBE, WBE, or VBE is responsible for a distinct, clearly defined portion of the work of the contract and whose share in the capital contribution, control, management, risks, and profits of the joint venture are commensurate with its ownership interest.

"Mentor-Protégé Agreement" means an agreement between a prime and MBE or WBE subcontractor (“Mentoring Agreement”), or an agreement between a prime’s subcontractor and MBE or WBE subcontractor (“Subcontractor-to-Subcontractor Mentoring Agreement”), pursuant to MCC 2-92-535, that is approved by the City of Chicago and complies with all requirements of MCC 2-92-535 and any rules and regulations promulgated by the Chief Procurement Officer.

“Minority-owned Business Enterprise” or “MBE” means a firm awarded certification as a small, local minority owned and controlled business in accordance with City Ordinances and Regulations as well as a firm awarded certification as an MBE by Cook County, Illinois. However, it does not mean a firm that has been found ineligible or which has been decertified by the City or Cook County.

“Supplier” or “Distributor” refers to a company that owns, operates, or maintains a store, warehouse or other establishment in which materials, supplies, articles or equipment are bought, kept in stock and regularly sold or leased to the public in the usual course of business. A regular distributor or supplier is a firm that owns, operates, or maintains a store, warehouse, or other establishment in which the materials or supplies required for performance of the Contract are bought, kept in stock, and regularly sold to the public in the usual course of business. To be a regular distributor the firm must engage in, as its principal business and in its own name, the purchase and sale of the products in question. A regular distributor in such bulk items as steel, cement, gravel, stone, and petroleum products need not keep such products in stock if it owns or operates distribution equipment.

“Veteran-owned Business Enterprise” or “VBE” means a firm awarded certification as a veteran-owned small local business in accordance with the City ordinances and Regulations. It does not mean a firm that has been found to be ineligible or which has been decertified by the City.

“Women Business Enterprise” or “WBE” means a firm awarded certification as a small, local women owned and controlled business in accordance with City Ordinances and Regulations as well as a firm awarded certification as a WBE by Cook County, Illinois. However, it does not mean a firm that has been found ineligible or which has been decertified by the City or Cook County.

III. Joint Ventures

The formation of joint ventures to provide MBEs, WBEs, and VBEs with capacity and experience at the prime contracting level, and thereby meet Contract Specific Goals (in whole or in part) is encouraged. A joint venture for MBE or WBE credit may consist of any combination of MBEs, WBEs, and non-certified firms as long as one member is an

MBE or WBE. A joint venture for VBE credit may consist of any combination of VBEs and non-certified firms as long as one member is a VBE.

A. The joint venture may be eligible for credit towards the Contract Specific Goals only if:

1. The MBE, WBE, or VBE joint venture partner's share in the capital contribution, control, management, risks and profits of the joint venture is equal to its ownership interest;
2. The MBE, WBE, or VBE joint venture partner is responsible for a distinct, clearly defined portion of the requirements of the contract for which it is at risk;
3. Each joint venture partner executes the bid to the City; and
4. The joint venture partners have entered into a written agreement specifying the terms and conditions of the relationship between the partners and their relationship and responsibilities to the contract, and all such terms and conditions are in accordance with the conditions set forth in Items 1, 2, and 3 above in this Paragraph A.

B. The Contracting Equity Officer shall evaluate the proposed joint venture agreement, the Schedule B submitted on behalf of the proposed joint venture, and all related documents to determine whether these requirements have been satisfied. The Contracting Equity Officer shall also consider the record of the joint venture partners on other City of Chicago contracts. The decision of the Contracting Equity Officer regarding the eligibility of the joint venture for credit towards meeting the Contract Specific Goals, and the portion of those goals met by the joint venture, shall be final.

The joint venture may receive MBE or WBE credit for work performed by the MBE or WBE joint venture partner(s) or VBE credit for work performed by VBE joint venture partners equal to the value of work performed by the MBE or WBE with its own forces for a distinct, clearly defined portion of the work.

Additionally, if employees of the joint venture entity itself (as opposed to employees of the MBE, WBE, or VBE partner) perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE, WBE, or VBE firm's percentage of participation in the joint venture as described in Schedule B.

The Contracting Equity Officer may also count the dollar value of work subcontracted to other MBEs, WBEs, and VBEs. Work performed by the forces of a non-certified joint venture partner shall not be counted toward the Contract Specific Goals.

