



The Most Livable  
City in America



Human Rights & Equal Economic Opportunity

HREEO champions Justice and Equity by confronting issues of discrimination and providing innovative avenues for accessibility and economic opportunities for all residents and businesses.

# Contract Compliance

Quarter 2, 2016:  
Report

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*Contract Compliance ensures that the entire community can participate in the economic life of the City of Saint Paul.*

The Contract Compliance division ensures that the entire community can participate in the economic life of the City. Specifically, Contract Compliance enforces several local and federal laws to make sure that all residents and businesses are treated fairly on public contracts. These laws include Labor Standards & Prevailing Wage, Affirmative Action, the Vendor Outreach Program, and Section 3.

	What's the goal?	When does it apply?	Who does it apply to?
<b>Labor Standards &amp; Prevailing Wage</b>	All construction workers on site are paid at least the prevailing wage for their industry.	Labor Standards & Prevailing Wage applies on almost all federal construction projects and most local projects, with some exceptions.	Labor Standards & Prevailing Wage applies to anyone employing construction workers on site.
<b>Affirmative Action</b>	All businesses the City contracts with engage in fair hiring and employment practices.	Affirmative Action applies any time the City buys from a business for at least \$50,000.	Affirmative Action applies to anyone selling goods or services to the City who meets the \$50,000 threshold.
<b>Workforce Inclusion</b>	At least 32% of construction hours on a job site are worked by minorities, and at least 6% of hours are worked by women.	Workforce Inclusion applies any time a public project has at least \$50,000 of public funding.	Workforce Inclusion applies to all contractors working on site.
<b>Vendor Outreach Program (VOP)</b>	Local small businesses receive 25% of business opportunities on public contracts.	VOP applies to any public contract or project of at least \$50,000.	VOP applies to any contractor who is awarding subcontracts on a project.
<b>HUD Section 3</b>	Local low-income residents receive jobs and contracts to the greatest extent feasible.	Section 3 most typically applies on housing projects, including both single-family and multi-family construction.	Section 3 applies to the City of Saint Paul, and to any contractor who <ol style="list-style-type: none"> <li>1) Is working on a project funded with HUD dollars, and</li> <li>2) Has a contract of at least \$100,000</li> </ol>

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## **Workforce Inclusion Monitoring**

The City of Saint Paul monitors workforce goals for inclusion of women and minorities under the City’s Human Rights Ordinance, as well as low-income hiring goals under the federal HUD Section 3 program.

