

# The Monitor

RAISING THE BAR BY MONITORING THE CONSTRUCTION INDUSTRY

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Rebuild Illinois & COVID-19





Hana-Illinois

# The Monitor

**RAISING THE BAR BY MONITORING THE CONSTRUCTION INDUSTRY** 



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OVID-19 has brought unprecedented challenges to residents, businesses, and local and state governments across Illinois. It has caused a global public health crisis, ravaged government budgets, produced high unemployment, and drastically changed people's work, shopping, and recreational habits. As a result, transportation systems are facing new difficulties. Overall travel has declined, with both vehicular traffic and public transportation ridership plummeting. Of course, this has resulted in reduced transportation revenues. This revenue loss is not only impacting the state's transportation agencies, but also Rebuild Illinois, the state's historic \$45 billion capital bill passed in June 2019.

By the end of March, all vehicular traffic across Illinois had declined 42% compared to the beginning of the month, with passenger vehicle travel decreasing by 47%. While traffic slowly increased in April and May, passenger vehicle traffic was still hovering around an 8-12% reduction in August compared to prepandemic levels. Similarly, in April and May CTA and Metra rail experienced readership drops of 86% and 100%, respectively, compared to the same months in 2019. By fall, transit ridership had slightly increased to a 50-60% decline year-over-year for bus service but remains at an 80% decline for rail service.

With the primary source of transportation funding in Illinois being the motor fuel tax, the dramatic decrease in driving has caused transportation revenue to plummet. As a result, Illinois lost almost \$200 million in motor fuel tax revenue between March and August. Comparing estimated revenue under normal circumstances, April and May were hit the hardest, with a \$72 million and \$61 million loss, respectively. Likewise, total

Regional Transportation Authority (RTA) sales tax revenues declined by 27.8% in April and 23.6% in May, compared to the same months in 2019. Combined with less severe loses in March and June, this is \$66.3 million less than in 2019.

All together, these revenue shortfalls have the potential to negatively impact transportation projects for state and local governments and transit agencies. And most significantly, the motor fuel tax is one of the primary sources of funding for Rebuild Illinois, which distributes revenues to state agencies, local governments, and transit agencies statewide

Under Rebuild Illinois, motor fuel tax rates were increased by \$0.19 per gallon for gasoline and \$0.24 per gallon for special fuels to address the state's longstanding disinvestment in transportation infrastructure. This was expected to generate an additional \$1.3 billion in new revenue every year. This rate increase is the largest revenue component for Rebuild Illinois, accounting for over 66% of new estimated annual transportation revenues. While this revenue source will not reach its full potential in 2020 due to the COVID-19 pandemic, Illinois can be thankful that Rebuild Illinois helped the state generate more transportation revenue than in previous years.

Statewide, travel and motor fuel tax revenues have partially rebounded in recent months, yet losses still exist and much remains uncertain about the future. Illinois' transportation infrastructure and the ability to properly maintain it are of the utmost importance. It will be crucial for Illinois to continue monitoring the impact COVID-19 has on transportation revenues for the foreseeable future.

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Like all

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III FFC look

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#### 2020 Year In Review

hile this year has proven to be anything but normal, the Indiana, Illinois, Iowa Foundation for Fair Contracting (III FFC) has continued our efforts to be a national leader in fair contracting. Despite the challenges of the coronavirus pandemic, we had several victories in 2020 that help further our mission of raising standards in the construction industry.

As an organization, we completed a challenging transformation of our old market share analysis practice into a state-of-the-art, best-in-class system. We also completed a comprehensive prevailing wage resource guide for Illinois legislators that will be instrumental in refuting misconceptions and misinformation about prevailing wage laws. Additionally, we welcomed Tylai Lask as a Special Projects Manager, who will, among other things, help monitor Safe Roads Amendment safeguards for transportation revenues to ensure lasting work for our members and signatory contractors.

