



# Contract Compliance Division 2<sup>nd</sup> Quarterly Report

April – June 2014

Minneapolis Department of Civil Rights

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## INTRODUCTION

The Contract Compliance Division (CCD) monitors City of Minneapolis construction and development projects, commodities and supplies procurement, and professional and technical services contracts by enforcing various local and federal civil rights and wage laws and policies. CCD monitors City contracts to ensure that minorities, women and low income business owners and workers have access to contracting and employment opportunities; and that workers are paid appropriate wages.

CCD's five primary areas of responsibilities are:

1. Minority & Women Business Enterprise Inclusion
  - a. Small & Underutilized Business Program (SUBP)
  - b. Minnesota Unified Certification Program (MNUCP)
  - c. Supplier Diversity
2. Minority & Female Employment Participation (Construction)
3. Affirmative Action
4. HUD Section 3 Business and Employment
5. Davis Bacon and Prevailing Wage

## MINORITY and WOMEN BUSINESS ENTERPRISE INCLUSION

### SMALL and UNDERUTILIZED BUSINESS PROGRAM (SUBP)

The SUBP was created to remedy past and ongoing discrimination in the city's marketplace against Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs) in the awarding of City of Minneapolis construction and development contracts and contracts for the provision of goods and services. The continued presence of ongoing discrimination against MBEs and WBEs is evidenced by a study completed by the National Economic Research Associates, Inc. (NERA) and submitted to the City of Minneapolis in December of 2010.

### **Goals**

The City Council adopted an overall annual 25% aspirational goal (12% for minorities/13% for women) for the SUBP. However, contract specific SUBP goals are set based on project scope, subcontracting opportunities, and availability of qualified MBEs/WBEs. These goals are stated in the call for bids or request for proposal documents.

Goals are set on the following:

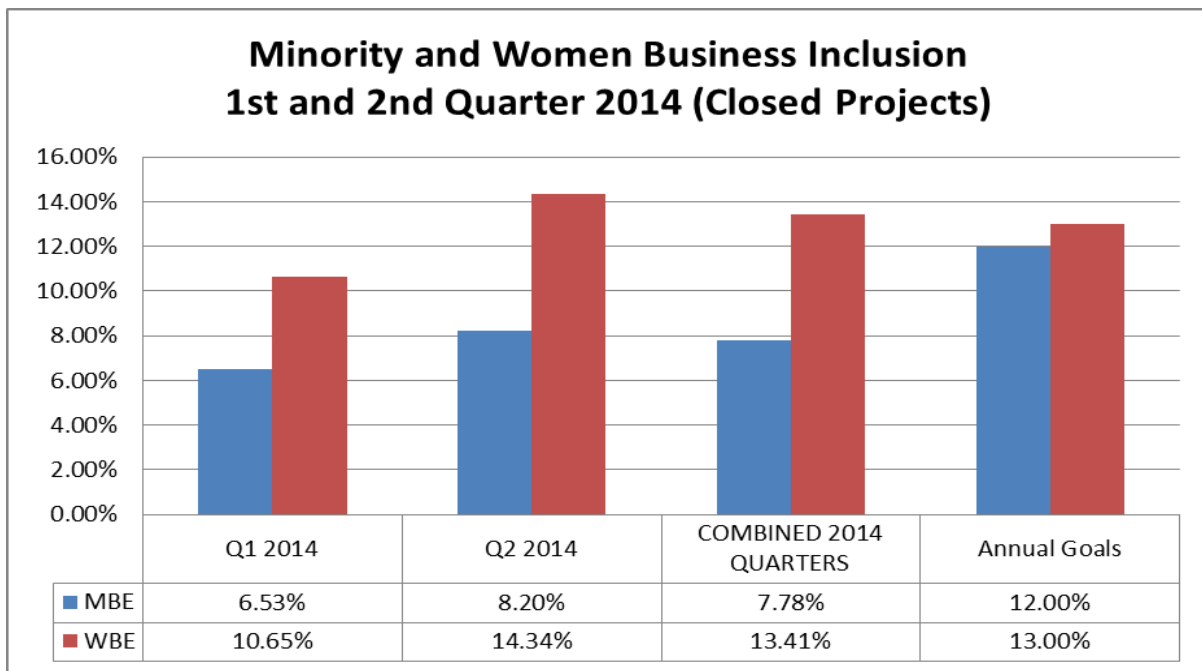
- Goods, commodities, and supplies contracts over **\$50,000**
- Construction or development contracts over **\$100,000**
- Professional or technical services contracts over **\$100,000**

If a bidder or proposer has not fully met the SUBP project goals, they must demonstrate that they made a good faith effort to comply with the SUBP requirements. The bidder or proposer must make every necessary and reasonable effort to subcontract work to MBEs/WBEs in advance of the dates specified for submitting and opening of bids or requests for proposals. CCD will conduct a review to determine if the bidder or proposer solicited MBEs/WBEs in good faith.

