

REPORT OF THE COMMITTEE ON CONTRACT COMPLIANCE

September 8, 2011

The Honorable,
The Board of Commissioners of Cook County

ATTENDANCE

Present: Vice Chairman Silvestri and Commissioners Butler, Garcia, Gorman, Goslin, Murphy, Reyes and Sims (8)

Absent: Chairman Steele (1)

Also Present: Commissioner Daley; LaVerne Hall – Director of Contract Compliance

Ladies and Gentlemen:

Your Committee on Contract Compliance of the Board of Commissioners of Cook County met pursuant to notice on Thursday, September 8, 2011 at the hour of 9:30 A.M. in the Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois.

Your Committee discussed the Quarterly Diversity Report pursuant to Communication Number 311628 which was heard by the Contract Compliance Committee on April 6, 2011. This discussion follows.

LaVerne Hall, Director of Contract Compliance, delivered an overview of the Quarterly Diversity Report for the 2nd Quarter of 2011.

Vice Chairman Silvestri inquired whether the Ordinance exempts not-for-profits.

Ms. Hall replied that the Ordinance does not speak to this.

Commissioner Reyes asked Ms. Hall to discuss what the advantages are in being MBE/WBE certified.

Ms. Hall replied: The Office of Contract Compliance is working to add value so that certification acts as a marketing tool for companies to secure work with major companies that are bidding as primary vendors; additionally, the Office of Contract Compliance is starting to do “very specific outreach.” The Contract Compliance Office is notifying the certified firms through e-alerts of opportunities that fall into their areas of specialty.

Commissioner Reyes inquired whether there is a benefit to being a County-owned business.

Ms. Hall replied that the Office of Contract Compliance is asking primary vendors to work with MBE/WBE firms from Cook County. She stated that, further, in the new Procurement Code, if a MBE/WBE certified company’s bid is within 10% of the lowest bidder, the Office of Contract Compliance has the ability to award the contract the MBE/WBE certified company. This is referred to as “local preference.”

Commissioner Garcia inquired whether the Chicago Public Schools tracked the participation of not-for-profits and what Ms. Hall might recommend on this issue.

Ms. Hall replied that when she last worked at CPS, the organization was beginning to ask – although it was not mandatory – whether not-for-profit vendors worked with minority owned firms.

Commissioner Daley inquired further into this issue.

Ms. Hall stated that the recommendation would be to start asking, at the time the solicitation is sent out, whether the companies could participate in the program and, if so, to communicate that they would be looked on favorably, although it would also be communicated that it would not be a strike against them if they did not participate. Participation would be completely voluntary.

Commissioner Daley inquired as to whether, if a firm has not been reporting, they are still eligible to bid.

Ms. Hall replied: This is why she asked for deferral of payment in one case. It is her understanding that non-compliant firms are not allowed to bid, and are considered non-responsive at the next bid. The Office of Contract Compliance is currently researching three years back to determine who is non-compliant.

Commissioner Gorman inquired what percentage is required for compliance.

Ms. Hall replied: The Office of Contract Compliance is reviewing each company on a contract-by-contract basis, looking at availability. She believes this is one of the reasons that waivers requests are currently low. One contract may have a 15% minority goal while another has a 30% minority goal. This will depend on the availability of minorities in the marketplace. The Office of Contract Compliance does have an “aspirational goal.”

Commissioner Gorman inquired what is the definition of a full waiver.

Ms. Hall replied that a full waiver is when there is no minority or women participation whatsoever.

Commissioner Gorman inquired as to the in-county and in-state incentives.

Ms. Hall replied that those firms that are in the County get a ten percent advantage; this is termed “local preference.”

Commissioner Gorman inquired as to the certification process – does the Office of Contract Compliance process the paperwork for this?

Ms. Hall replied: The Office of Contract Compliance is working diligently on this, and that they host a workshop monthly. Applications can now be filed online. The Office of Contract Compliance is working toward reciprocity with the City of Chicago, and several other entities. The goal for this is January of 2012.

