MS. WATSON-WILSON: Good afternoon, as Katrina said earlier, we had an action packed day in store for you all, as we do, so we have delivered on our promise.

My name is Shondra Watson-Wilson, and I'm one of the managers of the Diversity Program and responsible for outreach, so getting the word out to particularly our diverse business firms and making sure that you all have the information that you need and the tools so that you can be successful when being on CTA contract.

So today is a very important day for us, and I encourage you guys to take lots of notes, pay attention. This is good information to know, because as I'm getting the word out about contracting opportunities, I don't want you to get confused with contracts that you potentially could be counted out on, or if there's a conflict because you're working on one thing, and so you may be conflicted with working on the next. So it's very important that you take the information, take lots of notes.

This information will also be posted on our website, so if you miss something, you can actually go back on to the website and receive it.

So I'm going to share a secret with you all, so this is going to be something that -- questions that you're going to ask probably can't be directed to the
Diversity Department, so it's not that Shondra
doesn't want to answer the question, she just doesn't
know. So I'll admit that.

It's going to be something that's going to be
directed to our purchasing unit, and information is
going to be posted on the website so that you're not
conflicted.

It's my pleasure to bring Ellen McCormack, who
is our Vice President of our Purchasing Department,
and she is going to facilitate this workshop this
afternoon. Ellen.

MS. MCCORMACK: Thank you, Shondra. Good
afternoon, my name is Ellen McCormack, and I am the
Vice President of Purchasing and Supply Chain for the
Chicago Transit Authority.

I am speaking to you this afternoon to discuss
the CTA RPM and our RLE project, which are the
largest capital projects in CTA history, and will
lead to incredible contracting opportunities for the
vendor communities.

The projects I'm referring to are of course the

Red and Purple Modernization Program, otherwise known
as RPM, and the Red Line Extension Program, otherwise
known as RLE.

Because these two major construction projects
that each have several contracts associated with them
will be taking place in roughly the same time frame,
conflicts of interest are likely to arise. While I
cannot go through every possible scenario with you,
because many of these determinations will be fact
specific, I would like to provide you with things to
consider as you determine which of these contracts
you would like to pursue.

The three situations the CTA will examine to
determine if a conflict exists are these. First,
have you obtained or have you had access to
information that is not available to the general
public due to work you performed on behalf of the CTA
which would give you a competitive advantage or would
give you the appearance of a competitive advantage?

Second, would prior work done on behalf of the
CTA lead a vendor to have or potentially to have a
vested interest that is different than that of the
CTA? And the third, would the award of another
contract put the vendor in a position of supervising

I would like to provide you with examples of
these three scenarios. I will use the term vendor to
apply to both the prime contractor and subcontractors
as applicable. The first example regarding a
competitive advantage would be a situation where a
vendor performed or is performing work on a contract
on behalf of the CTA where they were involved in the
development of or had access to the independent cost
estimate, ICE, scheduling, or any other nonpublic
information concerning work that is in the scope of
the second contract that would or could provide them
with an advantage while competing for that second
procurement.

If they were involved in creating or had access
to that information, then the vendor would be deemed
to have a competitive edge, and therefore would be
precluded from participating in the procurement.

Further, even when the vendor hadn't worked on
ICE or scheduling, for example, we would ask if they
have attended meetings where cost estimates were
discussed, or if they were able to access a shared
drive where that type of information was stored. If
the answer to either of those questions is yes, then
the vendor would be precluded from participating in
the second procurement.

Even having access to sensitive information is
even to provide the vendor with a competitive edge,
or at the very least, with the appearance of having a
competitive edge. However, and this is very
important, there may be ways to mitigate this type of
a conflict.

An example of this is when a vendor has
prepared design documents and then is in a position
to oversee the contractor executing the design. The
vendor would or could have a vested interest in
defending the adequacy of their design to avoid
liability for errors. Please note that there is no
way to mitigate this type of conflict.

However, in a case where the vendor only worked
on design documents up to 30 percent, the assumption
is that the vendor who raised the design up to 100
percent would now own the design. Therefore it is
possible that a vendor who only worked on the design
up to 30 percent would not have a vested interest in
defending the design document at 100 percent, and
therefore may not be conflicted out.

