

June 1, 2009

Rights
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Mayor R.T. Rybak Mayor's Office Room 331 City Hall Minneapolis, MN 55415

Council Member Scott Benson, Chair Health, Energy and Environment Development Committee Room 307 City Hall Minneapolis, MN 55415

Dear Mayor Rybak & Chairperson Benson:

Enclosed please find the Department's 2009 First Quarter report on contract compliance and small business activity. The overall labor participation goals for skilled and unskilled people of color have been exceeded. We are also pleased to announce that for all active projects during the first quarter of 2009 the woman participation goals have been met. For the sake of clarity, construction projects are identified as active or closed. The report also contains dollars committed to Women Business Enterprises (WBEs) and Minority Business Enterprises (MBEs) on construction projects. We are currently working with Finance to obtain goods and service contract participation results from the COMPASS

The Department is also pleased to announce that we have launched our data management system. We are also developing creative measures to increase participation with targeted businesses and areas of the city. The Department will continue its close observation of development projects and other contracting opportunities to ensure that the compliance status of the projects are maintained or improved to maximize opportunities for women and people of color, in the areas of construction and the purchase of goods and services.

Sincerely,

Michael S. Jordan Director



MINNEAPOLIS DEPARTMENT OF CIVIL RIGHTS CONTRACT COMPLIANCE REPORT 2009 FIRST QUARTER ACTIVITY



I. <u>INTRODUCTION</u>

The Minneapolis Department of Civil Rights Contract Compliance Unit supports and promotes the City objectives to develop and maintain stable neighborhoods and *One Minneapolis* through equal opportunity and affirmative action activities. The Contract Compliance Unit (CCU) assists, monitors, investigates and reports on employment and trade participation. Ensuring nondiscrimination, affirmative action in employment and contracting, and prevailing wage payment are major functions of the unit.

Each prime or sub contractor receiving in excess of \$50,000 from a City of Minneapolis financed or assisted contract or project is required to develop and submit an affirmative action plan. The plan formally documents the businesses adherence to non-discriminatory practices and their plan to have a workforce that mirrors the availability of protected class citizens in the marketplace. Such plans are good for a two-year period after review and approval by the Contract Compliance Unit.

In addition, each construction contractor is required to submit a preconstruction package which outlines the contractor's plan to meet trade participation goals. Finally, all contractors are required to pay the prevailing wage on city assisted projects.

The Small and Underutilized Business Program (SUBP) component strives to support the development and growth of businesses owned by persons of color and women that they may participate in the economic opportunities generated by City of Minneapolis activity. These objectives are achieved by setting project goals for the participation of targeted businesses on contracts and projects funded in whole or part by the City of Minneapolis.

Goals are set on a contract by contract basis, based on the availability of businesses ready, willing and able to participate. The unit assists city departments and prime contractors with the identification and utilization of certified women or minority business enterprises; reviews bid and contract award recommendations; and coordinates the certification process for small, women or minority business enterprises (S/W/MBE) with other governmental authorities.

This report will examine redevelopment projects active during the first quarter of 2009. It will also provide a complete detail of all projects closed and special projects in which the City of Minneapolis was involved.

II. 2009 – First Quarter ANALYSIS

Summaries for the 1st Quarter 2009 are as follows:

- A. 29 Active construction projects with a monetary value of \$72,958,440.88 (Attachment A)
 - Minority Skilled Goal = 11%, Actual Participation = 12.58%
 - Minority Unskilled Goal = 11%, Actual Participation = 17.73%
 - Female Goal = 6%, Actual Participation = 6.35%
- B. 3 Projects closed during 2009 1st Quarter with a monetary value of \$5,036,092.25 (Attachment C)
 - Minority Skilled Goal = 11%, Actual Participation = 13.68%
 - Minority Unskilled Goal = 11%, Actual Participation = 23.57%
 - Female Goal = 6%, Actual Participation = 5.19%
- C. Small Business Participation Active projects (Attachment D)
 - a. MBE Participation totaled \$4,517,377.38, which amounted to 6.19%
 - b. WBE Participation totaled \$5,889,781.84, which amounted to 8.07%

III. MONITORING & ENFORCEMENT ACTIVITY

The approach of the unit is to be informative and definitive with contractors on contract compliance requirements and expectations. We provide assistance to contractors in meeting the goals and identify, assist and persuade contractors that are not in compliance. Compliance and participation has increased over the past year. During the past year, a number of enforcement activities were necessary. On separate occasions, contracts were denied, payments were held and companies were charged liquidated damages, if sincere efforts were not found. Our overall findings indicate that contractors are becoming aware that we take compliance seriously and are therefore beginning to do the same.

