

Memorandum

Subject: **ACTION:** Illinois Local Labor Hiring
Pilot Program Under Special Experimental
Project No. 14 (SEP-14)

Date: June 2, 2017

From: /S/ Peter J. Stephanos
Director, Office of Program Administration

In Reply Refer To:
HIPA-30

To: Catherine A. Batey
Division Administrator
Springfield, IL

This memorandum regards the May 22 email from Chris Byars of your staff, which transmitted the following documents:

1. A Chicago Department of Transportation (CDOT) Local Hiring Preference workplan under Special Experimental Project No. 14 (SEP-14) ~~workplan~~, dated May 18, 2017 for the Oakwood Boulevard project from Lake Park Avenue to Southbound Entrance and Exit ramp of Lake Shore Drive, which includes the Oakwood Viaduct over Metra and Canadian National Illinois Central Railroad. This workplan also includes CDOT's certification in compliance with Section 191 of the FY 2017 Appropriations Act, the Local Hiring Preference Special Provision, and a project area map.
2. A letter from CDOT to the Illinois Department of Transportation (IDOT), also dated May 18, formally transmitting the SEP-14 workplan package for IDOT concurrence. This letter also contains CDOT's certification in compliance with Section 191 of the FY 2017 Appropriations Act.
3. A letter from IDOT to your office, dated May 19, formally endorsing and approving CDOT's SEP-14 workplan and contract provisions.

The SEP-14 workplan is being advanced in response to the pilot [Contracting Initiative](#) announced by the U.S. Department of Transportation in a *Federal Register* Notice on March 6, 2015, intended to promote innovative contracting practices.

CDOT proposes to use a contract provision "Local Labor Hiring Program" with a goal of at least 20% of all contract labor hours performed by residents of Chicago living within the area shown Community Area Map attached to the SEP-14 workplan. The contractor will receive an incentive of \$20.00 per hour for each local labor hour used on the project that is above 7.5% with a not to exceed incentive amount of \$80,000.00. The contractor shall not displace any of its existing employees in order to satisfy such hiring preference.

FHWA approves the proposed use of geographic labor hiring preference provisions on a Federal-aid project under the experimental authorities of [23 U.S.C. 502](#) and SEP-14. FHWA also approves the proposed use of the hiring preference incentive provision, as the incentive costs associated with the approval are eligible for participation as surface transportation workforce development and training costs, authorized by [23 U.S.C. 504\(e\)](#), which provides for the use of Federal-aid formula funds for surface workforce development and training.

We are pleased to approve IDOT's SEP-14 Workplan to evaluate the use of a LLHP contract provision for the Oakwood Boulevard project from Lake Park Avenue to Southbound Entrance and Exit ramp of Lake Shore Drive, upon resolution of the following issue:

- In the SEP-14 Workplan, we recommend that CDOT remove the text of the Section 191 Certification Requirements Section and replace with the following:

Section 191 Certification Requirements

The Section 191 Certification is contained in the May 18 transmittal letter from CDOT to the Illinois Department of Transportation (IDOT) and is attached to this workplan as **Attachment B**.

If you have any questions, please contact the following: Gerald Yakowenko at Gerald.Yakowenko@dot.gov or (202)366-1562, or John Huyer at John.Huyer@dot.gov or (651)291-6111.