C. Schedule B: MBE/WBE/VBE Affidavit of Joint Venture

Where the bidder's Compliance Plan includes the participation of any MBE, WBE, or VBE as a joint venture partner, the bidder must submit with its bid the appropriate Schedule B and the proposed joint venture agreement. These documents must both clearly evidence that the MBE, WBE, or VBE joint venture partner(s) will be responsible for a clearly defined portion of the work to be performed, and that the MBE's, WBE's, or

VBE's responsibilities and risks are proportionate to its ownership percentage. The proposed joint venture agreement must include specific details related to:

1. The parties' contributions of capital, personnel, and equipment and share of the costs of insurance and bonding;
2. Work items to be performed by the MBE's, WBE's, or VBE's own forces and/or work to be performed by employees of the newly formed joint venture entity;
3. Work items to be performed under the supervision of the MBE, WBE, or VBE joint venture partner; and
4. The MBE's, WBE's, or VBE's commitment of management, supervisory, and operative personnel to the performance of the contract.

NOTE: Vague, general descriptions of the responsibilities of the MBE, WBE, or VBE joint venture partner do not provide any basis for awarding credit. For example, descriptions such as "participate in the budgeting process," "assist with hiring," or "work with managers to improve customer service" do not identify distinct, clearly defined portions of the work. Roles assigned should require activities that are performed on a regular, recurring basis rather than as needed. The roles must also be pertinent to the nature of the business for which credit is being sought. For instance, if the scope of work required by the City entails the delivery of goods or services to various sites in the City, stating that the MBE, WBE, or VBE joint venture partner will be responsible for the performance of all routine maintenance and all repairs required to the vehicles used to deliver such goods or services is pertinent to the nature of the business for which credit is being sought.

IV. Counting MBE, WBE, and VBE Participation Towards the Contract Specific Goals

Refer to this section when preparing the MBE/WBE and VBE compliance plans and completing Schedule D-1 and D-V for guidance on what value of the participation by MBEs, WBEs, and VBEs will be counted toward the stated Contract Specific Goals. The "Percent Amount of Participation" depends on whether and with whom an MBE, WBE, or VBE subcontracts out any portion of its work and other factors.

Firms that are certified as both MBE and WBE, MBE and VBE, WBE and VBE, or any combination thereof may only be listed on a bidder's compliance plan as either a MBE, WBE, or a VBE to demonstrate compliance with the Contract Specific Goals. For example, a firm certified as both a MBE and a WBE may only listed on the bidder's compliance plan under one of the categories, but not both. Additionally, if a firm that is certified as both a MBE and a WBE, MBE and VBE, WBE and VBE or any combination thereof could not self-perform 100% of a contract, it would have to show good faith efforts to meet the Contract Specific Goals by including in its compliance plan work to be performed by another MBE, WBE, or VBE firm, depending on which certification that dual-certified firm chooses to count itself as.

- A. Only expenditures to firms that perform a **Commercially Useful Function** as defined above may count toward the Contract Specific Goals.

1. The Contracting Equity Officer will determine whether a firm is performing a commercially useful function by evaluating the amount of work subcontracted, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing and the credit claimed for its performance of the work, industry practices, and other relevant factors.
 2. A MBE, WBE, or VBE does not perform a commercially useful function if its participation is only required to receive payments in order to obtain the appearance of MBE, WBE, or VBE participation. The Contracting Equity Officer may examine similar commercial transactions, particularly those in which MBEs, WBEs, or VBEs do not participate, to determine whether non-MBE, non-WBE, and non-VBE firms perform the same function in the marketplace to make a determination.
- B. Only the value of the dollars paid to the MBE, WBE, or VBE firm for work that it performs in its **Area of Specialty** in which it is certified counts toward the Contract Specific Goals.

Only payments made to MBE, WBE, and VBE firms that meet BOTH the Commercially Useful Function and Area of Specialty requirements above will be counted toward the Contract Specific Goals.

