



CITY OF CHICAGO DEPARTMENT OF FINANCE

REQUEST FOR INFORMATION ("RFI")  
for

**THIRD-PARTY ADMINISTRATOR TO EXPEDITE  
PAYMENTS ON HIGH PRIORITY CONSTRUCTION CONTRACTS**

**Specification Number: 1231629**

This RFI is for planning purposes only. It is neither a solicitation notice nor a Request for Proposal ("RFP"). Responses to this RFI are not offers and cannot be accepted by the City of Chicago ("City") to form a binding contract. Furthermore, the City has no obligation to acquire any products or services and can neither directly nor indirectly pay for the information solicited or compensate for any costs associated with the submission of a response to the RFI or the City's use of such information. This RFI shall not limit any rights of the City, and the City reserves all of its rights including, but not limited to, its right to elect not to issue a subsequent RFP to procure the goods and/or services that are the subject of this RFI and its right to procure them from a vendor that has not responded to this RFI.

Respondents to this RFI are not precluded from participating in a future RFP, solely by virtue of having participated in this RFI. All responses, any information and documentation contained therein, and any additional information or documentation submitted or presented to the City as part of this RFI may be used by the City for its purposes, as determined by the City in its sole discretion, and may be made publicly available through the Department of Finance's website. All responses submitted to the City are subject to the Freedom of Information Act. The City will make the final determination as to whether information will be disclosed pursuant to a request under the Freedom of Information Act or valid subpoena. Respondent agrees not to pursue any cause of action against the City with regard to disclosure of information.

The Specification Number 1231629 is used to identify and track this RFI.

## I. GENERAL INFORMATION

The City understands that lenders, insurance companies, and surety bond underwriters often engage third-party firms to perform construction funds control and disbursement administration relating to pay-applications. The City of Chicago (“City”), through its Department of Finance (“DOF”), is seeking to gather best practice information and insights on expediting payments through the use of a third-party administrator (“TPA”) or third-party trustee to expedite payments to Contractors and Subcontractors<sup>1</sup> on high-priority construction projects,<sup>2</sup> without compromising sound financial controls.

More specifically, the City seeks to expedite payments through a TPA, and thereby expand the ability and capacity of small, mid-size, minority, and women-owned businesses to participate in the City’s construction bids and contracts, and thereby help address some of the barriers too often faced by entities experiencing limited access to affordable capital.

In terms of expediting payments, the City would also like to obtain information through this RFI to better understand if and how a TPA would develop and implement a comprehensive approach to achieving efficiencies at each stage of the construction payment process (e.g., by receiving and reviewing draw requests; validating construction project progress reports, work schedule completions, material and supply deliveries; and disbursing payments to the appropriate parties).

Generally, this RFI has five goals with respect to expedited payments:

- The first goal is to gain an understanding of how the City might engage a funds control and disbursement TPA to expedite each stage of the payment process and issue payments within 30-60 days of receipt of a complete and proper invoice or pay application. This includes the time it takes a contractor to submit a pay application, the time to validate and approve the application, and the time to issue payment.
- The second goal is to gain an understanding of the controls a TPA would implement to reduce the risks associated with advance payments for mobilization, accelerated partial payments while a pay application is pending, and direct payments to subcontractors.
- The third goal is to assess the infrastructure, operational, and technical capabilities necessary if the City were to implement a TPA solution, including the daily transfer of detailed payment data to the City’s Financial Management and Purchasing System.
- The fourth goal is to identify other elements of a comprehensive approach to achieve the City’s objectives as outlined above.
- The fifth goal is to identify and weigh the anticipated risks, efficiencies, and cost savings to determine if the City should develop a TPA scope of work for a future RFP solicitation.

