

Minneapolis Department of Civil Rights
Contract Compliance Division
2019 Annual Report



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Introduction

The Minneapolis Department of Civil Rights Contract Compliance Division (“Division”) ensures that City of Minneapolis projects and contracts include people of color, indigenous people, women, and low-income people. The Division also ensures that workers on construction projects are paid prevailing wages. This report summarizes the Division’s work in 2019.

Division Program Areas

People of Color, Indigenous, and Women Business Inclusion

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

Female and POCI Workforce Inclusion

- Enforce City's construction workforce goals (of 20% female and 32% POCI workers).
- Ensure female and POCI construction workers are employed on City construction and development projects.
- Support partner organizations to increase the number of female and minority workers.

Affirmative Action

- Conduct pre-award compliance reviews of City contractors and Developers.
- Ensure adherence to Affirmative Action and Equal Employment Opportunity laws.
- Review and approve Affirmative Action Plans.

HUD Section 3 Program

- Administer the 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.

Labor Compliance

- Monitor and enforce prevailing wage laws and Federal Labor Standards Act on projects.
- Conduct pre-award compliance reviews of contractors and ensures workers are classified and paid correctly.
- Administer the back payment of wages to workers.

People of Color, Indigenous, 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 People of Color, Indigenous, and women-owned business enterprises (“MBEs and WBEs”) in City procurement.

Goal Setting on City Procurement

Each City procurement opportunity is reviewed for specific goals based on the project scope, subcontracting opportunities, and availability of qualified SUBP firms. Goals may be set on contracts over \$175,000 for projects included during this reporting period.

In 2019 the Division reviewed **183** procurement opportunities for goals.

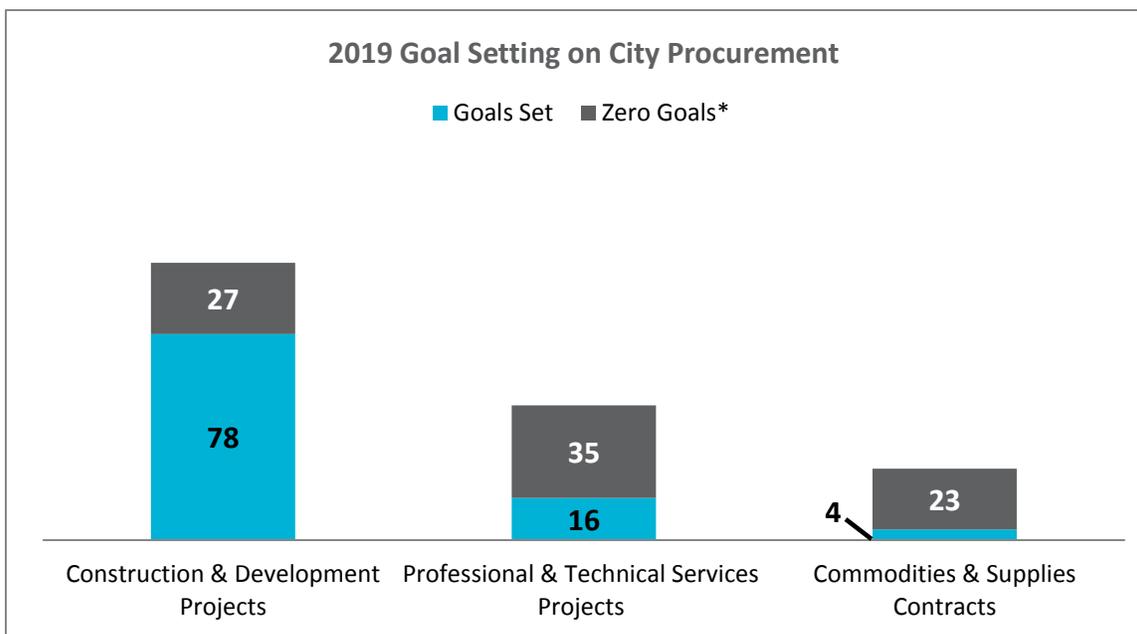


Figure 1: Displays number of procurement opportunities reviewed for project or contract specific goals.

