

Table of Contents

Page Number	Section Heading
D-4	Section 1. Declaration of Policy
D-4	Section 2. Findings
D-6	Section 3. Purpose and Intent
D-6	Section 4. Coverage

D-7 **AFFIRMATIVE ACTION ORDINANCE** Section 5. Definitions

D-11 **REVISED APPENDIX D** Section 6. Non-Discrimination

D-11 **OF THE** Section 7. Race and Gender-Neutral Measures to Ensure Equal Opportunities for All Prime Contractors and Subcontractors

**METROPOLITAN WATER RECLAMATION DISTRICT**

D-12 Section 8. Support and Outreach

**OF GREATER CHICAGO**

D-13 Section 9. District Roles and Responsibilities

D-14 Section 10. Certification Eligibility

D-17 Section 11. Appeals

D-18 Section 12. Schedule of Goals for Minority and Women-Owned Business Enterprise Utilization

D-18 Section 13. Contract Goals

Section 14. Counting MBE and WBE

## Table of Contents

<b>Section Heading</b>	<b>Page Number</b>
Section 1. Declaration of Policy	D-4
Section 2. Findings	D-4
Section 3. Purpose and Intent	D-6
Section 4. Coverage	D-6
Section 5. Definitions	D-7
Section 6. Non-Discrimination and Affirmative Action Clause	D-11
Section 7. Race and Gender-Neutral Measures to Ensure Equal Opportunities for All Prime Contractors and Subcontractors	D-11
Section 8. Support and Outreach	D-12
Section 9. District Roles and Responsibilities	D-13
Section 10. Certification Eligibility	D-14
Section 11. Appeals	D-17
Section 12. Schedule of Goals for Minority and Women-Owned Business Enterprise Utilization	D-18
Section 13. Contract Goals	D-18
Section 14. Counting MBE and WBE Participation Towards	

Contract Goals	D-18
Section 15. Utilization Plan Submission	D-21
Section 16. Bid Submission Compliance Review	D-23
Section 17. Mentor-Protégé Program	D-24
Section 18. Contract Performance Compliance	D-25
Section 19. Compliance System	D-28
Section 20. Sanctions for Non-Compliance	D-29
Section 21. Federal Regulations	D-31
Section 22. Reporting and Review	D-31
Section 23. Sunset Provision	D-32
Section 24. Repeal of Prior Inconsistent Provisions	D-32
Section 25. Severability	D-32
Section 26. Effective Dates	D-32
Exhibit A – Utilization Plan	D-34
Exhibit B – MBE/WBE Subcontractor’s Letter of Intent	D-35
Exhibit C – Assist Agencies List	D-36

**AFFIRMATIVE ACTION ORDINANCE**  
**REVISED APPENDIX D**  
**OF THE**  
**METROPOLITAN WATER RECLAMATION DISTRICT**  
**OF GREATER CHICAGO**

*Section 1. Declaration of Policy*

It is the policy of the Metropolitan Water Reclamation District of Greater Chicago (“District”) to ensure competitive business opportunities for minority and women-owned business enterprises in the award of and performance on District contracts; to prohibit discrimination on the basis of race, sex, color, disability, age, religion, national origin, sexual orientation, veteran status, or any other legally protected characteristic in the award of or participation on District contracts; and to abolish barriers to full participation on District contracts by all; and

The District, pursuant to its authority under 70 ILCS 2605/11.3, is committed to establishing procedures to implement this policy, as well as state and federal regulations, to assure the utilization of minority and women-owned business enterprises in a manner consistent with constitutional requirements; and

The District is committed to creating equal opportunities for minority and women-owned businesses to participate in the award and performance on District contracts.