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<sup>1</sup> In anticipation of performance under the contract, the Municipal Code of Chicago removes significant barriers faced by entities with limited access to affordable capital. The chief procurement officer (“CPO”) is authorized to advance payments to Contractors and make direct payments to Subcontractors. See Chicago, Ill., Mun. Code §2-92-245(a) and (b). The CPO may also facilitate the performance of target market contracts by minority or women-owned businesses by making advance payments to cover mobilization costs and to expedite payments for work performed. Id. at 2-92-460(g). Finally, the City likewise implements race-and-gender-neutral measures to support the participation of small businesses by expediting and making advance payments, where appropriate, and by providing assistance relating to bonding and financing. Id. at 2-92-710 (h) and (c), respectively.

<sup>2</sup> The City’s construction projects are implemented by its the four major infrastructure departments; namely, the Department of Assets, Information, and Services (“AIS”); Chicago Department of Aviation (“CDA”); Chicago Department of Transportation (“CDOT”); and the Chicago Department of Water Management (“DWM”).

Qualified firms having demonstrated experience and expertise in construction risk management, construction funds control and disbursement administration, or construction surety bond underwriting, along with a diverse portfolio of previous construction projects, and a willingness to share expedited payment ideas with the City are invited to respond to this RFI.

For purposes of this RFI, "Respondent" means the entity that submits a response hereto. Responding to this RFI is not a condition to participating in any future competitive selection process that may be conducted by the City for the selection of a TPA nor shall any such response submitted by a Respondent be deemed an expression of the Respondent's interest in participating in any such competitive selection process. Rather, this RFI is a means of information-gathering from firms experienced in construction risk management, funds control, and surety bond underwriting. **Respondents to this RFI do not need to respond to all questions.** The City is seeking feedback, suggestions, and comments on the items set forth in Section II below, to further the City's planning process and to consider the perspectives of industry participants.

## **II. INFORMATION BEING REQUESTED**

Please submit your response in a word-searchable format:

### **A. General Information**

1. Provide the name and address of your organization, and the name, phone, email address, and position within the organization of the single point of contact in connection with this RFI.
2. Provide a general overview of your organization including location, size, years in business, and types of programs and services provided.
3. List the states and cities in which your organization has a physical office space.
4. Describe your organization's history, experience, and specific role in providing or facilitating construction funds control and disbursement administration services and a brief description of the corresponding construction projects, including:
  - a. the total dollar value of the project,
  - b. the length of the project,
  - c. duration of your organization's service,
  - d. whether or not one or more sureties were engaged in the project,
  - e. whether your organization was hired by a surety, the project owner, or another party, and
  - f. the number of Contractors, Subcontractors, and Suppliers on the project.

### **B. Expediting Payments to Contractors on High Priority Construction Projects**

1. Describe the ideal experience and qualifications of the key personnel a TPA must have to receive, assess, validate, and issue payments on construction pay applications within 30-60 days of receipt of a complete and proper application, and process and manage all requests for advance payments.
2. Are you aware of any federal, state, or local government that has retained or required the use of a third-party firm to administer construction pay applications or advance payments?

If your answer is yes, please provide the name of the government entity and contact information, and describe how a similar construct could work for the City of Chicago.