We witnessed the anniversary of Illinois' monumental Rebuild Illinois infrastructure program in the midst of a global pandemic. While there is much uncertainty about the longer-term effects COVID-19 will have on future revenues, Governor Pritzker took decisive action by allocating millions in Rebuild Illinois funds in 2020 to public infrastructure and economic development projects.

Additionally, Illinois saw the development of several mega development projects. Compass Business Park, south of Joliet, is projected to bring an investment of \$1.2 billion to Will County and hundreds of union jobs. We also saw final approvals for "The 78th," Chicago's newest neighborhood, a \$7 billion real estate development project. Our Illinois team also worked to ensure the passage of a referendum to increase the sales tax for infrastructure in Libertyville, assisted in the passage of Will

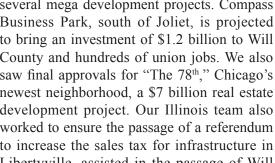
County's first motor fuel tax, and helped secure an increase in the existing DuPage County motor fuel tax.

In Indiana, our team successfully passed several Responsible Bidder Ordinances (RBOs), bringing our total Indiana RBO count to 51, while also actively working to add new apprenticeship requirements to existing RBOs to make them stronger. Our Indiana team also helped raise donations for COVID-19 relief for St. Joseph Carmelite Home, an emergency care shelter for children in East Chicago.

Finally, our Iowa team has been hard at work protecting labor standards in the Quad Cities. We continued the fight against the Iowa Federal Aid Swap Program, working with the Illinois Economic Policy Institute and the Government Accountability Office. Additionally, we hosted our final pre-pandemic inperson event in February with our annual Contractors and Public Officials Appreciation Dinner in Rock Island.

With the 2020 general election finally over, we look forward to President-Elect Biden's aggressive efforts to defeat the pandemic and spur a national economic recovery. The incoming Biden Administration's "Build Back Better" \$1.3 trillion economic recovery plan is set to deliver sweeping infrastructure investments with a renewed focus on delivering opportunities for American workers.

While this year has been a difficult one for us, with the pandemic and the January passing of III FFC founder and former Local 150 President and Business Manager William E. Dugan, we continue to press forward and fulfill our mission to be a premier fair contracting organization that delivers substantial value for members and contractors. Like all Americans, we at the III FFC look forward to a safer and more prosperous world in 2021.









Melissa Binetti Counsel for the III FFC

## **Update on Davis-Bacon Reform**

reated in 1931, the historically bipartisan Davis-Bacon Act requires the payment of prevailing wage rates to all laborers and mechanics on federally funded construction projects in excess of \$2,000. The Act requires that wages cannot be less than the locally prevailing wage and fringe benefit rates for corresponding work on similar projects in the local area.

The Davis-Bacon Act is intended to create a level playing field for all federal contractors by ensuring that public investments reflect local area standards. The Davis-Bacon Act supports middle class families by protecting market-based local wages in the competitive public bidding process. This federal prevailing wage system is one of the key pillars that gave rise to the American middle class.

But today, the foundations of the Davis-Bacon Act and the middle class are weaker than ever. The Act has been all but eviscerated by a lack of enforcement and a series of harmful regulations and policies adopted by the Trump administration. In short, the Davis-Bacon Act needs several specific administrative reforms to bring the Act back to life.

One of the key parts of Davis-Bacon Act that is in urgent need of reform is its wage survey program. The purpose of a wage survey is for the U.S. Department of Labor to collect information on wage rates and fringe benefits paid to workers and laborers in a particular area so that the prevailing wage can be determined. Two major issues with the current survey process are that it often contributes to the depression or stagnation of wage rates in certain areas under some conditions, and it is an

inefficient process because updates are based on the date of the last survey as opposed to the date the wage determination was last updated. A better approach would be to establish rates based on those contained in collective bargaining agreements where at least 30 percent of a localities' workers are paid under those CBAs, because it would reflect actual local area wage rates and the dynamics of the local construction industry.

