

INTRODUCTION

The Construction Compliance Monitoring Division, within the Department of Housing's (DOH) Bureau of Construction and Compliance, is responsible for monitoring Developers' construction compliance obligations. The obligations include goals associated with various ordinances and regulations relative to local hiring, payment of prevailing wages, and utilization of Minority and Women-owned Business Enterprises as outlined in related regulatory agreements.

MINORITY & WOMEN-OWNED BUSINESS ENTERPRISES (M/WBE) UTILIZATION

Pursuant to City of Chicago Municipal Code 2-92-650 et. seq and 2-92-750, businesses owned by minorities and women must be afforded maximum opportunities to participate in the performance of construction contracts.

**Currently the goals established by Municipal Code 2-92-690 are:
26% MBE & 6% WBE**

M/WBE UTILIZATION PLAN (UP):

The Developer's General Contractor must electronically submit its Plan to utilize MBEs and WBEs to achieve the 26% and 6% goals, respectively.

The assigned Program Auditor will send the appropriate contact person the Utilization Plan via our electronic compliance monitoring software B2G.

- ✓ The GC must add the subcontractors and the subcontractors must acknowledge their participation.
- ✓ A UP must be submitted in its entirety before it can be approved.

The GC will obtain credentials to B2G if they don't have them already once they send us the required set-up forms. The vendor training for the Utilization Plan (UP) module is available in the system once the contractor logs in. From the left menu, they will need to click on Help & Support>Video Library> and the UP training is listed in the box entitled Core Training-Vendor.

PREVAILING WAGES

Local wage regulations protect laborers and mechanics from being paid below market wages on construction projects in IL.

The IL Prevailing Wage Act

To demonstrate compliance with the IL Prevailing Wage the Developer must:

- ✓ Ensure that the GC and all subcontractors are aware of the provision.
- ✓ Ensure the GC and all subcontractors submit certified payroll reports.
- ✓ Ensure that the GC and all subcontractors are aware that the Cook County wage in effect at the time of the work must be paid accordingly.

Please note: It is incumbent upon the GC and its subcontractors to be aware of the current prevailing wage for their respective trades as it may change once the project has started.

- ✓ If an employee is paid less than the prevailing wage for work performed on a construction project the employer must make the employee(s) whole by paying them **restitution**. (Please see the attached **DOH Restitution Policy** for more information.)

CHICAGO LOCAL HIRING

In accordance with Municipal Code 2-92-330, on construction contracts over \$100,000, 50% of the trade hours must be performed by City of Chicago Residents. The Code stipulates the penalty for noncompliance as, "Therefore, in such a case of non-compliance it is agreed that 1/20 of 1 percent (.05%), 0.0005, of the approved contract value for this contract shall be surrendered by the contractor to the city in payment for each percentage of shortfall toward the stipulated residency requirement."

REPORTING

Electronic Compliance Monitoring for MBE/WBE Utilization

DOH is currently using the electronic compliance monitoring software called B2G Now.

- ✓ Information gathered from the required set-up documentation will be entered into the system for online auditing reports. Payments to M/WBE subcontractors **MUST** be reported & confirmed electronically. DOH Program Auditors will review these audits regularly.
- ✓ General Contractor's Sworn Statements (cumulative) must be submitted monthly.
- ✓ Individual Waivers of Liens must be submitted upon request for support and verification as necessary.
- ✓ Limited training is available from DOH staff and detailed instructions are available via webinars produced by the software developer.

Electronic Certified Payroll Reports

Compliance with the provisions described herein are verified in part with certified payroll reports. DOH is currently using the labor compliance monitoring system LCP Tracker for weekly certified payroll submission.

Once the project and General Contractor data is added to LCP Tracker, the GC and its subcontractors must electronically submit their payrolls via LCP.

- ✓ The electronic certified payroll reports must include information like that of a paper payroll:
 - Employee name, trade, classification, address, ethnicity, gender, hours worked, last four of SSN#, rates of pay and other deductions.
 - Electronically signed statements of compliance that indicate how fringes are paid.
- ✓ The appropriate wages will be electronically assigned to the project and employees must be paid accordingly or restitution will be due the impacted employee(s).
- ✓ Driver license numbers are required when employee data is entered for verification of City Residency.
- ✓ If someone other than the principal of the company is submitting payrolls on behalf of the GC or its subcontractors, a payroll authorization form must be uploaded to the project record as an e-document
- ✓ Apprentices must be approved before their hours can be certified and the Bureau of Apprenticeship Training (BAT) certificate must be uploaded as an e-document.
- ✓ Requests for apprentice approvals must be made to the Program Auditor via email and include apprentice wage documentation that outlines the reduced pay rate & fringes.
- ✓ Limited training is available from DOH staff and detailed instructions are available via webinars produced by the software developer.

SITE VISITS

In addition to the required documentation to support compliance, DOH Program Auditors will conduct unannounced site visits to verify the information submitted electronically. During the random visits, Program Auditors will verify that the MBEs and WBEs are being utilized and performing a commercially useful function. Additionally, employees will be interviewed regarding their rate of pay. The information they provide will be compared against the certified payrolls and other documentation.

ADDITIONAL INFORMATION

- ✓ Status reports will be issued at 25%, 50%, 75% & 85% plus.
- ✓ Sworn statements are required to be used as basis for compliance calculations.
- ✓ Final hard costs will be utilized to calculate the compliance denominator
- ✓ Insurance, fees & permits will be automatically excluded from the final hard costs.

SUMMARY OF REQUIRED COMPLIANCE DOCUMENTS

(All DOH generated documents are available electronically via email from the Program Auditor.)

- ✓ Set-up forms to add projects to the software
- ✓ Utilization Plan—via electronic submission (B2G)
- ✓ Certified Payroll Reports—via electronic submission (LCP Tracker)
- ✓ Payroll Authorization—via electronic submission (LCP Tracker)
- ✓ Individual Waivers of Lien for MBE/WBE firms—upon request
- ✓ Sworn Statements from the General Contractor—monthly or when generated, via electronic submission (B2G)
- ✓ Restitution affidavits, when applicable.

USEFUL LINKS FOR MORE INFORMATION

City of Chicago Municipal Codes

MBE/WBE Construction Program 2-92-650

Chicago Residency Ordinance (local hiring) 2-92-330

http://www.amlegal.com/codes/client/chicago_il/

MBE and WBE Certification Directories

<https://chicago.mwdbe.com/?TN=chicago>

<https://www.cookcountyil.gov/service/search-certified-vendors>

IL Prevailing Wages:

<https://www2.illinois.gov/idol/FAQs/Pages/prevailing-wage-faq.aspx#qst1>

<https://www2.illinois.gov/idol/Laws-Rules/CONMED/Pages/prevailing-wage-rates.aspx>