- C. If the MBE, WBE, or VBE performs the work itself:
1. 100% of the value of work actually performed by the MBE's, WBE's, or VBE's own forces shall be counted toward the Contract Specific Goals, including the cost of supplies purchased or equipment leased by the MBE, WBE, or VBE from third parties or second tier subcontractors in order to perform its (sub)contract with its own forces. 0% of the value of work at the project site that a MBE, WBE, or VBE subcontracts to a non-certified firm counts toward the Contract Specific Goals
- D. If the MBE, WBE, or VBE is a manufacturer:
1. 100% of expenditures to an MBE, WBE, or VBE manufacturer for items needed for the Contract shall be counted toward the Contract Specific Goals. A manufacturer is a firm that operates or maintains a factory or establishment that produces on the premises the materials or supplies obtained by the bidder or contractor.
- E. If the MBE, WBE, or VBE is a distributor or supplier:
1. 60% of expenditures for materials and supplies purchased from an MBE, WBE, or VBE that is certified as a regular dealer or supplier shall be counted toward the Contract Specific Goals.
- F. If the MBE, WBE, or VBE is a broker:
1. 0% of expenditures paid to brokers will be counted toward the Contract Specific Goals.

2. As defined above, Brokers provide no commercially useful function.
- G. If the MBE, WBE, or VBE is a member of the joint venture contractor/bidder:
1. A joint venture may count the portion of the total dollar value of the contract equal to the distinct, clearly defined portion of the work of the contract that the MBE, WBE, or VBE performs with its own forces toward the Contract Specific Goals.
 - i. OR if employees of this distinct joint venture entity perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE, WBE, or VBE firm's percentage of participation in the joint venture as described in Schedule B.
 2. Note: a joint venture may also count the dollar value of work subcontracted to other MBEs, WBEs, and VBEs, however, work subcontracted out to non-certified firms may not be counted.
- H. If the MBE, WBE, or VBE subcontracts out any of its work:
1. 100% of the value of the work subcontracted to other MBEs, WBEs, or VBEs performing work in its Area of Specialty may be counted toward the Contract Specific Goals.
 2. 0% of the value of work that a MBE, WBE, or VBE subcontracts to a non-certified firm counts toward the Contract Specific Goals (except for the cost of supplies purchased or equipment leased by the MBE or WBE from third parties or second tier subcontractors in order to perform its (sub)contract with its own forces as allowed by C.1. above).
 3. The fees or commissions charged by an MBE, WBE, or VBE for providing a *bona fide* service, such as professional, technical, consulting or managerial services or for providing bonds or insurance or the procurement of essential personnel, facilities, equipment, materials or supplies required for performance of the Contract, may be counted toward the Contract Specific Goals, provided that the fee or commission is determined by the Contracting Equity Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.
 4. The fees charged for delivery of materials and supplies required on a job site by an MBE, WBE, or VBE (but not the cost of the materials and supplies themselves) when the hauler, trucker, or delivery service is not also the manufacturer of or a regular dealer in the materials and supplies, may be counted toward the Contract Specific Goals, provided that the fee is determined by the Contracting Equity Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.
 5. The fees or commissions charged by an MBE, WBE, or VBE for providing any bonds or insurance, but not the cost of the premium itself, specifically required for the performance of the Contract, provided that the fee or commission is determined by the Contracting Equity Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.

V. Procedure to Determine Bid Compliance

The following Schedules and requirements govern the bidder's or contractor's MBE/WBE and VBE proposal:

A. Schedule B: MBE/WBE/VBE Affidavit of Joint Venture

1. Where the bidder's Compliance Plan includes the participation of any MBE, WBE, or VBE as a joint venture partner, the bidder must submit with its bid the appropriate Schedule B and the proposed joint venture agreement. See Section III above for detailed requirements.

B. Schedule C: MBE/WBE Letter of Intent to Perform as a Subcontractor or Supplier

The bidder must submit the appropriate Schedule C with the bid for each MBE and WBE included on the Schedule D. Suppliers must submit the Schedule C for Suppliers, first tier subcontractors must submit a Schedule C for Subcontractors to the Prime Contractor and second or lower tier subcontractors must submit a Schedule C for second tier Subcontractors. Each Schedule C must accurately detail the work to be performed by the MBE or WBE and the agreed upon rates/prices. Each Schedule C must also include a separate sheet as an attachment on which the MBE or WBE fully describes its proposed scope of work, including a description of the commercially useful function being performed by the MBE or WBE in its Area of Specialty. If a facsimile copy of the Schedule C has been submitted with the bid, an executed original Schedule C must be submitted by the bidder for each MBE and WBE included on the Schedule D within five (5) business days after the date of the bid opening.

