

City of Madison Public Works Contracting Disparity Study



June 20, 2014
Second Stakeholder Meeting

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Second Stakeholder Meeting

1. Introductions
2. Brief recap of April 11 meeting
3. Legal update
4. Outreach and opportunities for public involvement
5. Public Works contract data collection and analysis
6. Relevant geographic market area and subindustries
7. Overview of availability analysis
8. Availability telephone interviews
9. Plan for in-depth personal interviews with business owners, trade associations and others
10. Preliminary data concerning Madison area construction marketplace

2. Recap of April 11 meeting

- Provided overview of Public Works Contracting Disparity Study
- Reviewed court decisions involving cities and other public agencies, and explained why a study is necessary
- Explored how study team will work with City of Madison staff and interact with businesses and other groups
- Broad discussion of marketplace conditions

3. Legal update

- Monitoring pending cases, including:
 - *Midwest Fence Corporation v. USDOT, the FHWA, the Illinois DOT and the Illinois State Toll Highway Authority*
 - *West Holding Co., Inc. v. The State of Montana, Montana DOT et al.*
- Monitoring appeals of federal district court decisions, including:
 - *Dunnet Bay Construction Company v. Gary Hannig, in its official capacity as Secretary of the Illinois DOT and the Illinois DOT*
 - *Geyer Signal, Inc., et al. v. Minnesota DOT*

4. Outreach and opportunities for public involvement

- Press release
- Website
- Email address
- Telephone hotline
- June 20 and future Stakeholder Group meetings
- Telephone interviews with hundreds of business owners
- In-depth personal interviews with business owners, trade associations and others
- In 2015, draft report distributed for public comment and other input
- Public meetings in 2015 prior to final report
- Other meetings and presentations

5. Public Works contract data collection and analysis

First examining City Public Works prime and subcontract data

DATA REQUESTED	SOURCE							
	PROJECT CONTRACT DATABASE	AD FOR BID LIST	ACELLA DATABASE	CIVIL RIGHTS	CONTRACT (HARD COPY)	WORKFORCE PROFILES (HARD COPY)	SUB CONTRACTOR LIST (HARD COPY)	FINAL PAYMENT AFFIDAVIT (HARD COPY)
BIDDER LIST		X						
PREQUALIFICATION LIST	X		X					
SBE CERTIFICATION LIST				X				
AWARD DATE	X			X				
CONTRACT VALUE	X			X				
PAYMENTS TO DATE	X							
FUNDING SOURCE	X							
SBE GOALS				X	X			
CONTRACT DESCRIPTION	X			X				
CONTRACTOR INFORMATION	X		X	X				
SUBCONTRACTOR NAME	X			X			X	
SUBCONTRACTOR INFORMATION	X		X	X				
SBE VS NON SBE				X			X	
TIER								
SUBCONTRACTOR TYPE OF WORK				X		X		
SUBCONTRACT VALUE							X	
SUBCONTRACTOR PAYMENTS TO DATE								X

5. Largest Public Works contracts, \$ millions (preliminary)

Contract	Contract description	Prime contractor	Amount
6437	Madison Central Public Library - Remodel & Renovation	J.H. Findorff & Son, Inc.	\$18.5
6519	Williamson St. & South Ingersoll St. Assessment District - 2011	RG Huston Company Inc.	\$6.1
7009	University Relief Storm Phase 4	Super Excavators Inc	\$4.5
6590	Construction of Fire Station #13	Miron Construction	\$4.1
6472	Resurfacing 2010 - Utility Casting Repair, Curb & Gutter, Milling & Paving	Payne & Dolan Inc.	\$4.0
6194	Fire Station #12	Stevens Construction Corp.	\$3.6
6268	University Avenue & Campus Drive Pavement Rehab Assess District - 2009	Raymond P. Cattell Inc.	\$3.2
6521	University Avenue Highland Avenue Van Hise Avenue & Walnut Street	Capitol Underground	\$2.8
6104	Lien Road Assessment District - 2009	Parisi Construction Co. Inc.	\$2.7
6121	Mineral Point Road and Gammon Road Concrete Pavement Rehab - 2008	Trierweiler Construction & Supply Co. Inc	\$2.7
7008	Central Park - Phase 1 Construction	Joe Daniels Construction Co. Inc.	\$2.7
6660	Madison Police Department Training Center - Phase I	Joe Daniels Construction Co. Inc.	\$2.6
6269	University Ave West Gorham St & North Broom St Pavement Rehab	Homburg Contractors Inc.	\$2.6
6289	Resurfacing 2009 - Asphalt Paving	Payne & Dolan Inc.	\$2.4
6824	South Fairchild Street, West Doty St, & South Carrol	Capitol Underground, Inc	\$2.4
6331	University Avenue Pavement Rehabilitation	Parisi Construction Co. Inc.	\$2.3
6635	Resurfacing 2011 - Pavement Milling & Asphalt Paving	Payne & Dolan Inc.	\$2.2
6097	Resurfacing 2008 Asphalt Paving	Payne & Dolan Inc.	\$2.2
6941	Well 15 VOC Air Stripper	Miron Construction	\$2.2
7169	South Point Road Public Works Storage Building	Tri-North Builders, Inc.	\$2.0