Another Davis-Bacon problem is the method USDOL uses to calculate wages and fringe benefits. For example, "annualization" is the procedure by which fringe benefit credits in lieu of wages are determined. Annualization is a computation to determine the hourly rate that is creditable against an employer's total wage obligation. USDOL's current interpretation of the Act does not address new types of benefit plans and numerous loopholes that have resulted in extensive worker underpayments, also known as wage theft. Another example lies in the differences between the protections workers receive on straight time hours versus overtime hours, whereby contractors take advantage of workers and skim their wages with "creative accounting."

There are several other critical administrative fixes that need to be considered around enforcement, payroll statement requirements, and coverage.

This time of transition is a unique opportunity that holds extraordinary promise for working families. Making long-overdue administrative reforms to the Davis-Bacon Act is an important way in which we can move forward to strengthen the American middle class.



Kara Principe
Counsel for the III FFC



Joseph Sweeney Counsel for the III FFC



Jodi Frailey Regional Manager

# The 78th-Chicago's New Neighborhood

# **FOCUS ON** Illinois



mega project aimed at transforming 62-acres of vacant waterfront land along the Chicago River into one of Chicago's most ambitious development projects in decades. Plans call for 13 million square feet of offices, shops, hotels, fitness and entertainment centers, and 12 acres of open space. All told, the 78 will provide housing for 10,000 residents, 15,000 construction jobs, and 24,000 permanent jobs.

Some notable developments within the new neighborhood include a crescent-shaped park, a water taxi stop, and a University of Illinois affiliated innovation center known as the Discovery Partners Institute (DPI), which will house 2,000 students. The project is currently in phase two of construction with the third and final phase expected to be complete by the summer of 2021.

The developer, Related Midwest (Related), committed to redevelop The 78 responsibly long before they ever broke ground. They held block club and public meetings from 2016 to 2019 and created a Community Inclusion Council with business and community leaders to recruit diverse local talent and ensure the community benefits from the development. Related has a strong record of embracing principles of diversity and inclusion, community hiring, skills training, and mentorship of small, disadvantaged business

espite the pandemic and the resulting maintaining a healthy working relationship with economic downturn, construction Chicago's trade unions gives them access to the has continued to create Chicago's most highly trained and productive construction 78th official neighborhood. "The workers in Chicagoland. The III FFC, on behalf 78" is a \$7 billion real estate development of Local 150, and various other Chicago labor unions attended meetings and testified in support of The 78 before the Chicago City Council and the Community Development Commission.

> The 78 is primarily funded through Tax Increment Financing, with key TIF and Redevelopment Agreements approved in early 2019. One of the main goals of the project was to ensure adequate means of transportation for the thousands of people who will work and live in the neighborhood. Some of these transportation assets will include: a CTA "L" station at Roosevelt and State; a new CTA Red Line Station; water taxis; on-site parking and bicycle storage; and even an express shuttle from Union Station to Ogilvie Transportation Center. The project also includes a new Wells-Wentworth Connector that will serve as a direct link from the South Loop to the cultural hub of Chinatown.

Despite the pandemic, Chicago continues to invest in its future to make this new neighborhood an epicenter for business and innovation. While COVID-19 has profoundly disrupted the city, the pandemic in some respects has accelerated the project with fewer people on the streets and less traffic congestion to allow for faster development progress. As the project continues, The 78 is expected to bring in new residents and investments from all over the country. Local 150 and the III FFC are proud to join all the building trades in enterprises. And Related's commitment to supporting this exciting new development project.

# CONSTRUCTION ANALYST SPOTLIGHT

# **Shamus Quinn**

hamus Quinn joined the III FFC as an Illinois Construction Analyst in 2018, covering the counties of Lake and McHenry. Before joining the III FFC, Shamus attended the University of Illinois Urbana-Champaign, obtaining an undergraduate degree in Global Studies and Spanish and a master's degree in Human Resources and Industrial Relations. While attending graduate

school, Shamus interned at the Illinois Economic Policy Institute and contributed to research on state collective bargaining laws, corporate subsidies, Community Development Block Grants, and other topics.

