



Minneapolis Department of Civil Rights
Contract Compliance Division
1st Quarter Report

January – March 2015

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Introduction

The Contract Compliance Division (“Division”) ensures that City of Minneapolis procurement of construction and development services, commodities and supplies, and professional and technical services includes women, minorities, and low income workers and businesses. The Division also ensures that workers on construction and development projects are paid in accordance with prevailing wage laws.

This report summarizes the program areas monitored by the Division and the outcomes this quarter.

Division Program Areas

Minority and Women Business Inclusion

- Administer the Small and Underutilized Business Program
- Ensure minority and women owned businesses participate in City procurement
- Conduct outreach to and certify women and minority owned businesses

Affirmative Action

- Ensure adherence to Affirmative Action and Equal Employment Opportunity Laws
- Review and approve Affirmative Action Plans
- Enforce construction workforce inclusion goals

Low Income Residents and Business Inclusion

- Administer City's HUD Section 3 Program
- Ensure low income resident and business inclusion on Section 3 covered projects
- Conduct outreach to and certify low income residents and businesses as Section 3

Prevailing Wage Compliance

- Monitor and enforce prevailing wage laws and Federal Labor Standards
- Ensure workers are paid according to City, State, and Federal laws
- Investigate underpayments and recover wage resitutions for workers

Minority and Women Business Inclusion

Small and Underutilized Business Program

The Division administers the Small and Underutilized Business Program (SUBP) which redresses past discrimination and aims to prevent discrimination against minority and women owned business enterprises (MBEs and WBEs) in City procurement. In 2011, the City Council adopted a 25% inclusion goal for MBEs (12%) and WBEs (13%) owned businesses. However, each City procurement opportunity is reviewed for specific goals based on the project scope, subcontracting opportunities, and availability of qualified MBEs and WBEs. This process is known as “Goal Setting.” Goals may be set on the following:

- Construction or development projects over \$100,000.
- Commodities and supplies contracts over \$50,000.
- Professional or technical services projects over \$100,000.

Goal Setting on City Procurement

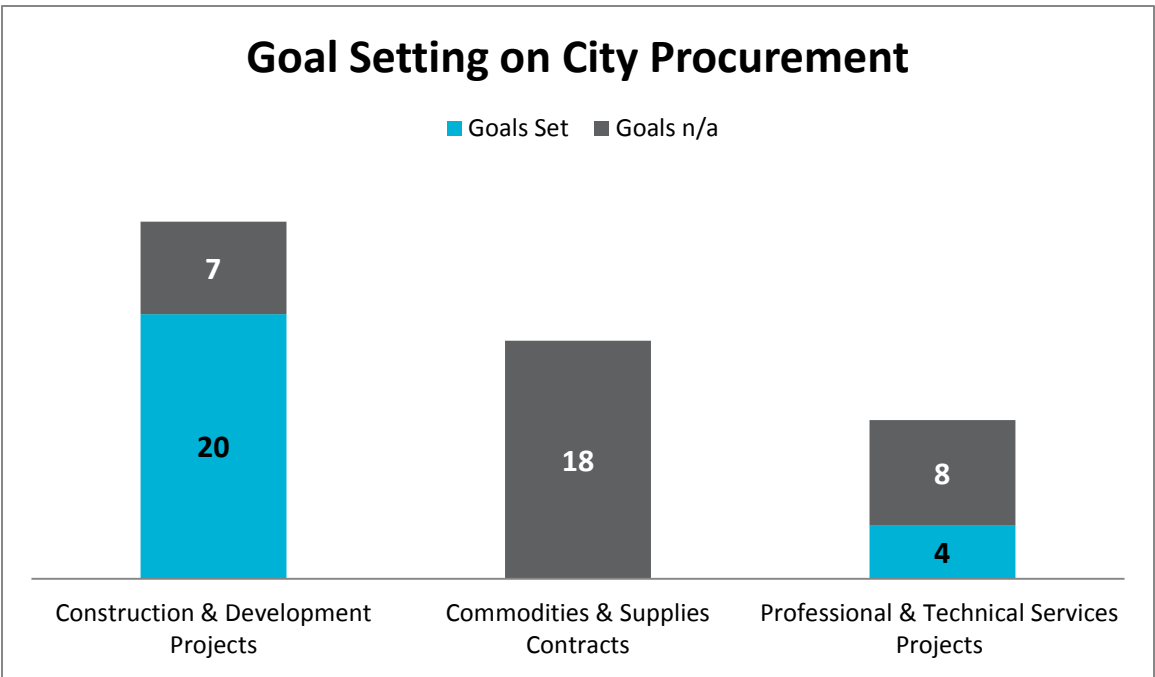


Figure 1: Displays number of procurement opportunities reviewed for specific goals. Goals are not applicable if the project scope is minimal, no subcontracting opportunities exist, or there are insufficient numbers of available MBEs and WBEs.

