

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 3, 2016 Report  
July – September

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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 HUD Section 3.

	What is 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)*

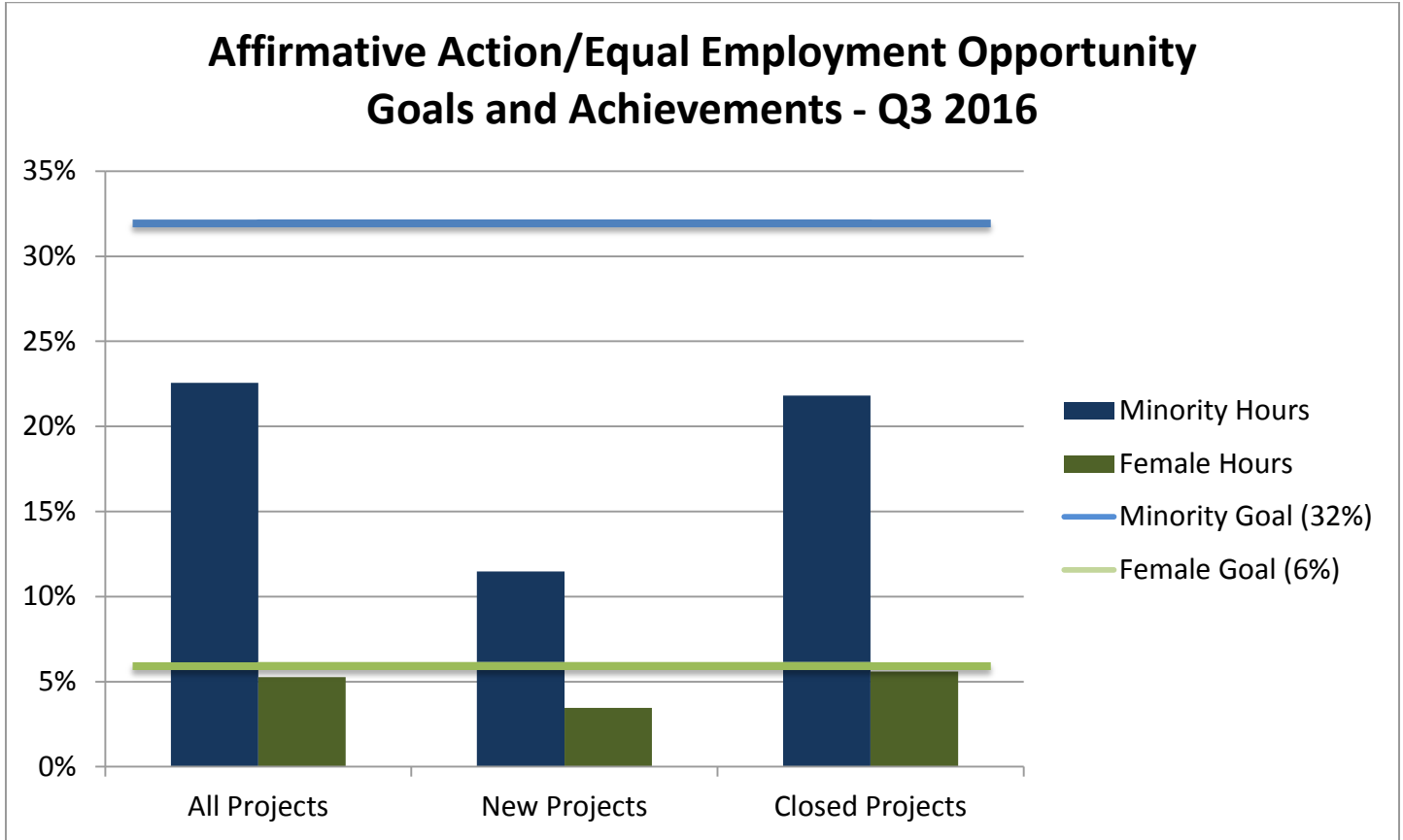
The City of Saint Paul’s Human Rights Ordinance, § 184.04, requires every business with at least a \$50,000.00 contract to submit an Affirmative Action Program Registration form. In the third quarter, 2016, the City certified Affirmative Action plans for 58 businesses, and monitored Affirmative Action Plans from 742 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 goals. Employment goals are 32% minority hours and 6% female hours.

