Philadelphia Contracting Requirements

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Outline

- 1. License Requirements
- 2. Audits and Investigations Unit (AIU)
- 2. License Violation Notices
- 3. Subcontracting
- 4. License Suspension/Revocation
- 5. Process Changes and Improvements

When do I need a contractor license?

 Anybody that performs or offers to perform construction in the City of Philadelphia must have a valid contractor license

Exception: if you are performing construction on your own residence

• This applies to all subcontractors, as well.

License Requirements

- Philadelphia Code §9-1004 establishes requirements for and conditions of contractor licenses
- It's short and pretty straightforward. I recommend everyone read it. Find it <u>here</u>.
- Contractor license application and renewal requirements
 - Commercial Activity License (with no taxes due)
 - At least one supervisory employee with OSHA-30 training
 - Proof of Insurance (general liability, automobile, workers comp if you have any employees)
- Other trade licenses (except for plumbers) are subject to 9-1004's requirements, unless there is a more specific requirement set forth in that trade license's code section.
 - But electrical contractors, plumbers, and fire suppression contractors do not need an OSHA-30 certified supervisor

Required and Prohibited Conduct

9-1004(6) and 9-1004(7) establish required and prohibited conduct. Here are some highlights:

- (6) Required Conduct.
 - (a) Every licensed Contractor shall notify the Department in writing within ten days of any change in any of the information required to be submitted to the Department under subsection 9-1004(4)
 - (b) A Contractor must secure all required permits prior to commencement of any construction
 - (e) Contractors shall submit subcontractor identifying information in accordance with subsection (8)(a) of this Section

 -More on this one later!
 - (f) Contractors shall comply with all provisions of The Philadelphia Code
 - (h) Contractors shall maintain complete financial and construction records (including plans) for each job performed, for four years after the completion of the job.
 - (i) Contractors shall cooperate in any audit or investigation by the Department, or other city or law enforcement agency, into the activities at any job site at which the contractor has performed work, and shall provide prompt, accurate and complete responses to inquiries by the Department and other appropriate agencies.

Required and Prohibited Conduct

9-1004(6) and 9-1004(7) establish required and prohibited conduct. Here are some highlights:

- (7) Prohibited Conduct
 - (b) No Contractor shall deviate from or disregard in any material respect the plans and specifications approved by the Department, unless such change has been approved by the Department.
 - (c) No Contractor shall sell, transfer, or permit another person to use the license assigned to the Contractor to secure permits or perform activity regulated under this Section.
 - (d) No Contractor shall sell, transfer, or otherwise allow another person or business entity to use a permit issued to the Contractor to perform construction work.
 - (e) No Contractor shall provide false information on any license or permit application filed with the Department.
 - (f) No Contractor shall employ an unlicensed subcontractor to perform any activity regulated under this Section.
 - (h) No Contractor shall employ an individual that is subject to an active suspension or revocation of a trade license or that was the partial or whole owner of an entity subject to an active suspension or revocation of a trade license at the time that the suspension or revocation was effectuated.

Enforcement Priority – OSHA Certification

OSHA Training Requirements-

OSHA-10: Every single worker on an active Philadelphia jobsite must have OSHA-10 training and carry their OSHA-10 card

- Each worker without OSHA-10 training will result in a violation and a \$1,000 fine. This can add up extremely quickly. Don't risk it! Check your workers for their OSHA-10 cards before they start.
- If the worker without OSHA training works for a licensed subcontractor, only that subcontractor will be cited and fined. But if they work for an unlicensed subcontractor, then both that subcontractor and the contractor responsible for the permit will also be cited and fined.

OSHA-30: If the structure being built or worked on is a "major building", at least one person with OSHA-30 training must be on site anytime that the site is active.

