

Compliance Programs for Tax Increment Financing (TIF) Development Projects

Minneapolis Department of Civil Rights (MDCR)
Contract Compliance Division (CCD)
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Developers who receive City assistance for development are subject to a number of requirements related to contracting and construction of their projects. Below is an outline of the programs applicable to the receipt of Tax Increment Financing (outside of the Revenue Loss Offset Assistance (Inclusionary Zoning TIF) context). Combining TIF with other funding sources may trigger additional or different compliance requirements.

Small and Underutilized Business Program (SUBP):

- Goals should be requested when there is full knowledge of the construction cost estimate that is broken out by scope and dollar amount.
- Goals requests are submitted by CPED project staff to the Civil Rights staff. CPED staff complete and submit the SUBP goals request form and SUBP scopes of services document or they may forward the scope of services document to the architect/developer and/or general contractor to complete.
- When setting goals, Civil Rights considers the scopes of work on the project, the availability of SUBP firms within those scopes, and other factors.
- Goals requests will be reviewed and approved by CCD based on the scopes of work provided for projects receiving \$175,000 or more of City subsidy. While SUBP goals are different for every project, goals are typically between 5% to 12% of the total construction cost for minority-owned business enterprises, and 5% to 12% of the total construction cost for women-owned business enterprises.
- **To comply with SUBP requirements, the developer and/or general contractor must either meet the project's SUBP goal(s) or demonstrate that good faith efforts have been made to meet contracting goals.** Good faith efforts are evaluated based on the 8 factors listed in the Minneapolis Code of Ordinances, Chapter 423.90(g). Developers and their general contractors must receive the SUBP Special Provisions prior to soliciting bids. The SUBP Special Provisions provide details about the SUBP requirements, including what CCD looks for in evaluating good faith efforts.
- **Monitoring SUBP contract payments shall be accomplished by all contractors and suppliers (all tier levels) confirming payments made to them into the City's compliance database system monthly.**

Labor Compliance (Prevailing Wage):

- Prevailing wage requirements as required by and enforced through the City's prevailing wage monitoring and enforcement policy and procedures for City-assisted projects apply to TIF-funded projects.
- Prevailing wages must be paid to all employees performing construction labor work with the exception of indentured apprentices. All employees must be paid and all certified payroll reports must be submitted into the City's compliance database system monthly. All contractors at all tiers are subject to the prevailing wage requirements on a project. Civil Rights will provide the wage decision that applies to the project when the SUBP goals are set.

Construction Workforce Goals:

- On City-assisted contracts valued at \$100,000 or more, the City's workforce goals apply. These goals are calculated based on the hours worked that are subject to the prevailing wage. The City's workforce goals are:
 - **32%** of the total project labor hours to be performed by minorities; and
 - **20%** of the total project labor hours to be performed by females.

Affirmative Action Plan (AAP):

- Developers must submit and have an approved AAP on file with the City prior to contract execution on City assisted contracts in excess of \$100,000. The Minneapolis Civil Rights Department approves AAPs.

Submission of Utilization Plan:

- The developer's general contractor is required to submit a utilization plan in the Contract Compliance Information Management System (CCIMS/B2GNow) which will be used to determine good faith efforts with SUBP and workforce goal commitments.

Apprentice Training Program:

- If developer is receiving at least \$100,000 in City assistance, the developer is required to comply with the City's apprenticeship policy and procedures and must provide or cause its general contractor to provide evidence satisfactory to the City's Community Planning and Economic Development (CPED) that its contractor and each subcontractor with a contract in excess of \$50,000 performing construction work participates in a registered apprenticeship program as certified by the State's department of Labor and Industry.

Useful Links:

- Civil Rights Contract Compliance Division – includes information on the City's prevailing wage, workforce, and SUBP program requirements: <http://www.minneapolismn.gov/civilrights/contractcompliance/index.htm>