The third question that CTA will consider is if
a vendor was awarded two contracts on the same
project, would this put the vendor in a position
where they would be monitoring themselves. An
example of this would be if a vendor were to be
awarded a contract as a program manager, and part of
the scope of the contract was to monitor the
construction manager, then the vendor could not be
awarded the contract for the CM.

Under these circumstances where the PM and the
CM are the same company, the vendor would have the
vested interest -- may have a vested interest in
ignoring any substandard work by the CM and may be
willing to sign off on invoices that it otherwise
wouldn't sign off on. Be advised that there is no
way to mitigate this type of conflict.

Please understand that the CTA is interested in
doing business with as many of you as possible, and
therefore will be looking at the answers to these
questions with the intention of excluding as few of
you as possible. However, the CTA must also protect
the integrity of the procurement process, which will
in turn protect the CTA.

With this in mind, I would like to provide you
some examples of possible ways which you can mitigate
your conflict in a case where information was
acquired that could provide a competitive advantage.

For larger firms the employees that have obtained the
information which would provide the advantage could
be kept physically apart from the employees proposed
on the new procurement.

A training program informing the employees of
the importance of containing that information can be
implemented, and an affidavit that the employees have
not shared the information and will not share the
information can be signed by all employees that have
worked on the previous contract or are -- and are
proposed to work on the upcoming contract. This is
commonly known as a firewall.

Obviously the earlier that steps are taken the
better, they will be of no use if the information has
already been shared.

For smaller subcontracting firms that don't
have the manpower to offer different staffing, they
can help their cause by immediately requesting that
their prime contractor limit their access to only
that information that is necessary for them to
perform their work. This can be done by restricting
their attendance at meetings and their access to a
shared drive, which could contain the information.

Ask the prime contractor to provide proof that you
have not had access to information that is
confidential.

One step that may be taken, for example, is as
simple as having sign-in sheets at meetings. A
sign-in sheet along with an affidavit signed by both
the prime and the subcontractor that these sheets are
accurate and true may be used as evidence that the
sub did not obtain confidential information through
their attendance at meetings.

Finally, I would like to walk you through the
use of the conflicts chart. So I would now ask you
to look at the chart in your handout. And for your
convenience a list of future procurements is included
in the handout as well.

For example, if you have already performed work on the RPM PM contract, then you should look down the left-hand side of the chart and look for the square that says RPM PM. Then look across that row to see what contracts you have an interest in proposing on, and look to see if there's a C for conflict or an NC for no conflict. If there's an NC, then you can presume that there is no conflict, and you can proceed to propose on that contract.

There is, however, one caveat. If you are aware of information that you believe will provide a competitive edge, then you should assume that the CTA will discover that as well, and you should send us a letter providing the information and asking the CTA to make a determination on whether a conflict exists. If you see a C in the box, then you will know that CTA sees a potential conflict. At this point you should ask yourself if the conflict would be because of a competitive advantage or because of a potential conflict with a vested interest, or if it's a situation where you would be supervising yourself. If the reason for the conflict is one of the last two I mentioned, then there is no cure for that and you should look for other contracting opportunities.

However, if the conflict is due to a perceived competitive advantage, then you should ask yourself if you are able to mitigate that advantage by one of the methods I previously mentioned or anything else you think will help you with that. If you believe you are able to mitigate your competitive advantage, then you should send a letter to the Purchasing Department, which contains the following information. The contract you previously worked on, if you're a subcontractor, who you worked for, the work that you performed, and proof that you had no access to confidential information outside your scope of work or that you have established a firewall, and when that firewall was put in place.

Additionally, you should let us know what contract or contracts you would like to pursue so that we can perform an analysis to determine whether or not a conflict exists pursuant to these contracts. I hope that I was able to provide you with pertinent information to assist you in your business plan in deciding which CTA procurements you want to pursue.

Due to the complicated nature of the subject, I will not be taking questions at this time. However, we will post the handout and a transcript of my presentation on the CTA website for future reference.

I wish you all the best, and please note that
the CTA looks forward to doing business with each and every one of you. Thank you.

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