Major Building: More than 3 stories, more than 40 feet in height, or more than 10,000 square feet of lot space

The Audits and Investigations Unit

- The Audits and Investigations Unit is responsible for enforcing trade licensing requirements. We do that through two programs: our site investigation program and our license investigation program
- **Site Investigations:** An unannounced AIU inspection. These are usually scheduled through random permit selection but can also be brought in response to complaints or referrals.
- The focus of this inspection is not the structure being built—it's the contractor's contracting practices. AIU will:
 - Investigate and review the site's subcontracting practices (more on this later)
 - Check worker certifications
 - OSHA-10 for each worker, at least one OSHA-30 on site for major buildings
 - Trade worker certification when required (for example, are workers performing plumbing either master, journeymen, or supervised apprentice plumbers...are workers performing fire suppression work either certified F.S. workers or supervised F.S. apprentices, etc.)
 - Check for compliance with the list of required and prohibited conduct

The Audits and Investigations Unit

- **License Investigations:** A deeper-dive investigation into a contractor's practices. These are only brought when the Department has cause to believe that a contractor may be intentionally, recklessly, or repeatedly violating the Code.
 - If you are under investigation, you will receive a notification letter. This letter will explain that the investigation may result in the issuance of violations and fines or the suspension of your license. It will also inform you that you may consult with a lawyer before responding and that a lawyer can assist you in providing whatever response is requested.
 - These investigations may involve requests for documents or records, written answer to questions, or requests for interviews.

Remember:

9-1004(6)(i)- Contractors shall cooperate in any audit or investigation by the Department, or other city or law enforcement agency, into the activities at any job site at which the contractor has performed work, and shall provide prompt, accurate and complete responses to inquiries by the Department and other appropriate agencies.

Licensing Violation Notices

- **License Violation Notice (LVN)** The Notice issued when AIU determines that a contractor has violated the conditions of their license
 - Does not trigger reinspection
 - Does not "stay open" until an inspector has determined that it has been corrected, like a regular (Title 4) L&I violation.
 - Results in a fine even if the contractor corrects the behavior.
 - Can be appealed to the Board of L&I Review, just like other violations
 - If no appeal is taken, we will issue a bill for the fine amount 35 days later
 - If you do not think that the violation is correct, you <u>must</u> appeal, or we will impose the fine



⊗Licensing Violation Notice

L&I File Number: CF-2021-087





DISTRICT OFFICE

Audits and Investigations Unit SUITE 502 2401 Walnut St Philadelphia, PA 19103 215-686-2499 AIU@phila.gov

FINE TO BE IMPOSED

\$1,000.00

CITED LICENSE:

DATE OF NOTICE

09/11/2021

LOCATION

PROPERTY WHERE VIOLATIONS OBSERVED:

PLEASANT ST, Philadelphia, PA 19119-2143

On 09/10/2021 the Department of Licenses and Inspections determined that the responsible party named above violated the licensing requirements set forth in the Title 9 of the Philadelphia Code.

DESCRIPTION OF VIOLATION

VIOLATIONS PHILA. CODE 9 9-1004.6

PHILA, CODE LANGUAGE

(6) Required Conduct.

(b) A Contractor must to commencement of any construction;

for failure to obtain a RoW permit prior to commencing demolition work is an secure all required permits prior infraction of 9-1004.6(b) & 9-1004.6(f)

(f) Contractors shall comply with all provisions of The Philadelphia Code:



In accordance with 22, 9-105, each violation of 29-1000 or 29-1300 results in a fine of \$300, except for violations of 22 📤 9-1004 (excluding subsection 8) and εξ. 9-1306, which each result in a fine of \$1,000, and violations of εξ. 9-1004(8), which each result in a fine of \$2,000. Repeated violations of Title 9 shall result in the suspension or revocation of the cited license, in addition to further fines.

If this Notice is not appealed, the fine will be imposed in 30 days and a bill will be issued. For the violations referenced above, the fine to be imposed is:

\$1,000.00



⊗Licensing Violation Notice

L&I File Number: CF-2021-087



You have the right to appeal this Notice of Violation within 30 days of the date of notice listed at the top of this notice. Appeals must be submitted in writing on the appeal of the date of notice listed at the top of this notice. Appeals must be submitted in writing on the approved form to the Boards Administration Unit, The form may be downloaded from the L+I website and/or found at www.phila.gov/li

If you do not timely file an appeal then you waive your right to challenge any part of this notice. This includes whether the violations existed, whether you were responsible for the violations, and whether the City can impose any fines, fees, or costs against you, inclusive of the above indicated fines.