Good Faith Efforts Reviews

A bidder or proposer must meet the established contract goals or demonstrate good faith efforts to do so in order to be eligible to receive a contract with the City. To assist bidders and proposers in their good faith efforts (“GFE”) to meet the contract goals, a checklist of GFE requirements, a list of qualified MBEs and WBEs, and a memo that explains procedural requirements are provided with bid specifications and Requests for Proposals. If a bidder or proposer has not provided information that it will meet the contract goals, the Division will conduct a GFE review. Bidders or proposers that do not demonstrate GFE are denied the contract. If the Division determines a bidder or proposer made a good faith effort, the Division will recommend the bidder be awarded the contract and hold the bidder to its participation commitment. The Division conducts ongoing compliance to ensure contractors meet their contractual commitments.

In 2019, the Division conducted 88 pre-award reviews on contracts with SUBP goals. In 57 of the 88 pre-award reviews (65%), the bidder met the SUBP contracts goal(s). In the other 31 pre-award reviews, the bidder did not meet the goals,

and the Division conducted a good faith effort review of that bidder. Of the 31 GFE reviews, 24 were approved to move forward and seven (7) were denied¹.

POCI and WBE Business Inclusion on Closed Construction and Development Projects

In 2019, 37 construction and development projects with SUBP inclusion goals were closed by the Division.² The combined construction contract amount for the 37 projects was \$83,795,598. POCI participation was \$6,884,196 (8%) and WBE participation was \$6,899,342 (8%) on these projects. To view a breakdown of the 2019 SUBP participation by ethnicity & gender, see appendix.

	# of Projects	Total Contract Amount	Participation ³	
			POCI	WBE
2016	37	\$189,084,774	\$10,682,378 (6%)	\$10,592,396 (6%)
2017	36	\$144,499,927	\$8,883,711 (6%)	\$7,123,720 (5%)
2018	58	\$211,026,605	\$20,183,702 (10%)	\$21,255,969 (10%)
2019	37	\$83,795,598	\$6,884,196 (8%)	\$6,899,342 (8%)

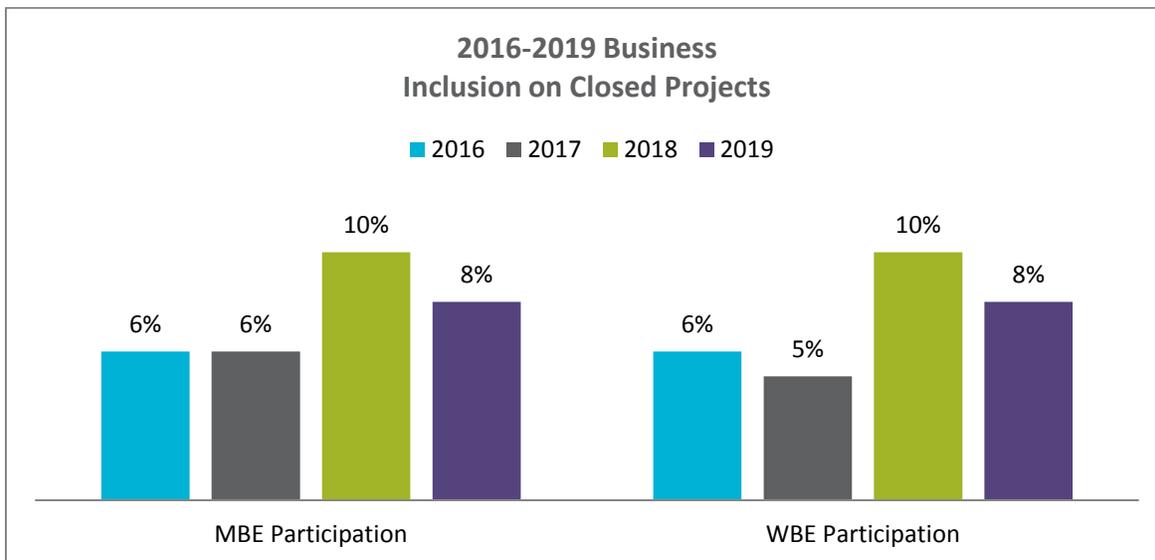


Figure 4: Compares the participation of POCIs and WBEs on construction and development projects.

¹ Six denied GFEs resulted in a request for reconsideration. A reconsideration meeting was held and the Division’s decision was overturned on two of those.

² Closed projects are completed construction and development projects that the Division has conducted an administrative closeout process for, which includes verification of payments made to SUBP firms.

³ To obtain the participation percentage, the amount paid to SUBP firms is divided by the total construction contract amount.

Minnesota Unified Certification Program

To count towards the POCI and WBE inclusion goals, the SUBP ordinance requires firms to meet the certification standards established by the Minneapolis Department of Civil Rights director. The City has adopted the Minnesota Unified Certification Program (“MNUCP”) certification as the SUBP certification standard. The MNUCP is a group of state and local agencies certifying Disadvantaged Business Enterprises and SUBP firms. The certifying agencies are:

- City of Minneapolis;
- Minnesota Department of Transportation;
- Metropolitan Council; and
- 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.