IV. IMPROVED COORDINATION with DEPARTMENTS & PARTNERS

In the first quarter of 2009 we have had several meetings with Community Planning and Economic Development (CPED) about processes and systems. We will be developing a small task force of Civil Rights staff and CPED staff to create a process that will work for both offices in streamlining information and processing times. The purpose of the task force is to create a document that outlines the specific process of awarding multi-family projects and the roles and responsibilities of each unit.

V. SMALL AND UNDERUTILIZED BUSINESS ACTIVITY

In accordance with section 139.70 and chapter 423.70 of the Minneapolis Code of Ordinances, the Civil Rights Department worked with various city departments to set minimal participation goals in selected areas. In this quarter we reviewed or established goals for 51 projects: 18 construction projects, 28 goods and services contracts, and five RFP's. We continue to review projects for goals within the 10-day timeframe established. The participation of women and minority owned businesses participation on construction projects has increased over the past year. Shortly we will be able to extract reports from COMPASS on goods and service activity.

VI. <u>DISPARITY STUDY</u>

The City of Minneapolis is obligated to perform periodic disparity studies to determine if a compelling concern remains to support the targeted participation of women or minority owned businesses. Activity evolved to established partnerships with other jurisdictions in an effort to share some of the study cost. At the eleventh hour, partnerships dissolved which caused the cost to Minneapolis to increase. In an effort to keep cost down, staff took more responsibility in study activity, including data collection.

A major component of the study requires that we compare participation to availability. Unfortunately, the department was not structured to keep this type of data. We did however take responsibility to recover this information, in an effort to save cost. Currently, most of the construction information for a five year period has been accounted for and sent to the consultants. We must manually reconstruct goods and service subcontracting information for a five year period as well. This has delayed the completion of the study. We currently have a plan in place to complete this task.

VII. <u>SECTION 3 PROGRAM</u>

As a recipient of Community Development Block Grant (CDBG) funds, the City of Minneapolis is required, by Section 24, part 135 of the Code of Federal Regulations, Housing and Urban Development Act, to have a Section 3 Program. We are further obligated to require contractors receiving in excess of \$100,000 to comply with program requirements.

The CCU held an open house to establish partnerships for the employment portion of the Section 3 program. Various community groups were invited, as they have job-ready individuals who could work on City funded projects. The agencies include 180 Degrees, American Indian OIC, Christian Restoration Services, Dunwoody, Minneapolis Urban League, Minnesota Workforce Center, and Summit Academy OIC. The department continues to build relationships and bridges to develop steady resource of ready willing and able employees that meet the funding criteria.

The department views Section 3 as a viable approach to increasing opportunities for local residents and businesses. Our list of resources continue to grow. In view of anticipated recovery and other funds, a proposal has been circulated to expand this concept to all City assisted activities.

VIII. DATA MANAGEMENT SYSTEM

The Contract Compliance Unit is pleased to announce the use of the LCPtracker and B2Gnow data management systems. The systems allow contractors to report employment participation, prevailing wage and subcontractor payments online. Most of the reports are tied to the electronic payrolls the vendors maintain. This eliminates the need for vendors to fill out monthly hand written reports which must be mail and stored. Staff will no longer have to do consistent data entry or store large files of paper reports.

The program will improve operations in many ways. We estimate that it will save time for both businesses and staff. It appears to cut paper filling and storage by forty percent. In addition, the detail of data we will be able to review will allow us to make educated decisions on specific accomplishments or areas to improve

IX. CONCLUSION

Over the past couple of years, the Contract Compliance Unit has made and continues to make significant strides in multiple areas of operation. Areas of improvement include:

Taking a more user friendly community service approach to contract compliance

Improved contract review, approval turnaround time

Elimination of lengthy payment approval turnaround time.

Improved process with City Departments

Identification and enforcement of prompt payment laws

Established Outreach to City Departments to utilize certified businesses

Established means for more accountability and transparency in activity and results

Established Section 3 Program for increased local participation

Returned to review and approval of Affirmative Action Plans

Eliminated misuse of Letters of Agreement

Developed data management system that will save 40% of the time and paper used to monitor projects for staff and contractors.

Instituted and improved verification of participation

Improved overall participation on City contracts

Improved enforcement and instituted sanctions for non compliant contractors

In addition, the SUBP component will continue to be more creative in ways to make participation of targeted businesses more likely. We are committed to increased contracting opportunities for small, Section 3, woman owned, and minority owned businesses. Interactions with contractors, city departments, civil rights commissioners, partner organizations and neighboring jurisdictions have consistently improved.

