**COMMUNITY DEVELOPMENT BLOCK GRANT**

**WAGE RATES, LABOR STANDARDS & CONSTRUCTION MANAGEMENT**

**PROCESS GUIDE**

All construction funded in whole or in part with Community Development Block Grant (CDBG) funding is subject to Federal labor standards and construction management.  The principal labor laws which must be complied with on all contracts involving Federal funds are the Davis-Bacon Prevailing Wage Act (40 USC 276), the Copeland Anti-Kickback Act (40 USC 276c), and the Contract Work Hours and Safety Standards Act (40 USC 327-330). The Federal Labor Standards Requirements in Housing and Urban Development Program Handbook 1344.1 guides the processes to meet Wage Rate, Labor Standards and Construction Management requirements. Specific steps and forms utilized are outlined below.

**Acronyms**

* DBLS: Davis Bacon Labor Standards
* DOL: Department of Labor
* HUD: U.S. Department of Housing and Urban Development
* GA: Grant Administrator – Entity contracted by the ULG to administer the CDBG grant.
* GM: Grant Manager – Staff within the LCA/DCEO that manage CDBG grants.
* LCA: Local Contracting Agency - As a recipient of Community Development Block Grant (CDBG) funding directly from the U.S. Department of Housing and Urban Development (HUD); the State of Illinois, Department of Commerce and Economic Opportunity, Office of Community Development, is the LCA referenced in this document.
* LSS: HUD Labor Standards Specialist of Staff
* ULG: Unit of Local Government receiving the CDBG grant.
* WRD: Wage Rate Determination

**DCEO Grant Agreement Inclusions**

GM will send email concerning Construction Management the day after the grant agreement is sent. Email will include link to Labor Standards and Construction Management on website.

**Record Retention**

GAs must utilize the [CDBG Construction Management Checklist](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/cdbg-construction-management-checklist.docx) to track and document Labor Standards, Section 3, and Construction Management requirements throughout the life of the grant. GAs must sign and date the Checklist once all construction activities have been completed. All documents related to Davis Bacon Labor Standards and Construction must be complete, signed (where applicable) and held in the Grant Administrator’s files for three years after the project completion date. Documents must be readily available for monitoring.

**Wage Rate Determination**

Wage Rate Determinations must be obtained through the Office of Community Development.

* The GA will submit [SF308](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sf-dol-308-request-for-wage-determination.pdf) – Request for Wage Request Determination to the GM a minimum of 3 weeks prior to the bid advertisement. This form requests wage rates and provides dates of the bid advertisement and the bid opening.
* SF308 will be accompanied by:
	+ Copy of Table of Contents for the Bid Packet with the page numbers where the DCEO required documents are located.
	+ The draft [Invitation for Bids](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/invitation-for-bids-template.docx) along with the location of where it is to be published. The draft Invitation must include a specific description that matches Exhibit A of the Executed Grant Agreement as copied from the Environmental Release Letter.
* GM reviews draft Invitation for Bids to assure scope matches the Grant Agreement/Environmental Release.
* GM reviews Table of Contents to ensure all required documents will be in the bid packet.
* GM issues courtesy copy of Wage Rate Determination for bid advertisement.
* GM marks personal calendar for date of the bid opening. Disburses Wage Rate Determination on the day of the bid opening. This WRD is considered “locked-in” unless the contract is not executed within 90 days.
* Bid Openings must be scheduled a minimum of 30 days after the availability of bid packages and *cannot be held on a Friday or legal federal or state Holiday.*
* The [Notice of Award to Contractors](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/notice-of-award-to-contractor.doc) (not NOCA) must be given within 30 days of the bid opening to the lowest responsible bidder.
* If the contract is not executed (both parties have signed) within 90 days of the bid opening and/or if construction is not started within 90 days of the contract award date a new wage rate determination must be requested, utilized and added to the executed contract.
* If a Classification is missing from the Wage Rate Determination, the Grantee, Engineer, or other administrative agency IS NOT allowed to pull Wage Rate Determinations for other Categories in which the missing Crafts/Classifications may be found.  The GA with the Contractor must send form [SF1444](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sf-dol-1444-request-for-authorization-of-additional-classification-and-rate.pdf) to the GM to request a Conformance after the preconstruction conference and within 30 days of the construction start date (defined as the first day of the first payroll). The GM will forward SF1444 along with the applicable WRD to DOL at DBAconformance@dol.gov. Once information is received from DOL, the GM will send to GA for disbursement to the Contractor.

**Bid Process**

Language/Verbiage in the Invitation for Bids Template must be included for the **Bid Advertisement**.