### *Affirmative Action/Equal Employment Opportunity (AA/EEO)*

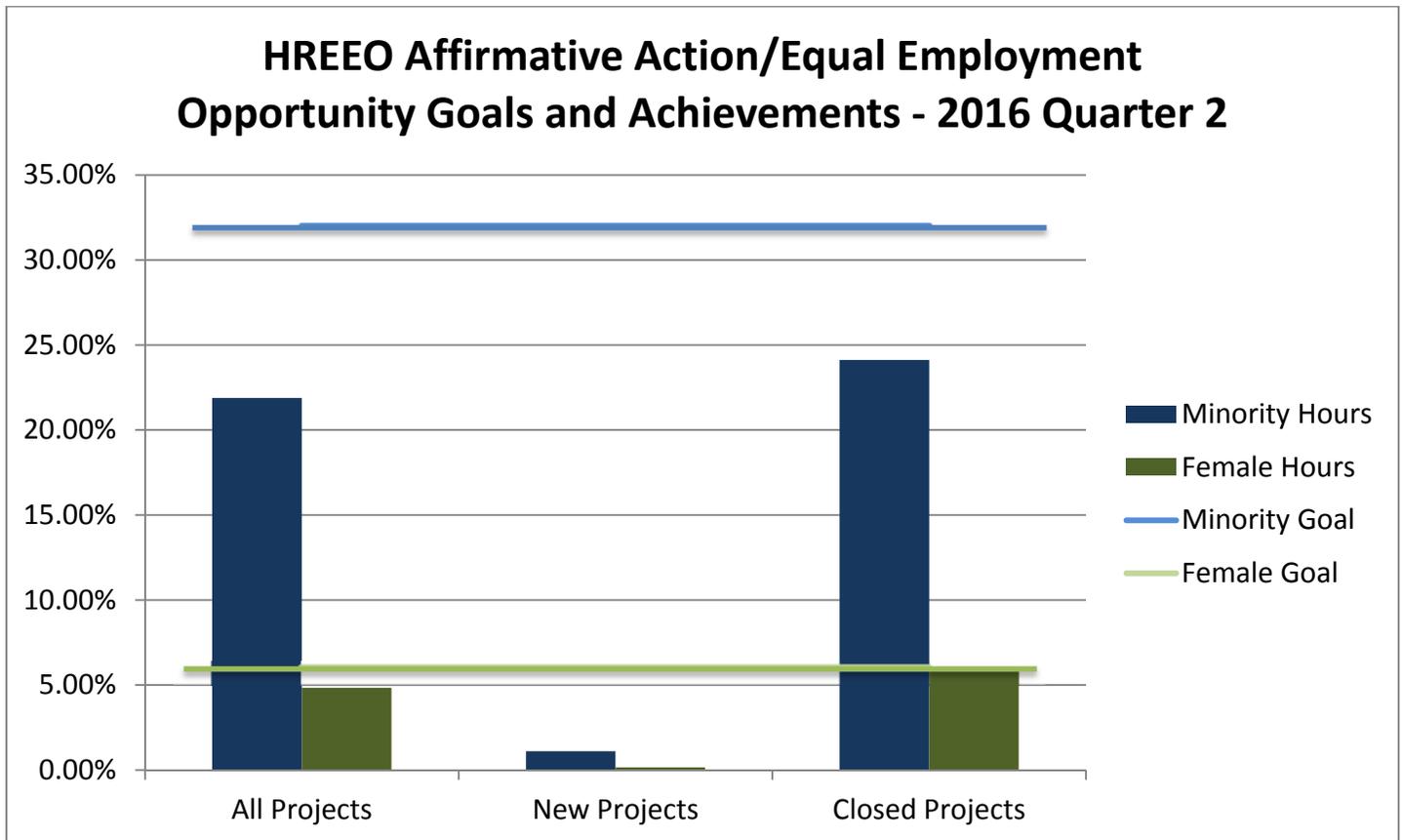
The City of Saint Paul’s Human Rights Ordinance, § 184.04, requires every business whose total contract awards from the City of Saint Paul over the preceding twelve months meet or exceed \$50,000.00 to submit an Affirmative Action Program Registration form along with a \$75.00 registration fee. In the second quarter, 2016, the City certified Affirmative Action plans for 70 businesses, and monitored Affirmative Action Plans from 685 businesses.

Construction contracts are monitored for workforce inclusion of minority and female residents. Both developers and general contractors are contractually responsible for ensuring that city-assisted construction projects achieve employment utilization goals. Employment utilization goals are 32% minority hours and 6% female hours.

In the second quarter of 2016, AA/EEO closed out 9 projects and opened 10 new projects. Overall, AA/EEO monitored 38 construction projects totaling \$438,594,933.00 in construction contracts in the second quarter. A breakdown of AA/EEO goals by minority inclusion and female inclusion is displayed on the next page.

*AA/EEO Workforce Inclusion: Minority Participation*

The City’s goal is to achieve at least 32% minority hours and 6% female hours on all projects. Contractors who fail to meet the City’s goals are required to make and document good faith efforts at achieving goals. The following numbers represent project totals for all projects, all closed projects, and all new projects as of the end of the second quarter.

