



March 14, 2025

Ms. Sharla Roberts
Chief Procurement Officer
City of Chicago / Department of Procurement Services
121 N. LaSalle Street, City Hall Room 403
Chicago, Illinois 60602

Reference: Requested Contract Renegotiation

Dear Ms. Roberts:

We are writing to you on behalf of the hundreds of consulting engineering firms, contractors and suppliers that are members of the American Council of Engineering Companies (ACEC), the Illinois Road and Transportation Builders Association (IRTBA) and the Hispanic American Construction Industry Association (HACIA)- the majority of whom provide services to the City of Chicago. A large number of our member firms have expressed grave concern over the City's recent request for a 3% reduction on their contract fees. We are certain that you can appreciate our shock and dismay over this policy, especially given the efforts of the Mayor and his administration to encourage minority and women owned businesses to engage with City. This request would negate that engagement and will lead to significant business losses and a true lack of trust.

While you have called this a voluntary program, the request has placed the consultants, contractors and suppliers at an untenable position. Indeed, not accepting these conditions will inevitably impact future project selections and client relationships. Specific issues expressed by our consultants include the following:

- The member firms conducting business with the City of Chicago are not immune to the economic challenges facing the city and every other city across the nation. According to the most recent inflation report by the Bureau of Labor Statistics, inflation rose 2.8% over the last year. Your request for a 3% reduction in costs essentially eliminates all profit for prime and sub-consultant firms on city work and most likely puts most of the projects in the red for these companies.
- The actions being taken jeopardize millions in federal funding for the City of Chicago. The FHWA has rejected similar approaches like this, citing that unilateral modifications are inconsistent with Qualifications Based Selection procedures (as specified in 23 U.S.C. 112(b)(2)(A), 40 U.S.C. 1104(a), and 23 CFR 172.7(a)(1)) We would encourage the City to recognize and utilize long-standing Federal Law to ensure the continuity of federal funds.
- The City's long and unpredictable procurement and payment processes already cause an adverse economic condition for the consultants and further hurts small MBE/WBE/DBE firms. Interest on late payments alone have added up to well over 3 percent of expected compensation in numerous cases. Delays to contracts and payments also create uncertainty for staffing levels. Additionally, profitability is already eroded by capped overhead rates, senior level and yearly salary caps and specific limits for some direct costs. The 3% reduction you are requesting only exacerbates the problems cited above.



Requested Contract Renegotiation
March 14, 2025
Page Two

- Your letter asserts that the request is made because of the issue of “new challenges to reduce its costs and allocate resources. Yet clearly reducing agreed upon services that are funded by MFT, Federal Funds or other funds protected by the Transportation lockbox will provide little to no relief to the City’s overall budget and ultimately may lead to costly litigation and Federal engagement. Our industry does, however, have a collective interest in the success of the City. We are most interested in learning about the additional cuts the City is proposing to meet these new challenges.

As you can imagine, our members continue to experience similar challenges faced by the City and would always support City initiatives to innovate and improve efficiency. We continue to believe there are more meaningful and impactful manners in which to help the City. Our long-standing partnership with the City has illustrated many innovations in design, process and project delivery that have consistently demonstrated responsibility to both the City and taxpayer. Consistent with our commitment to making our many clients successful, we hope you understand our concern with this continuing initiative. We would look forward to working with you to identify and short and long-term cost saving measures that meet the moment but are consistent with applicable law.

We request a meeting with representatives of the Mayor’s Office and the Department of Procurement Services to discuss this topic. We would recommend a small group of consultants, contractors and suppliers from ACEC, IRTBA and HACIA be present at this meeting, who could in turn disseminate this information to membership. We request that you extend the required response date for firms as we have advised our members to hold off in responding to your request until we can meet and discuss the issue further.

Thank you for your attention. Please contact Mr. Artl at (630) 330-2355 to arrange a meeting at your earliest convenience.

Sincerely,

Kevin Artl
President & CEO
ACEC – Illinois

Michael Sturino
President & CEO
Illinois Road and Transportation
Builders Association

Jaqueline Gomez
Executive Director
Hispanic American Construction
Industry Association

cc: Tom Carney, Commissioner
ACEC Membership
IRTBA Planning and Design Division Membership
HACIA Membership