6. Relevant geographic market area and subindustries

- Important before begin availability telephone interviews
 - Relevant geographic market area identifies geography for availability interviews
 - Subindustries identifies types of firms for availability interviews and work type definitions to be in “what type of work do you do” question in interviews

- Important before begin marketplace analyses, including in-depth interviews
 - Relevant geographic market area identifies study area and types of firms to be examined

- Relevant geographic market area: Madison Metropolitan Area contracting marketplace (Columbia, Dane and Iowa counties)

- Subindustries (see next page)

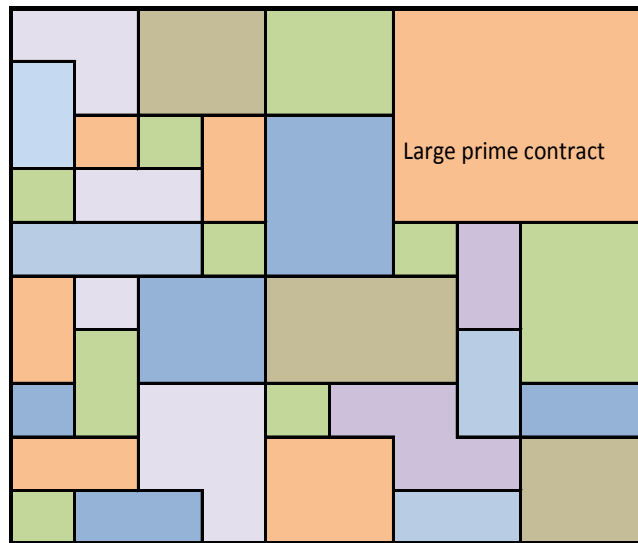
6. Dollars by subindustry (preliminary based on info to date)

Type of Work	Dollars (millions)	Percent of Total
Road and bridge construction	\$168	51.5%
Building construction	\$39	11.8%
Water and sewer lines	\$20	6.0%
Sidewalk, curb, gutter and paths	\$17	5.2%
Construction materials supply	\$16	5.0%
Culverts, drainage, water retention	\$8	2.4%
Water and sewer plants	\$7	2.1%
Plumbing and HVAC	\$7	2.1%
Excavation, demolition and other site prep	\$7	2.0%
Electrical work	\$5	1.6%
Park Improvements	\$5	1.6%
Concrete work	\$5	1.5%
Roofing, siding and sheet metal work	\$4	1.2%
Parking lot and garage	\$4	1.1%
Landscaping and related work	\$3	1.1%
Waterways and dams	\$2	0.7%
Trucking and hauling	\$2	0.6%
Carpentry and floor work	\$1	0.4%
Shoreline repair and related work	\$1	0.3%
Concrete cutting	\$1	0.2%
Bridge and other structure painting	\$1	0.2%
Photovoltaic installation	\$1	0.2%
Masonry, stonework, tile setting and plastering	\$1	0.2%
Sport courts	\$1	0.2%
Total	\$327	100.0%