## Closed Projects

17 construction projects totaling \$136,943,173 closed during the 2<sup>nd</sup> quarter 2014. 8.20% or \$11,230,604 went to MBEs and 14.34% or \$19,640,510 went to WBEs. The cumulative total toward the 25% annual goal for quarters 1 and 2 is 21.19%.

Minority and Women Business Inclusion 2nd Quarter 2014 (Closed Projects)							
	Project Name	Contractor	Final Contract Amount	MBE %	MBE \$	WBE %	WBE \$
1	Electrical Support Infrastructure for Electric Car Charging Station	Master Electric Co., Inc.	\$175,000	0.00%	\$ -	20.72%	\$36,260
2	Precinct Desk Remodel	Northern Air Corporation	\$290,395	0.67%	\$1,946	11.56%	\$33,570
3	6th District Dog Park	Derau Construction	\$208,666	0.00%	\$ -	8.13%	\$16,965
4	Clock Tower Renovation	Northern Air Corporation	\$559,757	5.90%	\$33,026	3.90%	\$21,831
5	St. Mary's Tunnel Rehab - Phase I	Engineering & Construction Innovations Inc	\$645,178	0.77%	\$4,968	4.24%	\$27,356
6	Fridley Softening Plant Exterior Stabilization Project - Phase 2	A & M Construction	\$554,998	0.00%	\$ -	3.53%	\$19,591
7	Riverside Plaza (Cedar)	Knutson Construction Services	\$62,501,767	11.46%	\$7,162,703	16.59%	\$10,369,043
8	Artspace Jackson Flats	Frana & Sons, Inc.	\$6,215,259	2.12%	\$131,763	0.28%	\$17,403
9	Orchestra Hall	Mortenson Company	\$40,500,000	5.95%	\$2,409,750	13.23%	\$5,358,150
10	PPL Foreclosure II	Flannery Construction, Inc.	\$1,800,000	0.00%	\$ -	0.00%	\$ -
11	Stradford Flats	Watson-Forsberg Co.	\$4,030,000	10.20%	\$411,060	1.49%	\$60,047
12	Blue Water Partnership Pond Dredging	Veit and Company	\$302,045	5.95%	\$17,972	3.44%	\$10,390
13	Riverside Avenue - Phase 2	Veit and Company	\$1,395,448	2.44%	\$34,049	7.37%	\$102,845
14	Pioneer & Soldiers Cemetery Fence - Phase 3	Terra General Contractors, LLC	\$269,344	2.12%	\$5,710	2.12%	\$5,710
15	PPL Affirmation House - 3310 Penn	Flannery Construction, Inc.	\$270,633	3.40%	\$9,202	3.83%	\$10,365
16	Powderhorn Park Path and Lighting Improvements	Thomas and Sons Construction, Inc.	\$624,700	7.84%	\$48,976	5.62%	\$35,108
17	Longfellow Station	Frana & Sons, Inc.	\$16,599,983	5.78%	\$959,479	21.18%	\$3,515,876
<b>TOTAL</b>			<b>\$136,943,173</b>	<b>8.20%</b>	<b>\$11,230,604</b>	<b>14.34%</b>	<b>\$19,640,510</b>