With the work of the Contract Compliance Unit, contractors and the City are both in better position to be in compliance with local and national requirements. Based upon more thorough and transparent reporting, we see that there are still a couple of contractors that are repeatedly below compliance standards. We will continue our focus and efforts to help all contractors be in compliance, and will deny business to those not trying to comply. With increased commitments, partnerships and use of technology, we strive to support a good quality and equality of life for all citizens.

ATTACHMENTS

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MINNEAPOLIS DEPARTMENT OF CIVIL RIGHTS 2009 1ST Quarter Active Project Report

APPENDIX A

		Amount Of	Project	Minority Skilled	Minority Unskilled	Female
Project Name	Project Location	Contract	Status	Participation %	Participation %	Participation %
1. 2007 Lk of the Isles Imp Project	Lake of the Isles	58,042.00	Active	12%	16%	10%
2. 205 Park Demonstration Project	205 Park Avenue South	29,887.00	Active	14%	27%	2%
3. 2603 James HOW Project	2603 James Ave No	10,400.00	Active	47%	100%	5%
4. Abbot View	1801 Ist Ave So	41,827.00	Active	0%	0%	3%
5. B F Nelson Pk	Main St NE	173,032.50	Active	15%	13%	5%
6. Blue Goose/Family Tree Co-Op	1819 5th Street	75,570.00	Active	12%	100%	1%
7. Coloplast	1601 West River Road	2,200,588.00	Active	12%	21%	8%
8. Columbia Hts Entrance Project	Reservoir Blvd, Col Hts	34,500.00	Active	23%	0%	23%
9. Demolition of 16 Structures	5114 North Mississippi Drive	194,449	Active	10%	0%	10%
10. East River Flats Park Project	550 East River Parkway	14,104.00	Active	4%	10%	4%
11. Exodus Residence Stabilization	819 2nd Avenue South	36,430.00	Active	1%	0%	0%
12. First Precinct Expansion	25 N. 4th St.	53,104.00	Active	15%	21%	7%
13. Franklin Steele Site Improvements	1600 Portland Avenue South	37,645.00	Active	17%	0%	0%
14. Fridley Chemical Building	4300 Marshall Street N.E.	507,795.00	Active	18%	15%	5%
15. Incarnation House	2120 Clinton Avenue South		Active	11%	0%	24%
16. Mechanical & Life Safety Updates – Phase						
13 – Mech	350 S 5th Street	73,350.00	Active	11%	0%	0%
17. Mechanical and Life Safety Upgrades – 12	City Hall	83,300.00	Active	12%	0%	5%
18. Mechanical and LS Upgrds - 13 Hoistway						
(OP# 7054)	350 S 5th Street - City Hall	9,617.00	Active	0%	0%	0%
10 N.M	5114 NIMininini Di	40.500.00	A	110/	4.60/	120/
19. N Mississippi Park Trails & Pathway	5114 N Mississippi Drive	40,500.00	Active	11%	46%	13%
20. Nokoma Co-Op Project	1920 3rd Avenue South	45,326.10	Active	22%	43%	2%
21. Park Plaza Apartments – Repairs	1513 Olson Memorial Hwy	72,916.00	Active	0%	0%	0%
22. Pump Stn #4	37th Ave NE Fridley, Mn	1,383,171.00	Active	9%	14%	7%
23. Sheridan Memorial Pk	West River Rd and Broadway	50,601.50	Active	13%	26%	11%
24 (3) 11 (4) 121 (4)	Along W River Rd and the	120 257 00		120/	100/	5 0/
24. Shoreline Stabilization	Miss River bet Plymouth N	129,357.00	Active	12%	10%	5%
	1400 Portland Avenue South,	102.250.40		20/	1.60/	5 0/
25. Slater Square	Minneapolis MN 55403	103,350.40	Active	3%	16%	5%
26. Target Center Roof Replacement	600 1st Avenue North	310,756.00	Active	59%	84%	0%
27. Telecommunications Installation &		00.000	.	004	004	201
Removal Service	1301 2nd Avenue South	80,000	Active	0%	0%	2%
28. The Bridge for Youth	2200 Emerson Avenue South	41,540.00	Active	19%	36%	8%
29. Van Cleve Apartments – West	917 13th Ave SE	273,072.60	Active	12%	10%	2%