Commissioner Sims asked for a description of Five Forward.

Ms. Hall replied: The Office of Contract Compliance is encouraging some of the major companies to find ways to utilize minority firms in contracts other than their Cook County contracts, including contracts in other states, so that these minority firms can grow their capacity in the marketplace. The Office of Contract Compliance has requested that the Five Forward organization – a program under Chicago United – monitor any growth and report it to the Office of Contract Compliance. Five Forward will be

responsible for tracking how the company has grown its market share, if additional jobs have been created and if they have had revenue growth.

Commissioner Sims inquired as to the supposed \$900 joining fee for Five Forward, and whether this is the norm.

Ms. Hall replied that this is not her understanding. She agreed to Vice Chairman Silvestri's request that she present the Committee with a written report on this issue.

Commissioner Sims inquired as to what type of organization Five Forward is.

Ms. Hall replied that it is a not-for-profit organization, designed to promote local minority- and women-owned firms.

Commissioner Sims inquired as to who the CEO of the organization is.

Ms. Hall replied, Gloria Castillo.

Commissioner Sims inquired whether the agenda could include the names of the MBE/WBE vendors.

Ms. Hall agreed to include this information on her quarterly reports on a going-forward basis.

Matthew B. DeLeon, Secretary to the Cook County Board of Commissioners, agreed to speak with the Clerk's Office on the issue of including names of MBE/WBE firms in agenda backup.

Commissioner Sims inquired as to what certification other than the County's is currently accepted by the Office of Contract Compliance.

Ms. Hall listed the following certifications that are currently accepted by the Office of Contract Compliance: City of Chicago, CMBDC, WBDC and SBA 8 (A).

Commissioner Murphy inquired as to the nature of indirect participation.

Ms. Hall explained that this is when a Cook County MBE/WBE firm is used, but not on a Cook County contract.

Commissioner Murphy inquired as to what type of entity Tall Grass is.

Ms. Hall replied that this is a technology firm, and that they are using a women-owned firm in an indirect matter. She further noted that she tracks indirect participation separately from direct participation, so as not to inflate the direct participation numbers.

Commissioner Murphy inquired as to whether a firm that is deemed non-compliant is able to bid on another project.

Ms. Hall replied: She makes a recommendation to the Chief Purchasing Officer, who determines whether to deem them non-responsive the next time they bid. There have been cases where a non-compliant company has been allowed to bid on another contract. There is, however, in the new Procurement Code, language which deals with this issue, and prohibits eligibility to bid in such cases.

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Commissioner Sims voiced her concern over companies that initially work with minority or women-owned firms in order to win a contract and then, in the middle of their contract, drop this firm or scale back on the percentage of WBE or MBE they are using, and are never caught by the County.

Ms. Hall replied that this is why payment reporting is so important. She further stated that in such cases, she is meeting with the companies and holding them accountable, and in some cases is withholding payment until the company is back in compliance.

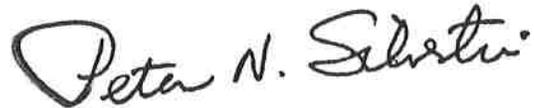
Commissioner Reyes inquired whether there has been any development in creating a waiver committee.

Ms. Hall replied in the negative, and further stated that requests for waivers are diminishing.

Vice Chairman Silvestri state that he, Miss Hall and Commissioner Steele will meet to discuss the formation of a Waivers Committee when Commissioner Steele returns.

Commissioner Reyes moved to adjourn the meeting, seconded by Commissioner Murphy. The motion carried and the meeting was adjourned.

Respectfully submitted,
Committee on Contract Compliance



Peter N. Silvestri, Vice Chairman

Attest:



Matthew B. DeLeon, Secretary

*An audio recording of this meeting is available in the Office of the Secretary to the Board, 118 North Clark Street, Room 567, Chicago, IL 60602.