In the third quarter of 2016, AA/EEO closed out 15 projects and opened 21 new projects. Overall, AA/EEO monitored 92 construction projects totaling \$548,248,031.68 in construction contracts in the third quarter. A breakdown of AA/EEO goals 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 third quarter.

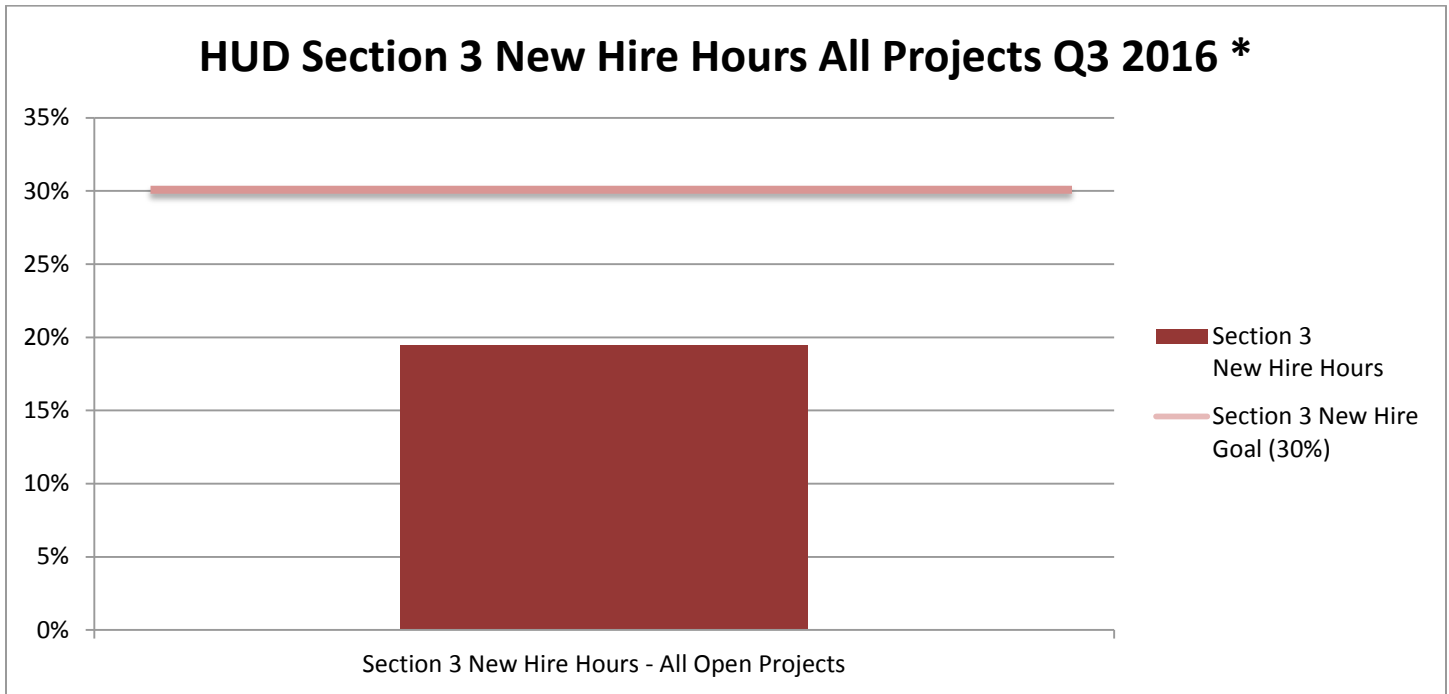


	All Projects		New Projects		Closed Projects	
<b>Total Workforce Hours</b>	1,580,630.76		12,571.94		697,107.00	
	Hours	%	Hours	%	Hours	%
<b>ACHIEVED: Minority Workforce Hours</b>	356,512.12	22.56%	1,442.94	11.48%	152,101.05	21.82%
<b>GOAL: Minority Workforce Hours</b>	505,801.84	32%	4,023.02	32%	223,074.24	32%
<b>ACHIEVED: Female Workforce Hours</b>	83299.34	5.27%	433.25	3.45%	38,944.06	5.59%
<b>GOAL: Female Workforce Hours</b>	94837.85	6%	754.32	6%	41,826.42	6%

*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 are filled with Section 3 residents to the greatest extent feasible. A Section 3 resident is a local resident whose household qualifies as low-income<sup>1</sup>. The City also ensures that contractors and subcontractors on HUD projects fulfill Section 3 hiring requirements.

