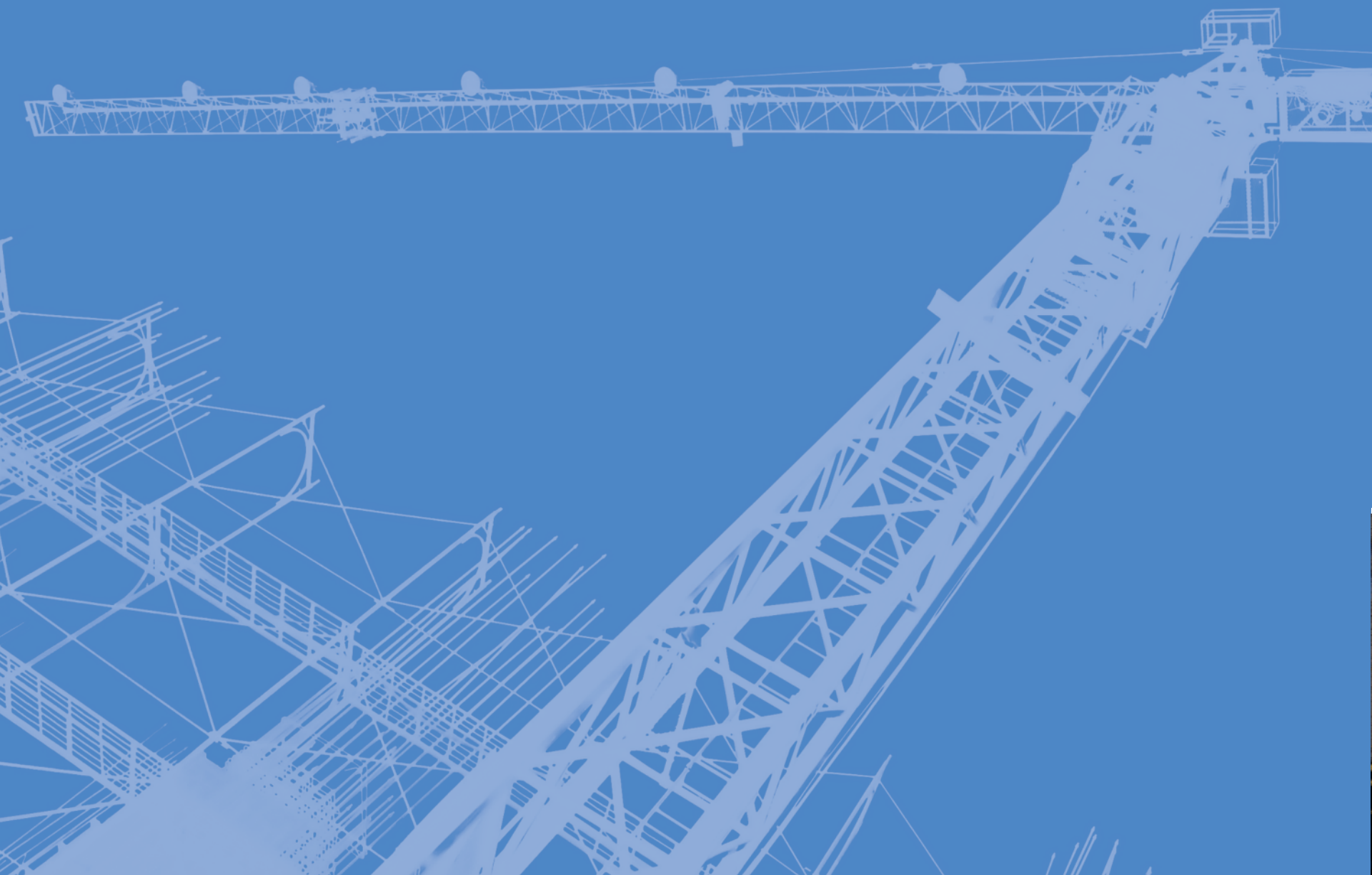




We make it fair for taxpayers,  
workers, and contractors.

**The Indiana, Illinois, Iowa Foundation  
for Fair Contracting**

6170 Joliet Road | Suite 200 | Countryside, IL 60525  
815.254.3332 | Fax 815.254.3525  
[www.iiifc.org](http://www.iiifc.org)





# Responsible Bidder Toolkit



Providing Greater  
**Taxpayer Value**





# Responsible Bidder Toolkit

A publication of the Indiana, Illinois, Iowa Foundation for Fair Contracting



We make it fair for taxpayers,  
workers, and contractors.