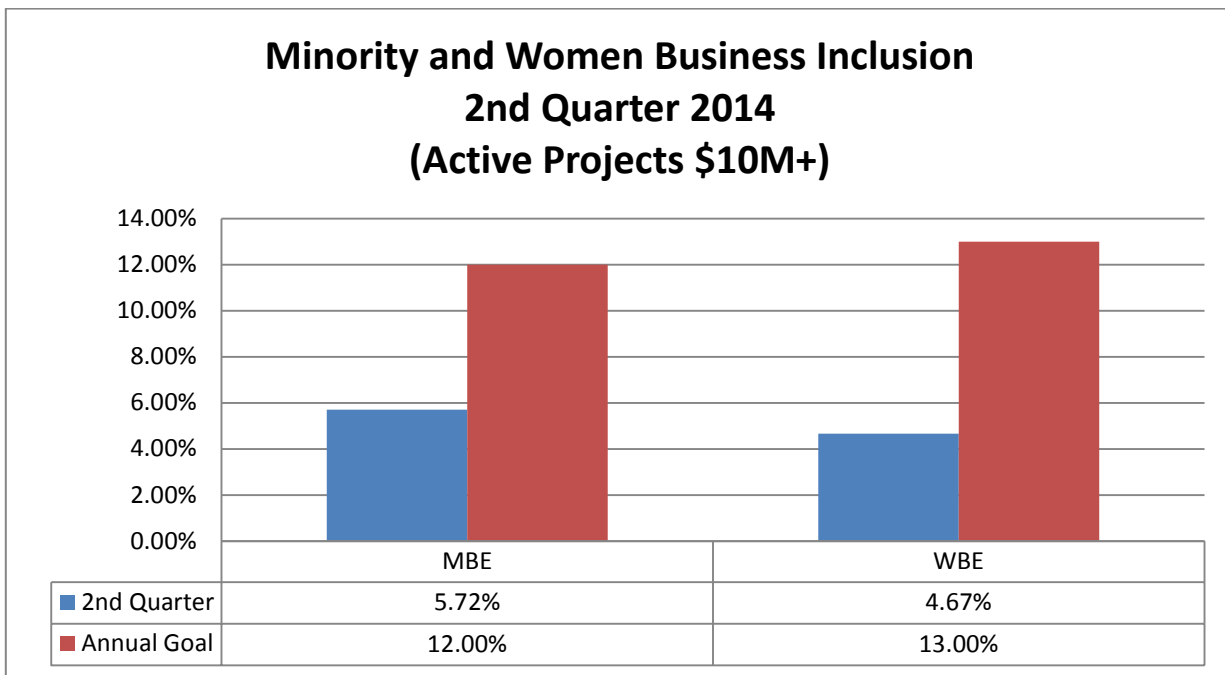


MBE/WBE Business Inclusion	Final Contract Amount	MBE \$	MBE %	WBE \$	WBE %	Total MBE/WBE \$	Total MBE/WBE %
Combined 1st & 2nd Q's	\$183,308,167	\$14,256,938	7.78%	\$24,580,046	13.41%	\$38,836,984	21.19%
Goal			12.00%		13.00%		25.00%

### Active Projects \$10M+

In the 2<sup>nd</sup> quarter, CCD monitored MBE/WBE inclusion on five projects valued at \$10 million or more. MBE/WBE participation on active construction projects varies depending on the phase of the project and when the MBE/WBE work is scheduled during the project. At the point the data was pulled for this report very little MBE/WBE activity had occurred on these projects.

Minority and Women Business Inclusion 2nd Quarter 2014 (Active Projects \$10M+)						
Active Projects	General Contractor	Total Contract Value	MBE %	MBE \$	WBE %	WBE \$
1 520 2nd Street SE Apartments	Black & Dew	\$10,230,051	11.31%	\$1,157,019	5.60%	\$572,883
2 Downtown East - Green Space	Ryan Companies	\$10,926,795	0.00%	\$0	0.00%	\$0
3 Dunwoody	Frana & Sons, Inc.	\$16,571,170	2.04%	\$338,052	4.07%	\$674,447
4 Emanuel Housing	Frerich's Construction	\$11,596,963	12.50%	\$1,449,620	10.02%	\$1,162,016
5 Pillsbury Lofts	Weis Builders	\$76,000,000	5.55%	\$4,218,000	4.53%	\$3,442,800
<b>TOTALS</b>		<b>\$125,324,979</b>	<b>5.72%</b>	<b>\$7,162,691</b>	<b>4.67%</b>	<b>\$5,852,145</b>



## MINNESOTA UNIFIED CERTIFICATION PROGRAM (MnUCP)

MNUCP is a disadvantaged business certification program managed by the City of Minneapolis, Minnesota Department of Transportation, Metropolitan Council, and the Metropolitan Airport Commission. MBEs and WBEs must be certified through the MnUCP for their participation to count toward the SUBP goals. Designated staff from each agency are trained specialists who review applications and conduct on-site visits for businesses applying for certification. Once the review and on-sites are complete, specialists present applications to the Certification Application Committee (CAC) of the MNUCP for approval or denial of certification. The CAC consists of specialists from each certifying agency. The chair of the CAC rotates between agencies annually. The 2014 CAC is being hosted by the City and the chair is the CCD division director.

