

Southwest LRT DBE and Workforce Advisory Committee

Thursday, November 19, 2020

2:00 – 4:00 p.m.

WebEx Meeting

Meeting minutes

AGENDA

1. Roll Call by Salima Khakoo

- a. Barry Davies, Eric Ampadu, , Julie Brekke, John O’Phelan, Mary Schmidt, Barb Lau, Jerri Sweeney, Dale Even, Christa Seaburg, Katy Maus, Chris Gannon, Mike toney, Kent Robbins, Elaine Valadez, Brianne Lucio, Tracey Jackson, Sam O’Connell, Jon Tao, Aaron Koski, Vincent Fuller, Charlotta Prestine, Mahad Omar, Jeff Salzman, Lykhanu Lysongtseng, Laura Karow, Ismael Martinez-Ortiz, Clifton Boyd, Ian Clobes, Leroy Meyer, Maria Conley, Yolanda McIntosh, Marvin Smith, Melvin Nye, Michael Rosenfield, Nicholas Dial, Salima Khakoo, Sheila Olson, , Ashanti Payne, Cynthia Weyrens, Cyrenthia Jordan, Gilbert Odonkor, Jerry Sweeney, Brian Runzel

2. SWLRT Project Update by Sam O’Connell (Slides 3-8)

- a. Construction updates shared regarding the LRT Tunnel at TH 62 (Minnetonka), Opus Station (Minnetonka), Kenilworth Tunnel (Minneapolis, Completed freight Rail Track Shift at Glenwood Ave. bridge (Minneapolis), and Franklin O&M Expansion locations.
 - i. Question by Kent Robins: You mentioned term 1400, is that 1400 housing units?
 - ii. Sam: 1400 Residential units and multifamily housing that is being proposed around opus Station
- b. Moment of silence and recognition of late George Gonzales Costilla Jr., a friend and colleague at MnDOT Office of Civil Rights (Slide 9)

3. DBE Achievement Reporting by Jon Tao (Slides 10-11)

- a. As of September 30th, the Systems and Franklin Contracts have seen increased participation. The LMJV pay app was not finalized in time for the deadline of FTA reporting, but it should be included in the next month’s report. We are at 19.9% of DBE achievement for LMJV, 4% for APJV, LS black at 5.5%, closed contracts at 18.4% which totals to 18.3% to date average.

1. Question by Barb Lau: Reason why no one is showing paid is because of timing? We need to make sure we are looking at this carefully. There are two progress reports that have a lot of DBE's with payments that have not changed, which means they haven't been paid for two months.
 2. Jon: The pay apps are being processed, but depending on when it is processed, we don't report to the FTA due to financial data not being finalized. We were not able to include this report for the report on September 30th. The Council is doing their best to process payment applications, and we are touching upon Pay Cycles next month. Retainage can also be a part of amounts that are unpaid.
 3. Brian Runzel: We work with the JV on payments, but we'd have to look at specifics since there are a myriad of reasons to consider when talking about payment. We've had to look at individual firms for payment concerns, and if we get those specific issues to Jon and Tracey then we'd be able to take care of it.
- ii. Question by Gilbert: What are the average payment cycles to DBE's?
1. Tracey: We are underway right now with a review and analysis of the trends of payment, so we are early in the process of information of heavy construction and are in the hopes that DBE's get paid under 60 days. Hopefully we'll be able to shorten the pay cycles as a result.
 2. Clifton: What I have been able to work out with Egan companies, is that they paid us a large portion of what is unpaid by their company. I'm seeing a 90+ day payment average.
 3. Lee Meyer: I'm seeing a 75+ days payment average.
 4. Dale: We (LMJV) work collectively with the Council on payment concerns and making sure that payments get processed, and it is a complex procedure.
 5. Gilbert: With everything in mind including Barb's concern, this still hurts small businesses, and this is not new. We cannot let small businesses struggle; this needs a solution and should not even be a talking point.
- a. **Civil: LMJV DBE Activities by Christa Seaburg (Slides 12-15):**