In 2019 the Division certified 36 firms, as well as conducted NAICS code additions for currently certified firms and other certification duties required by membership in the MNUCP.

Female and POCI Workforce Inclusion

On July 17, 2017, the Minnesota Department of Human Rights announced new aspirational goals for the metro area⁴. The new recommended workforce goals for construction have been set at 20% female hours and 32% POCI hours. The Minneapolis City Council adopted these new goals, effective as of October 1, 2017. The Division monitors these projects to ensure contractors commit to use female and POCI workers, adhere to their commitments, and make efforts to recruit, hire, and train females and POCI workers.

Workforce Inclusion for Women and People of Color on Closed Construction and Development Projects

In 2019, 46 construction and development projects with workforce inclusion goals were closed by the Division. Total workforce hours for these projects were 563,139 hours, of which 34,545 hours (6%) were worked by women 129,027 hours (23%) were worked by people of color.

	# of Projects	Total Project Hours	Final Participation	
			Women	POCI
2016	53	1,260,161	65,315 (5%)	270,643 (21%)
2017	43	848,712	37,299 (4%)	202,048 (24%)
2018	55	1,104,723	61,287 (6%)	258,044 (23%)
2019	46	563,139	34,545 (6%)	129,027 (23%)

⁴ Previous goals were 6% of labor hours for women and 32% for people of color.

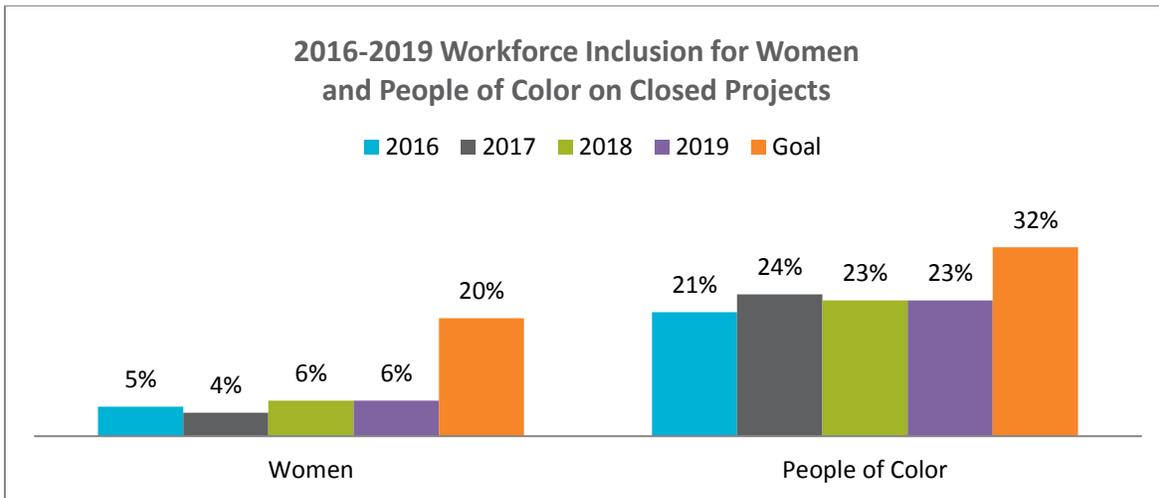


Figure 7: Compares workforce inclusion of female and people of color workers on closed construction and development projects.

Affirmative Action

An AAP is a combination of policies and procedures a company utilizes to prohibit discrimination and promote equal employment opportunities for women, people of color 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 to have an approved AAP on file with the Minneapolis Department of Civil Rights prior to contract execution if:

- The contract meets or exceeds \$100,000, either at the time of contract execution or at any point during the life of the contract.
- There is more than one simultaneous active contract with a combined total over \$100,000.

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, audit and approve the contractors' AAPs. In 2019 the Division processed and approved **257** AAPs.

HUD Section 3 Program

As a recipient of federal funds, the City and its contractors must comply with the HUD Section 3 regulation on Section 3 covered projects. 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 it 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% Section 3 Businesses and 30% Section 3 Residents. The Division complies with Section 3 by:

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

Section 3 Business Inclusion

In 2019, no Section 3 covered project were closed by the Division.