Appendix B

MINNEAPOLIS DEPARTMENT OF CIVIL RIGHTS 2009 1ST Quarter Special Projects Report

			General Contractor	Amount of	Project	Minority	Minority	
	Project Name	Project Location	Name	Contract	Status	Skilled %	Unskilled %	Female %
1.	Minneapolis Children's	2525 Chicago	Knutson Construction					
	Hospital ACC/Ramp - West	Avenue South	Services	\$46,000,000.00	Active	13%	15%	4%
2.	Mpls. Children's Hospital	2525 Chicago	Knutson Construction					
	Expansion Project - East	Avenue South	Services	\$125,000,000.00	Active	13%	5%	3%
3.	University of Minnesota	2200 Riverside						
	Children's Hospital	Ave	Kraus Anderson	\$180,000,000.00	Active	9%	14%	5%

MINNEAPOLIS DEPARTMENT OF CIVIL RIGHTS 2009 $\mathbf{1}^{\mathrm{ST}}$ Quarter Special Projects SUBP Report

		MBE	WBE	Actual MBE	Actual WBE	Amount of
Project Name	General Contractor	Goal %	Goal %	Participation	Participation	Contract
Mpls. Children's Hospital Expansion	Knutson Constructon					
Project - East	Services	13.00%	11.00%	1,363,705.00	3,249,486.00	125,000,000.00
Minneapolis Children's Hospital	Knutson Construction					
ACC/Ramp - West	Services	13.00%	11.00%	2,301,341.00	3,347,116.00	46,000,000.00
University of Minnesota Children's				_		
Hospital	Kraus Anderson	5.00%	5.00%	3,398,662.00	5,398,662.00	180,000,000.00

MINNEAPOLIS DEPARTMENT OF CIVIL RIGHTS 2009 1ST Quarter Closed Project Report

		Amount of	Minority	Minority		Project
Project Name	General Contractor Name	Contract	Skilled %	Unskilled %	Female %	Status
CRS Permanent Re-Entry Project	Frerichs' Construction	466,000.00	10%	11%	11%	Closed
Echo Flats Apts	Flannery Construction	751,458.25	23%	51%	7%	Closed
Seward Co-Op & Deli	Watson-Forsberg Company	3,818,634.00	13%	18%	4%	Closed

APPENDIX C

Minneapolis Department of Civil Rights 2009 Active 1st Quarter - SUBP Information

•		MBE	WBE	Actual MBE	Actual WBE	Amount of
Project Name	General Contractor Name	Goal %	Goal %	Participation	Participation	Contract
2007 Lk of the Isles Imp Project	Rachel Contracting	5.00%	3.00%	50,959.00	58,042.00	1,352,995.00
205 Park Demonstration Project	Veit & Company, Inc.	7.00%	4.00%	5,300.00	29,887.00	209,671.00
2603 James HOW Project	AA Contracting	6.00%	6.00%	15,000.00	10,400.00	183,000.00
Abbot View	Flannery Construction	5.00%	6.00%	144,866.00	41,827.00	621,699.28
B F Nelson Pk	Meyer Contracting	4.00%	4.00%	173,932.50	173,032.50	463,024.30
Blue Goose/Family Tree Co-Op	Flannery Construction	8.00%	6.00%	3,500.00	75,570.00	670,000.00
Coloplast	Kraus-Anderson Const.	9.00%	8.00%	2,319,655.00	2,200,588.00	33,709,526.00
Columbia Hts Entrance Project	Crowley Company	5.00%	5.00%	69,500.00	34,500.00	668,000.00
Demolition of 16 Structures	Veit & Company, Inc.	0.00%	0.00%	0.00	0.00	194,449.00
East River Flats Park Project	Veit & Company, Inc.	5.00%	2.00%	15,418.00	14,104.00	415,782.00
Exodus Residence Stabilization	Load-Bearing, Inc.	7.00%	7.00%	0.00	36,430.00	185,000.00
	Britt Aaseby Constrn dba	7.0070	710070	0.00	20,.20.00	100,000.00
First Precinct Expansion	Ultimate Constrn Svces	6.00%	13.00%	20,195.00	53,104.00	358,471.55
Franklin Steele Site		313373			22,23.103	
Improvements	Veit & Company, Inc.	4.00%	3.00%	10,000.00	37,645.00	659,137.00
Fridley Chemical Building	Magney Construction, Inc.	4.00%	7.00%	201,085.40	507,795.00	5,408,000.00
Incarnation House	Construction Results Corp				·	74,200.00
Mechanical & Life Safety	•					
Updates - Phase 13 – Mech	Northern Air Corporation	5.00%	7.00%	51,810.00	73,350.00	852,739.00
Mechanical and Life Safety						
Upgrades – 12	Northern Air Corporation	6.00%	7.00%	157,075.00	83,300.00	988,000.00
Mechanical and LS Upgrds – 13						
Hoistway (OP# 7054)	Construction Results	4.00%	5.00%	7,390.00	9,617.00	157,900.00
N Mississippi Park Trails &						
Pathway	Veit & Company, Inc.	5.00%	4.00%	60,000.00	40,500.00	893,424.00
Nokoma Co-Op Project	Flannery Construction	6.00%	5.00%	103,820.00	45,326.10	916,084.00
Park Plaza Apartments –						
Repairs	Flannery Construction	7.00%	6.00%	13,912.00	72,916.00	179,126.75
Pump Stn #4	Madsen-Johnson	5.00%	5.00%	556,000.00	1,383,171.00	7,655,709.00
Sheridan Memorial Pk	Meyer Contracting	4.00%	4.00%	50,601.50	50,601.50	223,760.00
Shoreline Stabilization	Rachel Contracting	4.00%	2.00%	200,563.00	129,357.00	1,540,817.00
Slater Square	Flannery Construction	6.00%	5.00%	20,500.00	103,350.40	1,069,758.00
Target Center Roof		4.00	4.00	2.0000 ==	240	# 00 # 155 EE
Replacement	Stock Roofing Company	4.00%	4.00%	240,000.00	310,756.00	5,335,422.00
Telecommunications		0.00	0.000			00.000.00
Installation & Removal Service	ColliSys	0.00%	0.00%	0	0	80,000.00
The Bridge for Youth	Housecraft Remodeling	7.00%	8.00%	12,800.00	41,540.00	262,000.00
Van Cleve Apartments – West	Flannery Construction	7.00%	8.00%	13,495.00	273,072.60	7,630,746.00