In the third quarter of 2016, Section 3 closed out 1 project, opened 18 new projects, and continues to monitor 144 projects with Section 3 goals. The breakdown of Section 3 resident hiring goals is provided below.



All Projects		
<b>Total new hire hours</b>	720.55	
	Hours	%
<b>Achieved: Section 3 New Hire Hours</b>	140	19.43%
<b>Goal: Section 3 New Hire Hours</b>	216.17	30%

<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 the 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 221 construction projects, with \$1.08 billion in total development costs.
- Wages monitored: Labor Standards has monitored \$50.8 million in hourly wages and benefits, covering 922,478 hours worked on City construction projects.
- Restitution: Labor Standards has ordered over \$55,000 in restitution for 89 onsite employees who were paid less than the prevailing wage.

Year and Quarter	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	\$12,374,115.06	231,503.41	10,204
Q3	\$13,864,021.98	254,639.44	10,482
Q4	\$13,794,738.10	254,310.59	11,593
<b>2016</b>			
Q1	\$13,135,052.14	243,486.56	9,593
Q2	\$18,472,868.74	334,494.13	13,295
Q3	\$19,214,742.39	344,496.92	14,510

## **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 ordinance. 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](#)

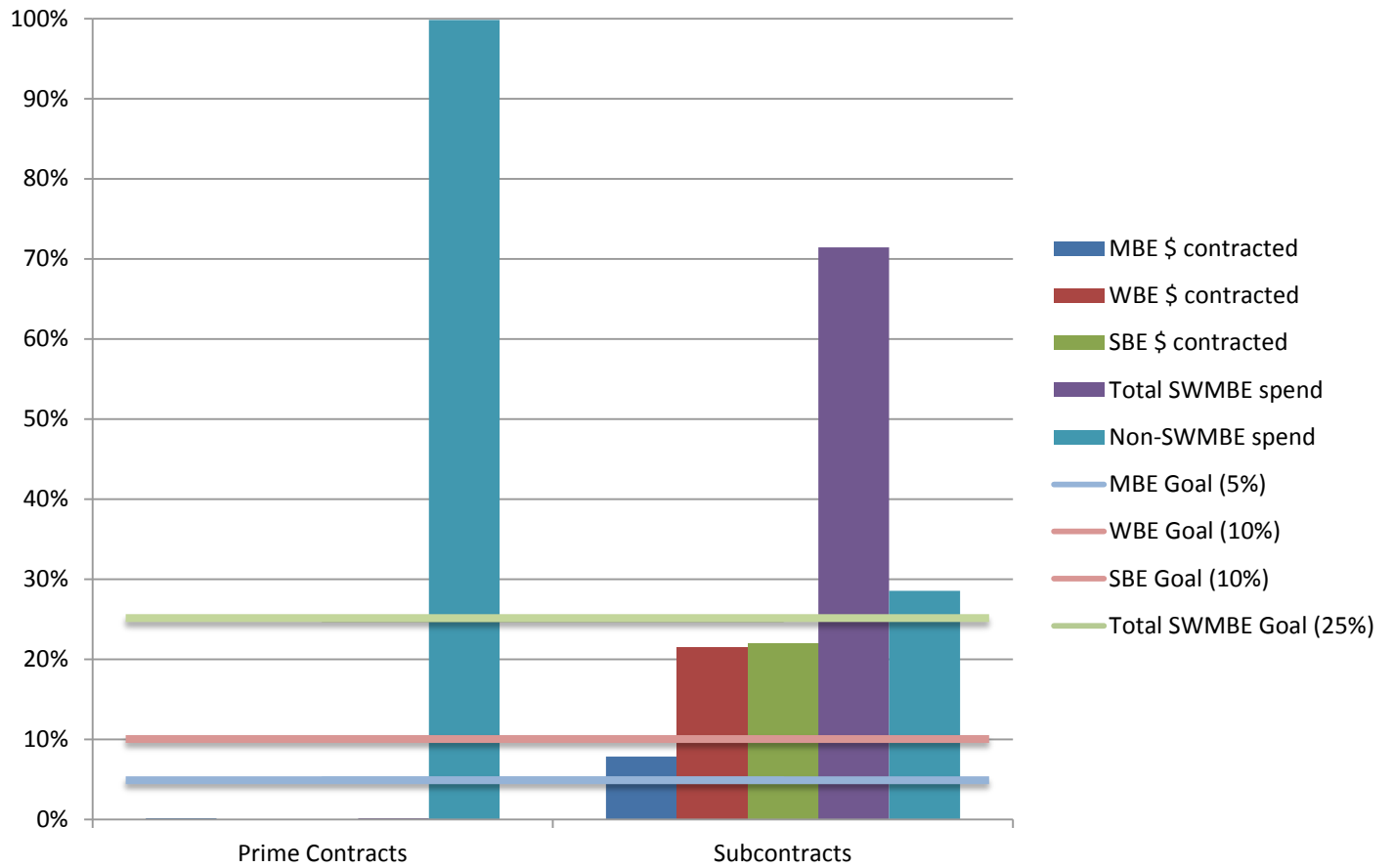
The City has a goal to include local small businesses under the Vendor Outreach Program (VOP) ordinance. VOP sets inclusion goals for local small businesses. The overall goal is to include small businesses on 25% of all contracts. VOP also sets sub-goals:

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

In the third quarter of 2016, VOP monitored 281 projects, with 36 new projects opening and 29 projects closing. VOP goals and achievements are detailed on the following pages.



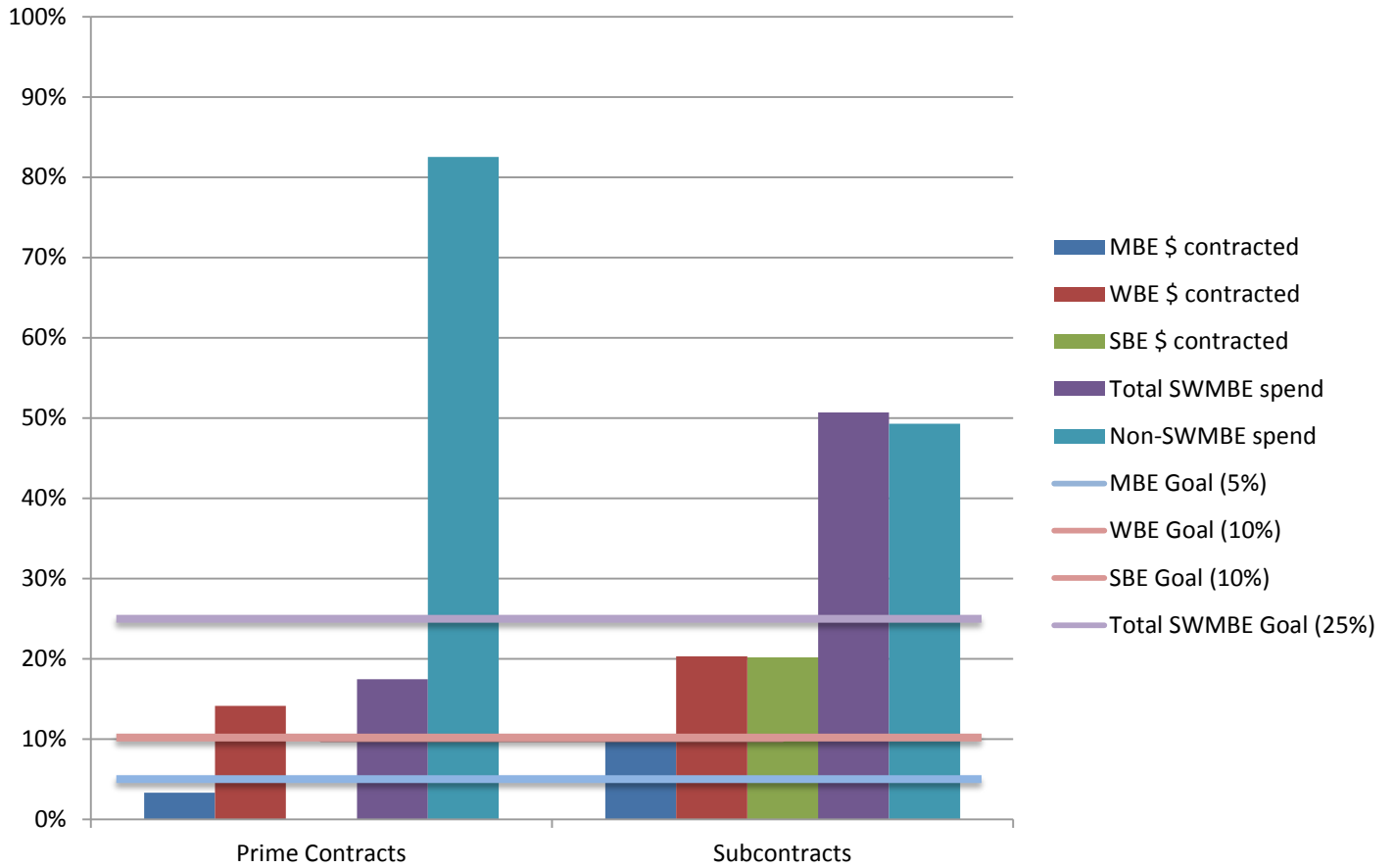
### VOP Contracting on Projects Opened\* in Q3 2016



