

Minneapolis
City of Lakes

DEPARTMENT OF CIVIL RIGHTS
CONTRACT COMPLIANCE DIVISION

QUARTERLY REPORT
October - December 2012

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INTRODUCTION

The Contract Compliance Division (CCD) monitors and ensures compliance in five primary program areas: Affirmative Action Plans (AAPs); the Small and Underutilized Business Program (SUBP); minority and female employment; Davis Bacon and prevailing wage; and HUD Section 3 contracting and employment.

During the fourth quarter of 2012 Mr. Michael McHugh was appointed Assistant Director upon the resignation of Mr. Johnnie Burns. A new electronic data management system was introduced and the B2GNow system was discontinued.

OUTREACH

During fourth quarter 2012 staff engaged in the following outreach activities to enhance relationships with advisory councils, community groups and other stakeholders to achieve the goals of the Civil Rights disparity relative to contract compliance:

- Attended an annual dinner hosted by the Association of Women Contractors.
- Attended bi-weekly meetings with the Certification Application Committee (CAC), to review, approve, or deny pending certification applications.
- Attended a CAC workshop.
- Met with a representative from the Fair Contracting Foundation regarding potential underpayments, and discussed working together on future issues.
- Attended a Minnesota Association of Black Lawyers Gala.
- Attended monthly meetings with the Minnesota Unified Certification Program (MN/UCP).
- Attended an MN/UCP Training event.
- Attended the Minneapolis Urban League's Construction Business/LEAP Advisory Committee.
- Attended the quarterly meeting of the National Association of Minority Contractors.
- Attended Neighborhood Stabilization Program (NSP) open house.
- Presented at the Public Works Department's training on Civil Rights requirements and processes.
- Attended the Riverside Plaza grand opening.
- Staff met with a variety of contractors regarding City of Minneapolis compliance requirements.

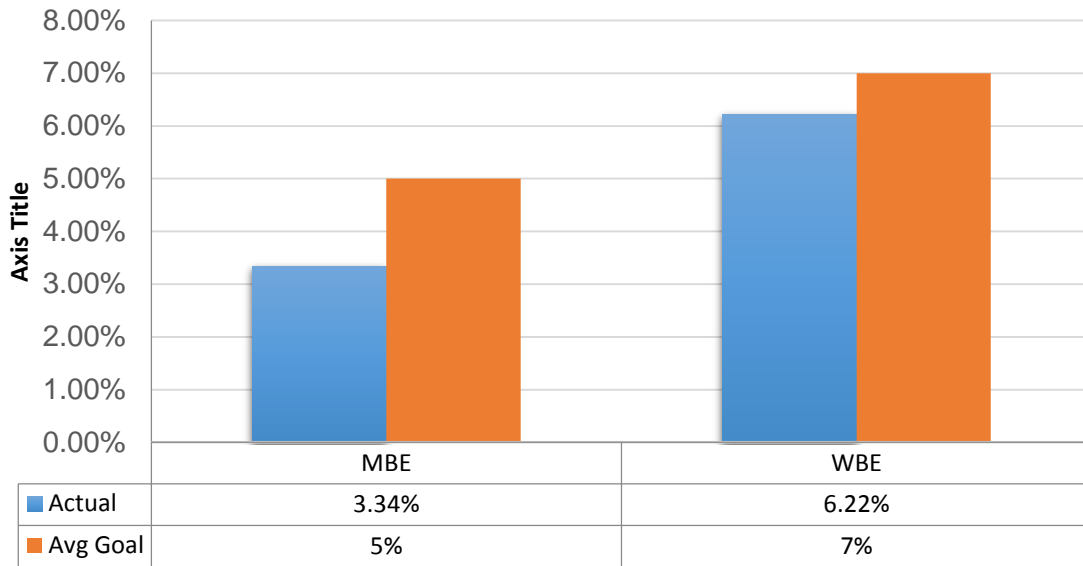
TECHNOLOGY

A new electronic data management system was introduced in October 2012. The CRM or Client Relationship Management system is a Microsoft database product and comes at significantly less cost to the City than that of the B2GNow system. The system includes information on every project currently monitored by the Division, including contact information for every contractor and subcontractor on Minneapolis projects, affirmative action plan and SUBP data, the volume of contracts assigned to each Contract Compliance Officer, the current status of the project, as well as wage underpayment information. This system will replace the B2GNow database which was not effectively interfacing with the Compass payment system. This new technology will affect a long term cost savings to the City; additionally, as other departments such as Finance/Purchasing, CPED and Public Works will have access to the data the system will facilitate work among the various departments.