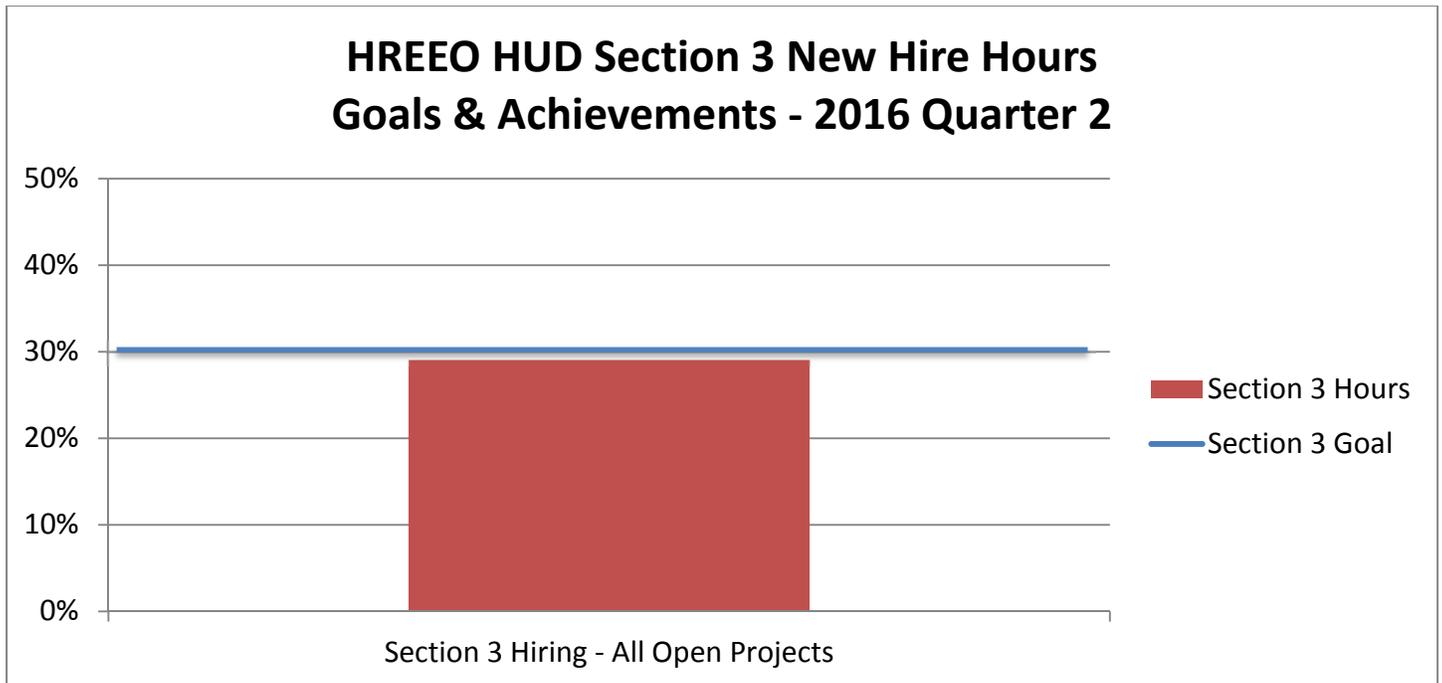


	All Projects		New Projects		Closed Projects	
<b>Total Workforce Hours</b>	1,070,002.10		6,263.75		493,907.28	
	Hours	%	Hours	%	Hours	%
<b>ACHIEVED: Minority Workforce Hours</b>	234,232.01	21.89%	70.00	1.10%	119,133.52	24.12%
<b>GOAL: Minority Workforce Hours</b>	342,400.67	32.00%	2,004.40	32.00%	158,050.33	32.00%
<b>ACHIEVED: Female Workforce Hours</b>	51,750.40	4.84%	9.25	0.15%	28,952.44	5.86%
<b>GOAL: Female Workforce Hours</b>	64,200.13	6.00%	375.83	6.00%	29,634.44	6.00%

*HUD Section 3: New Employment Opportunities for Low-Income Residents*

The City receives grant funding from the Department of Housing and Urban Development (HUD) and therefore must ensure that new employment opportunities on HUD projects are filled with Section 3 residents to the greatest extent feasible. A Section 3 resident is a resident in Saint Paul or the surrounding area whose household income falls below HUD’s income thresholds<sup>1</sup>. The City also ensures that all contractors and subcontractors on HUD projects who have a contract of more than \$100,000 fulfill Section 3 hiring requirements.

In the second quarter of 2016, Section 3 closed out 1 project, opened 18 new projects, and continues to monitor 129 projects with Section 3 goals. The breakdown of hiring goals is provided below. The following numbers represent project totals for all projects as of the end of the second quarter. There was no hiring activity on projects opened or closed in the second quarter.



All Projects		
<b>Total new hire hours</b>	5,235.08	
	Hours	%
<b>Achieved: Section 3 New Hire Hours</b>	1,522.25	29.08%
<b>Goal: Section 3 New Hire Hours</b>	1,570.52	30.00%

<sup>1</sup> The Section 3 income threshold is determined by a survey of the median household income in the Twin Cities metropolitan area. HUD’s income threshold is equal to 80% of the median household income for Twin Cities metropolitan area.