*Section 2. Findings*

Whereas, the Supreme Court of the United States in *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989), enunciated certain standards that are necessary to maintain effective contracting affirmative action programs in compliance with constitutional requirements; and

Whereas, the District is committed to implementing its affirmative action program in conformance with the decision in *Croson* and its progeny; and

Whereas, in furtherance of this commitment, the Board of Commissioners of the Metropolitan Water Reclamation District of Greater Chicago (“Board of Commissioners”) directed District employees and its outside consultant in 1989 to conduct an investigation into the scope of any discrimination in the award of and participation on District construction contracts, as well as in the construction industry in Metropolitan Chicago, the extent to which such discrimination or the effects thereof has denied and continues to deny minority and women’s business enterprises equal opportunity to participate on District contracts and to recommend the appropriate affirmative action steps to be taken to eliminate any such discrimination and its continuing effects; and

Whereas, on March 15, 1990, the District adopted its Revised Appendix D, Notice of Requirements for Affirmative Action Program to Ensure Minority, Small, and Women’s Business Participation (“Appendix D”), which was later amended on June 21, 2001; and

Whereas, in 2003, the United States District Court in *Builders Association of Greater Chicago v. City of Chicago*, 298 F. Supp.2d 725 (N.D. Ill. 2003) held that the evidence introduced at trial demonstrated that past and current discriminatory practices continue to place MBE and

WBE businesses at a competitive disadvantage in the award of governmental contracts and such practices have and continue to impede the growth and success of MBEs and WBEs; and

Whereas, a 2004 study of the Metropolitan Chicago Construction Industry by Timothy Bates, Professor at Wayne State University, concluded that the evidence that African American, Hispanic, and women-owned businesses have been, and continue to be disadvantaged in the construction industry is strong, has remained consistent, and that compelling evidence indicates that African American, Hispanic, and women-owned businesses face barriers in the Metropolitan Chicago construction industry greater than those faced by white males; and

Whereas, a 2005 study of the Metropolitan Chicago construction industry by David Blanchflower, Professor of Economics at Dartmouth College, determined that discrimination against Asian-owned businesses existed in the business community in areas of business financing and construction wages and that this, together with evidence of individual discrimination against Asian-owned construction companies, leads to the conclusion that discrimination against Asian-owned businesses continues to exist in the Metropolitan Chicago construction industry; and

Whereas, in 2005, the United States District Court held in *Northern Contracting, Inc. v. Illinois Department of Transportation*, 2005 U.S. Dist. LEXIS 19868 (N.D. Ill. Sept. 8, 2005) that there is strong evidence of the effects of past and current discrimination against MBEs and WBEs in the construction industry in the Chicago area. The trial court's decision was affirmed in *Northern Contracting, Inc. v. Illinois Department of Transportation*, 473 F.3d 715 (7<sup>th</sup> Cir. 2007); and

Whereas, a 2006 Cook County, Illinois report entitled, "Review of Compelling Evidence of Discrimination Against Minority- and Women-Owned Business Enterprise in the Chicago Area Construction Industry and Recommendations for Narrowly Tailored Remedies for Cook County, Illinois", concluded that there is extensive evidence of discrimination against MBEs and WBEs in the Chicago area construction marketplace, and the participation of MBEs and WBEs in the County's construction Prime Contracts and Subcontracts is below the availability of such businesses; and

Whereas, in 2006, the District commissioned a report on discrimination of and barriers to construction opportunities in the Chicago area market for minority and women-owned businesses and recommendations for District actions to reduce such issues, which found continuing disparities in the Chicago area construction market; and

Whereas, in 2010, Cook County commissioned a new report, entitled "The Status of Minority and Women-Owned Business Enterprises Relevant to Construction Activity In and Around Cook County, Illinois", which found that MBEs and WBEs were not utilized in all industries in proportion to their availability; and

Whereas, in 2010, the United States Department of Justice produced a report to Congress, entitled "Compelling Interest for Race- and Gender-Conscious Federal Contracting Programs: An Update to the May 23, 1996 Review of Barriers to Minority- and Women-Owned Businesses," that updated the original basis for the United States Department of Transportation's DBE program and concluded that discriminatory barriers continue to impede the ability of MBEs and WBEs to compete with other businesses on a fair and equal footing in government contracting markets, including in the construction industry; and

Whereas, in 2012, the District commissioned a report on barriers to construction opportunities in the Chicago area market and recommendations for District efforts to reduce such barriers, which found continuing disparities in the Chicago area construction market; and

Whereas, in 2014, the District commissioned a Disparity Study, conducted by Colette Holt & Associates, on barriers to equal opportunities in the construction industry in the District's geographic and industry market areas and recommendations for District efforts to reduce such barriers, which found continuing disparities in the District's market area; and