Repeated failure to meet the standards required under the Philadelphia Code may lead to a suspension or revocation of your license(s) under Philadelphia Code Sections 9-1004(9) and/or 19-2602.

Additionally, failure to timely appeal this notice will result in the immediate/automatic imposition of the fine thirty-one days after the date of this notice. Once imposed the fines may limit your ability to obtain or renew any permits and/or licenses pursuant to Philadelphia Code Section 9-101(9).



The Philadelphia Code may be found online for free at www.phila.gov under "Open government."

ATTENTION: This is an important notice! For information in your language, call 215-686-8686 ATENCIÓN: ¡Este es un aviso Importante! Para recibir Información en su idioma, llame al 215-686-8686

注意: 这是重要通知! 如果您需要以您的语言获得此信息, 请致电 215-686-8686

CHÚ Ý: Đây là thông báo quan trong! Nếu ban cần thư này bằng ngôn ngữ khác, vui lòng gọi 215-686-8686

주의: 중요 통지입니다! 이 서신을 귀하의 언어로 받고 사용되면 ass 66-8686번으로 전화하시기 바랍니다

کریں کال پر 8686-6865 لیے کے خدمات کی ترجمے اپے نامہ اطلاع ضروری ایک یہ :فرمائیں توجہ

ATTENTION: Cet avis est important! Si vous avez besoin de cet avis dans une autre langue, appelez le 215-686-8686

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License Violations

- The "fine to be imposed" stated on an LVN will be issued after 30 days (if no appeal) or after the appeal hearing.
- A bill titled "Statement of Outstanding Fees" will be issued. This can be appealed to the Tax Review Board. Once this document has been issued, the fine has been imposed and is due.
 - Failure to pay the fine will result in the Department withholding permits, license suspension and possible court action to recover the fine and court costs.
- License Violations are disclosed through the City's contractor look-up tool. Violations will be disclosed for at least one year from issuance.
- License violations are part of a contractor's record of behavior, and repeated violation of the Code will result in license suspension.

Board of Licenses and Inspections Review

- License Violation Notices can be appealed to the Board of L&I Review within 30 days of issuance
 - I strongly recommend appealing a violation if you have any doubts about its accuracy. Its the best way to protect yourself.
- If you appeal, the City will not issue the bill for the fine until after the hearing. If you do not appeal, you will be mailed the bill about 35 days after the violation is issued
- The Board of L&I Review is an independent board. Its members are appointed by the Mayor and, despite the name, are not part of L&I.
- They have the authority to affirm, reverse, or modify any decisions made by L&I.
- If your license is held by a corporate entity (LLC or Corp), you must be represented by a lawyer at the Board. They have become strict about this!

Board of Licenses and Inspections Review

- This is what a BLIR hearing on an appeal of violations looks like:
 - The City puts on its case first, providing evidence in support of the violations. Usually, that is inspector testimony and photographs.
 - Then, the appellant (aka you) get to provide whatever evidence or argument they want. This can include testimony, pictures, documents, or whatever other evidence the Board accepts
 - Both sides make opening and closing arguments, and get to cross-examine the other side's witnesses.
 - After the hearing, the Board will take a vote. Each member will vote "city affirmed" (the City wins) or "Appeal sustained" (the appellant wins and the City must withdraw its violation). The majority rules.
 - Board decisions can then be appealed to the Court of Common Pleas and up through the appeals courts.

Subcontracting

- The majority of the fines that we issue are related to subcontracting issues.
- The <u>single best way</u> to protect yourself from fines and Stop Work Orders is to be careful with the subcontractors that you hire (or that your subcontractors hire) and make sure that they have a valid and current license at all times that they are working.
- If you are named as the "responsible contractor" on the permit, you are responsible for ensuring that every subcontractor working under that permit is licensed in good standing.
- If you hire an unlicensed subcontractor, you'll be fined at least \$1,000, and your job will probably be stopped.
 - You'll also be fined for any OSHA-10 violations issued for that unlicensed subcontractor's workers
 - Repeated violations of this sort will result in license suspension
- Anybody being paid by 1099 is a subcontractor, not an employee. A contractor license authorizes its holder and their wage employees to engage in construction. If you are paying a worker via 1099, you are hiring a subcontractor, and they must carry their own license.
- You can look up licensure here: https://li.phila.gov/contractor-lookup

