



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

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Title: Authority to negotiate and enter into Administrative Settlement and Compliance Agreements with Independent Mechanical Industries, Inc. and F.H. Paschen, S.N. Neilsen & Associates LLC (As Revised)

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Date	Ver.	Action By	Action	Result
12/20/2018	1	Board of Commissioners	Approved	Pass
12/20/2018	1	Committee of the Whole	Recommended	Pass

TRANSMITTAL LETTER FOR THE BOARD MEETING OF DECEMBER 20, 2018

COMMITTEE ON AFFIRMATIVE ACTION

Mr. Brian A. Perkovich, Executive Director

Authority to negotiate and enter into Administrative Settlement and Compliance Agreements with Independent Mechanical Industries, Inc. and F.H. Paschen, S.N. Neilsen & Associates LLC (*As Revised*)

Dear Sir:

Authority is requested to negotiate and enter into Administrative Settlement and Compliance Agreements with Independent Mechanical Industries, Inc. ("IMI") and F.H. Paschen, S.N. Nielsen & Associates LLC ("FHP"). FHP and IMI performed work on two District contracts: (1) Stop Logs and Diversion Pumps at Wilmette Pump Station and Evanston Pump Station Rehabilitation, Contract No. 06-23-3P; and (2) Rehabilitation of the A/B and C/D Service Tunnels - Phase One, Contract No. 04-131-2D (the "Contracts"). The District awarded the Contracts to FHP. IMI was a subcontractor, and Vargas Mechanical, Inc. ("Vargas") was a minority and small-business enterprise subcontractor on the Contracts.

In accordance with the Illinois False Claims Act, the Office of the Illinois Attorney General ("Attorney General") began an investigation of FHP's and IMI's use of Vargas to satisfy FHP's minority and small business utilization goals on publicly funded projects. The District has cooperated in its investigation.

The Attorney General began exploring settlement negotiations with FHP and IMI for alleged violations of the Illinois False Claims Act. Concurrently, and separate from the Attorney General's investigation, the District has prepared for FHP and IMI to each enter into an Administrative Settlement and Compliance Agreement ("Compliance Agreements") with the District for two 2-year terms. The Compliance Agreements will require both FHP and IMI to adopt a corporate compliance program, appoint a corporate compliance officer familiar with the District's affirmative action requirements, retain an independent monitor that will submit periodic compliance reports directly to the District for work on District contracts, conduct six (6) training sessions, and

commit to increased utilization goals on any upcoming District contracts. As part of IMI's Compliance Agreement, IMI will voluntarily not participate in any District contract lettings for a period of six (6) months.

Based on the foregoing, it is respectfully requested that the Board of Commissioners grant authority to negotiate and enter into two Compliance Agreements, one with FHP and one with IMI. It is further requested that the Chairman of the Committee on Affirmative Action, Executive Director, and Diversity Administrator be authorized to execute the Compliance Agreements upon the General Counsel's approval as to form and legality.

Requested, Regina D. Berry, Diversity Administrator; RDB:STM:EMA:nm

Recommended, Susan T. Morakalis, General Counsel

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Affirmative Action

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for December 20, 2018