SMALL AND UNDERTULITZED BUSINESS PROGRAM

- MBE Participation totaled \$8,670,520, or 3.34%
- WBE Participation totaled \$16,116,576, or 6.22%

Chart Title



SUBP goals were calculated on 51 contracts this quarter.

Construction	12
Goods & Services	35
Request for Proposals	4
Total	51

The Small and Underutilized Business Program is designed to encourage and increase the participation of minority and woman-owned business enterprises on City of Minneapolis construction contracts over \$100,000 and goods or services contracts over \$50,000.

To qualify and be counted for participation of minority (MBE) or women (WBE) SUBP goal, a business must meet the definition of a small and underutilized business enterprise, and be certified through the Minnesota Unified Certification Program (MN/UCP). If all requirements are met, their participation is eligible for credit toward the MBE or WBE goals on City contracts. The SUBP Program is authorized by the City of Minneapolis Code of Ordinances Section 423.

Supplier Diversity Program

The Supplier Diversity Program was established to increase the participation of minority and women-owned small businesses on City of Minneapolis contracts under \$50,000, and to promote equality in the contracting and procurement process by ensuring full participation of minority and women owned business enterprises in all areas of contracting by the City of Minneapolis. All departments have a set goal of 25% for spending in specific line accounts where women and minority business inclusion is available.

Certifications

The Small and Underutilized Business Program handles the process for the City of Minneapolis certifications. The specialist reviews and investigates applicants who seek to participate in the Minnesota Unified Certification Program. Certification is also a marketing tool used to enhance a business's ability to do business in the public market, including the Minnesota Department of Transportation, Metropolitan Council, and the Minneapolis Airport Commission.

FEMALE AND MINORITY LABOR PARTICIPATION

Effective May 1, 2012, the employment goals were revised to 6% female labor participation and 32% overall minority labor participation. The previous goals were 6% female, 11% skilled minority, and 11% unskilled minority. Thirty percent of all active projects are proceeding under the current goals and seventy percent of all active projects are ongoing projects that are proceeding under the previous goals.

During the 4th quarter, the participation was as follows:

53 active construction projects with a value of \$245,374,296.74.

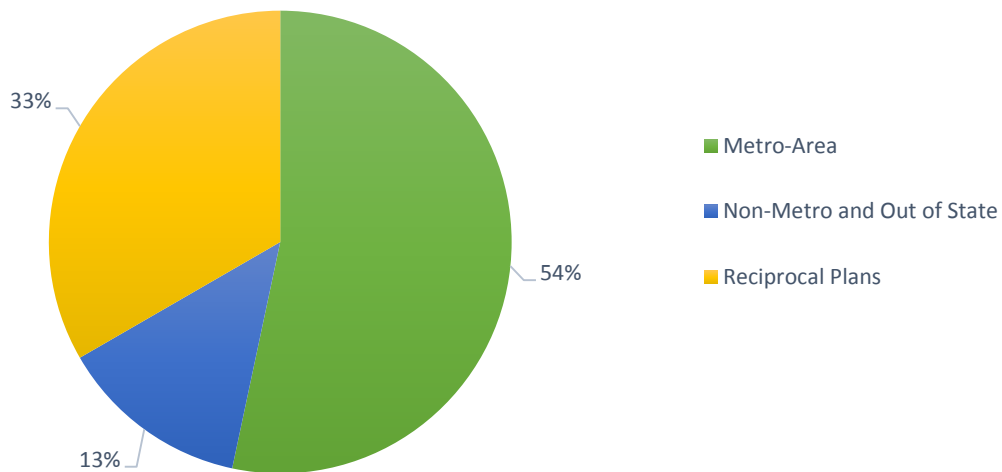
- Female Goal = 6%, Actual Participation = 4.09%
(Down from 5.17% last quarter)
- Minority Overall Goal = 32%, Actual Participation = 17.96
(New metric)