Non-certifying members are other agencies in Minnesota that access the MNUCP directory for their own disadvantaged business enterprise programs.

### Eligibility Requirements

- Business must be owned at least 51% by a socially and economically disadvantaged individual(s)
- Owner(s) is a U.S. citizen or lawfully admitted permanent resident of the United States
- Business meets Small Business Administration size standard requirements, and the personal net worth of the disadvantaged owner does not exceed \$1.32 million
- The socially and economically disadvantaged owner(s) controls the business and has directly related managerial and technical competence and experience

Certification is valid for two (2) calendar years following the date of approval.

### Certifications

The following companies were certified by CCD certification specialists in the 2<sup>nd</sup> quarter of 2014:

MBEs	WBEs
<p><b>Building Code Tech</b></p> <ul style="list-style-type: none"> <li>• Site Preparation Contractors</li> <li>• Remediation Services</li> <li>• Residential Remodelers</li> </ul>	<p><b>Iron Maiden Metal Fabricating, LLC</b></p> <ul style="list-style-type: none"> <li>• Other Foundation, Structure, and Building Exterior Contractors</li> <li>• Ornamental and Architectural Metal Work Manufacturing</li> </ul>
<p><b>Creative Edge Real Estate Development, LLC</b></p> <ul style="list-style-type: none"> <li>• Commercial and Institutional Building Construction</li> <li>• Painting and Wall Covering Contractors</li> <li>• Residential Remodelers</li> </ul>	<p><b>Lumin Advantage Consulting</b></p> <ul style="list-style-type: none"> <li>• Administrative Management &amp; General Management Consulting Services</li> <li>• Human Resources Consulting Services</li> <li>• Professional and Management Development Training</li> </ul>
<p><b>Felton Financial and Valuation, LLC (Felton Financial Forensics)</b></p> <ul style="list-style-type: none"> <li>• Offices of Certified Public Accountants</li> </ul>	<p><b>Wisteria Consulting, LLC</b></p> <ul style="list-style-type: none"> <li>• Other Management Consulting Services</li> </ul>
<p><b>Professional Design International, LTD (PDI Design Group, LTD)</b></p> <ul style="list-style-type: none"> <li>• Interior Design Services</li> <li>• Architectural Services</li> </ul>	

## SUPPLIER DIVERSITY

The Supplier Diversity Program was created to increase access and opportunities for MBEs and WBEs in City of Minneapolis purchases of \$50,000 and under.

In 2011, the City adopted a combined aspirational goal of 25% for inclusion of MBEs and WBEs in contracting efforts for informal and direct procurement of goods and services.

Each City department is encouraged to make a good faith effort to achieve the goal in their direct purchases of commodities and supplies. Each City department has an assigned Supplier Diversity Liaison to help in meeting the goals.

In the 2<sup>nd</sup> quarter, CCD held an informational session with all City departments Supplier Diversity liaisons to discuss the importance of the program and proposed process improvements. CCD is currently working to match purchases valued at \$50K and under with MBEs and WBEs certified in the relevant scopes of services to those purchases for the top six purchasing departments in the City.

## MINORITY and FEMALE WORKFORCE INCLUSION

### Goals

The Minneapolis City Council adopted goals set by the Minnesota Department of Human Rights for minority and female utilization on all City construction and development projects exceeding \$50,000. The goals are as follows:

- 6% of the total project trade hours to be performed by females
- 32% of the total project trade hours to be performed by minorities