\* This includes all projects that were entered into the City's Contract Compliance System in the third quarter of 2016 (July 1, 2016 – September 30, 2016).

Contracting: Projects opened in the third quarter, 2016	Total Opportunity	Prime Contracts		Subcontracts	
		Dollars	%	Dollars	%
		\$38,098,543.59		\$19,714,816.51	
Small Minority-Owned (MBE) Contracting	Goal	\$1,904,927.18	5%	\$985,740.83	5%
	Achieved	\$59,891.00	0.16%	\$1,551,611.00	7.87%
Small Women-Owned (WBE) Contracting	Goal	\$3,809,854.36	10%	\$1,971,481.65	10%
	Achieved	\$-	0%	\$4,253,578.00	21.58%
Small Business (SBE) Contracting	Goal	\$3,809,854.36	10%	\$1,971,481.65	10%
	Achieved	\$-	0%	\$4,334,563.37	21.99%
Overall Small Business (SWMBE) Contracting	Goal	\$9,524,635.90	25%	\$4,928,704.13	25%
	Achieved	\$59,891.00	0.16%	\$14,082,715.67	71.43%

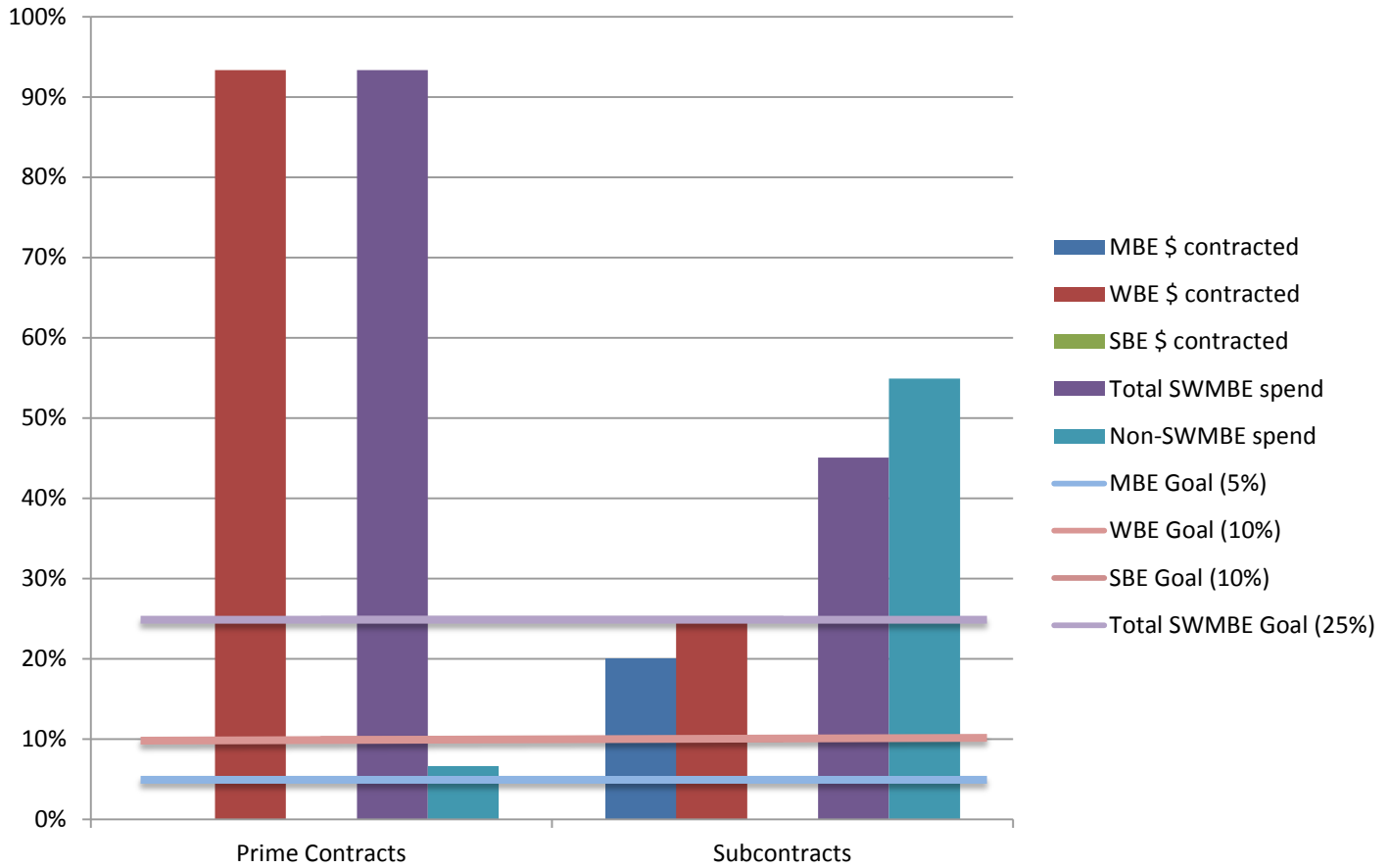
### VOP Contracting on All Projects Opened\* in Q1-Q3 2016