Shamus' father James Quinn has been a Local 150 member for over thirty years, retiring from the Metropolitan Water Reclamation District in 2018. Being raised in a Local 150 household taught Shamus the importance of a cooperative relationship between labor and management for ensuring that workers are paid the correct wages, receive the correct benefits, and that the playing field is level for everyone.

One of the III FFC's most important functions is our market share analysis practice. Market share analysis tracks all contractors that bid on public works

projects and determines the quantitative market share of signatory contractors. The III FFC then monitors projects performed by non-responsible contractors to ensure compliances with all local, state, and federal construction laws and regulations.

Last year, Shamus was assigned to work with III FFC Policy Director Josh Weger and Cary Boers from Midwest Operating Engineers Information Technology Services to help complete a transformation of III FFC's market share analysis to a state-of-the-art Salesforce platform. The new system is a fully automated and web-based data analysis platform that provides the III FFC unparalleled market intelligence into the public works bidding environment in the Local 150 jurisdiction. Shamus' work included helping to finalize the system build,

developing reports, dashboards, and metrics, and creating a training program for other III FFC Construction Analysts. Just eight months into the full switch to Salesforce, III FFC has also added automated project mapping, a streamlined data pipeline, and an easily accessible portal for Local 150 business agents.

In January 2020, Local 150 held its annual Business Agent Seminar, a week of trainings and presentations to keep agents on top

> of changes in labor law, new developments in organizing campaigns, and new technologies to help them improve their skills. Shamus and Josh Weger presented the Business Agent market share portal as new tool to allow agents to access III FFC's market share intelligence at any time from any location. The system is updated in real time as new project data flows in and is reviewed and vetted by III FFC Construction Analysts. We know that partnership and information sharing is key to ensuring III FFC and Local 150 can respond to the threat of irresponsible contractors on public works jobs, and our new market share analysis system is a terrific tool to advance that goal.







Regional Manager

# **FOCUS ON** Indiana





**According to Orion** 

Renewable Energy,

solar energy could

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ince Northern Indiana Public Service Company (NIPSCO) announced in a press release in September 2018 that it planned to shut down all coal fired power plants, Local 150 members in Jasper

County have been nervous. The RM Schahfer Generating Station is a coal fired plant that contributes greatly to the Jasper County tax base.

Wind companies such as NextEra Energy and EDP Renewables tried to bring wind power to Jasper and Pulaski counties in Indiana. This mostly rural area is well suited for wind. according to those companies. Neither county allowed wind power to get out of the planning stages, with both restricting wind turbine setbacks to make it difficult to move the projects forward. Interestingly, both

counties developed an ordinance to allow solar energy developments around the same time.

In July 2019, the Jasper County Board of Zoning Appeals approved the Dunn's Bridge Solar project, developed by Orion Renewable Energy. Orion's plan was to develop roughly 2,500 acres for solar power. Dunn's Bridge Solar Park is located in Kankakee Township, where the NIPSCO Schahfer Generating station is located. According to Orion, this energy source could bring in \$35 million in revenues to local landowners and \$25 million in tax benefits to the county. During construction, an estimated 200 to 300 workers will be employed. Solar projects need excavation, irrigation, and posts dug for the base of the panels.

In August 2020, the Pulaski County Board of Zoning Appels approved the Mammoth Solar Park. The park is estimated to occupy 7,000 acres, with 4,500 acres of farm ground to house panels that can potentially serve 80,000 customers. Global Energy Generation is the company developing this project with the help of two investors, Clean Air Generation and Doral. Calculations to determine the estimated million in increased tax taxation benefit are underway currently. A project of this size could generate much needed tax revenue for a county that is

> cash strapped. Some estimates have landowners receiving \$1,000 per acre. Not to mention the construction jobs this would bring to this rural region. As of this time neither project has a power purchase agreement with NIPSCO, but given their proximity to the Schahfer Generating Station, that seems likely to happen.



terling Bay has committed to redevelop a vast parcel of underutilized land along the North Branch of the Chicago River to benefit residents, local workers, businesses and visitors. Lincoln Yards is an opportunity to transform a former industrial site into a vibrant new development that will connect Chicagoans to over 50 acres of riverfront. As a community driven development, Lincoln Yards offers many benefits and construction opportunities such as: 20 acres of public open space, a mile of new Riverwalk, new roadways,

an extension of The 606 across the Chicago River and the recently-announced Dominick Bridge, a new north-south river crossing.