### Labor Standards Monitoring

Contract Compliance enforces prevailing wages. Federal and local law require the City to monitor wages and order restitution where required.

- Total Project Activity: Labor Standards is monitoring 122 construction projects. These projects have \$799 million in total development costs.
- Wages monitored: Labor Standards has monitored \$30.4 million in hourly wages and benefits. This covers 220,010 hours worked on City construction projects.
- Restitution: Labor Standards has ordered over \$39,000.00 in restitution for 32 onsite employees who were paid less than the prevailing wage.

Year	Total Wage + Fringe Reported	Total Hours Reported	# of Payroll Entries Monitored
<b>2015</b>			
Q1	\$12,974,083.40	239,098.48	8,630
Q2	\$12,373,777.49	231,497.41	10,201
Q3	\$13,857,858.11	254,535.44	10,472
Q4	\$13,772,305.64	253,837.09	11,563
<b>2016</b>			
Q1	\$12,939,376.09	239,610.90	9,428
Q2	\$17,493,972.23	316,029.50	12,421

## **Business Inclusion Monitoring**

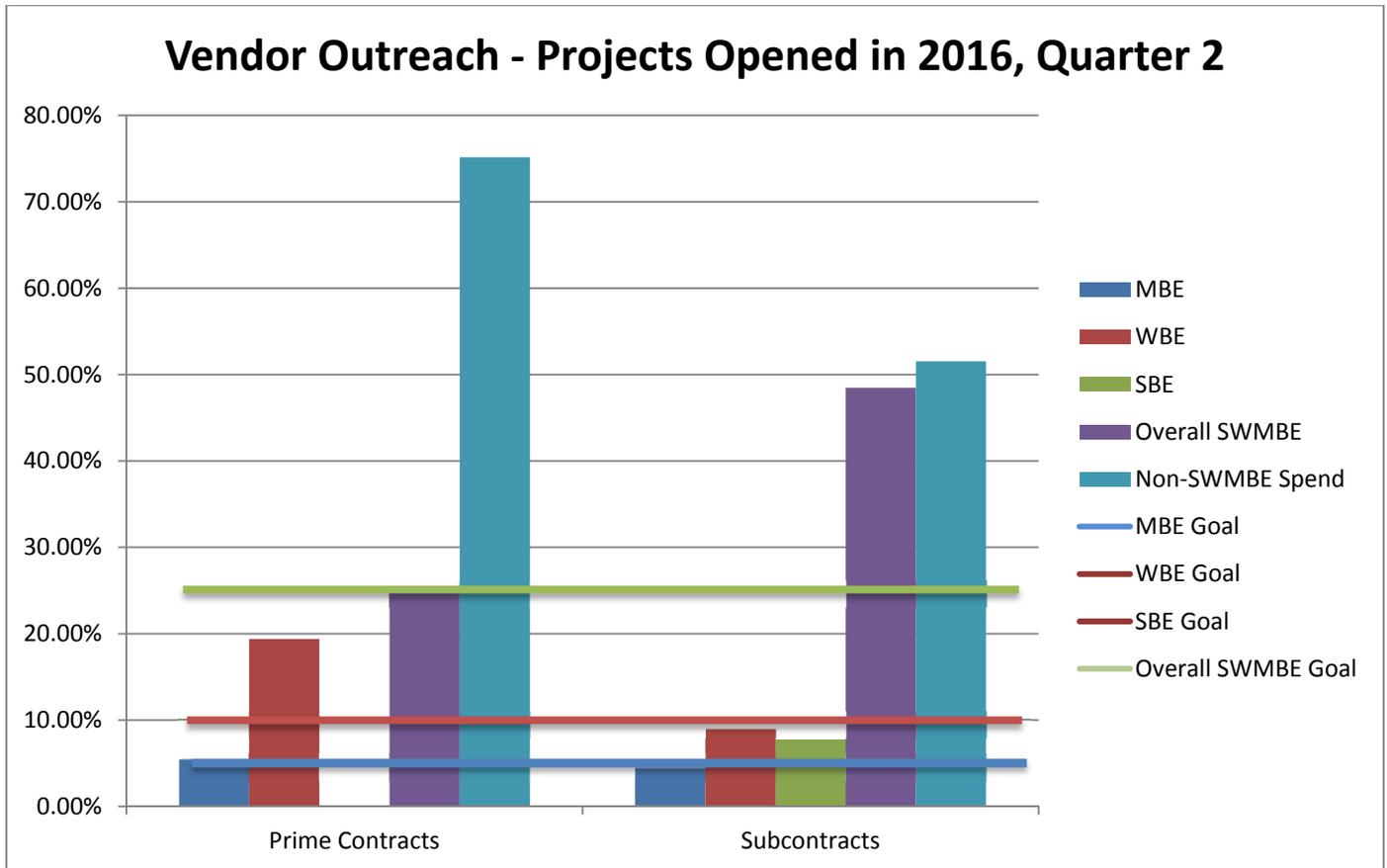
The City of Saint Paul monitors business inclusion goals for local small, woman-owned and minority-owned businesses under the Vendor Outreach Program. The City also monitors projects for including low-income businesses under the HUD Section 3 program.