AFFIRMATIVE ACTION

Minneapolis Code of Ordinance Section 139.50 requires that before the City enters into a contract over \$50,000 with any company, that company must have a written Affirmative Action Plan (AAP) on file with MDCR. Therefore, CCD is consistently working closely with companies to assist in developing, reviewing, and approving AAPs. To provide better service, CCD has reciprocity agreements with the State of Minnesota Department of Human Rights, the City of St. Paul, the National Electrical Contractors' Association, and Minnesota Mechanical Contractors' Association. CCD has also made user-friendly revisions to AAP Guidebooks and made them available online for companies to easily access.

The majority of AAPs are yielded from companies located in the 7-county metro area. This establishes that the majority of City contracts over \$50,000 are awarded to companies located in the 7-County Metro-Area. Through December 2012, there have been a total of 309 AAPs approved.

Affirmative Action Plans Approved 4th Quarter



SECTION 3

The HUD Section 3 program is an income based certification based the household income of either a worker or of the primary business owner. The CCD currently has 54 businesses certified as Section 3, with no currently pending certification. The CCD has certified 172 members of the Minneapolis Building Trades and local unions as Section 3 residents, with three more pending.

65 Section 3 residents have been employed on City of Minneapolis projects during the 4th quarter. The CCD has also certified 72 SAOIC participants/graduates, with one additional pending.

The CCD is planning training for current staff with HUD Section 3 staff to identify methods of expanding the Section 3 certification program to reach more eligible businesses and residents.

NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

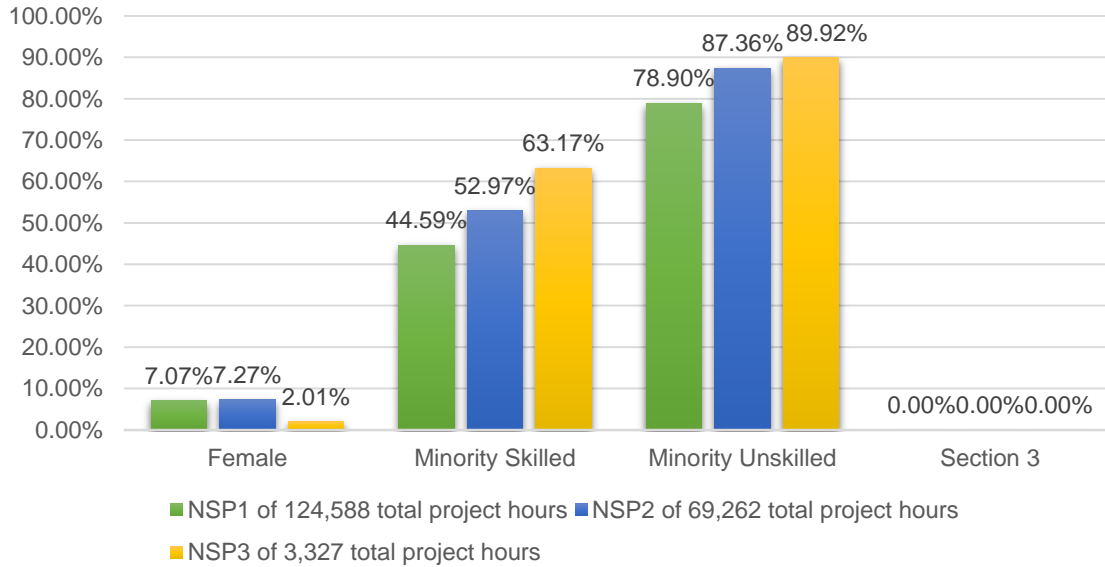
There are 3 developers and approximately 13 active remaining projects in the NSP I program with none pending approval. Five developers (City of Lakes Community Land Trust/CLCLT, Project for Pride in Living/PPL, Powderhorn Residents Group/PRG, Greater Metropolitan Housing Corp./GMHC, Urban Homeworks) have completed their NSP 1 projects and are starting work on NSP 3.