"The City of Chicago's reactivation of the riverfront has created new opportunities for economic development, a cleaner environment and outdoor recreation," said Andy Gloor, CEO of Sterling Bay. "The Dominick Bridge will add to these efforts by creating a new opportunity for cross-community connections at Lincoln Yards, while also creating much-needed

jobs for Chicagoans during this challenging time."

These improvements amount to an estimated 10,000 full-time equivalent construction jobs over the next 10 years and 23,000 permanent on-site jobs when the development is complete. Sterling Bay has committed to adhere to the principles of diversity and inclusion by meeting or exceeding MBE, WBE and local labor hiring goals throughout the duration of the project. To further their commitment to the Chicago Labor Unions, Sterling Bay signed a Project Labor Agreement for the entire redevelopment prior to City approval of the Redevelopment Agreement. They have taken advantage of their opportunity to hire the most

highly trained, skilled and productive construction workers in the Chicagoland area by engaging signatory contractors.

In February 2019, Jodi Frailey with the III FFC, along with a long list of members from other trades testified in support of Lincoln Yards to the City of Chicago Community Development Commission Meeting and in March 2019 to the City of Chicago's Committee on Zoning, Landmarks and Building Standards. The III FFC also attended the Federation of Women Contractors Member Luncheon with

representatives from Sterling Bay for an afternoon of networking and to learn how DBE contractors could find opportunities to do business with this project. The Chicago Plan Commission and City Council approved the zoning, the TIF District and Redevelopment Agreements.

Due to hiring qualified and local contractors, the project is quickly moving along. By September 2019, Sterling Bay had already improved the site by treating over 200 cubic yards of lead soil and removing over 25,000 tons of contaminated soil located near thousands of homes in

Lincoln Park and Bucktown. The firm has recycled 30,000 tons of clean concrete and 200,000 gallons of petroleum impacted water. In July 2019, Fleet Fields opened. This recreational park space consists of three sports fields that are open to the public.

Once completed, it is anticipated that every year Lincoln Yards will generate tens of millions of dollars in much needed tax revenues to help ease some of the financial burden on the city of Chicago. We are very much in favor of this plan and look forward to seeing the project through to completion.





Andrew Waeyaert Regional Manager

# FOCUS ON **Iowa**



he COVID-19 pandemic has upended our lives. It has changed the way we work, shop, socialize, and educate our children. It has brought into focus how important our essential workforce is and energized national debates regarding healthcare, sick pay, and occupational safety. Unfortunately for many essential workers in Iowa, the State's Occupational Safety & Health Administration (OSHA) has left many workers wondering whether their health is actually protected while at work. This past spring, as economies were shutting down and hospitals were filling up, a number of health and safety concerns at Iowa meatpacking plants were reported to Iowa OSHA but prompted little investigation or intervention by the agency. Ultimately U.S. Representative Cindy Axne, Democrat from Iowa's 3<sup>rd</sup> Congressional District, wrote to the Iowa Division of Labor and formally called for an investigation into Iowa OSHA's handling of meatpacking plant coronavirusrelated health & safety complaints. "It is clear the investigations conducted by Iowa OSHA were severely lacking," Rep. Axne wrote. "Iowans are going to depend on Iowa OSHA...therefore, the public must know why a direct complaint of unsafe conditions failed to produce any confirmation of an outbreak."

Unfortunately for another sector of Iowa's essential workforce, the construction industry is all too familiar with Iowa OSHA's lack of willingness to investigate and enforce occupational health & safety. Unlike most of its border states, the State of Iowa has a state-run OSHA plan. Per the OSHA Act of

1970, states can opt-out of the federal OSHA program by creating their own state-run OSHA program. To ensure state plan compliance with the federal law, federal OSHA performs a Federal Annual Monitoring Evaluation (FAME) report every two years. Perhaps unsurprising to Iowa's essential workforce, the 2019 FAME report for the State of Iowa identified that Iowa OSHA failed to initiate inspections within the allotted timeframe and "saw an increase in the days to respond to complaint investigations (inquiries) and is now far exceeding the negotiated timeframe."