A bidder or proposer must meet the established goals or demonstrate good faith efforts (make every necessary and reasonable effort) to meet the goals prior to bid or proposal submittal. If a bidder or proposer has not met the goals, the Division will conduct a good faith effort (GFE) review to determine if the bidder or proposer made a good faith effort to meet the goals. Bidders or proposers not making a good faith effort are denied the contract. If the Division determines a bidder or proposer made a good faith effort, they will be awarded the contract and held accountable to the committed goal. The Division conducts monthly compliance to ensure contractors continue to make efforts to meet the established goals.

To assist bidders and proposers in their efforts to include MBEs and WBEs, a checklist of GFE requirements and a list of qualified MBEs and WBEs is provided with bid specifications and Requests for Proposals.

Good Faith Efforts Reviews



Figure 2: Shows number of contractors approved or denied after a good faith efforts review.

MBE and WBE Inclusion on Construction and Development Projects

This quarter, 20 construction and development projects with MBE and WBE goals were closed¹ by the Division. The combined construction contract value was \$44,047,039. Of that, MBE participation was \$2,725,709 (6%) and WBE participation was \$2,875,620 (7%).

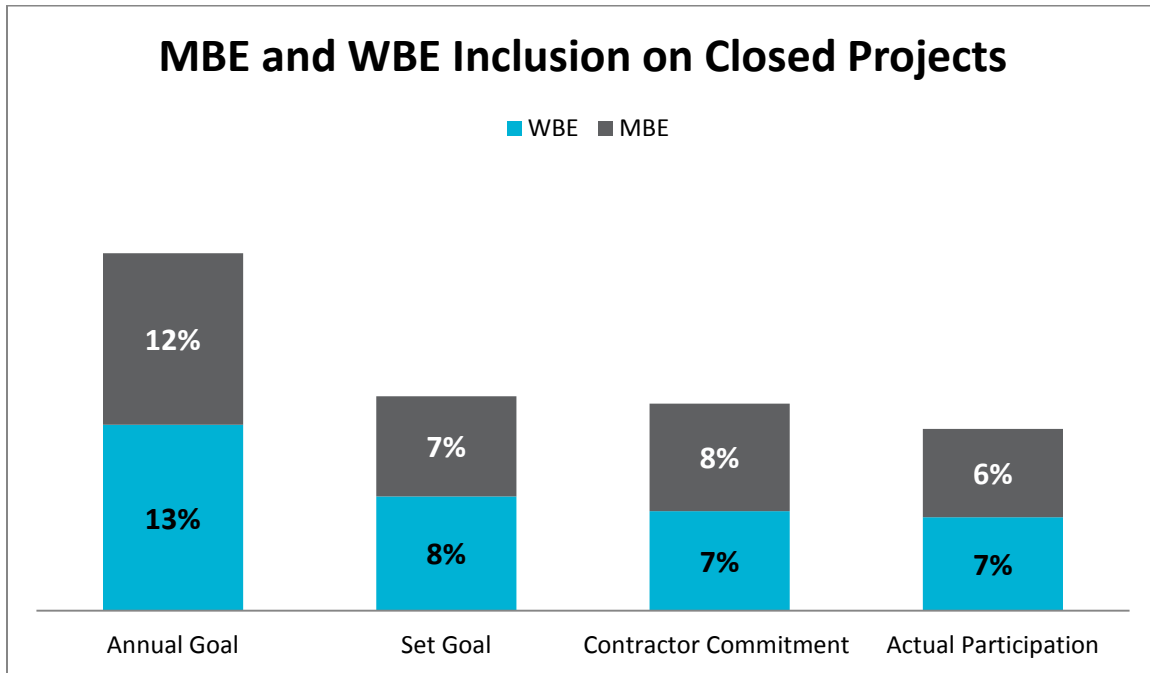


Figure 3: Identifies the average MBE and WBE goals set, what the contractors committed to achieve, and the actual participation of MBE and WBE participation on closed project. See Appendix for a summary of all closed projects.

¹ Closed projects are construction projects that are complete and the Division has conducted an administrative closeout process, which includes verifying actual participation of MBEs and WBEs.