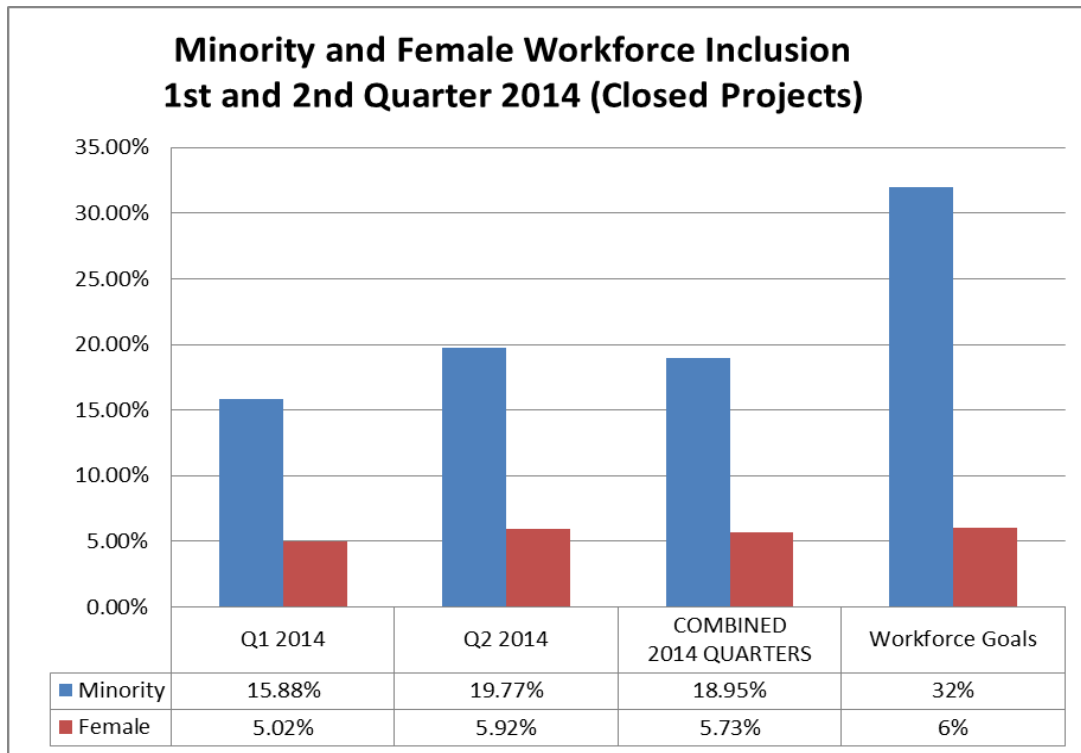
CCD monitors City funded construction projects to ensure minority and female utilization. If the goals are not met, contractors are asked to provide documentation of efforts taken to recruit, hire and/or train minorities and females on the project.

### Closed Projects

Total project hours on closed projects through the end of 2<sup>ND</sup> Quarter 2014 were 830,507. 19.77% or 164,192 hours were performed by minority workers and 49,166 hours or 5.92% were performed by female workers.

**Minority and Female Workforce Inclusion 2nd Quarter 2014 (Closed Projects)**

Project Name	Contractor	Final Project Hours	Minority Hours	Minority %	Female Hours	Female %
1 Electrical Support Infrastructure for Electric Car Charging Station	Master Electric Co., Inc.	784.00	0.00	0.00%	0.00	0.00%
2 Clock Tower Lift Modernization	Minnesota Elevator	1,520.50	0.00	0.00%	0.00	0.00%
3 Snelling Apartments - DEMO ONLY	K. A. Kamish Excavating, Inc.	540.75	159.50	29.50%	8.00	1.48%
4 Precinct Desk Remodel	Northern Air Corporation	1,396.25	244.00	17.48%	8.50	0.61%
5 6th District Dog Park	Derau Construction	369.25	31.25	8.46%	2.00	0.54%
6 Clock Tower Renovation	Northern Air Corporation	2,484.00	829.50	33.39%	247.75	9.97%
7 Ramp C Elevator	Minnesota Elevator	4,429.00	111.50	2.52%	0.00	0.00%
8 St. Mary's Tunnel Rehab - Phase I	Engineering & Construction Innovations Inc	12,179.66	1,708.50	14.03%	17.00	0.14%
9 Target Center Rolling Doors	Twin City Garage Door	358.00	0.00	0.00%	0.00	0.00%
10 Turf Establishment	Lino Lakes Landscaping	67.00	0.00	0.00%	0.00	0.00%
11 Fridley Softening Plant Exterior Stabilization Project - Phase 2	A & M Construction	4,175.00	1,417.50	33.95%	159.00	3.81%
12 Riverside Plaza (Cedar)	Knutson Construction Services	361,063.70	67,301.57	18.64%	21,182.75	5.87%
13 Artspace Jackson Flats	Frana & Sons, Inc.	32,668.75	7,203.50	22.05%	1,377.25	4.22%
14 Orchestra Hall	Mortenson Company	241,640.83	42,935.08	17.77%	17,868.75	7.39%
15 PPL Foreclosure II	Flannery Construction, Inc.	10,661.28	2,471.68	23.18%	56.50	0.53%
16 Stradford Flats	Watson-Forsberg Co.	31,151.00	13,152.34	42.22%	1,357.50	4.36%
17 Blue Water Partnership Pond Dredging	Veit and Company	1,057.75	350.25	33.11%	54.00	5.11%
18 Riverside Avenue - Phase 2	Veit and Company	9,492.50	1,804.50	19.01%	682.75	7.19%
19 LED Light Fixture and Dimmable Wireless Control System	Preferred Electric	115.50	45.45	39.35%	36.00	31.17%
20 Pioneer & Soldiers Cemetery Fence - Phase 3	Terra General Contractors, LLC	464.00	138.00	29.74%	56.00	12.07%
21 PPL Affirmation House - 3310 Penn	Flannery Construction, Inc.	1,844.00	776.33	42.10%	148.00	8.03%
22 Target Center Concession Stand Renovation - Tile and Face Brick	CD Tile and Stone, Inc.	1,420.00	252.50	17.78%	0.00	0.00%
23 Powderhorn Park Path and Lighting Improvements	Thomas and Sons Construction, Inc.	2,682.00	765.50	28.54%	171.00	6.38%
24 Longfellow Station	Frana & Sons, Inc.	107,943.25	22,494.00	20.84%	5,733.50	5.31%
<b>TOTALS</b>		<b>830,507.97</b>	<b>164,192.45</b>	<b>19.77%</b>	<b>49,166.25</b>	<b>5.92%</b>