Whereas, in 2015, the trial court in *Midwest Fence, Corp. v. U.S. Department of Transportation et al*, 2015 WL 139676 (N.D. Ill. March 24, 2015) held that discrimination continues to impede full and fair opportunities for disadvantaged business enterprises in the Illinois construction industry and this judgment was affirmed in 2016 by the Seventh Circuit Court of Appeals at 840 F.3d. 932; and

Whereas, in 2021, the District again commissioned a Disparity Study, conducted by Colette Holt & Associates, which likewise found that there continues to be barriers to equal opportunities for construction firms owned by minorities and women to compete for District contracts, both as Prime Contractors and Subcontractors; and

Whereas, based upon the 2021 Disparity Study, the District has determined that it has a compelling interest in continuing to implement narrowly tailored remedies to redress discrimination against minority and women-owned businesses in its market such that it will not function as a passive participant in the market failure of discrimination; and

Whereas, the Affirmative Action Program, adopted by the District on July 20, 1978 and amended from time to time, is hereby modified to further continue to ameliorate the effects of racial and gender discrimination in the marketplace; and

Whereas, the remedies adopted herein by the District will not overly burden non-MBE and non-WBE businesses in the award of District contracts; and

Whereas, the Board of Commissioners will periodically review minority and women-owned participation in contracts awarded by the District to ensure that the District continues to have a compelling interest in remedying discrimination and that the measures adopted herein remain narrowly tailored to accomplish that objective;

Now, therefore, the District's Board of Commissioners hereby adopts this Revised Appendix D:

### **Section 3. Purpose and Intent**

The purpose and intent of this Affirmative Action Ordinance Revised Appendix D ("Revised Appendix D") is to mitigate the present effects of discrimination on the basis of race, ethnicity, or sex in opportunities to participate on the District's contracts as either a Prime Contractor or a Subcontractor and to achieve equitable utilization of minority and women-owned business enterprises on District contracts.

### **Section 4. Coverage**

The following provisions, together with relevant forms, will apply and be appended to every Construction Contract awarded by the District where the total approved expenditure is in

excess of one hundred thousand dollars (\$100,000.00), except contracts approved by the Board of Commissioners pursuant to Sections 11.4 and 11.5 of the District's Purchasing Act (70 ILCS 2605).

### Section 5. Definitions

The meaning of these terms in this Revised Appendix D are as follows:

- (a) "Administrator" means the District's Affirmative Action Program Administrator.
- (b) "Affiliate" of an individual or entity means an individual or entity that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the individual or entity. In determining affiliation, the District will consider all appropriate factors, including common ownership, common management, and contractual relationships.
- (c) "Annual Aspirational Goals" means the targeted levels established by the District for the annual aggregate participation of MBEs and WBEs on District Construction Contracts.
- (d) "Bidder" means an individual, a business enterprise, including a sole proprietorship, a partnership, a corporation, a not-for-profit corporation, a limited liability company, or any other entity which has submitted a bid on a District contract.
- (e) "Books and Records" include, but are not limited to, payroll records, bank statements, bank reconciliations, accounts payable documents, account receivable documents, ledgers, all financial software, and all employer business tax returns.
- (f) "Calendar Days" in computing any period of time described herein, the day from which the period begins to run will not be counted (*e.g.*, if a notice is issued on a Monday, the countdown of days starts on Tuesday). When the last day of the period is a Saturday or Sunday, the period does not extend to the next day. Only in instances where District offices are closed in observance of a federal holiday, will the period extend to the next day.
- (g) "Construction Contract" means any District contract, agreement, or amendment thereto, providing for a total expenditure in excess of one hundred thousand dollars (\$100,000.00) for the construction, demolition, replacement, major repair or renovation, and maintenance of real property and improvement thereon or sludge hauling, and any other construction related contract which the District deems appropriate to be subject to this Revised Appendix D.
- (h) "Commercially Useful Function" means responsibility for the execution of a distinct element of the work of the contract, which is carried out by performing, managing, and supervising the work involved, or fulfilling responsibilities.
- (i) "Contract Goals" means the numerical percentage goals for MBE or WBE participation to be applied to an eligible District Construction Contract subject to this Revised Appendix D for the participation of MBEs and WBEs based upon the scope of work of the contract, the availability of MBEs and WBEs to meet the goals, and the District's progress towards meeting its annual MBE and WBE goals.
- (j) "Dealer" means a business 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.