MBE and WBE Inclusion on Priority Construction and Development Projects

Priority projects are projects with more constituent visibility and larger contract values. Below is a summary of MBE and WBE commitments and participation on priority projects actively in construction during the quarter.

Project Name	Project Description	Developer/ General Contractor	Contract Value	Contractor Commitment		Quarter Participation ²		Percent Complete
				MBE	WBE	MBE	WBE	
Pillsbury Lofts	Renovation of the National Historic Landmark, Pillsbury A-Mill, into 255 affordable artist lofts	Dominium/ Weis Builders	\$76,000,000	\$4,218,000 (6%)	\$3,442,800 (5%)	\$1,032,425 (6%)	\$1,503,320 (9%)	80%
Five15 on the Park	New construction of a 260 unit apartment building with commercial space	Fine Associates/ Frana Companies	\$30,662,344	\$392,478 (1%)	\$929,069 (3%)	0	\$137,450 (2%)	71%
The Rose & Pine Cliff Apartments	New construction of two apartment buildings with 120 units combined	Aeon/ Weis Builders	\$21,902,500	\$628,602 (3%)	\$821,344 (4%)	\$84,856 (5%)	\$2,472 (.2%)	34%
Downtown East – Green Space and Other Site Costs	Environmental cleanup, areaway removal and green space preparation for the Downtown East mixed use project	Ryan Companies	\$9,818,243	\$983,412 (9%)	\$1,201,947 (11%)	0	0	27%
Total			\$139,491,639	\$6,222,491 (4%)	\$6,395,160 (5%)	\$1,117,281 (5%)	\$1,643,242 (7%)	

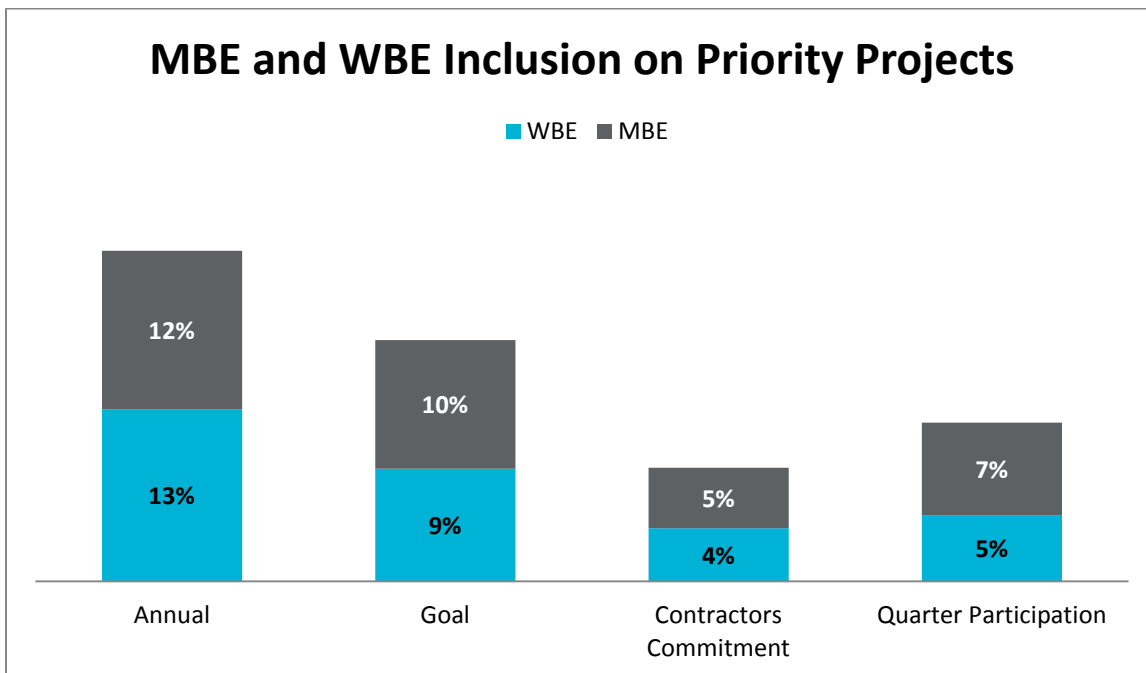


Figure 4: Identifies the average of the 1) MBE and WBE goals set, 2) contractor commitment to achieve the goals, and 3) actual participation of MBEs and WBEs on priority projects.