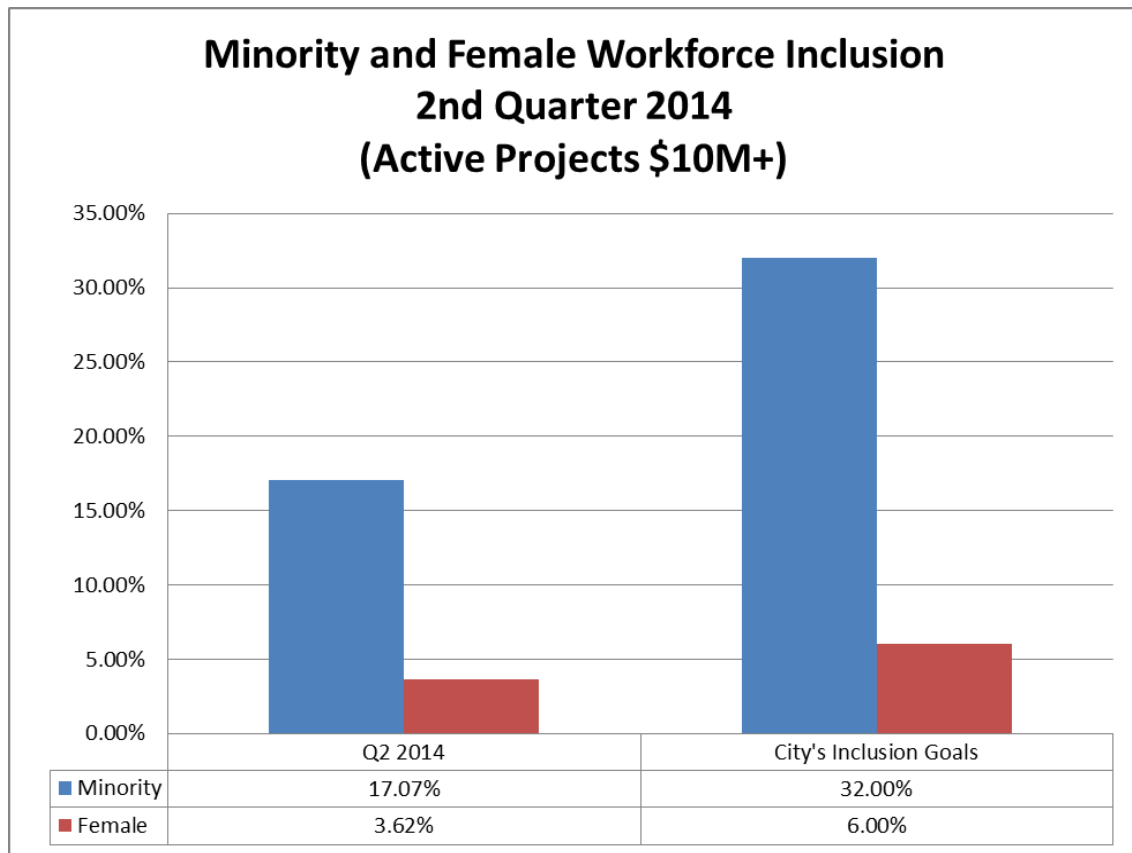
Workforce Inclusion (Closed Projects)	Final Project Hours	Minority Hrs.	Minority %	Female Hrs.	Female %
<b>Combined 1st &amp; 2nd Q's</b>	1,052,440	199,439	18.95%	60,308	5.73%
<b>Goal</b>			32.00%		6.00%