6170 Joliet Road | Suite 200 | Countryside, IL 60525  
815.254.3332 | Fax 815.254.3525  
[www.iiifc.org](http://www.iiifc.org)

## Contents

Introduction	3
What is a Responsible Bidder Ordinance?	4
Who uses RBOs?	5
Compliance requirements of an RBO	6
What is the benefit of having an RBO?	7
Registered apprenticeship programs	8
FAQs	9
The next step	10







Dear Community Member,

As a non-for-profit labor-management organization, the Indiana, Illinois, Iowa Foundation for Fair Contracting (III FFC) is committed to public policies that reward work, ensure business growth, and create broad-based prosperity that benefit workers, businesses, and taxpayers alike. The III FFC is driven by the idea of raising standards in the construction industry. Since its inception, the III FFC has focused on increasing market share for responsible contractors, work opportunities for skilled craftsmen, and value for taxpayers by executing a comprehensive program of procurement oversight, jobsite monitoring, and public policy education. One tool the III FFC promotes in furtherance of these goals in the public construction arena is the Responsible Bidder Ordinance (RBO).

State and local laws often require public construction contracts to be awarded to the lowest responsible bidder. However, the law rarely defines "responsible," leading to the misconception that "responsible" simply means financially responsible. The definition of "responsible bidder" set by the National Institute of Government Purchasing is: "A bidder or offeror who has the capacity in all respects to perform fully the contract requirements, and the experience, integrity, perseverance, reliability, capacity, facilities, equipment, and credit which will assure good faith performance." Indeed, local governments may choose a bidder, even though not the lowest bidder, so long as the decision is in the public interest, without fraud, unfair dealing or favoritism, and there is a reasonable basis for the award. With this in mind, there are many ways to define "responsible" bidder. This poses a question: how can these qualities be proven? What evidence can be provided to objectively support these traits? RBOs provide governing bodies and taxpayers with solid assurances and objective criteria by which a bidder can be deemed responsible.

RBOs contain requirements that ensure bidders and contractors are abiding by applicable laws and are meeting their legal responsibilities. Such ordinances ensure that contractors are able to compete on a level playing field, as well as protect workers from exploitation. RBOs provide assurance that responsible contractors and skilled workers are providing taxpayers with efficient and productive construction.

Today, various public bodies across the country are adopting RBOs, creating safer working environments, more on-time completions, and lower costs. Responsible bidding is a "win" for businesses, workers, and taxpayers alike.

The following pages explain why RBOs are an important tool for communities to ensure greater taxpayer value.

Sincerely,

Marc R. Poulos  
Executive Director



# What is a Responsible Bidder Ordinance?

- ▶ The lowest bidder is not always a responsible bidder.
- ▶ The purpose of an RBO is to help ensure that your city, town, county, or school system hires only responsible contractors who will provide the highest quality work efficiently, safely, on time, and on budget.
- ▶ An RBO serves as a kind of “protection plan” for local governments by establishing clear, objective criteria that contractors must meet to be eligible to bid on public works projects.
- ▶ RBOs tend to increase the likelihood that local contractors employing local workers will perform the construction work. This means a stronger local tax base, lower unemployment, and more dollars circulating through local businesses.
- ▶ RBOs ensure that public bodies have the discretion to reward responsible contractors based on objective criteria that provides a well-trained, safe, and substance free workforce.





# Who uses RBOs?



County governments



Cities and towns



Fire districts and park boards





# Compliance requirements of an RBO

## Responsible Bidder Ordinances require contractors performing public works construction in your community to meet high standards.

- ▶ Compliance with all applicable laws and ordinances prerequisite to doing business in the state.
- ▶ Compliance with state or federal prevailing wage laws, and all rules and regulations therein.
- ▶ Evidence of participation in apprenticeship and training programs applicable to the work to be performed on the project approved by and registered with the United States Department of Labor. The required evidence includes a copy of all applicable apprenticeship standards and apprenticeship agreements for any apprentices who will perform on the project.
- ▶ A copy of a written drug testing plan pursuant to applicable state law.
- ▶ A sworn statement that individuals who will perform work on the project are properly classified as either an employee or an independent contractor under applicable state and federal laws and local ordinances.
- ▶ A sworn statement listing all bidder's employees who will perform work on the project and evidence that all listed employees are covered under bidder's current workers' compensation insurance policy and properly classified under such policy.
- ▶ Documents evidencing any professional or trade license required by law or local ordinance for any specialty work for which the bidder is seeking a contract award; additionally, the bidder must disclose any suspension or revocation of licenses held by the company, or of any director, officer or manager employed by the bidder.