² Quarter Participation is divided by the total contract payments paid to general contractors this quarter (\$24,449,173).

MBE and WBE Inclusion on Professional and Technical Services Projects

The Division is a member of the Permanent Review Committee which is tasked to review all department Requests for Proposals (RFPs). The Division reviews all RFPs (and waivers) over \$100,000 to ensure MBE and WBE inclusion goals are included in the RFPs. In addition to reviewing 12 RFPs, the Division conducted compliance on the following projects generated from the RFP process:

#	Project	Outcome
1	Real Estate Consulting Brokerage Services	Consultant Jones Lang LaSalle, Inc. will subcontract to Studio HIVE, Inc. (WBE) for space planning and will utilize CGC Commercial (MBE) if applicable.
2	IT Outsourcing	Consultant OneNeck will subcontract to Aeritae, a minority owned business, for service implementation
3	Target Center Renovation Construction Manager at Risk	Construction Manager Mortenson will utilize an Equity Plan developed by the Division for equity and inclusion on the project.
4	Downtown East Commons "The Yard" Architecture and Engineering Design Development	Consultant Hargreaves Associates intends to contract with two MBEs and three WBEs who will assist with the design work.

Certification of Minority and Women Owned Businesses

To count towards the MBE and WBE inclusion goals, minority and women owned businesses must be certified as a Disadvantaged Business Enterprise (DBE) through the Minnesota Unified Certification Program (MNUCP). The MNUCP is a group of state and local agencies certifying DBEs. Current certifying agencies are:

- City of Minneapolis
- Minnesota Department of Transportation
- Metropolitan Council
- Metropolitan Airports Commission

To become certified, minority and women owned businesses must meet the following criteria:

- At least 51% owned and controlled by a socially and economically disadvantaged individual.
- The disadvantaged owner(s) is a U.S. citizen or permanent resident.
- The business is for-profit.
- The business' annual gross receipts do not exceed \$23.98 million or the Small Business Administration size standard.
- The disadvantaged owner's personal net worth does not exceed \$1.32 million.

The Division certified eight companies this quarter:

Company	Certification	Business Description
6th Degree Consulting, Inc.	MBE	Construction management and construction services
Backbone Enterprises, Inc.	MBE	Information Technology Services
ECM Instructional Systems, LLC	MBE	Firm providing learning and training processes for businesses, government agencies and non-profits
InGensa, Inc.	MBE	Consulting firm for professional services, development and implementation of public school facility improvements
Modern Electrical Solutions, Inc.	MBE	Commercial and industrial electrician, install and design build
OMHOME, LLC.	WBE	Janitorial services
Renewable Energy Partners DBA: Renewable NRG Partners	MBE	Sales, service, maintenance, installation and development of photovoltaic energy power systems, solar, and energy efficiency
Wetland Habitat Restorations, LLC	WBE	Design and installation services in ecological design restoration and native landscaping

Affirmative Action

Female and Minority Workforce Inclusion

In 2012, the City Council adopted the aspirational goals set by the Minnesota Department of Human Rights for minority and female inclusion on all City construction and development projects over \$50,000. The goals are 6% of total project hours to be performed by females and 32% of total project hours to be performed by minorities. The Division monitors these projects to ensure contractors:

- Commit to use female and minority workers.
- Adhere to their commitments.

- Make efforts to recruit, hire, and train females and minorities.

This quarter 30 construction and development projects with workforce inclusion goals were closed by the Division. The combined construction contract value was \$59,193,382. Total workforce hours for these projects were 319,227, of which female hours were 13,012 (4%) and minority hours were 61,990 hours (19%).