Appendix D MISSING GOAL COMPLIANCE SUMMARY Updated 4/28/09

Contractor	Project Name	Contract Amount	Project Status	Minority Skilled (%)	Minority Unskilled (%)	Female (%)	Activity if missed goal by over 2%	Missed goal Incidents in Last 5 Years (#)
ColliSys	Telecommunications Installation & Removal Service	\$80,000	Active	0.00%	0.00%	0.00%	There is only one skilled staff person assigned to this project – they have committed to hiring minorities/females when the opportunity arises -	0
Construction Results	MBC – Hoistway	\$157,900	Active	0%	0%	0%	Received payrolls and have asked questions about payrolls and received reasonable answers	0
Flannery Construction	Nokoma Co-Op Project	\$916,084	Active	21.85%	42.86%	2.06%	None – project began Jan. 2009	10
Flannery Construction	Blue Goose/Family Tree Co-op	\$670,000	Active	11.63%	100%	0.59%	Project began Dec. '08 – reminded Flannery of their commitment and sent them a Resource List	10
Flannery Construction	Slater	\$1,069,758	Active	3.4%	16.5%	5%	When project starts again in the spring work will include minority hours.	10
Flannery Construction	Van Cleve Apartments West	\$7,630,746	Active	11.6%	10%	2%	Plan to met female hours has been received	10
Gen Con	MBC – Elevator	\$157,900	Active but no hours yet	n/a	n/a	n/a	Using existing crew – very small project	10
Load- Bearing, Inc.	Exodus Residence Stabilization	\$185,000	Active	0.55%	0.00%	0.00%	Project just began – was informed and reminded of their commitment to meet goals as intended	0
Lund Martin	MBC – Ceiling & Wall	\$83,000	Closed	0%	17.9%	1.7%	Received a letter of explanation - told not to bid next time.	5
Northern Air	Mechanical & Life Safety 13	\$852,739	Active	10.9%	NA	0%	Have received a plan from NAC- plan to met goal	0

Contractor	Project Name	Contract Amount	Project Status	Minority Skilled (%)	Minority Unskilled (%)	Female (%)	Activity if missed goal by over 2%	Missed goal Incidents in Last 5 Years (#)
Stock Roofing Company	Target Center Roof Replacement	\$5,335,422	Active	59.18%	84.36%	0.00%	Project began in Feb. '08 – Contractor reminded of their commitment to meet the goals on this project -	0
Veit & Company	Demo of 16 Structures	\$194,449	Active	10.1%	0%	9.8%	Waiting for landscaping laborer's hours.	18
Veit & Company	Franklin Steele Site Improvements	\$659,137	Active	16.89%	0.00%	0.00%	This contractor has been charged major sanctions.	18
Veit & Company	East River Flats Park Project	\$415,782	Active	4.35%	10.25%	3.63%	This contractor has been charged major sanctions.	18
Veit & Company	205 Park Demonstration Project	\$209,671	Active	13.53%	26.98%	2.33%	This contractor has been charged major sanctions.	18