- i. Owner change orders approved thru October are at \$18,841,091, DBE Change Order participation is at \$2,513,354 at 13.3%. DBE job to date participation is at 20.07%.
 - ii. Christa shows the list of Anticipated DBE's for the one month look ahead.
 - iii. LMJV's DBE Feature is Hanson Custom Crushing Inc. Their contract value is at \$593,422 and they were paid \$94,497 and paid thru 10/31/2020. They do rock crushing work on SWLRT. This is Hanson's first project with LMJV and have been involved with C.S. McCrossan in the past, they are a highly competitive DBE and continually produce quality products.
- b. **Systems: APJV DBE Activities by Chris Gannon (Slides 16-21)**
 - i. Chris shows the list of Anticipated DBE's for the one month look ahead.
 - ii. APJV Systems Contract DBE Update:
 - 1. First delivery of OCS, signal power cable and traction power to their warehouse from Generation Cable. Gunnar Electric has had submittals and project meetings. Meyer Contracting has started initial coordination meetings.
 - iii. Owner change orders approved thru 10/1 are at \$611,333 DBE Change order participation is at \$186,356 for Gunnar Electric which is at 30.6%. DBE job to date participation is at 4.0%.
 - 1. Question by Barb Lau: You might have a formula error on your progress report
 - a. Jon: We met with APJV's finance team and we discussed the issue, it should be corrected on the next progress report.
 - iv. APJV DBE Feature:
 - 1. Generation Cable Corp is their feature. Their DBE commitment is at \$2,610,000.
- c. **Franklin O&M: LS Black DBE Activities by Jeff Salzman (Slides 22-25)**
 - i. Owner change orders approved thru 10/01 are at \$111,428 and DBE change order participation is at \$26,475 which is 23.76%.

- ii. Jeff presented Go Fetsch mechanical at LS Black's DBE feature. They are working on heating, ventilation and air conditioning. Their DBE Commitment is at \$3,807,561 and have completed about 9%.
- iii. Jeff shows Franklin O&M's one month look ahead of DBE participation

4. **Workforce Participation Reporting by Elaine Valadez** (Slides 26-31)

- a. Civil workforce participation percentage
 - i. September 2020 is at 65,839 hours, totaling at 800,893 hours. To date, women are at 8.325, POCI are at 21.23% and unspecified is at 0.26%.
 - ii. September's breakdown come at 71% for white men, 1% for unspecified, 7% for white women, 3% for POCI women, and 18% for POCI Men.
 - iii. Trucking participation on the project being counted is at 15,898 hours for MBE, 3,057 hours for ZTS and 514 hours for Rock-On Trucks.
 - iv. Question by Kent: Noting that the colors are below the goals, is there a cause for concern? Do you see the percentages rising?
 - 1. Elaine: They have been rising steadily month by month. We have taken some initiatives to improve the workforce hours.
- b. Systems workforce participation:
 - i. September 2020 seen 0 hours of workforce participation, so total is still at 223 hours. To date, women are at 34.53% and POCI are at 29.6%. Unspecified is at 0%.
- c. Franklin O&M workforce participation:
 - i. September 2020 is at 2173 hours, totaling to 6082 hours. To date, women are at 3.62%, POCI are at 18.38% and unspecified is at 1.56%.
- d. **Civil: LMJV Workforce Activities by Christa Seaburg** (Slides 32-34):
 - a. They started to meet 1-on-1 with subcontractors to review workforce and good faith efforts. LMJV has conducted a virtual introduction meeting with Goodwill/Easter Seals, a virtual reconnect meeting with Marvin Smith (NAMC), participated in mock interviews with Goodwill/Easter Seals, started work on creating a potential Lunda mentor program for a Goodwill/Easter Seals candidate which could then be utilized for others, held a virtual meeting with Rick martagon (MNDLI Apprenticeship Department), held a virtual meeting with

Barb Lau (AWC), held phone intro meetings with several unions and worked on field anti-harassment training documents.

- b. They have 3 total new hires, which are 3 white males. New hires are from LMJV, Lunda and CS McCrossan only.
- c. Question by Salima: What is the LMJV doing to make sure they have done heavy recruitment to hire people of color as well as retaining as much people as you can?