### *Vendor Outreach Program: Business Opportunities for Local Small Businesses*

The City has a goal to include local small businesses under the Vendor Outreach Program (VOP). VOP sets inclusion goals for local small business. The overall goal is to include small businesses on 25% of all contracts. VOP also sets sub-goals:

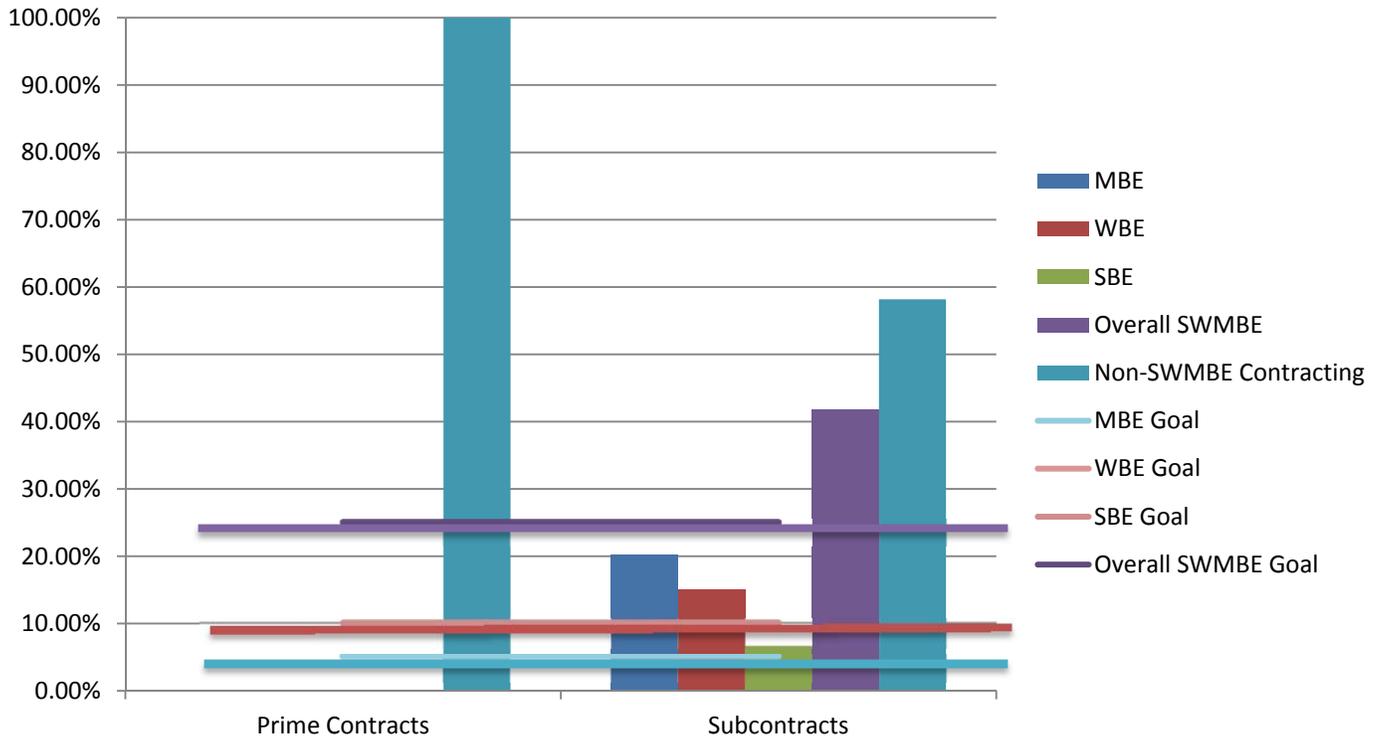
- For minority-owned business, 5%;
- For woman-owned business, 10%;
- For all other small business, 10%.

