

APPENDIX C.

Contract Data Collection

Keen Independent compiled data about 600 City of Madison public works prime contracts and 2,234 subcontracts, and the firms used as prime and subcontractors on those contracts. From these data, Keen Independent calculated the percentage of contract dollars that went to small, minority-, women- and majority-owned businesses. The study team counted certified as well as non-certified minority- and women-owned businesses when calculating MBE/WBE utilization. Only City certified SBE firms were counted when calculating SBE utilization. The utilization analysis examined public works contracts awarded during the January 2008 through December 2013 study period.

The study team sought sources of contract data that consistently included information about prime contractors and subcontractors regardless of firm ownership or MBE/WBE or SBE status. The study team compiled data for all public works contracts awarded by the City, including City-, federal- and state-funded contracts. The utilization analysis focuses on City-funded contracts.

The City's past Achievement Reports could not provide this comprehensive information. By design, the DBE participation reports only include certified MBE, WBE and DBE firms. Further limitations of the City Achievement Reports are discussed in Section D of this Appendix.

Appendix C describes the study team's utilization data collection processes in five parts:

- A. City Department of Engineering public works contract data;
- B. City Department of Civil Rights data;
- C. Information on firm ownership;
- D. City review; and
- E. Data limitations and differences between disparity study analysis and past city reports.

A. City Department of Engineering Public Works Contract Data

Keen Independent collected data on City public works prime contracts that the City awarded from January 2008 through December 2013 and the subcontracts associated with those contracts.

Electronic data. The City Department of Engineering Project Contract database was a primary source used to identify dollars awarded to prime contractors for each project. The City created these spreadsheets by running reports from its contract database to provide information such as:

- Project and contract number;
- Description of work;
- Award date;
- Award amount and amendment or change order amounts (when applicable);
- Funding source;
- Prime contractor name; and
- Prequalified firm information.

Hard copy subcontractor data. The study team also collected subcontract data. The City Department of Engineering provided PDF versions of Subcontract Approval forms for each public works contract during the study period. The forms provided information about:

- Prime and subcontractor name;
- Type of work;
- Estimated subcontract amount;
- Estimated percent of contract value; and
- WBE/MBE/SBE status.

The City obtains subcontractor information as it is required under Article 109.1 of the Standard Specifications for Public Works Construction. The contractor must notify the City Engineer of the subcontractors proposed for the work and shall not employ any that the Engineer may object to as unsatisfactory. The Contractor cannot change subcontractors without written approval of the Engineer. Further, the City monitors the utilization of subcontractors on public works projects to ensure that the prime contractor does not subcontract out more than 40 percent of the contract without the written consent of the Board of Public Works.

B. City Department of Civil Rights Data

The Department of Civil Rights is responsible for administering and monitoring the City SBE Program, which applies to all public works contracts estimated to cost \$100,000 or more that are funded with City dollars. The Civil Rights database provided additional information for public works contracts awarded during the study period including:

- Prime contractors and subcontractors used on all monitored contracts;
- Prime and subcontract amounts;
- Contract goals; and
- Firm WBE/MBE/SBE certification status.

C. Information on Firm Ownership

For each firm identified as working on a City public works contract, Keen Independent attempted to collect business characteristics including the race, ethnicity and gender of the business owner. The study team compiled company information from multiple sources, including:

- Study team telephone interviews with firm owners and managers (attempted with each utilized firm);
- Department of Civil Rights SBE certification data;
- Wisconsin Department of Administration Division of Enterprise Operations Business Certification Program data;
- Information from Dun & Bradstreet/Hoovers;
- Information from U.S. Small Business Administration;
- Wisconsin DOT Uniform Certification Program (UCP) directory; and
- City staff review.

D. City Review

The City reviewed Keen Independent contract data during several stages of the study process. The study team met with City staff multiple times to review data collection, materials the study team gathered, sample data for specific contracts and preliminary results. After the study team developed an initial database for public works contracts, City Engineering and Civil Rights staff conducted a detailed review of those data. City staff also reviewed dollars by industry to ensure that all subcontracts were accounted for. Ownership information, including race, ethnicity and gender of both certified and non-certified firms utilized by the City during the study period was also reviewed by City staff.

Keen Independent reviewed and incorporated City feedback throughout the study process.

E. Data Limitations and Differences between Disparity Study Analyses and Past City Reports

Limitations and other issues concerning contract data collection are noted below.

- Payment data for subcontracts was not tracked by the City. Therefore, subcontractor amounts were determined based on award amounts. Although this data collection method might not have captured all subcontractor utilization, it was the best method available. Any limitations would not have a meaningful effect on overall utilization results.
- The Department of Engineering provided funding source data, while the Department of Civil Rights tracked SBE goal data. SBE goals are only applied to contracts receiving City funds. In the event that the Engineering data reported state or federal funding, but the Civil Rights data indicated an SBE goal was applied, the contract was included in the City-funded analysis. Any limitations would not have a meaningful effect on overall MBE/WBE utilization results.
- SBE certification status at the time of contract award could not be adequately determined for each firm. Certifications expire after three years, but SBEs must submit an annual Affidavit form stating that nothing has changed from their original application that would affect their eligibility. The Department of Civil Rights maintained current SBE certification data, but could not provide the study team with SBE certification status by year. For the purpose of the utilization analysis, firms that were SBE-certified at any point during the study period were considered SBE-certified for the entire study period. This limitation provides some explanation of why SBE-certified firm utilization was higher in the study analysis when compared to the City Achievement Reports. Any limitations would not have a meaningful effect on overall MBE/WBE utilization results.

- Not all prime contractors consistently reported the SBE status of their subcontractors on their Subcontract Forms, and therefore did not apply SBE-certified firm subcontract dollars toward the SBE goal. These dollars were not tracked as SBE-certified dollars by the City, but were considered SBE-certified dollars in the disparity study analysis. This provides some explanation of why SBE-certified firm utilization was higher in the disparity study analysis when compared to the City Achievement Reports.
- Upon closer review of the City public works contracts, an additional 36 contracts totaling \$22 million were identified as missing SBE goal information in the original data received from the Department of Civil Rights. This, in part, explains why the total dollar amount for SBE goals contracts is higher in the study than in the City Achievement Reports. In other words, the disparity study analysis of City-funded contracts is more complete compared with what the City previously reported.
- Electronic data from the City Department of Engineering were limited to prime contract data. Identifying subcontractors and subcontract award amounts required an extensive review of PDF Subcontractor Forms. The review of Subcontract Forms also identified missing and outdated subcontractor information in the Civil Rights data. This, in part, explains why the total dollar amount for SBEs is higher in the study analyses than in the City Achievement Reports.
- City Achievement Reports were developed using contract award amounts, and did not include change orders, which totaled \$8.9 million. Change order data is managed by the Engineering Department. The study team combined data sources to account for changes in award amount. This also is a reason why the total dollar amount for contracts is higher in the disparity study than in the City Achievement Reports.

Keen Independent recommended steps for the City to improve its data collection methods for City-funded projects in Chapter 5 of the report.