In addition to the Project Specifications, the following Federal and State documents must be included in the **Bid Packet**:

* [Instructions to Bidders](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/instructions-to-bidders.docx) – make sure there is info on Bonds
* [General Conditions Section 1](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/general-conditions-section-1.doc) and [General Conditions Section 2](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/general-conditions-section-2-and-special-conditions.doc)
* [Bid for Site Preparation](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/bid-for-site-preparation.docx) ***and/or***[Bid for Unit Price Contracts](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/bid-for-unit-price-contracts.docx) **and/or** [Bid for Lump Sum Contracts](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/bid-for-lump-sum-contracts.docx).
* [Statement of Bidder Qualifications](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/statement-of-bidder-qualifications.docx)
* [HUD-4010](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sf-hud-4010-labor-standards-provisions-1023.pdf) – The entire HUD-4010 document must be included in totality, without separation of sections of the document.
* Wage Rate Determination
	+ The courtesy copy of the Wage Rate Determination must be included in the bid packet.
* [Bid Bond](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/bid-bond.docx)
* [Intent to Comply with Section 3 Requirements](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/intent-to-comply-with-section-3.doc)
* [Certification of Bidder Regarding Section 3 and Segregated Facilities](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/certification-of-bidder-section-3-and-segregated-facilities.doc)
* [Proposed Subcontracts Breakdown – Table A](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/proposed-subcontracts-breakdown-table-a.docx)
* [Estimated Project Workforce Breakdown – Table B](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/estimated-project-workforce-breakdown-table-b.docx)
* [Certification of Bidder Regarding Equal Employment Opportunity](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/certification-of-bidder-regarding-equal-employment-opportunity.pdf)
* [Certification by Proposed Subcontractor Regarding Equal Employment Opportunity](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/certification-of-proposed-subcontractor-regarding-equal-employment-opportunity.pdf)
* [Buy America Preference Certification](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/buy-america-preference-certification.pdf) The Build America, Buy America Act (BABA) requires that products purchased in connection with infrastructure projects funded by Federal financial assistance programs must be produced in the United States. Currently, the following products used in Federally funded infrastructure projects must be produced in the United States:
	+ Iron and steel;
	+ Specifically Listed Construction Materials:
		- Metals other than iron or steel (non-ferrous metals)
		- Lumber
		- Composite building materials
		- Plastic and polymer-based pipe and tube (e.g., PVC pipe)
* [Non-collusion Affidavit of Prime Bidder](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/noncollusion-affidavit-of-prime-bidder.doc)
* [Non-collusion Affidavit of Subcontractor](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/noncollusion-affidavit-of-subcontractor.doc.docx)

As part of the bid process, to meet the federal regulations and terms of the grant agreement, Grantees must make notification about the CDBG funded project by posting locally and sending as follows:

* [Minority Business Enterprise (MBE) Bid Notification](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/mbe-bid-notification.docx) to CEO.APEX@Illinois.gov
* [Section 3 Notice to Citizens Opportunity to Work form](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sec-3-notice-to-citizens.pdf)

**Please note when preparing bid and contract documents for an “On Behalf Of” project, the CDBG Grantee is the responsible entity.**

**If only one bid received,** submit the bid tab and a list of bid packet holders to the GM for approval prior to award.

**Once the bids are opened and the lowest responsible bidder selected**, the GA is required to notify the LCA GM and the DOL of the contract award within 10 days of the date the contract is signed.

* Submit the DOL Notice of Contract Award through the [Notification of Construction Contract Award Portal | U.S. Department of Labor (dol.gov)](https://www.dol.gov/agencies/ofccp/ncap)

Within 10 days of the date the contract is signed, the GA must send the following to the GM:

* [NOCA -HUD 2516](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sf-hud-2516-notice-of-contract-award.pdf), along with the relevant contract agreement pages including:
	+ Contracting Parties
	+ Amount of the Contract/Winning Bid Amount
	+ Effective Date (the first day of the contract or dated signature page)
	+ Signature Page
	+ NOTE: DCEO is considered the “Field Office” on the form.
* Contractor Verification - It is not necessary for construction contractors working on CDBG grant-funded projects to be registered in SAM.gov and receive a Unique Entity Identifier (UEI).  However, the Contractor must not be actively excluded from participating in any federal assistance program [24 CFR 85, Subpart C 85.35; HUD 4010]. Directions are available in the [Quick Start Guide](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/quick-start-guide-for-exclusions-search.pdf). Make certain to search by the Contractor’s name, and the Business name. Verification must be printed from the website.
* Bid Tab
* Signed Intent to Comply with Section 3 document for Contractor and Subcontractor

**When NOCA-HUD 2516 and its attachments above have been received by the GM, the GM will notify the Program Manager to turn on the construction special grant condition on GRS 324 to allow for Construction funds draws.**

**Contract Award**

The following Federal and State documents must be included in the Contract:

* Contract/Agreement
* HUD-4010 – The entire HUD-4010 document must be included in totality, without separation of sections of the document.
* Wage Rate Determination
	+ The Lock-In Wage Rate Determination must be included in all construction contracts, including subcontracts.
* General Conditions Section 1 and General Conditions Section 2 and Special Conditions
* Copy of the Contractor’s Bid
* Copies of Bid Bond, 5%; Payment Bond, 100%; Performance Bond, 100%
* Insurance Certificates (in the amounts specified by the construction contract naming grantee as an insured party)
* Signed Intent to Comply with Section 3 Requirements
* Signed Certification of Bidder Regarding Section 3 and Segregated Facilities
* Signed Proposed Subcontracts Breakdown – Table A
* Signed Estimated Project Workforce Breakdown – Table B
* Signed Certification of Bidder Regarding Equal Employment Opportunity
* Signed Certification by Proposed Subcontractor Regarding Equal Employment Opportunity
* Signed Buy America Preference Certification
* Signed Non-collusion Affidavit of Prime Bidder

NOTE: If subcontractors are used, there must be a copy of the contract between the prime and subcontractor in the grant file held by the GA.

**Preconstruction Conference**

The ULG/GA are required to conduct a pre-construction conference. The purpose of the preconstruction conference is to ensure the Grantee, Contractors and subcontractors are thoroughly instructed as to their duties and responsibility in adhering to the federal regulations covering CDBG grant-funded projects.  The [Preconstruction Conference Checklist and Minutes](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/preconstruction-conference-checklist.doc) must be used to document participation.

The following documents must be submitted to the GM upon completion of the Preconstruction Conference:

* Preconstruction Conference Checklist/Minutes
* [Notice to Proceed](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/notice-to-proceed.doc): The Notice to Proceed can be issued at the closing of the preconstruction conference but must not be signed prior to holding the preconstruction conference and all parties certifying understanding of the federal requirements associated with the CDBG funded construction project.
* [Contractor’s Profile Form](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/contractor-profile-form.docx): completed by the Contractor. Fringe Benefit Statements must be attached.

**Work Site Postings**

The GA must ensure the following documents are posted at the work site:

* [WH-1321 Davis-Bacon poster](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sf-dol-wh1321-davis-bacon-poster.pdf)

* [HUD 4720 Wage Rate Sheet](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sf-hud-4720-wage-rate-sheet.doc) with the applicable wage decision along with any applicable conformance. [\\ildceo.net\common\CD\Labor Standards\Worksite Posters\SF HUD 4720 Wage Rate Sheet.doc](file:///%5C%5Cildceo.net%5Ccommon%5CCD%5CLabor%20Standards%5CWorksite%20Posters%5CSF%20HUD%204720%20Wage%20Rate%20Sheet.doc)

* [WH-1088 Federal Fair Labor Standards Act Minimum Wage Poster](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sf-dol-wh1088-minimum-wage-poster.pdf)
* Know Your Rights under Illinois Employment Laws Posters – available at: [Required Posters & Disclosures - Employers (illinois.gov)](https://labor.illinois.gov/employers/posters.html)
* [First Page of HUD Davis Bacon Worker’s Pocket Guide](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/hud-davis-bacon-worker-pocket-guide.pdf) information Photos must be kept in the grant file for documentation of compliance.

**Payroll**

Prime and Sub Contractors must submit copies of Certified Payrolls to the GA for each weekly period of construction utilizing form [WH-347](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sf-dol-wh347-payroll-report.pdf). Both sides of the form must be completed, including the Statement of Compliance with signature. Directions can be found at: [Instructions For Completing Payroll Form, WH-347 | U.S. Department of Labor (dol.gov)](https://www.dol.gov/agencies/whd/forms/wh347). Per LR-96-01 a self-employed contractor must be shown on the “responsible” contractor’s payroll. If more than one form is necessary for the payroll, they must be numbered.

The GA will send the first Certified Payroll when work is first performed. The most recent Certified Payroll for prime and subcontractors must be sent for each quarterly report after construction begins and the Final Report. GMs may request additional payroll reports.

The Contractor must provide, and the GA maintain a list of every employee working on the project, along with their phone number, mailing address and email.

[HUD Form 11](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/sf-hud-form-11-record-of-employee-interview.pdf) must be used by the GA to conduct systematic employee interviews for each craft/classification working on the CDBG grant funded project. Conducting interviews assures that the payroll information is consistent with the wage rate determination, and employees are working in their proper job classifications.

HUD Davis Bacon Resource Documents

* [Davis Bacon and Labor Standards Agency/Contractor Guide](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/davis-bacon-and-labor-standards-agency-and-contractor-guide.pdf)
* [Davis Bacon and Labor Standards Contractor Guide Addendum](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/davis-bacon-and-labor-standards-contractor-guide-addendum.pdf)
* [HUD Labor Standards Letter LR-96-01 – Self Employed Laborers and Mechanics](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/davisbaconresources/lr-1996-01.pdf)