7. Overview of availability analysis

- Collect information on firms available for different types of prime contracts and subcontracts through telephone interviews
- Then determine subset of firms that fit each contract/subcontract
- Divides number of MBE/WBEs available by total firms available
 - $19 \text{ MBE/WBEs} \div 55 \text{ total firms} = 35\% \text{ MBE/WBE availability for subcontract}$
- Then weight results by \$ involved to calculate total availability by racial/ethnic/gender group

\$22,000 electrical subcontract on a 2010 contract in District II
 -
19 MBE/WBEs
 55 total firms



Prime contracts and subcontracts come in many types and sizes

8. Availability telephone interviews

- Develop list of hundreds of business establishments in relevant geographic area that might perform public works-related work
- Customer Research International (CRI) will conduct interviews by telephone
- Conducted with firm owners and managers
- Open with ... “Hello. My name is [interviewer name]. We are calling on behalf of the City of Madison. This is not a sales call. The City is compiling a list of companies interested in working on a wide range of City public works construction contracts.”
- Initially screen for whether do any work related to public works projects
- Also initially screen for whether “a business”

8(b). Examples - draft questions in availability telephone interviews

- “Does your firm do any work related to City public works contracts? This includes any construction, trucking and materials supply.
- [Public works contracts include construction and repair of public buildings, streets and bridges, water and sewer facilities, and parks and recreation facilities]
- “What types of work does your firm perform related to public works contracts?”
[list]
- “Thinking about work in the past seven years in the Madison area, has your company submitted a bid or a price quote for any part of a contract for a government agency?”
- “Were those bids or price quotes to work as a prime contractor, a subcontractor, a trucker/hauler, or as a supplier?”
- “In rough dollar terms, what was the largest contract or subcontract your company was awarded in during the past seven years?”
- “What was the largest contract or subcontract that your company bid on or submitted quotes for during the past seven years?”

8(c). Examples - draft questions in availability telephone interviews

- “My next questions are about the ownership of the business. A business is defined as woman-owned if more than half — that is, 51 percent or more — of the ownership and control is by women. By this definition, is your firm a woman-owned business?”
- “A business is defined as minority-owned if more than half — that is, 51 percent or more — of the ownership and control is African American, Asian, Hispanic or Native American. By this definition, is your firm a minority-owned business?”
 - “Would you say that the minority group ownership is mostly African American, Asian-Pacific American, Subcontinent Asian American, Hispanic American, or Native American?”

