

# CONSTRUCTION & THE COMMUNITY: A KNOWLEDGE EXCHANGE





Tandem Ventures



# CONSTRUCTION AND THE COMMUNITY

BUILDING TOGETHER



# HIRING A GENERAL CONTRACTOR:

## THE PROCESS



# THE PROCESS:

starting fresh



## RFP ISSUED BY THE DEVELOPER

- Select list of general contractors (>3)
- Includes all project, community, and developer guidelines
- Firm due date

## CONTRACTOR RESPONDS TO RFP

- Pricing
- Community and compliance metrics
- Experience

## DEVELOPER RECEIVE RESPONSES BACK

- Not all general contractors participate
- Bids reviewed
- Shortlist of firms
- GC's interviewed
- GC selection made

# MINORITY GC V. MAJORITY GC:

THE COLOR DIVIDE



# THE COLOR DIVIDE:

## myth busters

Minority GCs are less experienced than majority GCs

Minority GCs have an all-minority staff

Minority GCs have the lowest pricing

Minority GCs hire all minority contractors

Minority GCs are non-union

Minority GCs are the best choice for communities of color

Minority GCs facilitate a high level of community hiring

Majority GCs are more experienced than minority GCs

Majority GCs have an all-majority staff

Majority GCs have the highest pricing

Majority GCs hire all majority contractors

Majority GCs are union

Majority GCs are the worst choice for communities of color

Majority GCs facilitate a low-level of community hiring

# UNION V. NON-UNION:

THE LOUD DIVIDE





# THE LOUD DIVIDE:

a new normal



## WHAT DRIVES A FIRM TO BE UNION/NON-UNION

- Capacity
- Money

## PROJECT LABOR AGREEMENTS (PLA)

- What it meant in the past
- What it means now

## HYBRID PROJECTS

- Combining union & non-union on one site

## PREVAILING WAGES

- Davis-Bacon
- Illinois Prevailing Wages
- The harmony



# WE HIRED A GC:

NOW WHAT?

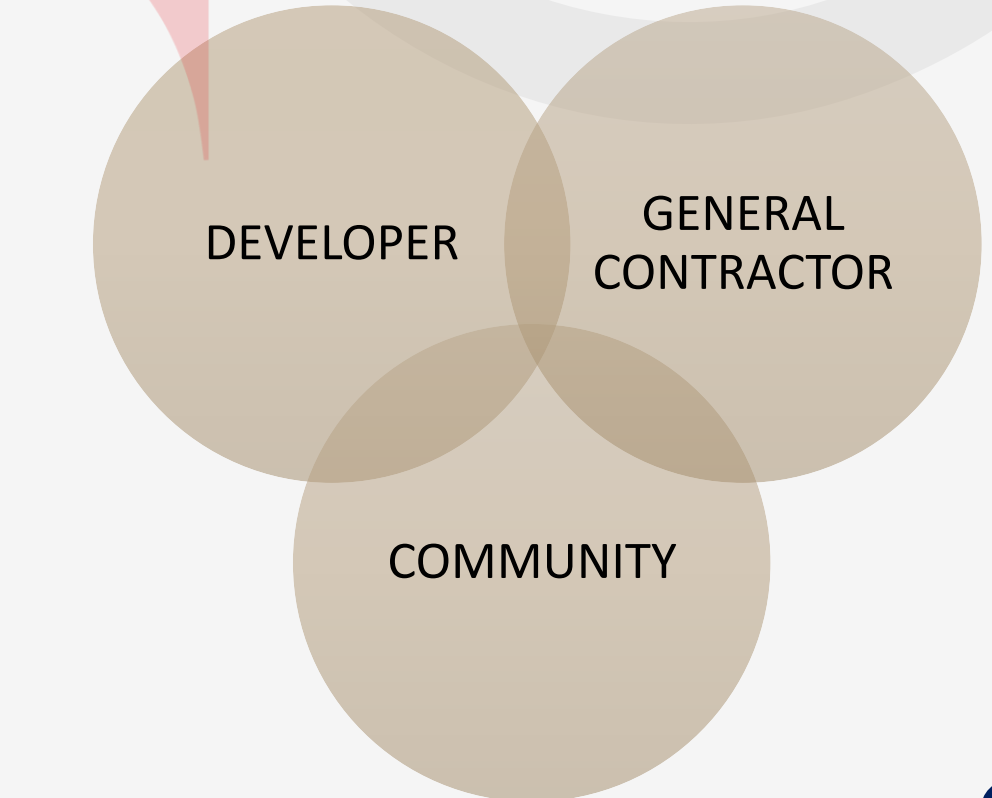


# NOW WHAT?:

accountability



Aldermanic Meetings  
Community Meetings  
Community Groups  
Subcontractor Outreach  
Community Hiring Fair