In the second quarter of 2016, VOP monitored 280 projects, with 35 new projects opening and 41 projects closing. A year-to-date breakdown of VOP achievements is displayed below. These numbers represent contracting activity from the beginning of 2016 through the end of the second quarter.



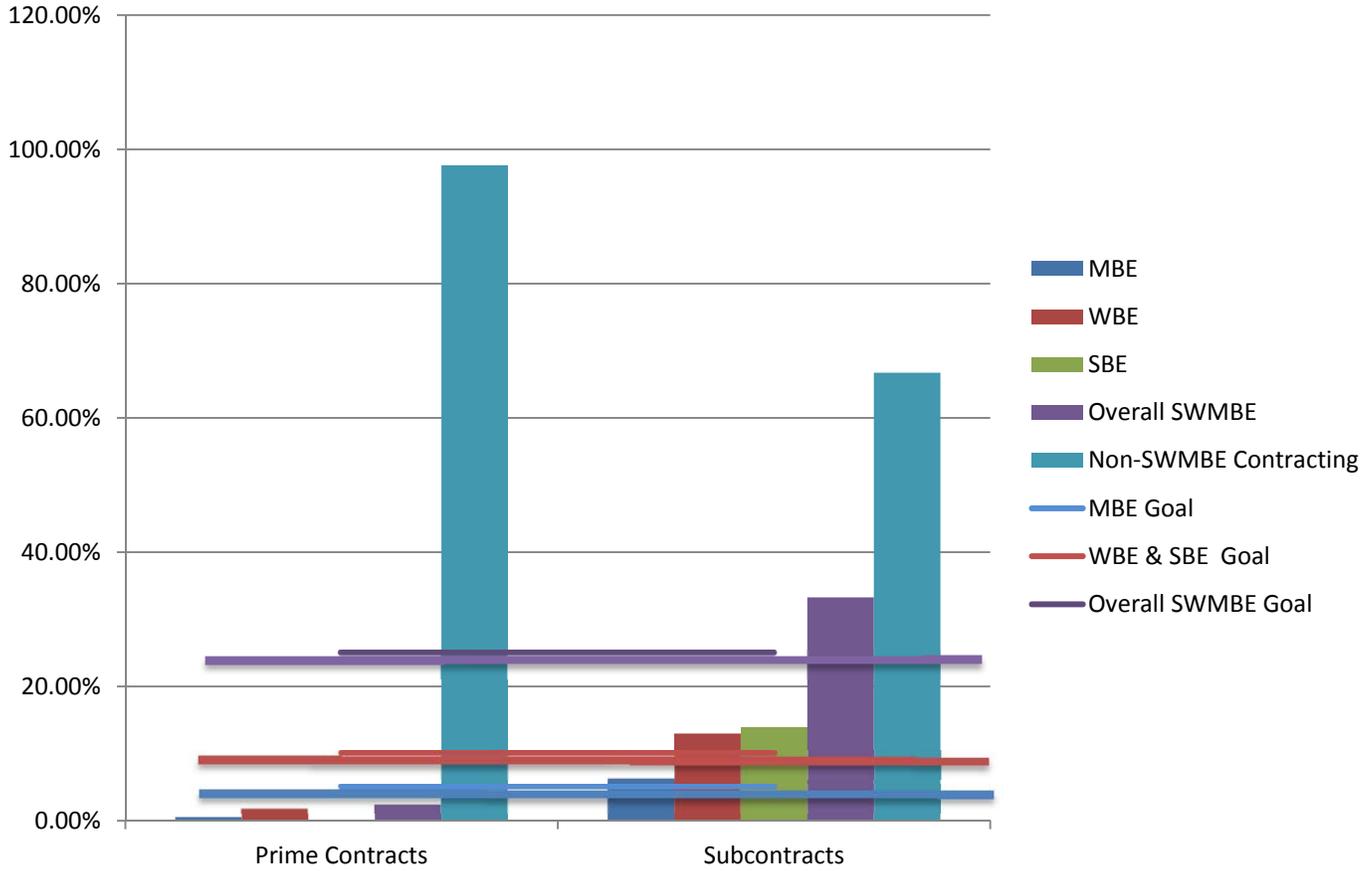
		Prime Contracts		Subcontracts	
<b>Contracting: Projects opened in the second quarter, 2016</b>	Total Opportunity	\$51,661,398.15		\$22,524,803.57	
		Dollars	%	Dollars	%
<b>Small Minority-Owned (MBE) Contracting</b>	Goal	\$2,583,069.91	5.00%	\$1,126,240.18	5.00%
	Achieved	\$2,811,000.00	5.44%	\$2,304,209.19	4.46%
<b>Small Women-Owned (WBE) Contracting</b>	Goal	\$5,166,139.82	10.00%	\$2,252,480.36	10.00%
	Achieved	\$10,018,648.00	19.39%	\$4,631,048.19	8.96%
<b>Small Business (SBE) Contracting</b>	Goal	\$5,166,139.82	10.00%	\$2,252,480.36	10.00%
	Achieved	\$-	0.00%	\$3,983,606.11	7.71%
<b>Overall Small Business (SWMBE) Contracting</b>	Goal	\$12,915,349.54	25.00%	\$5,631,200.89	25.00%
	Achieved	\$12,829,648.00	24.83%	\$10,918,863.49	48.47%