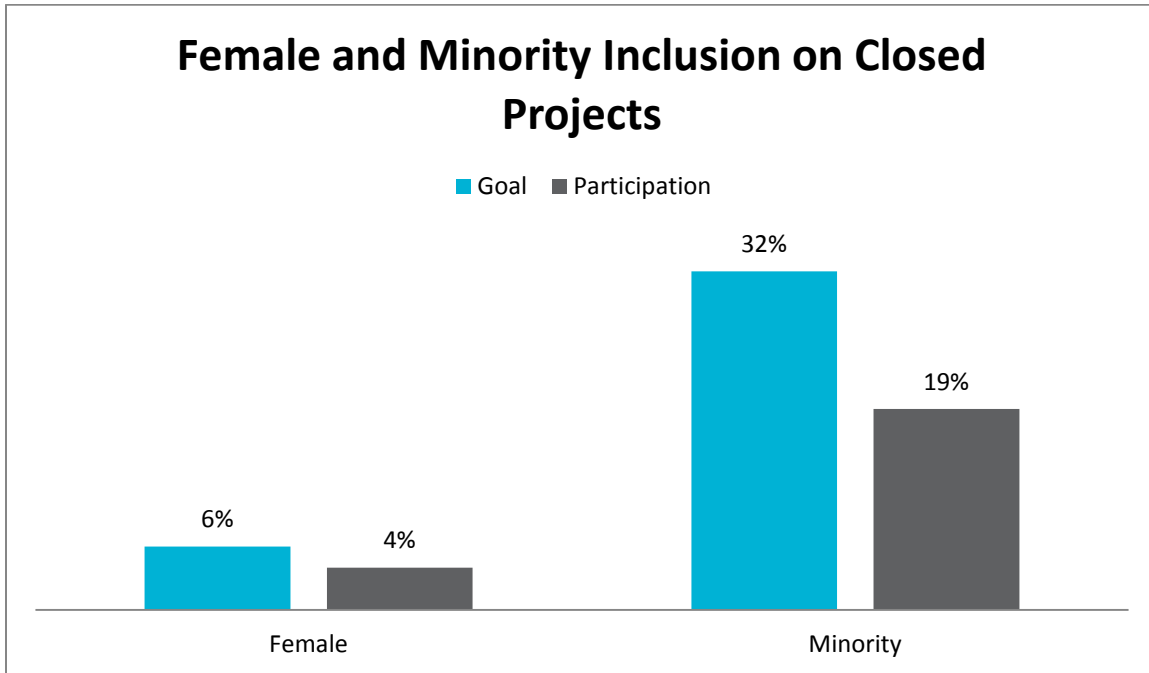


Figure 5: Compares the City’s workforce inclusion goals to the actual participation on projects closed this quarter. See Appendix for a summary of all closed projects.

There were four priority construction and development projects actively in construction during the quarter. The combined construction contract value was \$139,491,639. Total workforce hours for these projects were 457,729, of which female hours were 24,782 (5%) and minority hours were 96,565 (21%).

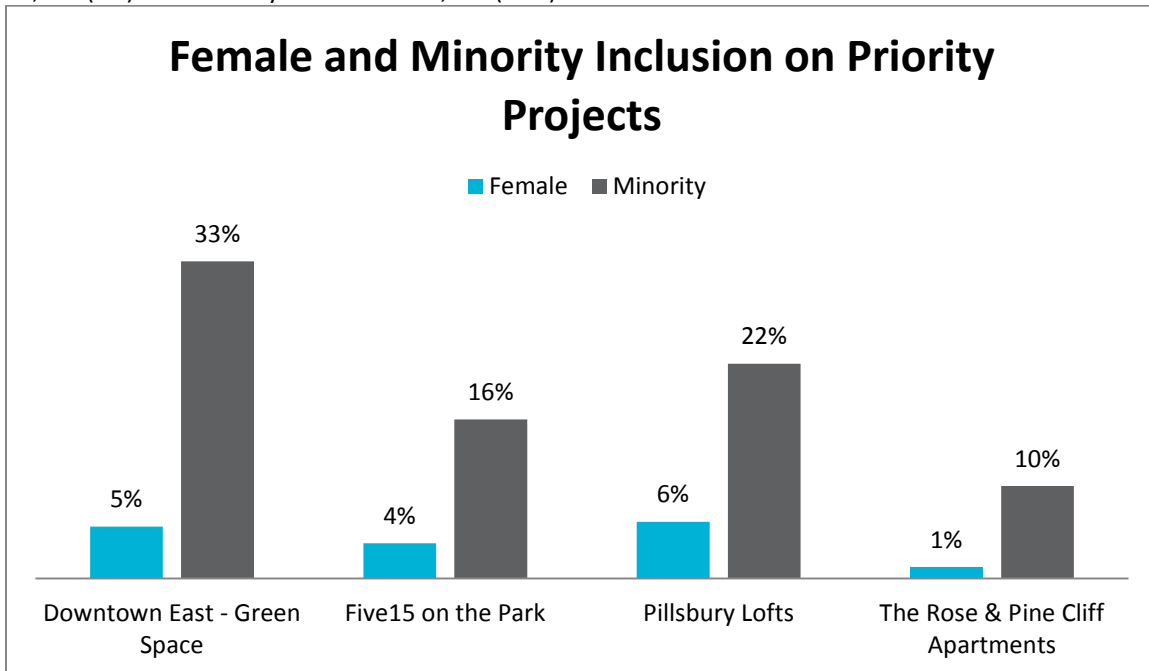


Figure 6: Displays City’s workforce inclusion participation on priority projects actively in construction this quarter.