C. Schedule D: Compliance Plan Regarding MBE and WBE Utilization

The bidder must submit a Schedule D with the bid. An approved Compliance Plan is required before a contract may commence.

The Compliance Plan must commit to the utilization of each listed MBE and WBE. The bidder is responsible for calculating the dollar equivalent of the MBE and WBE Contract Specific Goals as percentages of the total base bid. All Compliance Plan commitments must conform to the Schedule Cs.

A bidder or contractor may not modify its Compliance Plan after bid opening except as directed by the Department of Procurement Services to correct minor errors or omissions. Bidders shall not be permitted to add MBEs or WBEs after bid opening to meet the Contract Specific Goals, however, contractors are encouraged to add additional MBE/WBE vendors to their approved compliance plan during the performance of the contract when additional opportunities for participation are identified. Except in cases where substantial, documented justification is provided, the bidder or contractor shall not reduce the dollar commitment made to any MBE or WBE in order to achieve conformity between the Schedule Cs and Schedule D. All terms and conditions for MBE and WBE participation on the contract must be negotiated and agreed to between the bidder or contractor and the MBE or WBE prior to the submission of the Compliance Plan. If a proposed MBE or WBE ceases

to be available after submission of the Compliance Plan, the bidder or contractor must comply with the provisions in Section VII.

D. Letters of Certification

A copy of each proposed MBE's and WBE's Letter of Certification from the City of Chicago or Cook County, Illinois, must be submitted with the bid.

A Letters of Certification includes a statement of the MBE's or WBE's area(s) of specialty. The MBE's or WBE's scope of work as detailed in the Schedule C must conform to its area(s) of specialty. Where a MBE or WBE is proposed to perform work not covered by its Letter of Certification, the MBE or WBE must request the addition of a new area at least 30 calendar days prior to the bid opening.

E. The following Schedules and described documents constitute the bidder's VBE proposal, and must be submitted in accordance with the guidelines stated:

(1) Schedule C-V: Letter of Intent from VBE to Perform as Subcontractor, Supplier and/or Consultant.

The bidder must submit the appropriate Schedule C-V with the bid for each VBE included on the Schedule D-V. Suppliers must submit the Schedule C-V for Suppliers, first tier subcontractors must submit a Schedule C-V for Subcontractors to the Prime Contractor and second or lower tier subcontractors must submit a Schedule C-V for second tier Subcontractors. Each Schedule C-V must be executed by each VBE and accurately detail the work to be performed by the VBE and the agreed upon rates/prices. Each Schedule C must also include a separate sheet as an attachment on which the VBE fully describes its proposed scope of work, including a description of the commercially useful function being performed by the VBE in its Area of Specialty. If a facsimile copy of the Schedule C-V has been submitted with the bid, an executed original Schedule C-V must be submitted by the bidder for each VBE included on the Schedule D-V within five business days after the date of the bid opening.

Failure to submit a completed Schedule C-V in accordance with this section shall entitle the City to deem the bid/proposal non-responsive and therefore reject the bid/proposal.

(2) Letters of Certification.

A copy of each proposed VBE firm's current VBE Letter of Certification from the City must be submitted with the bid/proposal. All VBE Letters of Certification issued by the City of Chicago include a statement of the VBE firm's Area of Specialty. The VBE firm's scope of work, as detailed by their Schedule C-V, must conform to their stated Area of Specialty. Letters of Certification for VBEs that the City has found to be ineligible or decertified will not be accepted.

(3) Schedule B: Affidavit of Joint Venture, and Joint Venture Agreements (if applicable).

If the bidder's VBE proposal includes the participation of a VBE as joint venture on any tier (either as the bidder or as a subcontractor), the bidder must provide a copy

of the joint venture agreement and a Schedule B along with all other requirements listed in Article III, "Joint Ventures," above. In order to demonstrate the VBE partner's share in the ownership, control, management responsibilities, risks and profits of the joint venture, the proposed joint venture agreement must include specific details related to: (1) contributions of capital and equipment; (2) work responsibilities or other performance to be undertaken by the VBE; and (3) the commitment of management, supervisory and operative personnel employed by the VBE to be dedicated to the performance of the contract. The joint venture agreement must also clearly define each partner's authority to contractually obligate the joint venture and each partner's authority to expend joint venture funds (e.g., check signing authority).