\*This includes all projects that were entered into the City’s Contract Compliance System in 2016, through the end of quarter 3 (September 30, 2016).

		Prime Contracts		Subcontracts	
<b>Contracting: All projects opened in 2016</b>	Total Opportunity	\$98,576,005.20		\$45,975,327.09	
		Dollars	%	Dollars	%
<b>Small Minority-Owned (MBE) Contracting</b>	Goal	\$4,928,800.26	5%	\$2,298,766.35	5%
	Achieved	\$3,296,947.00	3.34%	\$4,705,368.19	10.23%
<b>Small Women-Owned (WBE) Contracting</b>	Goal	\$9,857,600.52	10%	\$4,597,532.71	10%
	Achieved	\$13,928,297.00	14.13%	\$9,332,202.47	20.30%
<b>Small Business (SBE) Contracting</b>	Goal	\$9,857,600.52	10%	\$4,597,532.71	10%
	Achieved	\$-	0%	\$9,266,109.41	20.15%
<b>Overall Small Business (SWMBE) Contracting</b>	Goal	\$24,644,001.30	25%	\$11,493,831.77	25%
	Achieved	\$17,225,244.00	17.47%	\$23,303,680.07	50.69%

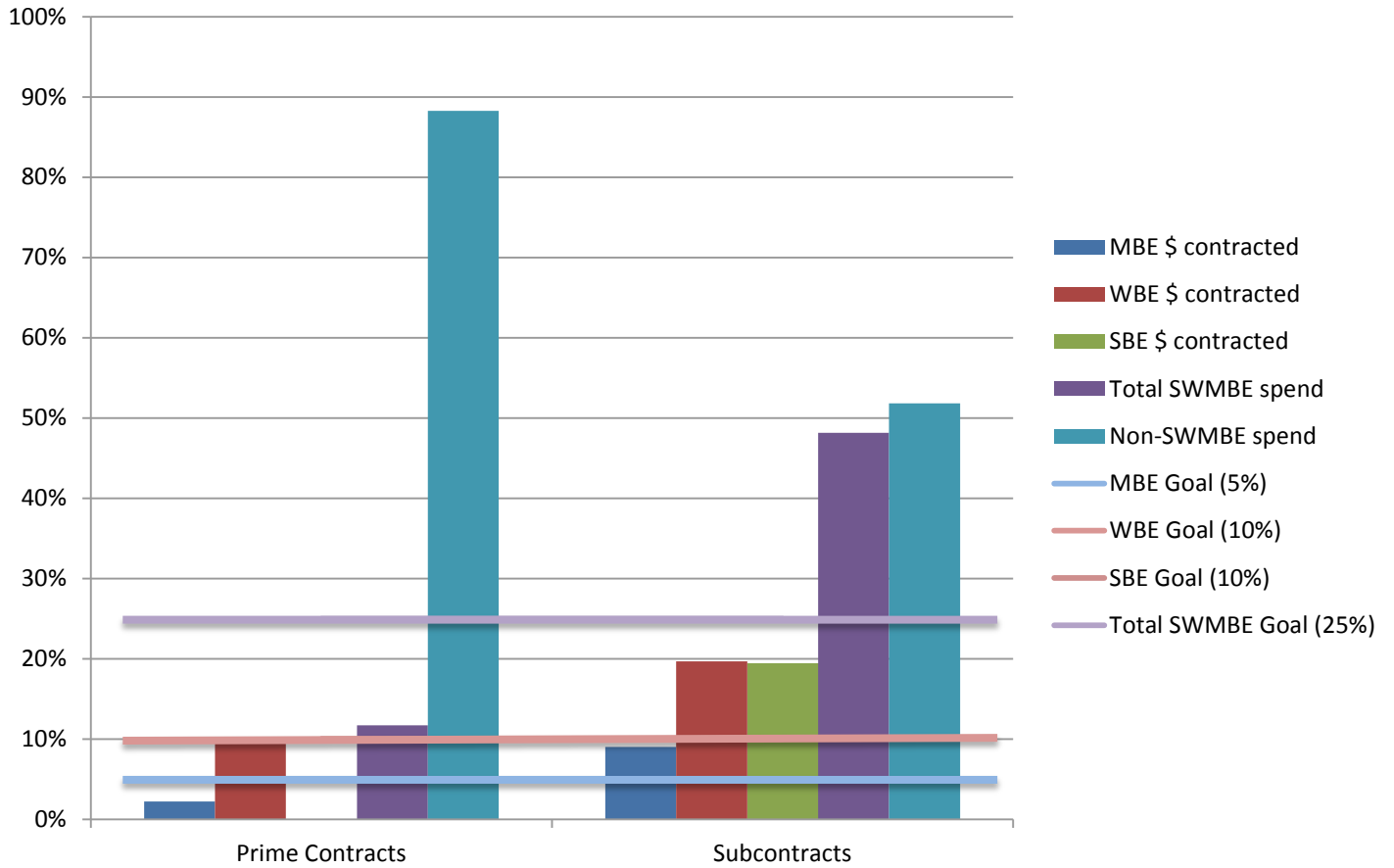
### VOP Contracting on Projects Closed\* in Q3 2016



\* This includes all projects that were closed out in the City’s Contract Compliance System in the third quarter of 2016 (July 1, 2016 – September 30, 2016).

		Prime Contracts		Subcontracts	
<b>Contracting: Projects closed in the Q3 2016</b>	Total Opportunity	\$269,496.00		\$159,435.63	
		Dollars	%	Dollars	%
<b>Small Minority-Owned (MBE) Contracting</b>	Goal	\$13,474.80	5%	\$7,971.78	5%
	Achieved	\$-	0%	\$32,011.00	20.08%
<b>Small Women-Owned (WBE) Contracting</b>	Goal	\$26,949.60	10%	\$15,943.56	10%
	Achieved	\$251,582.00	93.35%	\$39,854.63	25.00%
<b>Small Business (SBE) Contracting</b>	Goal	\$26,949.60	10%	\$15,943.56	10%
	Achieved	\$-	0%	\$-	0%
<b>Overall Small Business (SWMBE) Contracting</b>	Goal	\$67,374.00	25%	\$39,858.91	25%
	Achieved	\$251,582.00	93.35%	\$71,865.63	45.08%