The III FFC is all too familiar with Iowa OSHA's lack of responsiveness. For years, our organization's Construction Analysts have observed and referred to Iowa OSHA countless hazardous construction sites - many covered by National Emphasis Programs defined by OSHA such as excavations or respirable crystalline silica. Unfortunately for the essential workers at those jobsites, Iowa OSHA rarely investigates. For the infrastructure construction industry across Iowa, what does that say to employers that are doing the right thing? How are the bad actors, who don't factor in expenses like safe equipment when bidding projects, being held to account for low-road business practices in Iowa? Iowa's absolute lowest bidder system for awarding public works contracts encourages employers to cut costs on worker safety and puts responsible contractors at a distinct disadvantage. Maybe it's time for Iowans to expect a little more fairness, both for essential workers and responsible contractors, from their State government.

# **SPOTLIGHT**

#### South Bend Community School Corporation passes Responsible Bidder Policy

n June 1, 2020, the South Bend Community School Corporation joined other school corporations in Indiana by passing a Responsible Bidder Policy. The seven-member school board for the South Bend Community School Corporation chose this policy to

expand their efforts to select the most responsive and responsible contractors for their public works projects. A Responsible Bidder Policy is an important protection plan, especially for the South Bend Community School Corporation, which also passed a \$220 million referendum in June for new building construction and operational needs. The school board recognized the importance of having a Responsible Bidder Policy in place to ensure projects are done correctly, safely, on time, and at the lowest cost possible.

Working closely with other labor professionals and school corporation CFO Kareemah Fowler,

the III FFC created a Responsible Bidder Policy tailored to meet the needs of the school corporation. The III FFC held several discussions and informative work sessions on the benefits of the Responsible Bidder Policy and how such a policy would promote and benefit professionally trained and skilled craftsmanship. A Responsible Bidder Policy adopts into a public body's procurement code provisions that specify the objective criteria a contractor must meet in order to be eligible to perform work on behalf of the public body. Simple things like assuring that contractors have the proper business

registrations, showing past compliance with environmental, labor, and safety laws, relevant insurance coverage, prevailing wage compliance, and apprenticeship and training participation can go a long way in assuring the financial and structural success of all public construction projects.

After several informational discussions, the III FFC gave a formal presentation to the South Bend school board. During the March 16, 2020 meeting, Board Member L. Wesley stated, "Thank You, Ms. Fowler. This has been well overdue, and I appreciate you helping and shaping and forming this initiative here at South Bend Schools." At

the June 1, 2020 South Bend Community School Board meeting there was a second reading and a vote of seven to zero in favor of adopting the Responsible Bidder Policy.



#### III FFC Delivers Donations to the Carmelite Home



n July, Indiana staff from the III FFC delivered a truck load of goods and food to the St. Joseph's Carmelite Home in East Chicago, a program that provides a safe place for children in crisis, ages birth to 18. Funding for the items were taken from a voluntary collection of III FFC employees in an effort to help the Carmelite Home during these trying times. Through generous donations, our staff was able to provide a well-rounded assortment of items, including healthy snacks, paper products. household items, and some age appropriate puzzles and toys for the children. The Carmelite Home could not have been more gracious in receiving the donation. They were sincerely appreciative and made it very clear to use that our donation was important to their mission.



#### It's really quite simple.

Successful projects happen when Labor and Management share the same priorities. And when the highest priority is having a team of safe, well-trained workers on the jobsite, those projects are completed on time and on budget.

# We're the Indiana, Illinois, Iowa Foundation for Fair Contracting.

We bring Labor and Management together to assist public bodies and contractors with OSHA, contract compliance and other contracting matters, while striving to secure work for responsible contractors.



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