Subcontracting – Sub Audits

SUBCONTRACTOR LIST

Location of Audit:			Primary Building Per	rmit:		Start Date:	
Scope of Work	Subcontactor Company Name	Subcontractor Address	Subcontractor Owner/Principle	Philadelphia Trade Licence#	Subcontactor Phone #	Subcontractor Email	Date Subcontractor Commenced Work on Project (MM/DD/YY)
EXCAVATION							
FOUNDATION							
STEEL							
DEMO							
ROOF							
FRAMING							
PLUMBING							
HVAC							
ELECTRIC							
FIRE SUPRESSION							

- When a site gets selected for audit, we will frequently send one of these to the contractor and request that they fill it out and return it
- Failure to provide a response is a violation and will result in further investigation and, potentially, the job being stopped
- False information will result in a fine and, likely, a suspension
- You only have to disclose subcontractors that have performed work. If you haven't gotten to a stage of construction, leave that space blank. If your company did any of the work itself, write that on the form

Subcontracting – Commercial Permits

9-1004(8) Contractor and Subcontractor Information.

- (a) A Prime Contractor performing construction work, except for work on residential buildings of two dwelling units or less, shall submit the following information in writing, either electronically or otherwise as required, to the Department within three (3) business days after the commencement of any work at the construction site and shall notify the Department promptly of any changes to the information submitted.
 - (.3) A list of all subcontractors of any tier used on the project with their respective contractor license numbers
- a) Every permit unless it is single family dwelling or duplex
- b) Requirement kicks in 3 days after the start of any work
- c) Starting then, any subcontractor that works on the site must be named on the permit through eCLIPSE
- d) We have instructions on how to do that here:

https://www.phila.gov/departments/department-of-licenses-and-inspections/permits-and-certificates/help-using-eclipse/#/?table=Construction%2520inspections&q=How%20to%20add%20a%20subcontractor%20to%20a%20permit%20in%20eCLIPSE

- They can also be found by googling "Philadelphia add subcontractor to permit".
- e) City Council made failure to disclose subcontracting information a double fine. So, its a \$2,000 fine if you fail to update your permit with subcontractor information.

License Suspension

- The Code authorizes suspension/revocation for a number of reasons, including:
 - fraud or deceit in obtaining or renewing a license or permit;
 - repeated failure to comply with the provisions of The Philadelphia Code;
 - failure to pay any fine imposed for a violation of any provision of this Section
 - willful violation of a stop work order;
 - fraud or deceit in responding to a Department audit or investigation
 - violating the Philadelphia Code in a manner that creates a significant dangerous condition or significant risk to public safety

License Suspension

- Whenever we determine that a contractor has violated the Code in such a manner that suspension is authorized, we do a two-part analysis of the contractor's record of violations to determine whether a suspension is appropriate and, if so, how long the suspension should be:
 - 1) What risk to public safety did the contractor create through the violations?
 - 2) What is the contractor's culpability in committing these violations?
- Suspensions are issued in the form of a letter titled "Notice of Intent to Suspend Contractor License #XXXX"
 - The suspension does not kick in for at least 30 days
 - If appealed to BLIR, the suspension does not kick in until after the hearing
 - If no appeal, the suspension kicks in on day 31

License Suspension

- If your license is suspended, you can not perform any work that requires a license in the City of Philadelphia for the duration of the suspension.
- You may be given a probationary period after the suspension ends—this means that we will quickly move to suspend you again if you continue violating the Code, especially in the manner that resulted in the suspension.
- The owners of suspended companies cannot be licensed under different company names during the suspension. They also cannot be employed by a different licensed contractor during the suspension.
- The suspension will be disclosed on the City's "Suspended Contractors" website.

Revocations and current suspensions

The table below lists contractors and trade licensees whose licenses are currently revoked or suspended.