# NOW WHAT?:

## subcontractor selection

### ISSUE RFP

- Detail project & community requirements

### BID REVIEW & LEVELING

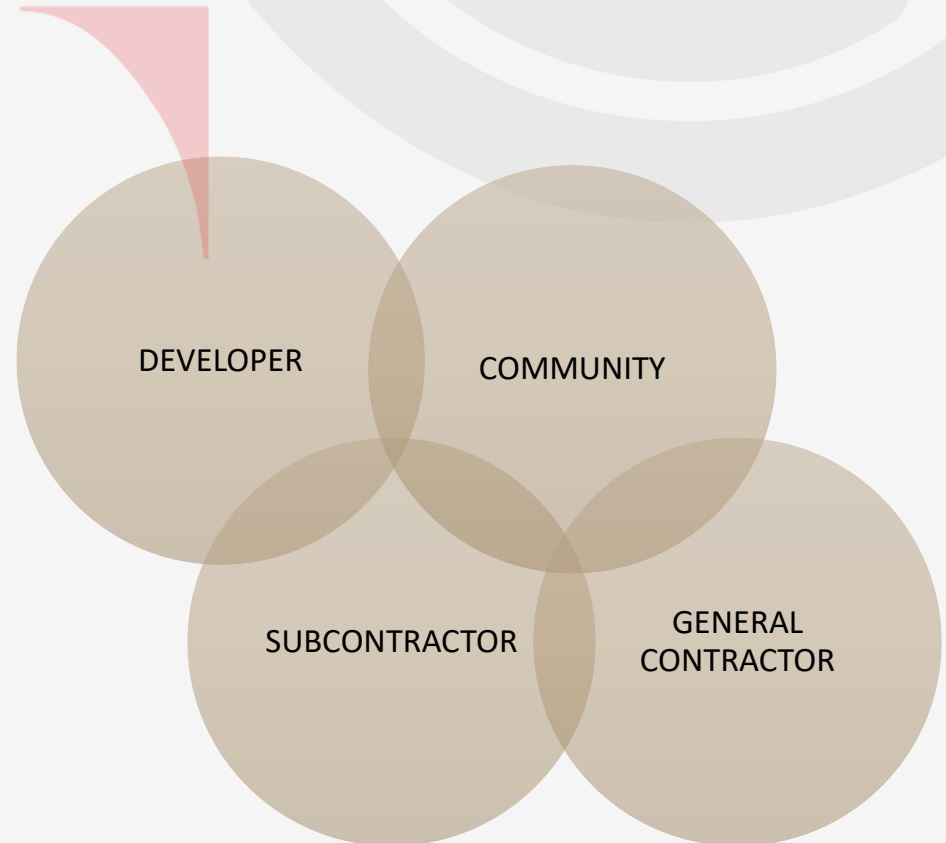
- Price
- Community + Compliance Requirements
- Experience
- Capacity

### BID-BOOK SUBMISSION

- >3 bids for each scope
- Lowest responsive & responsible bids

### SUBCONTRACTOR AWARDS

- Letter of Intent (LOI) issued
- Contract not executed until week of closing



# THE BALANCING ACT:

MEETING COMPLIANCE REQUIREMENTS & COMMUNITY REQUIREMENTS





# MEETING COMPLIANCE & COMMUNITY REQUIREMENTS

the struggle is real!

## MBE/WBE

- 26% MBE
- 6% WBE
- City of Chicago & Cook County certified firms only
- 6+ months for firms to become certified

## CITY OF CHICAGO RESIDENCY

- 50% of all labor hours
- City of Chicago residents only
- Liquidated damages

## LOCAL HIRING

- 7.5% of all labor hours
- 1 mile radius

## SECTION 3

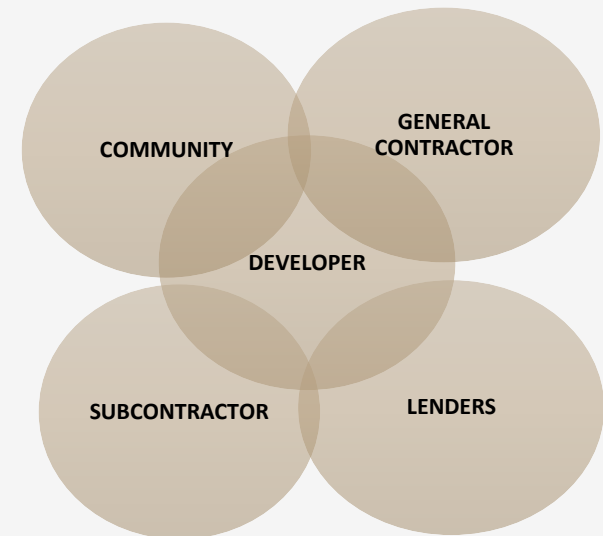
- HUD regulation
- Low- or very-low income
- 25% of all labor hours
- 20% Sec. 3 | 5% Targeted Sec. 3