### Active Projects \$10 M+

There were six projects with contracts of \$10 million or more in the 2<sup>nd</sup> quarter. Minorities worked 17.07% of total project hours or 56,260 hours and females worked 3.62% of total project hours or 11,939 hours.

Minority and Female Workforce Inclusion 2nd Quarter 2014 (Active Projects \$10M+)						
Project Name	Contractor	Total Project Hours	Minority Hours	Minority %	Female Hours	Female %
1 520 2nd Avenue Apartments	Black & Dew	69,912.54	13,342.50	19.08%	3,034.16	4.34%
2 Downtown East - Green Space	Ryan Companies	210.50	70.50	33.49%	32.50	15.44%
3 Dunwoody Apartments	Frana & Sons, Inc.	101,546.95	18,235.20	17.96%	4,096.00	4.03%
4 Emanuel Housing	Frerichs Construction Co.	66,140.12	13,560.76	20.50%	2,158.75	3.26%
5 Lifesource	Greiner Construction	11,105.00	856.50	7.71%	291.50	2.62%
6 Pillsbury Lofts	Weis Builders	80,586.49	10,195.49	12.65%	2,326.50	2.89%
<b>TOTALS</b>		<b>329,501.60</b>	<b>56,260.95</b>	<b>17.07%</b>	<b>11,939.41</b>	<b>3.62%</b>



## AFFIRMATIVE ACTION

An affirmative action plan (AAP) is a combination of policies and procedures a company utilizes to prohibit discrimination and promote employment opportunities for women, minorities and disabled individuals. Minneapolis Ordinance 139.50(d) requires every contractor, consultant, supplier, vendor, or developer entering into a contract with the City of Minneapolis to have an approved written AAP on file with CCD prior to execution of the contract if:

- the contract is in excess of \$50,000, or
- an amended contract results in a cumulative value in excess of \$50,000.

In the second quarter of 2014, CCD processed and approved forty-six (46) affirmative action plans.

## HUD SECTION 3

The HUD Section 3 program is being reviewed and revised to include a developed Section 3 Plan for the City of Minneapolis. CCD will continue to reach out to contractors and Minneapolis residents that may be eligible for Section 3 certification.

## PREVAILING WAGE

CCD staff monitors projects to ensure timely payroll submission and that accurate wages are paid to all workers on publicly funded construction projects, as governed by the Federal Davis-Bacon Act, the City's Public Works prevailing wage ordinance, and the Community Planning and Economic Development prevailing wage policy.

CCD identifies, investigates and calculates wage underpayments that occur on these projects. 100% of wage issues identified were resolved.

## SINGLE FAMILY HOMES

Single Family Homes is comprised of three different programs: Neighborhood Stabilization Program (NSP), Home Ownership Works (HOW), and Green Homes North. Single Family Home project developers must have an approved Equity Plan on file with CCD. CCD reviews each plan in accordance with equity and inclusion goals which include the Small and Underutilized Business Program (SUBP), workforce participation, HUD Section 3, Good Faith Efforts, and Affirmative Action Plans.

CCD tracks contractors who continuously have wage underpayment issues while working on City of Minneapolis projects. Contractors that are identified as continuously and blatantly underpaying their employees will cause immediate action which may result in appropriate sanctions and/or debarment. There were no such issues in the 2<sup>nd</sup> quarter.

## OUTREACH

During the 2<sup>nd</sup> quarter, staff engaged in the following outreach activities to enhance relationships with stakeholders:

- Supplier Diversity Training facilitated by Craig Taylor, then Executive Director, Office for Business & Community Economic Development and the Business & Technology Center, University of Minnesota at the Urban Research and Outreach-Engagement Center (UROC).
- City of Minneapolis Developer and General Contractor Compliance Seminar facilitated by CCD and CPED staff. Staff developed a training manual distributed to participants. 25 developers and general contractors attended.
- CPED/CCD staff collaboration meeting – to discuss new CCD policies and process improvements.