Contractor	License number	Current license status	Discipline imposed	Cause for discipline
Maria Ramsay (Evolution of Construction, operated by Byron Ramsay)	#51880	Suspended through July 21, 2022	18-month suspension	Repeated violations contributing to the collapse of the construction projects at 2159 and 2173 E. William Street, where Marie Ramsay (Evolution of Construction, operated primarily by Byron Ramsay) acted as the site superintendent. The framing was executed incorrectly, required horizontal support systems were not installed, and the contractors involved with this project intentionally undercut code requirements in order to cut costs by not using plywood on the exterior side walls during framing.
Julia Chebotar (Build Development LLC)	#55567	Suspended through October 12, 2022	18-month suspension	Deceit in obtaining a license to evade the prior suspension of VRTX Investments (aka Ilya Chebotar).
Amiyr Muhammad (Str8 Construction)	#052915	Suspended through May 4, 2023	12-month suspension	Repeatedly short-dumped debris onto private property and attempted to deceive the Department during an investigation.
Eleazar Moreno and Julio Moreno (Los Guates Construction)	#52151	Suspended through June 6, 2023	18-month suspension	Created an unsafe condition by performing structural work in an unsafe manner and without the required permits.

Impacts of Outstanding Fines

In addition to escalated enforcements, the following apply:

- Effective Aug 2025, no license with an L&I fine outstanding for more than 30 days may be renewed.
- L&I may withhold permits for outstanding fines.
 - Previously have done so on a case-by-case basis with individual notices sent out.
 - Beginning July 2026, no permit will be issued if the named contractor has a fine outstanding more than 30 days
- All fines outstanding more than 60 days are referred to collections.

Contractor Compliance Requirements and Penalties

Contractor requirements

Contractors working in Philadelphia need to have a valid license and follow operational requirements. This page outlines the regulations related to contractors and contracting work in Philadelphia.

Jump to:

- Contractor Code of Conduct
- OSHA training requirements
- Alternative training programs
- <u>Disclosing subcontractors</u>
- Insurance certificates
- Tools

Contractor Code of Conduct

All contractors operating in Philadelphia must follow the requirements laid out in the Contractor Code of Conduct.

Failure to comply with any licensing conditions may result in enforcement action against the contractor. Refer to the <u>information sheet for more details on penalties</u> issued by the Department of Licenses and Inspections.



Contractor Compliance Requirements and Penalties

Information Sheet

Contractors are required to comply with all conditions of licensure set forth in Section 9-1004 of the Philadelphia Code. Please review the Contractor Code of Conduct for a complete listing of requirements.

Failure to comply with any licensing condition may result in enforcement action against the license, including a \$1,000–\$2,000 fine which may be assessed per occurrence.

Failure to remit any fine within 30 days will prevent the contractor from renewing their license.

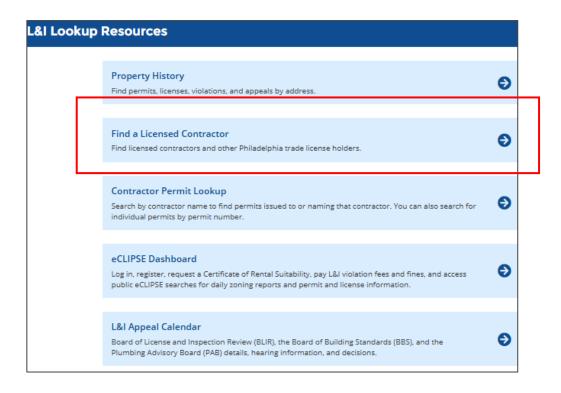
No contractor may operate without a valid license.

Common infractions include the following:

Proof of Site Safety Training							
Certification Type	Requirements	Penalty					
OSHA 10	All workers must carry a physical or digital copy of their OSHA 10 card. Alternatively, a foreman on site may provide proof of OSHA 10 training for all workers under their supervision. The identity of each worker will be validated.	A \$1,000 fine will be issued for each worker on a job site who cannot produce the required proof of safety training. The fine will be issued to the contractor employing the worker.					
OSHA 30	A designated Site Safety Manager must carry a physical or digital copy of their OSHA 30 Construction Safety & Health card or approved equivalent training. A Site Safety Manager must be present on site at all times during demolition or qualifying major building operations.	If the individual is employed by a subcontractor that cannot be identified or does not possess a valid license, the contractor named on the permit will be responsible.					
OSHA 3015	A designated Excavation Contractor Site Safety Manager must carry a physical or digital copy of their OSHA 3015 card or approved equivalent training. A Site Safety Manager must be present on site at all times during the excavation operation.						
Click here for more in	formation on <u>safety training requirements</u> .						