## PREVAILING WAGE

- Set by the Department of Labor
- Equivalent to union scale
- Davis-Bacon or Illinois Prevailing

## COMPLIANCE REPORTING

- LCP Tracker (Certified Payroll)
- B2G (M/WBE & Payment Tracking)



# MEETING COMPLIANCE & COMMUNITY REQUIREMENTS

for your information...

## ***ILLINOIS HOUSING DEVELOPMENT AUTHORITY (IHDA)***

- Section 3
  - 25% of all labor hours
  - 20% Sec. 3 | 5% Targeted Sec. 3
- Davis-Bacon Wages
- Certified Payroll Reporting
- Forms

## ***CITY OF CHICAGO***

- 26% MBE / 6% WBE
- 50% Residency
- Section 3
  - 25% of all labor hours
  - 20% Sec. 3 | 5% Targeted Sec. 3
- LCP Tracker & B2G
- Prevailing Wages/Davis-Bacon
- Forms

## ***CHICAGO HOUSING AUTHORITY***

- 40% M/W/DBE
- 10% Sec. 3 Business Contracting
- Section 3
  - 25% of all labor hours
  - 20% Sec. 3 | 5% Targeted Sec. 3
- Liquidated damages
- Davis-Bacon Wages
- LCP Tracker & B2G
- Forms

# LET'S GET THIS THING BUILT:

ON SECOND THOUGHT, LET'S HUDDLE FIRST...



# ON SECOND THOUGHT, LET'S HUDDLE FIRST...

reviewing the plan

## FIRM PLAN IN PLACE

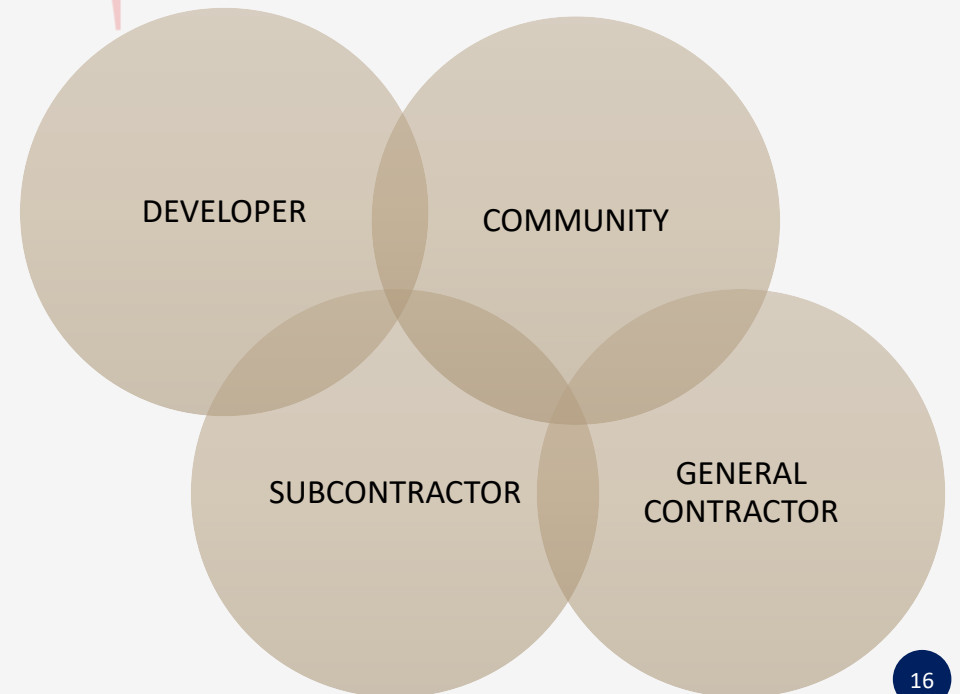
- Review with the subcontractors
- Review with the developers

## SITE EMPLOYMENT

- How many positions
- Community candidate pool
- Skilled v. unskilled opportunities
- Offsite employment
- Developer led scopes

## SITE DIVERSITY

- What drives site diversity
- Is it always possible





# LET'S GET THIS THING BUILT:

REMAINING MINDFUL



# REMAINING MINDFUL:

working the plan and making the plan work





# THANK YOU!



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# QUESTIONS & ANSWERS





Tandem Ventures

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## Construction Glossary

**3-week look ahead:** The schedule that is published each week by the general contractor that outlines what is occurring in the next three weeks of the project. This is broken down into small, actionable tasks, as opposed to the main project schedule (which is the overall timeline).