(4) Schedule D-V: Required Schedules Regarding VBE Utilization

Bidders must submit, together with the bid, a completed Schedule D-V committing them to the utilization of each listed VBE firm. Except in cases where the bidder has submitted a request for a complete waiver of or variance from the VBE commitment in accordance with the provisions herein, the bidder must commit to the expenditure of a specific dollar amount of participation by each VBE firm included on their Schedule D-V. The total dollar commitment to proposed VBEs must at least equal the VBE goal. Bidders are responsible for calculating the dollar equivalent of the VBE goals as percentages of their total base bids or in the case of Term Agreements, depends upon requirements agreements and blanket agreements, as percentages of the total estimated usage. All commitments made by the bidder's Schedule D-V must conform to those presented in the submitted Schedule C-V. If Schedule C-V is submitted after the opening, the bidder may submit a revised Schedule D-V (executed and notarized to conform with the Schedules C-V). Bidders shall not be permitted to add VBEs after bid opening to meet the Contract Specific Goals, however, contractors are encouraged to add additional VBE vendors to their approved compliance plan during the performance of the contract when additional opportunities for participation are identified. Except in cases where substantial and documented justification is provided, as determined by the Contracting Equity Officer in her sole discretion, bidders will not be allowed to reduce the dollar commitment made to any VBE in order to achieve conformity between the Schedules C-V and D-V.

All commitments for joint venture agreements must be delineated in the Schedule B.

F. Schedule F: Report of Subcontractor Solicitations

A Schedule F must be submitted with the bid, documenting all subcontractors and suppliers solicited for participation on the contract by the bidder. Failure to submit the Schedule F may render the bid non-responsive.

G. Schedule H: Documentation of Good Faith Efforts

1. If a bidder determines that it is unable to meet the Contract Specific Goals, it must document its good faith efforts to do so, including the submission of its Schedule H.

2. If the bidder submits a Compliance Plan indicating that the bidder will meet the Contract Specific Goals, and, after review of the bidder's Compliance plan, the City determines that the bidder has not met the Contract Specific Goals, in full or in part, the bidder must submit its Schedule H no later than three business days after notification by the Chief Procurement Officer of its status as the apparent lowest bidder. Failure to submit a complete Schedule H will cause the bid to be rejected as non-responsive.
3. Documentation must include but is not necessarily limited to:
 - a. A detailed statement of efforts to identify and select portions of work identified in the bid solicitation for subcontracting to MBEs, WBEs, and VBEs;
 - b. A listing of all MBEs, WBEs, and VBEs contacted for the bid solicitation that includes:
 - i. Names, addresses, emails and telephone numbers of firms solicited;
 - ii. Date and time of contact;
 - iii. Person contacted;
 - iv. Method of contact (letter, telephone call, facsimile, electronic mail, etc.).
 - c. Evidence of contact, including:
 - i. Project identification and location;
 - ii. Classification/commodity of work items for which quotations were sought;
 - iii. Date, item, and location for acceptance of subcontractor bids;
 - iv. Detailed statements summarizing direct negotiations with appropriate MBEs, WBEs, and VBEs for specific portions of the work and indicating why agreements were not reached.
 - v. Bids received from all subcontractors.
 - d. Documentation of bidder or contractor contacts with at least one of the Assist Agencies. The current list of Assist Agencies can be found on the DPS website.
- H. Agreements between a bidder or contractor and an MBE, WBE, or VBE in which the MBE, WBE, or VBE promises not to provide subcontracting quotations to other bidders or contractors are prohibited.
- I. Prior to award, the bidder agrees to promptly cooperate with the Department of Procurement Services in submitting to interviews, allowing entry to places of business, providing further documentation, or soliciting the cooperation of a proposed MBE, WBE, or VBE. Failure to cooperate may render the bid non-responsive.
- J. If the City determines that the Compliance Plan contains minor errors or omissions, the bidder or contractor must submit a revised Compliance Plan within five (5) business days after notification by the City that remedies the minor errors or

omissions. Failure to correct all minor errors or omissions may result in the determination that a bid is non-responsive.