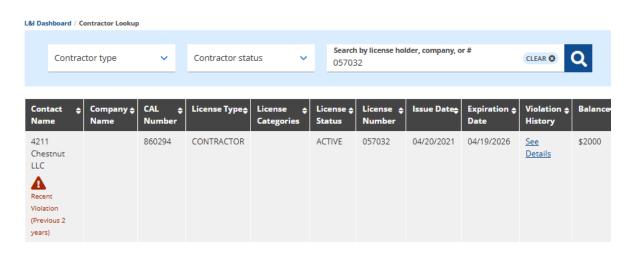
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Check for Violations and Outstanding Fines

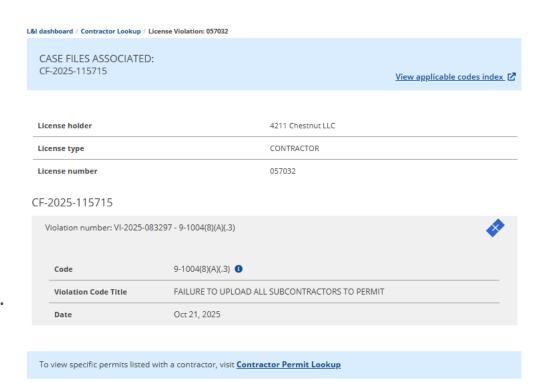


li.phila.gov

Check for Violations and Outstanding Fines

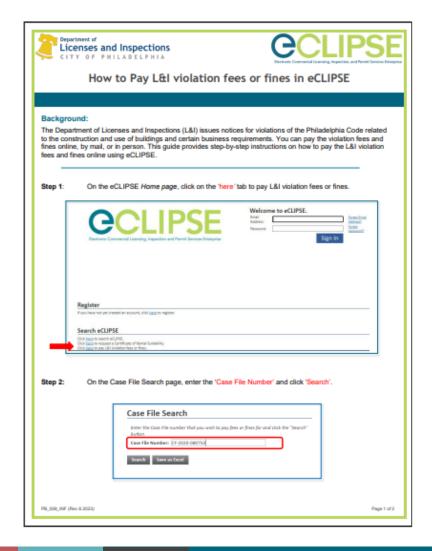


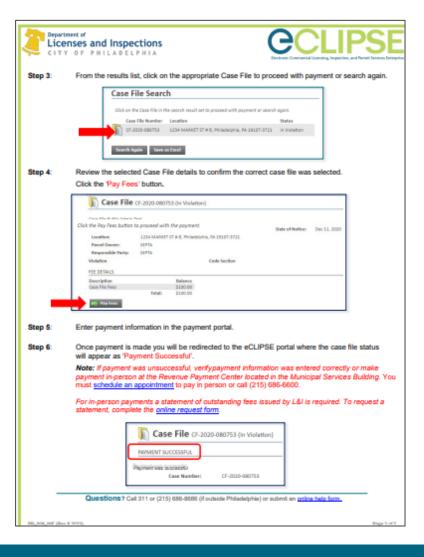
- All current and past violations are listed under Violation History.
- A warning appears if violations were issued in the past 2 years.
- Any balance due appears in the summary.
- Click on 'See Details' for information on violations.
- Submit <u>www.phila.gov/li/get-help</u> if additional info is needed.



Pay

Pay online, at the Revenue Cashier, or through postal mail





Coming in 2026

- Courtesy email when a violation has been issued.
 - The license manager must keep contractor contact information up to date on their eclipse account.
- Violations may be viewed and downloaded through the contractor's eCLIPSE account.
- Completed audits may be viewed through the contractor's eCLIPSE account.