3. Based on your organization's experience and industry best practices, what are the established and ideal methods and resources to standardize and streamline construction pay applications, including the documents required to support and substantiate the pay application?
4. Based on your organization's experience and industry best practices, what are the established and ideal workflows to validate and approve construction pay application packages?
5. Based on your organization's experience and industry best practices, what controls should be implemented to reduce the risks associated with:
  - a. advance payments to Contractors and Subcontractors,
  - b. accelerated partial payments to Contractors and Subcontractors while pay applications are pending, and
  - c. issuing direct payments to Subcontractors and suppliers.
6. Based on your organization's experience and industry best practices, list and describe your recommendation for the scope of work for a TPA that would develop and implement a comprehensive approach to issue payments to construction Contractors and Subcontractors within 30-60 days of receipt of a complete and proper pay application, without compromising the City's financial controls.
7. Describe the ideal framework within which the TPA would perform and fulfill the scope of work recommended in paragraph 6 above, including:
  - a. the organizational structure,
  - b. staff,
  - c. reporting lines,
  - d. the type and frequency of reports provided to the City by the TPA, and
  - e. the nature and extent to which the TPA would interface with any surety companies or construction lending underwriters engaged in the construction project.
8. Briefly describe the recommended *governance* of the TPA framework discussed in paragraph 7 above, including:
  - a. any specific agreement terms and conditions between the parties (TPA, General Contractor, and the City),
  - b. any specificity with respect to the way the TPA would obtain authority to pay Contractors and Subcontractors, and the mechanisms by which it would make payments,
  - c. rules, processes, and controls required to keep the project on schedule and within budget, safeguard City assets, avoid fraud and error, ensure accountability and transparency, and comply with all operative laws, rules, and regulations, and
  - d. specific documents, site visits, inspections, or technology required to support and validate construction invoices and pay applications.
9. Describe how the TPA would interface with the City's Financial Management and Purchasing System (an Oracle-based application) in order to transfer payment data and share information daily to enable the City to track and record all payments made, by contract and line item.

10. What are the key performance indicators for a TPA that performs the scope of work your organization recommended in paragraph 6, above?
11. Describe the recommended payment structure for the specific services provided by the TPA in the scope of work recommended in paragraph 6, above.
12. List and describe the City's risks in retaining a TPA to perform the scope of work recommended in paragraph 6, above?
  - a. What does your organization recommend to prevent, reduce, or otherwise mitigate those risks?

### C. Building Capacity and Other Information

1. Describe your organization's history, experience, and specific role in building the capacity of Contractors and Subcontractors to participate in public construction contracting by providing technical assistance and education (e.g., surety assistance programs, or facilitating access to financial resources such as advance payments).
2. Provide any other information the City should consider when evaluating the viability, efficiencies, and risks of retaining a TPA for the purposes described in this RFI.

### III. COMMUNICATION AND SUBMITTAL TIMELINE

The following table provides a general timeline to help facilitate the response process.

Step	Key Activity	Target Date
1	RFI is posted on DOF website, on	Tuesday, September 21, 2021
2	Submit Questions to City, by	Monday, October 4, 2021
3	Columbus Day Holiday	Monday, October 11, 2021
4	City Posts Answers on DOF website, by	Wednesday, October 13, 2021
<b>5</b>	<b>Firms Submit their Response to City, by</b>	<b>Wednesday, October 27, 2021</b>
6	City Reviews Responses, by	Tuesday, November 22, 2021
	City May Request Clarifications, by	Friday, December 3, 2021

General information and instructions for submittal of an RFI response are as follows:

- A. This RFI and all RFI related documents, as well as any changes, if any, shall be posted as an Addendum which can be downloaded from the City's Department of Finance website at the following URL:

Go to the City's Department of Finance website at the following URL: <http://www.cityofchicago.org/city/en/depts/fin.html> and scroll down to the segment heading: "Most Recent News (Finance)," click on it then click on the link next to September 21, 2021 to access the RFI document, (and any addenda to the RFI after the September 21<sup>st</sup> posting).

- B. Any questions, comments, or concerns relating to this RFI should be submitted via email to the following parties:

[steven.sakai@cityofchicago.org](mailto:steven.sakai@cityofchicago.org)  
Phone: 312-744-2894

with copies to:

[teri.davis@cityofchicago.org](mailto:teri.davis@cityofchicago.org)

and

[susan.kennedyriechers@cityofchicago.org](mailto:susan.kennedyriechers@cityofchicago.org)

- C. All questions, comments, or concerns relating to this RFI shall be consolidated and addressed by the City's subject matter experts, then posted at the above URL.
- D. All RFI related submittal documents should be emailed to the parties listed in "B" above. If file-size exceeds email limits, please submit via thumb-drive to the following address:

**Steve Sakai at City Hall  
Department of Finance  
121 N. LaSalle Street – Room 700  
Chicago IL 60602-1246**