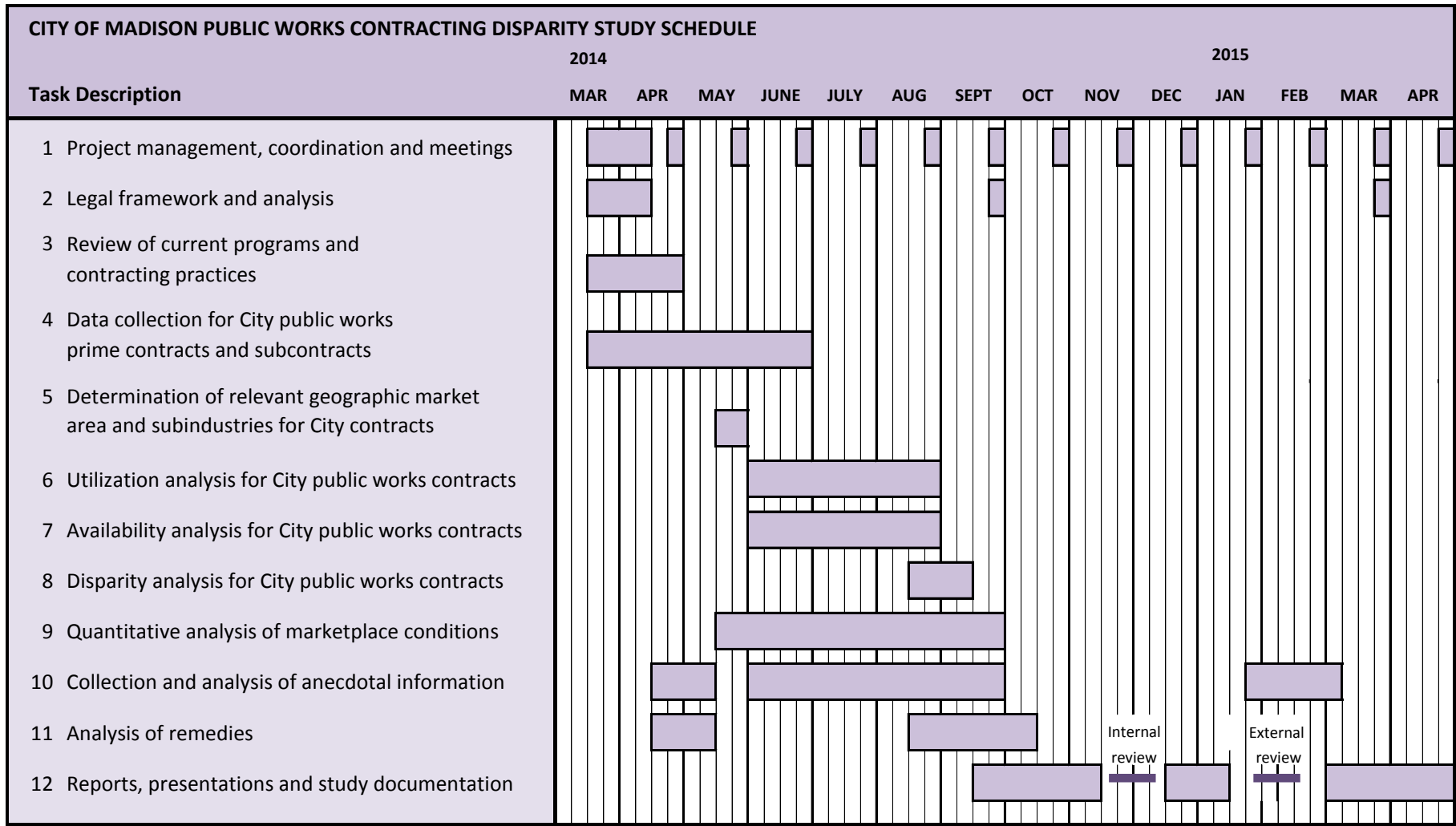
9. In-depth interviews with business owners, trade associations, others

- Many of the business owners will be identified for interviews from the telephone availability interviews

(last question in availability interview asks if they would be willing to participate in a follow-up interview)

- Trade associations will include major construction industry groups and minority and female business groups
- Lauber Consulting and the Davis Group will conduct the interviews

9. Schedule for in-depth interviews and other tasks



10. Preliminary data on South Central Wisconsin workers (American Community Survey data)

Workers	Construction 2008-12 (n=2,399)	Non-Construction 2008-12 (n=32,068)
Race/ethnicity		
African American	1.1 % **	2.7 %
Asian-Pacific American	0.8 **	2.0
Subcontinent Asian American	0.0 **	0.6
Hispanic American	4.8	4.8
Native American	0.5	0.6
Other minority group	0.0	0.1
Total minority	<u>7.2 %</u>	<u>10.8 %</u>
Non-Hispanic white	92.8 **	89.2
Total	<u>100.0 %</u>	<u>100.0 %</u>
Gender		
Female	8.8 % **	50.3 %
Male	91.2 **	49.7
Total	<u>100.0 %</u>	<u>100.0 %</u>

** Denotes difference between construction and non-construction industries.

10. Preliminary data on South Central Wisconsin business owners (American Community Survey data)

Business owners	Construction	Non-Construction
	2008-12 (n=680)	2008-12 (n=3,367)
Race/ethnicity		
African American	0.0 % **	1.1 % **
Asian-Pacific American	0.9	1.1 **
Subcontinent Asian American	0.1 **	0.5
Hispanic American	3.4	2.2 **
Native American	0.3	0.8
Other minority group	0.0	0.1
Total minority	<u>4.7 %</u>	<u>5.8 %</u>
Non-Hispanic white	95.3 **	94.2 **
Total	<u>100.0 %</u>	<u>100.0 %</u>
Gender		
Female	7.1 % **	38.4 % **
Male	92.9 **	61.6 **
Total	<u>100.0 %</u>	<u>100.0 %</u>

** Denotes difference from workforce.