- K. No later than three (3) business days after receipt of the executed contract, the contractor must execute a complete subcontract agreement or purchase order with each MBE and WBE listed in the Compliance Plan, and provide copies of each subcontract agreement or purchase order to the Department of Procurement Services upon request.
- L. Any applications for City approval of a Mentor Protégé agreement must be included with the bid. If the application is not approved, the bidder must show that it has made good faith efforts to meet the contract specific goals.

VI. Demonstration of Good Faith Efforts

- A. In evaluating the Schedule H to determine whether the bidder or contractor has made good faith efforts, the performance of other bidders or contractors in meeting the goals may be considered.
- B. The Contracting Equity Officer shall consider, at a minimum, the bidder's efforts to:
 - 1. Solicit through reasonable and available means at least 50% (or at least five when there are more than eleven certified firms in the commodity area) of the appropriate MBE/WBE/VBE firms certified in the anticipated scopes of subcontracting of the contract, as documented by the Schedule H. Bidder must solicit MBEs, WBEs, and VBEs no later than seven days before the date bids are due in order to count the solicitation as part of its good faith efforts showing. The bidder or contractor must take appropriate steps to follow up initial solicitations with interested MBEs, WBEs, or VBEs.
 - 2. Advertise the contract opportunities in media and other venues oriented toward MBEs, WBEs, and VBEs.
 - 3. Provide interested MBEs, WBEs, or VBEs with adequate information about the plans, specifications, and requirements of the contract, including addenda, in a timely manner to assist them in responding to the solicitation.
 - 4. Negotiate in good faith with interested MBEs, WBEs, or VBEs that have submitted bids. That there may be some additional costs involved in soliciting and using MBEs, WBEs, and VBEs is not a sufficient reason for a bidder's failure to meet the Contract Specific Goals, as long as such costs are reasonable.
 - 5. Not reject MBEs, WBEs, or VBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The MBE's, WBE's, or VBE's standing within its industry, membership in specific groups, organizations, or associations and political or social affiliations are not legitimate causes for rejecting or not soliciting bids to meet the Contract Specific Goals.

6. Make a portion of the work available to MBE, WBE, or VBE subcontractors and suppliers and selecting those portions of the work or material consistent with the available MBE, WBE, or VBE subcontractors and suppliers, so as to facilitate meeting the Contract Specific Goals.
 7. Provide subcontracting opportunities for MBEs, WBEs, and VBEs, despite the ability or desire of a bidder or contractor to perform the work of a contract with its own organization. A bidder or contractor who desires to self-perform the work of a contract must demonstrate good faith efforts unless the Contract Specific Goals have been met.
 8. Select portions of the work to be performed by MBEs, WBEs, or VBEs in order to increase the likelihood that the goals will be met. This includes, where appropriate, breaking out contract work items into economically feasible units to facilitate MBE, WBE, or VBE participation, even when the bidder or contractor might otherwise prefer to perform these work items with its own forces.
 9. Make efforts to assist interested MBEs, WBEs, or VBEs in obtaining bonding, lines of credit, or insurance as required by the City or bidder or contractor.
 10. Make efforts to assist interested MBEs, WBEs, or VBEs in obtaining necessary equipment, supplies, materials, or related assistance or services; and
 11. Effectively use the services of the City; minority or women community organizations; minority or women assistance groups; local, state, and federal minority or women business assistance offices; and other organizations to provide assistance in the recruitment and placement of MBEs, WBEs, or VBEs.
- C. If the bidder disagrees with the City's determination that it did not make good faith efforts, the bidder may file a protest pursuant to the Department of Procurement Services Solicitation and Contracting Process Protest Procedures within 10 business days of a final adverse decision by the Contracting Equity Officer.

VII. Changes to Compliance Plan

- A. No changes to the Compliance Plan or contractual MBE, WBE, and VBE commitments or substitution of MBE, WBE, or VBE subcontractors may be made without the prior written approval of the Contracting Equity Officer. Unauthorized changes or substitutions, including performing the work designated for an MBE, WBE, or VBE subcontractor with the contractor's own forces, shall be a violation of these Special Conditions and a breach of the contract with the City, and may cause termination of the executed Contract for breach, and/or subject the bidder or contractor to contract remedies or other sanctions. The facts supporting the

request for changes must not have been known nor reasonably could have been known by the parties prior to entering into the subcontract. Bid shopping is prohibited. The bidder or contractor must negotiate with the subcontractor to resolve the problem. If requested by either party, the Department of Procurement Services shall facilitate such a meeting. Where there has been a mistake or disagreement about the scope of work, the MBE, WBE, or VBE can be substituted only where an agreement cannot be reached for a reasonable price for the correct scope of work.