## Vendor Outreach - Closed Projects for 2016, Quarter 2



Contracting: Projects closed in the second quarter, 2016	Total Opportunity	Prime Contracts		Subcontracts	
		Dollars	%	Dollars	%
		\$3,536,263.24		\$744,948.32	
<b>Small Minority-Owned (MBE) Contracting</b>	Goal	\$176,813.16	5.00%	\$37,247.42	5.00%
	Achieved	\$-	0.00%	\$150,136.82	20.15%
<b>Small Women-Owned (WBE) Contracting</b>	Goal	\$353,626.32	10.00%	\$74,494.83	10.00%
	Achieved	\$-	0.00%	\$111,647.50	14.99%
<b>Small Business (SBE) Contracting</b>	Goal	\$353,626.32	10.00%	\$74,494.83	10.00%
	Achieved	\$-	0.00%	\$49,832.00	6.69%
<b>Overall Small Business (SWMBE) Contracting</b>	Goal	\$884,065.81	25.00%	\$186,237.08	25.00%
	Achieved	\$-	0.00%	\$311,616.32	41.83%

## Vendor Outreach - All Projects for 2016, Quarter 2

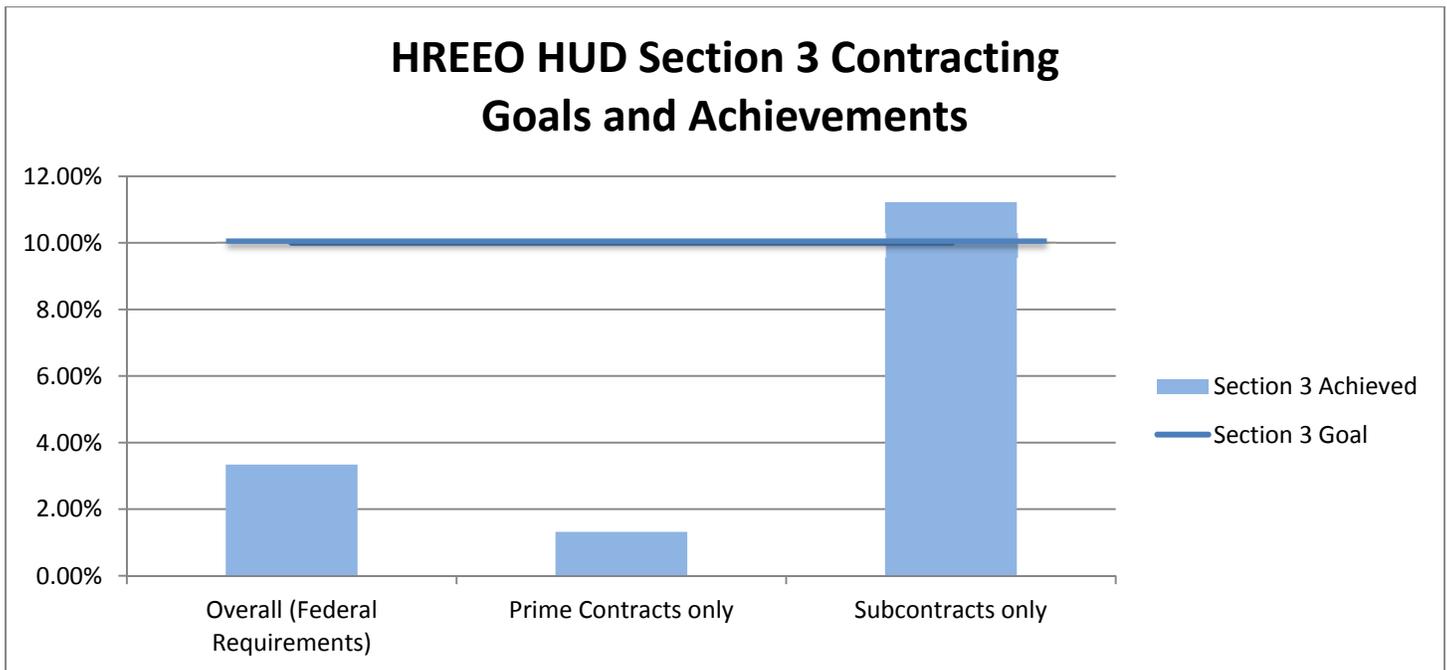


Contracting: All projects monitored in the second quarter, 2016	Total Opportunity	Prime Contracts		Subcontracts	
		Dollars	%	Dollars	%
<b>Small Minority-Owned (MBE) Contracting</b>	Goal	\$28,005,506.79	5.00%	\$16,804,546.63	5.00%
	Achieved	\$3,065,791.00	0.55%	\$21,401,406.06	6.37%
<b>Small Women-Owned (WBE) Contracting</b>	Goal	\$56,011,013.57	10.00%	\$33,609,093.26	10.00%
	Achieved	\$10,197,348.00	1.82%	\$43,649,836.80	12.99%
<b>Small Business (SBE) Contracting</b>	Goal	\$56,011,013.57	10.00%	\$33,609,093.26	10.00%
	Achieved	\$-	0.00%	\$46,803,542.69	13.93%
<b>Overall Small Business (SWMBE) Contracting</b>	Goal	\$140,027,533.94	25.00%	\$84,022,733.16	25.00%
	Achieved	\$125,285,166.15	2.37%	\$179,072,972.08	33.28%