## VOP Contracting on All Projects Monitored\* in Q3 2016



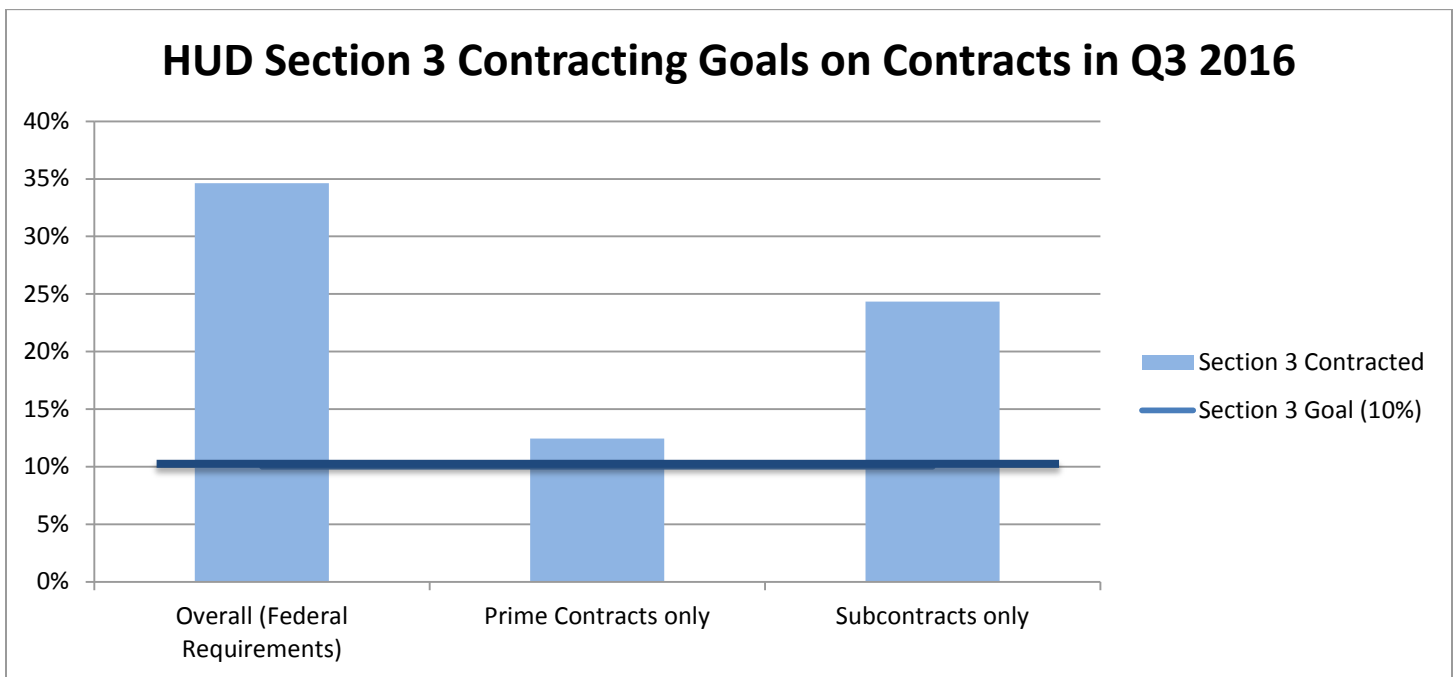
\* This includes all projects that were open and being monitored in the City's Contract Compliance System as of the end of the third quarter of 2016 (September 30, 2016).

Contracting: All projects monitored in Q3 2016	Total Opportunity	Prime Contracts		Subcontracts	
		Dollars	%	Dollars	%
		\$146,988,388.06		\$52,347,425.49	
Small Minority-Owned (MBE) Contracting	Goal	\$7,349,419.40	5%	\$2,617,371.27	5%
	Achieved	\$3,296,947.00	2.24%	\$4,739,954.19	9.05%
Small Women-Owned (WBE) Contracting	Goal	\$14,698,838.81	10%	\$5,234,742.55	10%
	Achieved	\$13,928,297.00	9.48%	\$10,305,335.61	19.69%
Small Business (SBE) Contracting	Goal	\$14,698,838.81	10%	\$5,234,742.55	10%
	Achieved	\$-	0.00%	\$10,161,680.96	19.41%
Overall Small Business (SWMBE) Contracting	Goal	\$36,747,097.02	25%	\$13,086,856.37	25%
	Achieved	\$17,225,244.00	11.72%	\$25,206,970.76	48.15%

*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 local business which is either owned by a Section 3 resident or employs a substantial number of Section 3 residents. A Section 3 resident is local resident whose household income qualifies as low-income. The City also ensures that contractors and subcontractors on HUD projects fulfill Section 3 contracting requirements.

In the third quarter of 2016, Section 3 closed out 1 project, opened 18 new projects, and continues to monitor 129 projects with Section 3 goals. The following numbers represent contracting activity taking place in the third quarter of 2016 (July – September 2016). The breakdown of contracting goals is provided below.



	Total Opportunity (Federal Requirements)		Prime Contracts		Subcontracts	
<b>Total Section 3 Opportunity</b>	\$10,495,726.07		\$10,495,726.07		\$9,571,428.64	
	Dollars	%	Dollars	%	Dollars	%
<b>Section 3 Contracting Goal</b>	\$1,049,572.61	10%	\$1,049,572.61	10%	\$957,142.86	10%
<b>Section 3 Contracting Achieved</b>	\$3,634,266.87	34.63%	\$1,304,250.00	12.43%	\$2,330,016.87	24.34%