**Addendum:** Any documentation (drawings, specifications, etc.) issued during the bidding process to modify, clarify, or complement the information outlined in the bidding documents. Addenda become part of the contract documents upon awarding of the contract to a firm.

**Allowance:** A sum of money set aside in the construction contract for items which have not been selected and specified in the construction contract. For example, selection of tile as a flooring may require an allowance for an underlayment material, or an electrical allowance which sets aside an amount of money to be spent on electrical fixtures.

**Application for Payment:** Contractor's written request for payment for completed portions of the work and, for materials delivered or stored and properly labeled for the respective project, submitting to the owner each month (Also called draw, billing, or pay app).

**Apprenticeship:** a program or position in which a trainee learns a trade by working under a certified tradesman.

**Architect:** One who designs and supervises the construction of buildings or other structures.

**Back charge:** A charge against a contractor's contract for costs incurred by another party that should have been incurred by the contractor. A back charge typically takes form in a deductive change order. For example, if the contractor in charge of fire sprinklers damaged a wall using a boom lift, that contractor may incur a back charge from the drywall contractor for the repair work.

**Bid:** An offer or proposal of a price: The amount offered or proposed. (see RFP)

**Bid Bond:** A written form of security executed by the bidder as principal and by a surety for the purpose of guaranteeing that the bidder will sign the contract, if awarded the contract, for the stated bid amount.

**Bid Date/Time:** The due date and time set by the owner, architect or engineer for receiving bids.

**Bidding Documents:** The published advertisement or written invitation to bid, instructions to bidders, the bid form and the proposed contract documents including any acknowledged addenda issued prior to receipt of bids.

**Bidding Requirements:** The written minimum acceptable requirements set forth by the owner to the contractor during bidding process. The owner usually reserves the right to reject a bid if the Bidding Requirements are not met. (See Bidding Documents)

**Blueprints:** A type of copying method often used for architectural drawings. Usually used to describe the drawing of a structure which is prepared by an architect or designer for the purpose of design and planning, estimating, securing permits and actual construction (also called drawings or plans).

**Budget (Construction Budget):** The total sum of money allocated for a specific project.

**Change Order:** A written document between the owner and the contractor signed by the owner and the contractor authorizing a change in the work or an adjustment in the contract sum or the contract

## Construction Glossary

time. A change order may be signed by the architect or engineer, provided they have written authority from the owner for such procedure and that a copy of such written authority is furnished to the contractor upon request. The contract sum and the contract time may be changed only by change order. A change order may be in the form of additional compensation or time; or less compensation or time known as a Deduction (from the contract) the amount deducted from the contract sum by change order.

**Closed Bid/Estimate:** A service where only invited bidders are given access to the project specific RFP (Request for Proposal) information. This option is for those seeking bids/estimates from a prequalified and selected list of contractors.

**Construction:** The act or process of constructing.

**Construction Cost:** The direct contractor costs for labor, material, equipment, and services; contractors overhead and profit; and other direct construction costs. Construction cost does not include the compensation paid to the architect and engineer and consultants, the cost of the land, rights-of-way or other costs which are defined in the contract documents as being the responsibility of the owner.

**Construction Documents:** A term used to represent all drawings, specifications, addenda, other pertinent construction information associated with the construction of a specific project

**Consultant:** One hired by the owner or client to give professional advice.

**Contingencies:** The cost provisions in the project budget that make allowance for oversights and unforeseen circumstances associated with the project. Depending on the nature of the contract, the contractor may require owner's approval to draw funds from contingencies.

**Contract:** An agreement between two or more parties, especially one that is written and enforceable by law

**Contract Documents:** A term used to represent all executed agreements between the owner and contractor; any general, supplementary or other contract conditions; the drawings and specifications; all addenda issued prior to execution of the contract; and any other items specifically stipulated as being included in the contract documents.