- AIU's top enforcement priority is ending the use of unlicensed subcontractors in Philadelphia construction. We've issued hundreds of thousands of dollars in fines to contractors for subcontracting violations and will continue to do so.
 - Protect yourself: check the license status of each of your subcontractors before they start working
- If you receive a Licensing Violation Notice and you disagree with the violations, file an appeal.
 - Its extremely unlikely that AIU will withdraw a violation after its issued. This will only happen if there is a clear error. Even if you believe that there has been a clear error and email us to try to correct it, you should file an appeal.
- Check your workers' certifications
 - Make sure each of your workers has OSHA-10 training and carries their card. If trade work requiring worker certifications or licenses is required, make sure that only workers with those certs or licenses do that work.

- Make sure that your contact information is up-to-date in eCLIPSE.
- If the insurance documents you have on file expire, make sure that you immediately upload renewed certificates of insurance.
- Only file a sole proprietor affidavit if you have 0 employees. Non-labor jobs, like office support or project management, count. Family members involved with the business count. The exemption to the workers' compensation requirement is primarily intended for small operations. If we see that you are listed as a sole proprietor and you have several large permits open at once, that is naturally going to draw our scrutiny.
- If your job requires underpinning, make sure that underpinning only occurs when the Special Inspector listed on your permit is on site. Working without the Special Inspector on site is a serious violation and will result in further investigation and possible license suspension.
- Keep an eye on the Department's newsletter. AIU is reporting out its recent work and announcing new enforcement priorities through the newsletter. We're also going to be hosting webinars similar to this one on a regular basis going forward—I encourage everyone to attend these to stay briefed on the latest news and updates

- If you have any questions, ask first: www.phila.gov/li/get-help
 - You can also find this page by googling "L&I Inquiry"



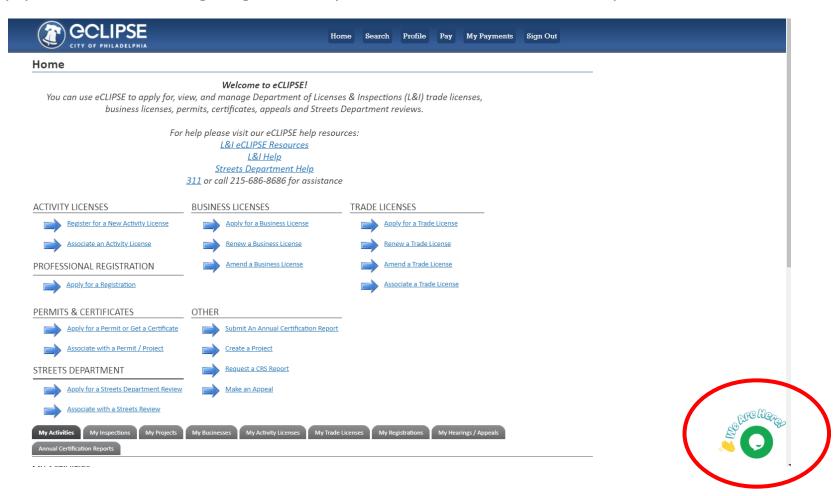
L&I Inquiry Submission

The following form will allow you to submit an inquiry to L&I. Please make every attempt to resolve your issue using information provided on the L&I website (www.phila.gov/lij). If you do not see an option that matches your inquiry, please reach out to 311 for support. You can expect to receive a response within 2 business days.

Select an Inquiry Type: *

- O Permit or Inspection Issue
- O License Issue
- O Code or Permit Processing Question
- O Boards Notice of Decision Submission
- O Payment Issue
- O Project Meeting and Dedicated Examiner
- O Property Sales Certification
- O Structural Maintenance & Fire Protection Certifications
- Missing Virtual Appointment Link
- O Request Copy of Violation
- Other

• If you have any questions about navigating eCLIPSE, you can also use the eCLIPSE help chat:



Thank you!

- Philadelphia has some of the best contractors on the planet. Your work is a big part of why people have been flocking to our City for the last decade. We appreciate everything that you do.
- Our mission is to make Philadelphia construction safer and to create a level playing field for contractors that do things the right way.
- Q&A
- If I don't get to your question, please email it to AIU@phila.gov