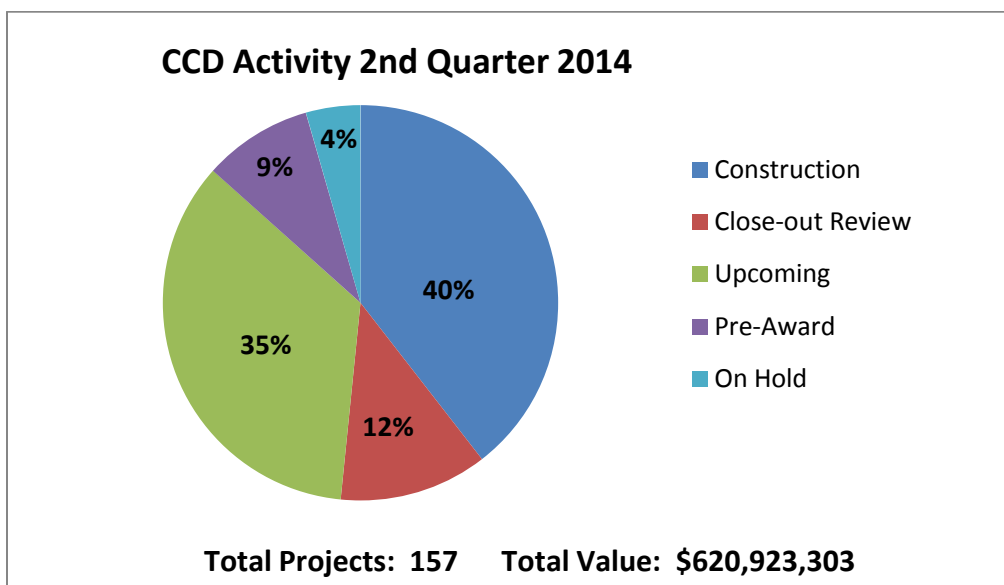
- National Electrical Contractors Association (NECA)/collaboration – to revise the current Affirmative Action Plan for all NECA members.
- “Meeting the Goals” – a seminar hosted by Knutson Construction. The panelists included representatives from Minnesota Department of Human Rights, Hennepin County, City of Minneapolis (CCD), Ramsey County, City of Saint Paul, Metropolitan Airports Commission and the Metropolitan Council. Panelists presented information on meeting construction goals.
- CCD staff attended the Juneteenth annual festival to hand out information on minorities and women doing business with the City.
- CCD staff attended the Pride Festival to hand out information on minorities and women doing business with the City.

## CONCLUSION

### CCD ACTIVITY

CCD activity is constantly changing. This data is a snap shot taken at the end of the quarter at which time, CCD was processing and/or monitoring 157 projects valued at \$620,923,303. 40% of which were active construction projects. 35% were projects in the pipeline.

<b>CCD Activity 2nd Quarter 2014</b>	
<b>Construction</b>	62
<b>Close-out Review</b>	19
<b>Upcoming</b>	55
<b>Pre-Award</b>	14
<b>On Hold</b>	7
<b>TOTAL PROJECTS</b>	<b>157</b>
<b>TOTAL VALUE</b>	<b>\$620,923,303</b>



In 2014, CCD implemented six significant process improvements to increase efficiency resulting in higher productivity. As a result of these improvements, CCD expects increased minority and women business and employment inclusion. Improvements include:

1. Established a Good Faith Efforts Review Panel for greater consistency in approving/denying contractors Good Faith Efforts.
2. Created a Good Faith Efforts checklist to assist bidders and proposers in making Good Faith Efforts to solicit and engage MBEs/WBEs.
3. Provides firms bidding on City contracts with lists of all MBEs/WBEs certified in scopes of work used to set contract inclusion goals. The lists are attached to bid specifications and requests for proposals.
4. Updated goal setting process that better incorporates scopes of work, contract and scopes values, and available MBEs/WBEs allowing for more accurate and realistic goals.
5. Began working with City departments to encourage unbundling large, complex City contracts to allow MBEs and WBEs to obtain work as prime contractors.
6. CCD continues to work with IT and Finance to develop a more comprehensive compliance monitoring tool.