- B. Substitutions of a MBE, WBE, or VBE subcontractor shall be permitted only on the following basis:
1. Unavailability after receipt of reasonable notice to proceed;
 2. Failure of performance;
 3. Financial incapacity;
 4. Refusal by the subcontractor to honor the bid or proposal price or scope;
 5. Mistake of fact or law about the elements of the scope of work of a solicitation where a reasonable price cannot be agreed;
 6. Failure of the subcontractor to meet insurance, licensing or bonding requirements;
 7. The subcontractor's withdrawal of its bid or proposal; or
 8. De-certification of the subcontractor as an MBE, WBE, or VBE. (Graduation from the MBE/WBE or VBE program does not constitute de-certification.)
 9. Termination of a Mentor-Protégé Agreement.
- C. If it becomes necessary to substitute an MBE, WBE, or VBE or otherwise change the Compliance Plan, the procedure will be as follows:
1. The bidder or contractor must notify the Contracting Equity Officer in writing of the request to substitute a MBE, WBE, or VBE or otherwise change the Compliance Plan. The request must state specific reasons for the substitution or change. A letter from the MBE, WBE, or VBE to be substituted or affected by the change stating that it cannot perform on the contract or that it agrees with the change in its scope of work must be submitted with the request.
 2. The City will approve or deny a request for substitution or other change within 15 business days of receipt of the request. Contractor must notify the City if substitution must occur immediately due to operational emergency so that requests for substitution or change may be timely given.

3. Where the bidder or contractor has established the basis for the substitution to the satisfaction of the Contracting Equity Officer, it must make good faith efforts to meet the Contract Specific Goal by substituting an MBE, WBE, or VBE subcontractor. Documentation of a replacement MBE, WBE, or VBE, or of good faith efforts, must meet the requirements in sections V and VI. If the MBE, WBE, or VBE Contract Specific Goal cannot be reached and good faith efforts have been made, as determined by the Contracting Equity Officer, the bidder or contractor may substitute with a non-MBE, non-WBE, or non-VBE.
 4. If a bidder or contractor plans to hire a subcontractor for any scope of work that was not previously disclosed in the Compliance Plan, the bidder or contractor must obtain the approval of the Contracting Equity Officer to modify the Compliance Plan and must make good faith efforts to ensure that MBEs, WBEs, or VBEs have a fair opportunity to bid on the new scope of work.
 5. A new subcontract must be executed and submitted to the Contracting Equity Officer within five business days of the bidder's or contractor's receipt of City approval for the substitution or other change.
- D. The City shall not be required to approve extra payment for escalated costs incurred by the contractor when a substitution of subcontractors becomes necessary to comply with MBE/WBE/VBE contract requirements.

VIII. Reporting and Record Keeping

- A. During the term of the contract, the Contractor and its non-certified subcontractors must submit partial and final waivers of lien from MBE, WBE, and VBE subcontractors that show the accurate cumulative dollar amount of subcontractor payments made to date. Upon acceptance of the Final Quantities from the City of Chicago, FINAL certified waivers of lien from the MBE, WBE, and VBE subcontractors must be attached to the contractor's acceptance letter and forwarded to the Department of Procurement Services, Attention: Contracting Equity Officer.
- B. The Contractor will be responsible for reporting payments to all subcontractors on a monthly basis in the form of an electronic audit. Upon the first payment issued by the City of Chicago to the contractor for services performed, on the first day of each month and every month thereafter, email and/or fax audit notifications will be sent out to the contractor with instructions to report payments that have been made in the prior month to each MBE, WBE, and VBE. The reporting of payments to all subcontractors must be entered into the Certification and Compliance Monitoring System (C2), or whatever reporting system is currently in place, on or before the fifteenth (15th) day of each month.
- C. Once the prime contractor has reported payments made to each MBE, WBE, and VBE, including zero dollar amount payments, the MBE, WBE, or VBE will receive an email and/or fax notification requesting them to log into the system and confirm payments received. All monthly confirmations must be reported on or before the 20th day of each month. Contractor and subcontractor reporting to the C2 system must be completed by the 25th of each month or payments may be withheld.