**HUD Section 3: Business Opportunities for Local Low-Income Businesses**

The City of Saint Paul receives grant funding from the Department of Housing and Urban Development (HUD). By receiving this funding, the City must ensure that contracting opportunities on HUD projects are awarded to Section 3 businesses to the greatest extent feasible. A Section 3 business is a business in Saint Paul or the surrounding area which is either owned by a Section 3 resident or employs a substantial number of Section 3 residents. A Section 3 resident is a person in Saint Paul or the surrounding area whose household income falls below guidelines defined by HUD. The City also ensures that all contractors and subcontractors on HUD projects that have a contract of more than \$100,000 fulfill Section 3 contracting requirements.

In the second quarter of 2016, Section 3 closed out 1 project, opened 18 new projects, and continues to monitor 129 projects with Section 3 goals. The breakdown of contracting goals is provided below. The following numbers represent project totals for all projects as of the end of the third quarter, as well as projects that began and ended in the third quarter.



	Overall (Federal Requirements)		Prime Contracts Only		Subcontracts Only	
	Dollars	%	Dollars	%	Dollars	%
<b>Total Section 3 Opportunity</b>	\$20,972,916.73		\$20,972,916.73		3,774,859.04	
<b>Section 3 Contracting Goal</b>	\$2,097,291.67	10.00%	\$2,097,291.67	10.00%	\$377,485.90	10.00%
<b>Section 3 Contracting Achieved</b>	\$699,711.98	3.34%	\$222,080.00	1.32%	\$15,787.00	11.22%