In addition to Urban Homeworks Rental Reclaim IV, NSP 2 has recently added two multifamily residential development projects (PPL Foreclosure Recovery II and Alliance Housing Northside Project). These projects are each over \$1,000,000 and thus offer great opportunity for increased employment and contracting. Furthermore, the PPL Foreclosure Recovery II falls under the Federal Davis-Bacon Related Acts and therefore requires paying prevailing wage to workers.

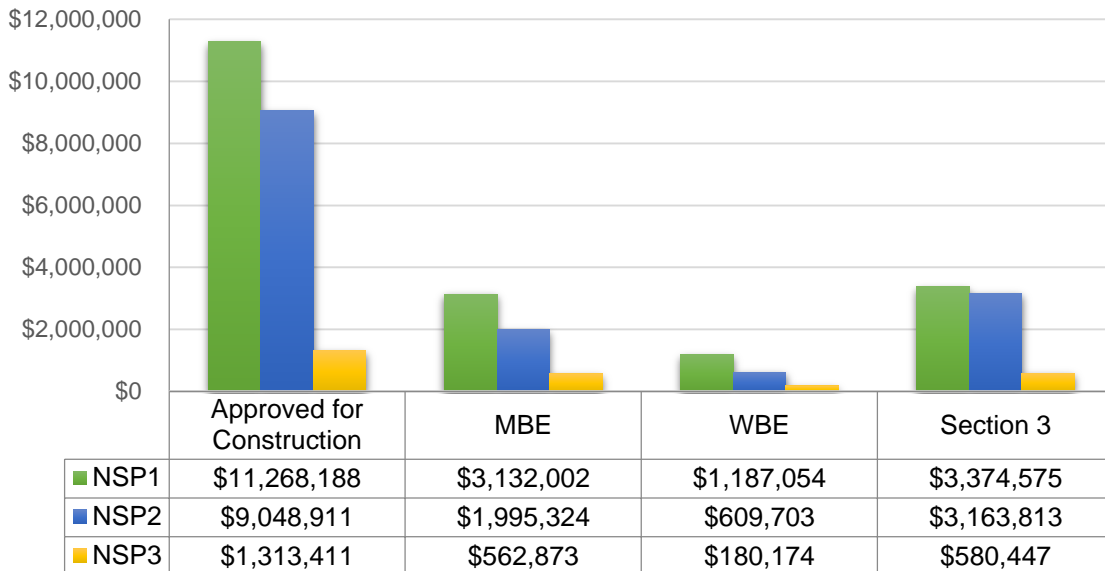
Also, the employment goals for City of Minneapolis projects were revised effective May 1, 2012 to 6% female and 32% minority (skilled/unskilled combined). The newly revised employment goals were not imposed on the NSP projects at that time as the goals for NSP had already been established. However,

all developers were informed this quarter that all future NSP projects will have these revised employment goals imposed effective January 1, 2013.

NSP1 - NSP3 Employment Data by Percent



Contracting



APPROVED/PENDING PROJECTS

The final table in this report indicates projects that have gone through the pre-award review process but have not yet had active project labor to report in the fourth quarter 2012.

WAGE UNDERPAYMENTS AND RESTITUTIONS

As part of monitoring and enforcing the Federal Davis-Bacon Act and City Prevailing Wage ordinance, CCD staff monitors contractors to ensure timely payroll and accurate wages on City contracts. CCD identifies any wage underpayments through misclassification of laborers and miscalculation of wages (including overtime pay) and quickly demand restitution to underpaid employees. During this quarter, CCD has demanded \$36,935.37 from 20 contractors, to be paid to 60 employees. This brings in a yearly total of \$108,221.19 from 35 contractors, which paid 144 employees.

CONCLUSION

The fourth quarter of 2012 has brought significant change and challenge for the Contract Compliance Division. New methodologies and service enhancements should have a positive impact on the way the unit provides services to external partners as well as increasing efficiency of our internal departments in working together toward inclusion of women and minorities of city-awarded projects.