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**CITY COUNCIL APPROVES INCENTIVE TO USE NEIGHBORHOOD SUBCONTRACTORS
ON CITY WORK**

*Ordinance will create opportunities for small, minority and women owned businesses
to hire talented, local workforces*

City Council approved today an ordinance for a new bid preference that incentivizes prime contractors to utilize subcontractors from the neighborhoods where construction work is taking place. This measure was originally introduced by Mayor Rahm Emanuel and Budget Committee Chairman Alderman Carrie M. Austin. Subcontractors are hired by the general, or prime, contractor, to perform specific or specialized tasks on project. The new subcontractor preference is the next step in a neighborhood focus to ensure that businesses and residents benefit from the jobs and economic impact from City construction projects in their communities.

“Using the talented construction contractors from all of Chicago’s neighborhoods makes good business sense,” said Mayor Emanuel. “This incentive encourages businesses to reinvest in City neighborhoods and stimulate the local economy where projects are taking place.”

The Project Area-Based Subcontractor preference builds on the Local Business Preference Ordinance that expanded the bid incentive for Chicago-based prime contractors from construction projects to all City-funded contracts for goods and services. This new ordinance will create an incentive at the subcontractor level. To qualify as a project area subcontractor, the business must conduct meaningful day-to-day business operations at a facility located within the project area. This facility should also be the place of employment for the majority of the business’ workforce.

“There are construction projects taking place in all neighborhoods of the City,” said Alderman Carrie M. Austin, Chairman of the Budget Committee and co-sponsor of the ordinance. “This incentive is a way that these communities can benefit from the economic impact and jobs created by these projects.”

Under the proposed ordinance, for any City-funded construction project, the City will offer a bid preference from .5 percent to two percent off of the contract base bid to prime contractors that are

utilizing subcontractors whose facility and majority of their workforce is located within the project area of the construction job.

The bid preference would be applied on a sliding scale. The more project area subcontractors are utilized, the greater the bid preference. The breakdown would be as follows – for 1 to 16 percent of the total dollar value of work performed by project area subcontractors, a 0.5 percent bid reduction is applied to the contract base bid; 17 to 32 percent provides a 1 percent bid preference; 33 to 49 percent provides a 1.5 percent preference, and 50 percent or more provides a 2 percent preference.

“Under the leadership of Mayor Emanuel, we at DPS are committed to assisting businesses in their goals of increasing capacity,” said Chief Procurement Officer Jamie L. Rhee. “The Project Area Subcontractor Incentive and Outreach empowers the vendor community with information and resources to compete for, and earn, City work.”

Sponsoring the Project Area Subcontractor Incentive and Outreach ordinance is the latest in a series of efforts made by Mayor Emanuel to increase opportunities for local residents and MBEs/WBEs. Additional announcements have included the Veteran/Small Business Joint Venture Bid Incentive, MBE/WBE Mentorship Program, Diversity Business Initiative, the Small Business Initiative, and the Graduation Phase-out Program for MBEs/WBEs.

- Last week DPS held a Construction Summit with City Departments, Sister Agencies and other government entities, which provides contractors --including small, minority-and women-owned firms --with details on construction contract opportunities to be advertised in 2015. Infrastructure departments of the City of Chicago, Cook County, State of Illinois and federal agencies will bid hundreds of millions of dollars in construction projects this year and participated in the summit to provide information to a wide number of firms.
- The Veteran/Small Business Joint Venture Bid Incentive awards a 5% bid incentive off the contract base price to joint ventures between small local businesses (many of which are also certified MBEs or WBEs) and veteran-owned businesses.
- The Mentorship Program fosters improved economic opportunity for MBE and WBE businesses throughout Chicago by offering up to five percentage points of MBE or WBE credit for contractors that agree to take on a mentor/protégé relationship with an MBE or WBE firm.
- The Graduation Phase-out Program allows M/WBEs that have exceeded the program’s size standards to continue to participate for a period of three years to gradually exit the program, with 75 percent credit allowed in year one, 50 percent in year two, and 25 percent in year three.
- The Small Business Initiative encourages small businesses to participate in City-funded construction projects. The program is exclusive to small businesses and is limited to construction projects that are under \$3 million in total cost. Program was expanded into a two-tiered system (SBI I & SBI II) to offer more opportunities for small business.
- The Diversity Credit Program allows private sector firms who also bid on public work to obtain up to five percent M/WBE utilization credit on a City contract for work performed by a certified firm on one or more of the prime’s private sector contracts.
- To further communication and transparency, DPS sends a regular email newsletter (DPS Alerts). Registration is available on the DPS website (www.cityofchicago.org/dps). For

more information, follow DPS on Facebook (www.facebook.com/ChicagoDPS) or Twitter (www.twitter.com/ChicagoDPS) for the latest information.

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