Section 3 Collaboration

The Division has 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 | • Anoka County |
| • City of Saint Paul | • Hennepin County |
| • Minneapolis Public Housing Authority | • Ramsey County |
| • Saint Paul Public Housing Authority | • Washington County |

Labor Compliance

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.

Wage Recovery

The Division ensures accurate wages are paid to workers. For 2019, the Division recovered \$23,538 for 79 workers on 17 projects. This information is detailed in the appendix.

Apprentices

The division ensured workers classified as apprentices were registered in a State approved program, paid in accordance with their pay and benefit scale, and utilized within the approved ratios. In 2019, **687** apprentice agreements were verified.

Outreach Activities

In addition to compliance, the Division continues to engage in outreach to assist contractors in meeting inclusion goals, affirmative action, complying with prevailing wage and assisting small businesses with certifications. In 2019, the Division engaged in the following:

- Presented and attended **49 pre-bid**, pre-proposal or pre-construction meetings to discuss the City’s business and workforce inclusion goals.
- Coordinated the kickoff and the implementation of our new Contract Compliance Information Management System.
- Conducted six (6) City Construction onsite visits and 36 Disadvantaged Business Enterprise (DBE) Certification onsite Inspections.
- Attended the Section 3 collaborative meetings.
- Attended the Human Exploitation and Trafficking (HEAT) Task Force monthly meetings.
- Participated in the SWLRT Systems Interview Panel.
- Participated in the “Doing Business with the City” events.
- Attended the Small and Disadvantaged Business Opportunities Council (SADBOC) monthly meetings.
- Assisted with the New Disadvantaged Business Enterprise (DBE) Orientations.
- Tabled at the Annual Small and Disadvantaged Business Opportunities Council’s (SADBOC) Government Procurement Fair.

Conclusion

The Division continues to be an essential part of the City's efforts to include women, people of color, and low-income people on City projects and contracts. Previous reports can be found online at:
www.minneapolismn.gov/civilrights/contractcompliance/monthlyreports

Appendix

Table 1: Ethnicity & Gender Breakdown of SUBP Participation on 2019 Closed Construction Projects

Ethnicity & Gender Breakdown	Total to SUBP (dollar amount)			Total to SUBP (number)		
	Men	Women	2019 Total	Men	Women	Total
Black American	\$910,302	\$447,590	\$1,357,892	15	3	18
Subcontinent Asian American	\$7,381	\$48,000	\$55,381	1	1	2
Asian- Pacific American	\$1,085,741	\$49,749	\$1,135,490	12	3	15
Hispanic American	\$591,921	\$1,149,208	\$1,741,129	9	6	15
Native American	\$1,074,550	\$1,519,754	\$2,594,304	12	7	19
Non-Minority	\$0	\$6,899,342	\$6,899,342	0	81	81
Total M/WBE	\$3,669,895	\$10,113,643	\$13,783,538	49	101	150

Labor Compliance: Wage Recovery

Project	# of Employees	Amount Recovered	Reason
Hook & Ladder Apartments	28	\$4,517	Apprentices misclassified, underpaid wages
YMCA- Gaviidae Commons	2	\$3,840	Underpaid wages
OP 8572- Minneapolis East Side Storage & Maintenance Facility	2	\$3,440	Apprentices out of ratio
Albright Townhomes	1	\$2,826	Apprentice misclassified
Aeon Prospect Park	10	\$2,006	Underpaid wages, Apprentices misclassified
OP 8670 – Fridley Softening Plant 2019 Masonry Repair	2	\$1,318	Apprentice out of ratio, underpaid wages
PPL Franklin Theater	4	\$1,110	Apprentices out of ratio
OP 8598- New Public Service Building- Sitework, Utilities, Earthwork & Deep Foundations	2	\$1,075	Apprentice misclassified, Underpaid wages

OP 8684- MCC Command Center Relocation	4	\$900	Underpaid wages
Dundry Hope Block Stabilization	2	\$853	Underpaid wages
East Town Apartments	11	\$575	Underpaid wages
OP 8644.08- New Public Service Building- Waterproofing	1	\$444	Apprentice misclassified
OP 8548- MCC Kitchen Duct Work Replacement	3	\$248	Apprentices out of ratio
PPL Youthlink Supportive Housing	1	\$234	Apprentice out of ratio
Riverton Student Housing	3	\$74	Underpaid wages
Ebenezer Park Apartments	1	\$71	Apprentice out of ratio
Lake Street Housing – Phase 1	2	\$7	Underpaid wages
2019 Total	79	\$23,538	