- D. All subcontract agreements between the contractor and MBE/WBE/VBE firms or any first tier non-certified firm and lower tier MBE/WBE/VBE firms must contain language requiring the MBE/WBE/VBE to respond to email and/or fax notifications from the City of Chicago requiring them to report payments received for the prime or the non-certified firm.

Access to the Certification and Compliance Monitoring System (C2), which is a web based reporting system, can be found at: <http://chicago.mwdbe.com>

- E. The Chief Procurement Officer or any party designated by the, Chief Procurement Officer shall have access to the contractor's books and records, including without limitation payroll records, tax returns and records and books of account, to determine the contractor's compliance with its commitment to MBE, WBE, and VBE participation and the status of any MBE, WBE, or VBE performing any portion of the contract. This provision shall be in addition to, and not a substitute for, any other provision allowing inspection of the contractor's records by any officer or official of the City for any purpose.
- F. The contractor shall maintain records of all relevant data with respect to the utilization of MBEs, WBEs, and VBEs, retaining these records for a period of at least five years after final acceptance of the work. Full access to these records shall be granted to City, federal or state authorities or other authorized persons.

IX. Non-Compliance

- A. Without limitation, the following shall constitute a material breach of this contract and entitle the City to declare a default, terminate the contract, and exercise those remedies provided for in the contract at law or in equity: (1) failure to demonstrate good faith efforts; and (2) disqualification as a MBE, WBE, or VBE of the contractor or any joint venture partner, subcontractor or supplier if its status as an MBE, WBE, or VBE was a factor in the award of the contract and such status was misrepresented by the contractor.
- B. Payments due to the contractor may be withheld until corrective action is taken.
- C. Pursuant to 2-92-740, or 2-92-955, as applicable, remedies or sanctions may include disqualification from contracting or subcontracting on additional City contracts for up to three years, and the amount of the discrepancy between the amount of the commitment in the Compliance Plan, as such amount may be amended through change orders or otherwise over the term of the contract, and the amount paid to MBEs or WBEs. The consequences provided herein shall be in addition to any other criminal or civil liability to which such entities may be subject.
- D. The contractor shall have the right to protest the final determination of non-compliance and the imposition of any penalty by the Contracting Equity Officer pursuant to 2-92-740 of the Municipal Code of the City of Chicago, within 15 business days of the final determination.

X. Arbitration

If the City determines that a contractor has not made good faith efforts to fulfill its Compliance Plan, the affected MBE, WBE, or VBE may recover damages, suffered by such entity as a result of being underutilized, from the contractor.

Disputes between the contractor and the MBE, WBE, or VBE shall be resolved by binding arbitration before the American Arbitration Association (AAA), with reasonable expenses, including attorney's fees and arbitrator's fees, being recoverable by a prevailing MBE, WBE, or VBE. Participation in such arbitration is a material provision of the Construction Contract to which these Special Conditions are an Exhibit. This provision is intended for the benefit of any MBE, WBE, or VBE affected by the contractor's failure to fulfill its Compliance Plan and grants such entity specific third party beneficiary rights. These rights are non-waivable and take precedence over any agreement to the contrary, including but not limited to those contained in a subcontract, suborder, or communicated orally between a contractor and an MBE, WBE, or VBE. Failure by the Contractor to participate in any such arbitration is a material breach of the Construction Contract.

An MBE, WBE, or VBE seeking arbitration shall serve written notice upon the contractor and file a demand for arbitration with the AAA in Chicago, IL. The dispute shall be arbitrated in accordance with the Commercial Arbitration Rules of the AAA. All arbitration fees are to be paid *pro rata* by the parties; however, as noted above, reasonable expenses, including the arbitrator's fees, may be recoverable by a prevailing MBE, WBE, or VBE.

The MBE, WBE, or VBE must copy the City on the Demand for Arbitration within 10 business days after filing with the AAA. The MBE, WBE, or VBE must copy the City on the arbitrator's decision within 10 business days of receipt of the decision. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

XI. Equal Employment Opportunity

Compliance with the requirements set forth in these Regulations will not diminish or supplant equal employment opportunity and civil rights provisions as required by law related to bidder or contractor and subcontractor obligations.