- i. Christa: The transfers we had were because of specific specialty/roles that needed to be filled. But you will see, regarding the heavy recruitment, is making sure that when layoffs happen, we have conversations with those individuals and remain in contact with them.
- ii. John O'Phelan: This goes back to the conversation we had last month about building your core team, when we talk about building our core team, we say that a lot of these people are going to be let go. But the fact of the matter here is that the companies here have a lot of time to get this equity figured. They've had 40-100 years to do it. We need to work hard on the core team building.
- iii. Ashanti: I know we are saying that everything cannot be done immediately, but I've heard that for the past 50 years. We want to hear what the plans are, the projects and initiatives that will be taken on.
- iv. Christa and Dale: We are making efforts to make sure we are working with all parties to build a strong core team and strengthen worker retainage.

b. **Systems: APJV Workforce Activities by Mike Toney (Slides 35-36):**

- a. Plan to meet the workforce goal:
 - i. APJV craft labor will not begin till April 2021. They've had meetings with Local 292, 160 and 49 groups. They are working to identify opportunities to increase POCI and women participation on the project through workforce retention. They met with BSC Cohort in October. They participated in mock interviews at Summit Academy on Nov 12th which was delayed due to COVID outbreak. They had an MDHR update

meeting on Oct 21st. They are hosting a Kick-Off meeting with Meyer Contracting this month.

c. **Franklin O&M: LS Black Workforce Activities by Jeff Salzman** (Slides 37-38):

a. Plan to meet the workforce goal:

- i. They scheduled monthly GFE meetings with Joseph Serr at MDHR. Their next meeting scheduled is on Nov 18th to review previous workforce reports, GFE and upcoming activities. They are working with major subcontractor partners to identify opportunities to increase POCI and Woman participation. They are scheduling meetings with North Central States Regional Council of Carpenters and Metropolitan Local 563 to identify POCI hiring opportunities.

5. **Building Strong Communities 2021 Cohort by Aaron Koski and Vincent Fuller** (Slides 38-41)

- a. Aaron showed BSC's standard cohort number update. There are 13 apprentices, 5 males and 8 females. 31% are Hispanic, 46% are Black, 8% are American Indian and 15% are White female. The trades where apprentices are hired include Cement Masons, Operating Engineers, Iron Workers, Laborers, Pipefitters, Sheet Metal Workers and Interior Systems Local #68.
- b. Planning for the next cohort has begun. They've completed lessons and learned exercises. They have had significant program changes and will have a BSC cohort 2 program overview – December 2021.
 - i. Barry: BSC was noted as one of the top 4 workforce development programs in the country.

6. **DBE Panel Discussion Moderated by Gilbert Odonkor and DBE's** (Slides 42-43)

- a. Panel includes Leroy Meyer of Pete's Water and Sewer, Laura Karow of Gunnar Electric, Clifton Boyd of B&L Supply, and Ismael Martinez-Ortiz of IMO Consulting.
 - i. ***What are successes your company has experienced on the projects so far:***
 1. Ismael: This project is very important for IMO. They have been preparing for 5 years in advance to handle this project, and they were very fortunate to land the survey construction part of it. For the construction survey, they have multiple crews that can unfold as project demand increases. Sometimes they have ran up to 7 crews for a short

period of time. Their initial investment was a little over \$1 million dollars. The project is going very smooth for them considering the size of the project. The success primarily for them is to be able to continue providing services. They are now much larger and continue to grow/provide services to their clients.

2. Laura: Getting contracts was the biggest success for them. Being able to work with Egan and receive the mentorship that a large contract has was lovely.
3. Lee: The big first wins was the complexity of the bid and the time to negotiate and work it out and navigating through it successfully which is so far so good. As well as the opportunity to scale up for the SWLRT project 6 years ago. Putting in a lot of time and energy to scale up in order to handle a project like this. As they've adapted, they started an earth work and demolition division while trying to overcome challenges like the project delay.
4. Clifton: Like everyone else has said, getting to work with Gunnar and working on a large project as well as increasing their capabilities. They've been able to bring on new manufacturers and increase their financial exposure as well.

ii. What are some of the challenges you have on the SWLRT project?

1. Ismael: Challenges for them can change gradually as the project continues to move along. Like any other company, cashflow was quite a challenge since they had to pay quite a bit on equipment. LMJV went out of their way to pay off some of their invoices a little bit earlier to help them. They have overcome as many challenges they've experienced as possible. Defining the pay cycle would also be helpful. Is the contractor planning to work over the holidays for the plans coming up next year? Will there be a winter schedule?
 - a. Brian: We are working with the JV currently on what the exact status of what that is. We don't have that resolved yet.

