



CHICAGO DEPARTMENT OF AVIATION
CITY OF CHICAGO

May 9, 2012

Mr. Joseph M. Ferguson
Inspector General
Office of the Inspector General
180 N. Michigan Avenue, Suite 2000
Chicago, Illinois 60601

Re: I.G. Case No. 09-1351

Dear Inspector General:

Please accept this as the Chicago Department of Aviation's ("CDA") response to the report of investigation issued by the Inspector General's Office ("IGO") on April 26, 2012 with respect to the above-referenced matter. CDA's response addresses the request of the IGO for the CDA to report on its contract management policies, procedures and approval mechanisms in place to ensure that the use of CDA contracts are cost effective, legitimate and appropriate.

In its April 26, 2012 report, the IGO states that "...APRF No. 59469, dated January 22, 2007, details six line items to be executed for the installation of a sidewalk, curb and gutter along Patton Road from Higgins Road to the AAB..." IGO Report, p. 2. The report goes on to state that "the fact that many of the primary decision makers associated with the Patton Road project are no longer with the City, we have not recommended any disciplinary action." IGO Report, p. 7.

As an initial matter, CDA notes as do the above cites from the IGO Report, that the project referenced was authorized over five years ago prior to the current CDA leadership. CDA believes that all City contract work should be transparent, efficient, cost-effective and appropriately authorized. CDA is committed to ensuring that any and all work performed at the airports (be it landside or airside work) is performed in a manner that is cost effective and authorized in a manner that provides checks and balances. Further, CDA is committed to the competitive procurement process and participates in numerous expos and workshops in the Chicago area in order to get the word out to any and all interested vendors regarding procurement opportunities with CDA. In addition, CDA posts all of its procurement opportunities on its website and sends e-mail notification to all persons who wish to do business at the airport about new procurement opportunities. At the aforementioned outreach events and in the course of regular business, CDA continuously encourages

businesses to sign for "CDA Web Alerts" at www.flychicago.com. To date, CDA has thousands of individuals signed up for these alerts. Through these continuous outreach efforts, CDA often receives competitive pricing as a result of the increased amount of participants in the procurement process. What is more, and as indicated in the IGO report, CDA has implemented numerous internal policies and procedures to ensure that appropriate oversight is in place for the use of CDA contracts.

Specifically relevant to the topic of this report and in an effort to avoid the use of an airside contract for landside work, in 2009, after becoming Commissioner, CDA procured, through a competitive bid, a contract with Summit, PO# 20434 for landside concrete work. As a result, CDA has a mechanism in place to perform landside concrete work similar to that described in the IGO report.

Further, for both O'Hare Modernization Program ("OMP") related projects and Capital Improvement Program ("CIP") projects, CDA has a "procurement roundtable" process in place. A sample CIP roundtable agenda is attached hereto. Through this process, all interested parties meet weekly, including CDA employees, Department of Procurement Services ("DPS") employees, Law Department personnel and CDA's project manager/construction manager for CIP and OMP projects. With all interested parties assembled to discuss CDA projects related to OMP and CIP, CDA has an effective measure for all parties to review and determine the merits of using various City contracts for CDA construction projects.

In addition, CDA's General Counsel manages the Contracts Division. The General Counsel also holds a weekly meeting with all "users" of contracts to discuss all pending issues regarding contracts, including: compliance, procurement, and user concerns. Through these meetings, CDA's General Counsel and the CDA's contract staff, constantly field inquiries from user divisions on the appropriate use of CDA contracts in order to avoid the improper usage of a CDA contract. In addition, during these meetings it may be determined that there is not a contractual mechanism in place to perform a needed service or provide necessary goods, at which point CDA's contract division and the applicable user division will work together to appropriately procure a new contract or amend an existing contract for the required good or service.

Moreover, CDA's contract staff, including CDA's General Counsel, the Law Department and DPS also have a weekly meeting in which all procurement and contract related issues are fully vetted. This meeting not only focuses on construction contracts, like the OMP and CIP roundtable process, but also focuses on professional service agreements, commodities contracts, work services contracts, etc. This type of open discussion and dialogue on a constant basis helps to ensure the prevention of any potential inappropriate use of any City contract.

In addition, CDA has regular senior and executive staff meetings where the necessity and propriety of all projects and issues affecting CDA are open for discussion and vetting. Undoubtedly, through each of these measures, any improper use of a contract will be discovered and addressed accordingly. To date, these measures have proven effective as there has been a more open and

transparent discussion between CDA employees on the appropriate mechanism to construct legitimate and necessary projects.

Finally, it is important to note that CDA does not receive or use any state or local taxpayer money. Rather, CDA's expenditures are funded either through federal grants, airline funds/revenues, passenger facility charges or other non-tax revenue. As a result of these various funding sources, CDA routinely reports to both the airlines and the federal government on how its resources are being utilized and on many projects approval from one or both of those entities is required. This, in effect, can act as another check on the merits of CDA expenditures and the use of City contracts.

Again, CDA believes that all City contract work should be transparent, efficient, cost-effective and appropriately authorized. Through the measures stated above, CDA hopes to achieve those goals. Nevertheless, CDA continuously looks for additional mechanisms in which it can ensure appropriate use of a contract and sound expenditures. Thank you for considering CDA's response and please do not hesitate to contact me if you have any questions.

Sincerely,


Rosemarie S. Andolino
Commissioner



CIP ROUNDTABLE AGENDA

May 13, 2012
 Aviation Mall, Room 101 at Fair - Conference Room 101
 6:30 AM

PCMs - FOR APPROVAL

Item	Project No.	Project Name	MANAGE %	FO	FCM	RCM	Description of Work	FO/FCM/RCM Account
1	HEVES 1-01	Improved Rangano Sewer to Reservoir	0.36%	W	20	20	Flows to A-501 S.S. Sewer Plant	\$ 12,200.00
2	HEVES 1-01	Improved Rangano Sewer to Reservoir	0.02%	W	21	21	Big Bell Canyon Water Treatment	\$ 0.000.00

RCMs - FOR APPROVAL

Item	Project No.	Project Name	MANAGE %	FO	FCM	RCM	Description of Work	RCM Amount	LIC RCM Approval	FCM Amount
			0.01%							
			0.00%							
			0.00%							
			0.00%							

Resubmit / Notice to Excuse / Hold Order Estimate / No Credit Field Orders / Allowances - FOR APPROVAL

Item	Project No.	Project Name	MANAGE %	FO	FCM/RCM	Description of Work	FO/FCM/RCM Account
			0.00%				
			0.00%				
			0.00%				
			0.00%				

Additional Items Received after Pre-Round Table - FOR APPROVAL

Item	Project No.	Project Name	MANAGE %	FO	FCM/RCM	Description of Work	FO/FCM/RCM Account
			0.00%				
			0.00%				

Advance Notice of Potential Changes - FOR DISCUSSION ONLY

Item	Project No.	Project Name	MANAGE %	FO	FCM	RCM	Description of Work	Estimated Approval
			0.00%					
			0.00%					