Affirmative Action Plans

This quarter, the Division processed and approved **51** affirmative action plans (AAPs) for City contracts. An AAP is a combination of policies and procedures a company utilizes to prohibit discrimination and promote equal employment opportunities for women, minorities and disabled individuals. Minneapolis Code of Ordinance 139.50(d) requires every developer, contractor, consultant, supplier, or vendor entering into a contract with the City of Minneapolis to have an approved AAP on file with the Minneapolis Department of Civil Rights prior to contract execution if:

- The contract is over \$50,000.
- An amended contract's cumulative amount is over \$50,000.
- There is more than one contract with a combined total over \$50,000.

Prior to contract execution, the Division receives requests for affirmative action approvals from City departments to ensure compliance with the ordinance requirement. The Division works with companies to develop, review, and approve the contractors AAPs.

Low Income Residents and Business Inclusion

HUD Section 3

As a recipient of certain federal funds, the City and its contractors must comply with the HUD Section 3 regulation. HUD Section 3 ensures that jobs, training and contracting opportunities created by Section 3 covered projects shall be afforded to low income residents and businesses (Section 3 Residents and Section 3 Businesses). Section 3 does not supersede competitive bidding requirements, instead expressly encourages - to the greatest extent feasible - a Section 3 preference in the evaluation of bids. The goals on Section 3 covered projects are 10% Businesses and 30% Residents. The Division complies with Section 3 by:

- Identifying training and contracting opportunities for Section 3 Residents and Businesses.
- Certifying residents and businesses as Section 3.
- Maintaining a list of Section 3 Residents and Businesses and sharing with contractors.
- Conducting a "greatest extent feasible" review on contractors.
- Enforcing compliance on Section 3 covered projects.

This quarter, the Division certified **28** residents and **10** businesses. To date the City's Section 3 list includes **97** Section 3 Residents and **29** Section 3 Businesses.

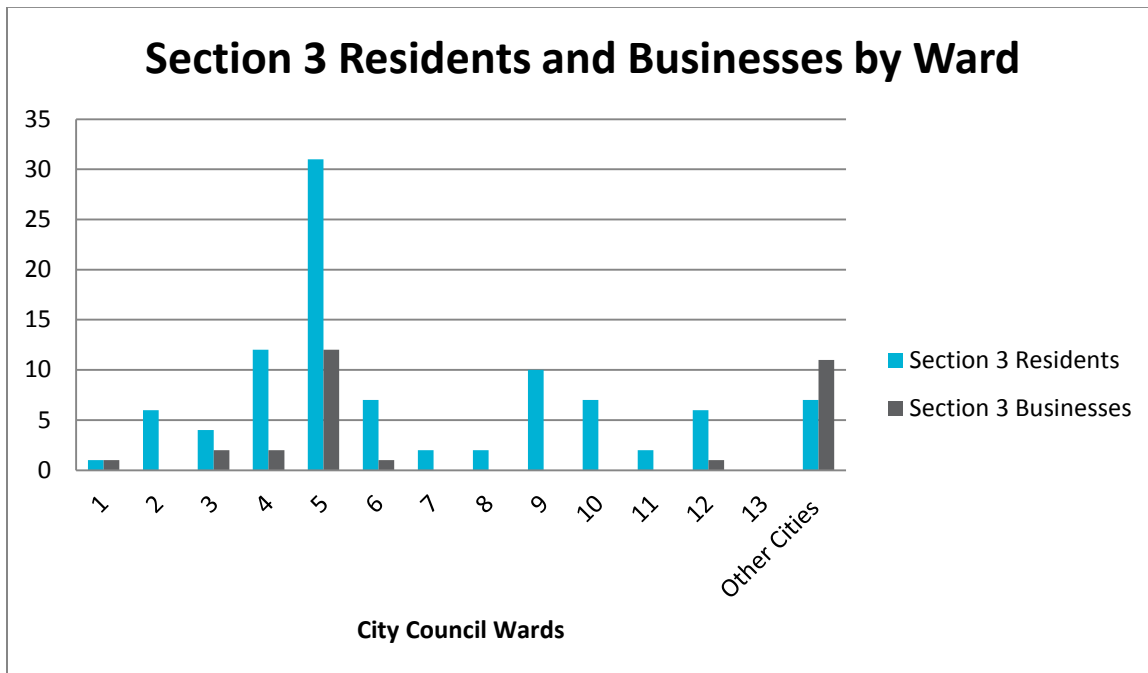


Figure 7: Displays the number of residents and businesses and the City Council ward where they are located.