# What is the benefit of having an RBO?

By adopting an RBO, communities can help ensure that only responsible companies receive public works contracts.

- ▶ An RBO helps local governments hire contractors who are up-to-date on basic compliance standards such as having proper business registration, past history of compliance with environmental, labor and safety laws, proof of relevant insurance coverage, and apprenticeship and training participation. These standards help ensure successful construction projects.
- ▶ When costs on public works overrun or on-the-job injuries occur, taxpayers pick up the tab. With the help of an RBO, communities can protect themselves from abuse of taxpayer dollars and build better quality infrastructure.





# Registered apprenticeship programs

**RBOs require contractors to show participation in USDOL-approved apprenticeship programs applicable to the work to be performed on a given project.**

Documentation showing participation in a USDOL-approved program may include written standards of apprenticeship. These standards outline the terms of apprentice employment, training, and supervision and must include minimum hours of classroom instruction and on-the-job training.

By enacting an RBO, only qualified workers can perform on the jobsite. Workers who have completed their respective apprenticeship programs have completed rigorous training, some with over 6,000 hours on-the-job training and over 150 hours each year in the classroom. Apprenticeship programs require continuous education, resulting in the best skilled and trained craftsmen to work on taxpayer funded projects.





# Frequently asked questions

The FAQs listed in this section address questions you may have about the adoption of a Responsible Bidder Ordinance.

## Will a Responsible Bidder Ordinance result in increased costs?

An RBO should not result in additional costs and is likely to result in savings to public bodies by screening out contractors that do not meet the minimum bidding requirements set forth in the ordinance and in related state and federal laws. State agencies already provide enforcement for most of these provisions.

Setting minimum bidding standards with an RBO provides greater assurance that the public body is working with contractors committed to skill development and training, competitive wages and fringe benefits, and a safe workplace. The result is a highly trained workplace committed to producing the best construction available.

## What documents should a public body request to evidence compliance with applicable laws and ordinances prerequisite to doing business in the State?

The public body may require a contractor to submit documentation that the contractor is registered and in good standing with the Secretary of State and any other similar requirements established by the public body that are prerequisite to performing work in the jurisdiction. The contractor must also provide copies of any professional or trade license required by law or local ordinance for any trade or specialty area in which the contractor is seeking a contract award and

disclose any suspension or revocation of such license. Finally, the public body may require the contractor to disclose determinations by a court or government agency for violations of federal, state, or local laws, such as violations of tax, licensing, environmental, prevailing wage or workplace safety laws.

## Why require a sworn statement of prevailing wage/compliance?

The purpose of prevailing wage laws is to ensure that a decent wage is paid to employees performing work on public construction projects. These laws also protect local contractors from unfair competition by preventing underbidding on public works projects. A sworn statement verifies that the contractor has reviewed the applicable law(s), agrees to pay the applicable wages and will comply with the other requirements of the law(s). By reinforcing what is already required under state and federal laws, a public body emphasizes the importance of compliance.

## Does it matter whether the bidder is a union or non-union contractor?

Responsible bidding is not a union/non-union issue. RBOs simply ensure that public works projects are awarded to contractors that meet the minimum requirements of local, state and federal laws and provide greater taxpayer value.

## Why should a public body be concerned with classification of employees and independent contractors?

Contractors have an incentive to misclassify employees as independent contractors because misclassification relieves obligations to pay their share of social security taxes, federal unemployment taxes, workers' compensation premiums and state unemployment insurance contributions, often decreasing payroll costs by as much as 15 to 30 percent. Requiring a contractor to provide a sworn statement that all individuals working on the project are properly classified puts the contractor on notice that the public body will not tolerate misclassification to the detriment of workers or taxpayers.

## Is the Responsible Bidder Ordinance lawful?

Yes. State laws and regulations already include "responsible bidder" requirements on state construction projects. Many communities have already adopted RBOs in their communities.

Visit <http://iiffc.org/bidding/> for a list of communities with existing ordinances.



# The next step.

The next step to providing greater taxpayer value is to adopt a comprehensive Responsible Bidding Ordinance for your community. You will find all the information you need to get started in the pocket on the opposite page.