**Contractor:** A properly licensed individual or company that agrees to furnish labor, materials, equipment and associated services to perform the work as specified for a specified price

**Critical Path:** The set of activities that must be completed on time for the project completion date to be met. Activities on the critical path have no slack time

**Drawings:** A term used to represent that portion of the contract documents that graphically illustrates the design, location and dimensions of the components and elements contained in a specific project

**General Conditions:** A written portion of the contract documents set forth by the owner stipulating the contractor's minimum acceptable performance requirements including the rights, responsibilities and relationships of the parties involved in the performance of the contract. General conditions are usually included in the book of specifications but are sometimes found in the architectural drawings.

**General Contractor:** Properly licensed individual or company having primary (prime) responsibility for the work

## Construction Glossary

**Interior Finish:** A term used to represent the visible elements, materials and applications applied to a building's interior excluding furniture, fixtures and equipment.

**Lien Waiver:** A written document from a contractor, subcontractor, material supplier or other construction professional(s), having lien rights against an owner's property, relinquishes all or part of those rights. Lien waivers are generally used for processing progress payments to prime or main or subcontractors as follows: Conditional Lien Waiver, Unconditional Lien Waiver, and Final Lien Waiver.

**MBE:** Minority Business Enterprise is a firm that is 51% or more owned by a member of a minority group such as African American, Native American, Asian or Hispanic American. MBE certifications are usually issued by the federal, state or local government.

**Milestone:** An activity with a duration of zero (0) and by which progress of the project is measured. A milestone is an informational marker only; it does not affect scheduling.

**OAC meeting:** A meeting held at a scheduled time (generally weekly or biweekly) between the owner, the architect, and the general contractor. This meeting covers general project management topics, such as safety, scheduling, procurement, RFIs, submittals, change orders, design changes, etc. The general contractor is usually responsible for leading the meeting and distributing the meeting minutes.

**Owner:** An individual or corporation that owns a real property.

**PLA (Project Labor Agreement):** Is a collective bargaining agreement that applies to a specific construction project and lasts for a specified duration. Essentially, it guarantees the project will use union labor.

**Performance Bond:** A written form of security from a surety (bonding) company to the owner, on behalf of an acceptable prime or main contractor or subcontractor, guaranteeing payment to the owner in the event the contractor fails to perform all labor, materials, equipment, or services in accordance with the contract. The surety companies generally reserve the right to have the original prime or main or subcontractor remedy any claims before paying on the bond or hiring other contractors.

**Pre-qualification:** A screening process wherein the owner or his/her appointed representative gathers background information from a contractor or construction professional for selection purposes. Qualifying considerations include competence, integrity, dependability, responsiveness, bonding rate, bonding capacity, work on hand, similar project experience, and other specific owner requirements.

**Punch list:** A list of all items that need to be fixed before the building or project can be turned over to the client. Punch list items are also known as snags or deficiencies, and include things like paint scratches, damaged siding, cleanup, etc. This process comes at the end of the project after a preliminary walkthrough of the jobsite. The final punch list is usually tied to a cost withheld from the contractor until it is completed and verified.

**RFI:** This stands for "request for information" which is a formal question to the design team, client, or general contractor that will likely affect the contract scope, drawings, and/or specifications. The response to an RFI acts as a contract change and could result in a change order.



## Construction Glossary

**RFP:** A document that provides all the details a firm will need to create a bid. It defines project scope, background, deliverables and more. Typically, questions in the RFP either ask about experience or technical requirements.

**RFQ:** A formal document asking for details about a firms' experience, previous projects and credentials. Consequently, the results of the RFQ may help the client narrow down the list of vendors that will receive the invitation to bid

**Responsive Bidder:** A contractor, business entity, or individual who has submitted a bid or proposal that fully conforms in all material respects to the Invitation for Bids (IFB)/Request for Proposals (RFP) and all of its requirements, including all form and substance

**Responsible Bidder:** A bidder that has the experience, personnel, equipment, and finances to perform the requirements of the contract.

**Schedule of values:** The breakdown of a contract amount into sub-items and sub-costs for identifiable construction elements. This is usually used as the basis for submitting and reviewing progress payment.

**Specifications:** The instruction manual that is paired with the contract drawings. It includes information such as installation procedures, product brand requirements, and testing requirements, to name a few.

**Union:** As the name implies, building trade unions include the many crafts that are part of the construction industry. They include bricklayers, carpenters, iron workers, asbestos workers, operating engineers, painters, plasterers, plumbers, roofers and sheet metal workers.

**WBE:** Women Business Enterprise is a firm that is 51% or more owned by a woman, with no bearing on affiliation with a minority group. WBE certifications are usually issued by the federal, state or local government.