Section 3 Collaboration

The Division has also been closely working with local government agencies to form a Section 3 Collaborative to:

- Offer one centralized certification system.
- Standardize compliance and reporting practices.
- Collaborate on outreach efforts.
- Reduce stigmas associated with Section 3.
- Assist contractors to quickly identify Section 3 Residents and Businesses.

Current members:

- City of Minneapolis
- City of Saint Paul
- Minneapolis Public Housing Authority
- Saint Paul Public Housing Authority
- Anoka County
- Hennepin County
- Ramsey County
- Washington County

Prevailing Wage

Construction and development projects covered by the federal Davis-Bacon and Related Acts, Minneapolis Public Works Ordinance, or the CPED Prevailing Wage Policy require the payment of prevailing wages to workers. The Division ensures accurate wages are paid to workers through the review of payrolls. This quarter, the Division uncovered (in conjunction with HUD), investigated, calculated, and administered payment of wages and fringes due to workers on the 520 2nd Street Apartments development project.

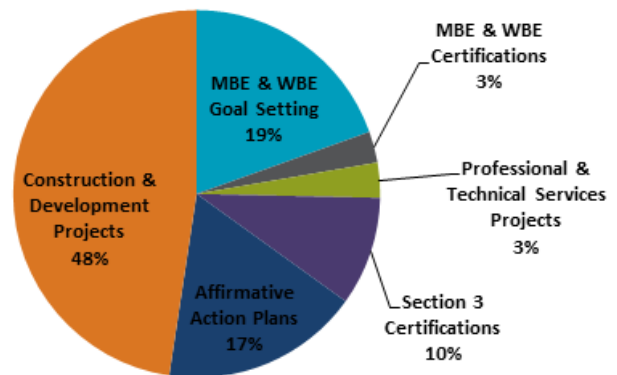
520 2 nd Street Apartments - Restitution		
Category	# of Employees	Amount Recovered
Wages	26	\$1,529
Fringes	52	\$178,829

Conclusion

Summary of Division Responsibilities

The Division continues to be an essential part of the City’s effort to include women, minorities, and low income workers and businesses. Below is a summary of the Division’s equity and inclusion compliance work performed during the quarter.

CATEGORY	#	TOTAL CONTRACT VALUE
MBE & WBE Goal Setting	57	\$122,285,352
MBE & WBE Certifications	8	N/A
Professional & Technical Services Projects	8	\$144,491,310
Affirmative Action Plans	51	N/A
Section 3 Certifications	38	N/A
Construction & Development Projects	139	\$455,132,153