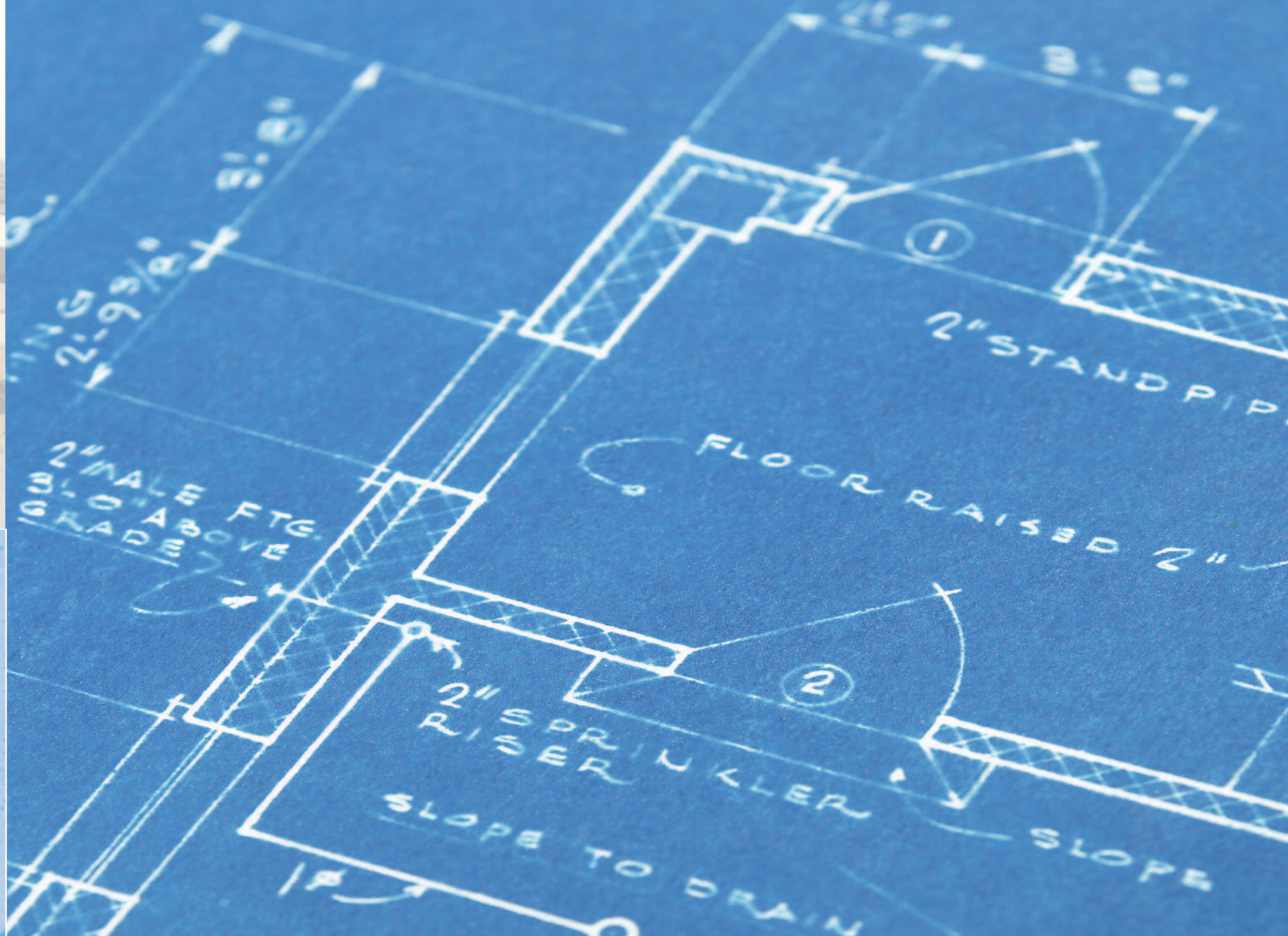
For additional assistance, please contact the Ill FFC office, or visit our website at [www.iiifc.org](http://www.iiifc.org).

Trained Workers  
Safe Workers

On Time, On Budget  
Greater Taxpayer Value







We make it fair for taxpayers,  
workers, and contractors.

**The Indiana, Illinois, Iowa Foundation  
for Fair Contracting**

6170 Joliet Road | Suite 200 | Countryside, IL 60525

815.254.3332 | Fax 815.254.3525

[www.iiifc.org](http://www.iiifc.org)