- b. Dale: The reality is that a lot can get pushed around because of major changes. To some extent, there will be earth work being done in the winter. Structure work will continue through the winter. It probably won't look a lot different from how we progressed on work last winter.
2. Clifton: Their challenges are in a couple different categories. One of the things they must focus on is payment materials to manufacturers. Their payment has been extended passed 90 days, which strains their relationships with manufacturers. The sliding scale on the project has also caused some issues on the project for them.
3. Laura: A lot of what Clifton said resonated with her. Gunnar was supposed to make some significant progress. They also share the same sentiments as Clifton on Civil as working as a 3rd tier sub since payment concerns must work through Egan then to LMJV. Payments is also still a concern.
4. Lee: There are many challenges, such as business challenges. Getting a \$13.5 million bond was a challenge and a lot of it gets down to delays and partly financing. Lee, like Laura, had a strong and diverse core team but lost them since he didn't have any work. Everything started small on the project for them and became large. As well as a large amount of legal review, 13 versions.

iii. To the primes and Council: Let's talk about the pay cycles and schedule. Can you talk about what has caused delays and where we are at with the schedule? What is going to be done? How much advance notice do subcontractors receive about their payment?

1. Brian Runzel: On the schedule, the Council has 3 big impacts to the schedule. We have the BNSF quarter barrier (a wall) which has a large schedule impact, Kenilworth tunnel is not going as planned due to ground settling a lot more than previously assumed, and finally there are significant design changes. Those 3 issues dominate time issues on the Council. The additional issues that the Council is facing is being

gored by the 3 larger issues, and the Council meets with the JV every week to work towards getting those issues resolved.

2. Dale: The JV tries their best to give their subcontractors a notice of schedule. It's been a challenge with all the changes on the project due to field conditions and different findings that affect their approach to work. When changes come up, they get handled on the field and they document the change. He thinks what the project suffers from since it is so large is that there are a lot of opportunities for things to go wrong, which can be difficult to manage by both the JV and the Council.
3. Lee: PWS has had many AUA's, and they have had field orders. This doesn't change the finances of the contract, but changes were made. There are a lot of things buried under the ground and they have no idea sometimes, and this is something the field people must constantly fight with. PWS has tried to do the best they can with JV with somewhat of a success.

iv. How did they leverage their unique position of having a contract on this job? As a DBE, what role have you played or what efforts have you made to have POCI on this job?

1. Clifton: One of the things that they've taken on is that we have now spent time to talk to some high schools on getting more involved in the trades. This project has also put them in a position to bring two additional employees as well as POCI and women.
2. Ismail: None to add
3. Laura: They were able to have more workers on the project over the summer. They also brought in 2 apprentices. They feel very lucky for having a strong workforce, but it is challenging to meet workforce goals since they haven't been able to hire and grow.
4. Lee: Speaking candidly, things have changed a dramatic amount in the last 7-8 months with COVID. This would generally be a meeting in a room during normal times, and this has impacted their ability to hire. They must hire real people to do the work and face a lot of challenges

as the JV does. There are places they would be in person when recruiting people face-to-face. They have been trying, but the success of their own outreach isn't up to par with outreach in prior years especially due to COVID.

v. *If you were a prime, what changes would you do on this project to ensure the success of DBE's?*

1. Lee: Any good relationship comes down to communication. Any effort to improve communication leads to success. We are happy to work with LMJV directly. As complicated as a process this project is, the more people you must work through to get an answer is like playing telephone. There's a lot that can be lost. Working directly has some value.
2. Ismael: Keeping in mind that this project is quite complex, communication is very important. Questions tend to be answered in a slow way, but it is understood that LMJV has staff that are under heavy workload. There is hopefully a way to improve communication.
3. Laura: Less paperwork and process it faster.
4. Clifton: As a prime, he would work something out with the Met Council to have an emergency fund to pay subcontractors that need payment.

7. Adjourn

Next Scheduled Meeting: December 17, 2020 from 2:00 - 4:00 pm