Appendix Closed Construction Projects

#	Project Name	Developer/General Contractor	Contract Amount	MBE Inclusion			WBE Inclusion			Workforce Goals: 6% / 32%		
				Goal	Commitment	Actual Participation	Goal	Commitment	Actual Participation	Total Workforce Hours	Female Inclusion Hours	Minority Inclusion Hours
City Projects												
1	Wirth Park Picnic Pavilion Rehabilitation	CM Construction	\$810,500	6%	8%	\$90,908 (11%)	8%	4%	\$57,017 (7%)	6494	32 (0%)	1274 (20%)
2	Sanitary Lift Station Rehabilitation	Minger Construction	\$3,160,000	3%	1%	\$66,272 (2%)	4%	5%	\$183,400 (6%)	8760	118 (1%)	1073 (12%)
3	Hiawatha Golf Course - Parking Lot Improvements	Bituminous Roadway	\$294,790	5%	13%	\$39,714 (13%)	5%	4%	\$10,473 (4%)	736	26 (4%)	162 (22%)
4	Meadowbrook Irrigation Well	Municipal Builders	\$486,603	5%	1%	\$3,700 (1%)	7%	1%	\$6,622 (1%)	1520	0	31 (2%)
5	Park Maintenance Storage Building	Marge Magnuson Construction	\$232,000	7%	13%	\$30,400 (13%)	9%	9%	\$20,216 (9%)	459	0	127 (28%)
6	Re-Roofing Washington Street Maintenance Facility	Rosenquist Construction	\$282,000	8%	0%	\$0 (0%)	9%	0%	0	1019	0	83 (8%)
7	Cemetery Fence Restoration Phase IV	Terra General Contractors	\$223,000	2%	2%	\$5,500 (2%)	2%	3%	\$6,903 (3%)	342	33 (10%)	77 (22%)
8	Sodium Hydroxide System Modification	Rice Lake Construction Group	\$354,400	4%	4%	\$15,825 (4%)	9%	12%	\$38,705 (11%)	1226	157 (13%)	407 (33%)
9	Sodium Hydroxide Storage and Feed System	Municipal Builders	\$1,270,700	8%	8%	\$112,314 (9%)	9%	2%	\$23,241 (2%)	6209	16 (0%)	248 (4%)
10	MCC Restroom/Locker Room Renovation	Meisinger Construction	\$499,900	6%	1%	\$113,017 (23%)	8%	0%	\$28,972 (6%)	1925	106 (6%)	644 (33%)
11	Lake Nokomis Park Concessions - Site & Beach Improvements	Versacon	\$299,750	6%	0%	\$31,500 (11%)	8%	23%	\$66,127 (22%)	664	8 (1%)	94 (14%)
12	Xcel Field Support Areas	Veit & Company	\$216,000	7%	11%	\$26,047 (12%)	10%	6%	\$10,633 (5%)	624	35 (6%)	134 (21%)
13	Target Center Concessions - Phase 2 - Electrical	Kraus-Anderson	\$113,065							1170	0	419 (36%)
14	Target Center Concessions - Phase 2 - Mechanical	Northland Mechanical Contractors, Inc.	\$215,400							1192	0	184 (15%)
15	Target Center Operable Floor	Parsons Electric	\$642,516							1306	144 (11%)	585 (45%)
16	Target Center Catering Kitchen - General Construction	Meisinger Construction	\$59,750							167	8 (5%)	14 (8%)
17	Target Center Catering Kitchen - Mechanical/Electrical	NAC Mechanical & Electrical Services	\$102,350							614	0	230 (37%)
18	Stormwater Pond Dredging	Sunram Construction	\$64,460							425	0	3 (1%)
Development Projects												
19	City Place Lofts	City Place Housing Limited Partnership/Frerichs Construction	\$7,103,000	6%	6%	\$441,127 (6%)	7%	13%	\$898,508 (13%)	44720	1788 (4%)	10696 (24%)
20	Passage Community	Simpson Housing Services/Watson Forsberg	\$347,870	6%	6%	\$23,864 (7%)	3%	6%	\$52,111 (15%)	1681	92 (5%)	470 (28%)
21	North Haven II	Portico/Flannery Construction	\$106,408	7%	5%	\$4,925 (5%)	8%	17%	\$9,087 (9%)	492	0	152 (31%)
22	Rental Reclaim III	Urban Homeworks/Flannery Construction	\$1,308,286	8%	4%	\$20,008 (2%)	7%	2%	0	6697	25 (0%)	2133 (32%)
23	The Bridge for Youth	Bridge for Youth/Watson Forsberg	\$127,500	8%	9%	\$13,677 (11%)	10%	0%	0	525	72 (14%)	162 (31%)
24	Touchstone	Project for Pride in Living/Watson Forsberg	\$8,059,363	7%	6%	\$618,350 (8%)	9%	7%	\$606,415 (8%)	45594	2127 (5%)	10322 (23%)
25	520 2nd Street Apartments	Second Street Holding/Black Dew	\$10,231,051	7%	11%	\$307,168 (3%)	8%	6%	\$229,377 (2%)	71204	3032 (4%)	14842 (21%)
26	Snelling Apartments	Common Bond Communities/Watson Forsberg	\$8,633,918	8%	9%	\$761,393 (9%)	9%	7%	\$627,809 (7%)	53727	2674 (5%)	11901 (22%)
27	Lifesource	Greiner Construction, Inc.	\$13,428,436							57999	2515 (4%)	5503 (9%)
28	Grant Street Commons	Schumacher Elevator	\$323,213							1073	5 (0%)	18 (2%)
29	St. Anne's Place	P & D Mechanical	\$64,500							151	0	0
30	Harbor Light - Beacon Repair	Advanced Masonry Restoration, Inc.	\$132,653							516	0	8 (2%)
Totals			\$59,193,382	6%	6%	\$2,725,709 (6%)	7%	6%	\$2,875,620 (7%)	319,227	13012 (4%)	61990 (19%)
						<i>out of \$44,047,039</i>						
							<i>out of \$44,047,039</i>					