



BUILD LOCAL STEP BY STEP

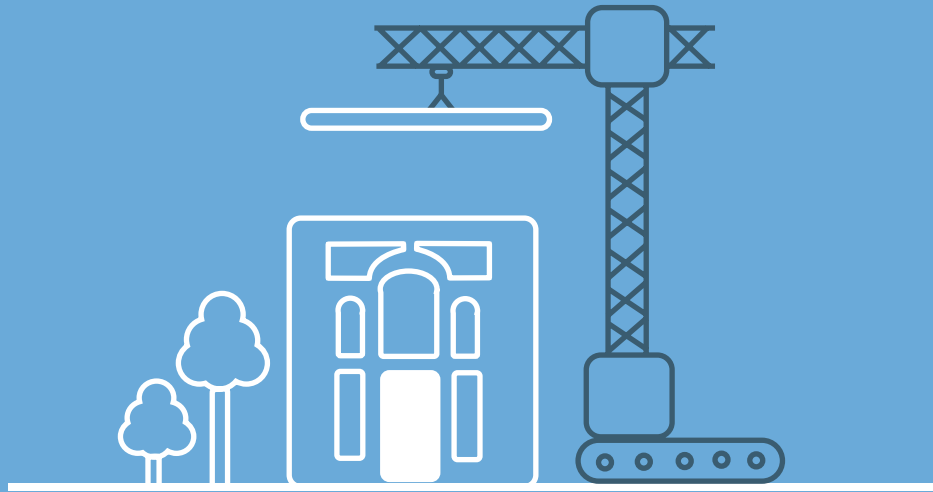




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WHO'S AT THE TABLE

TARGET FUNCTIONS

INSTITUTION-SPONSORED CONSTRUCTION AND RENOVATION PROJECTS

CONSTRUCTION PROJECTS THAT OCCUR ON LONG-TERM LAND LEASES TO THIRD PARTIES

GOAL

INCREASE LOCAL AND DIVERSITY REPRESENTATION IN SUPPLIERS, CONTRACTORS, AND LABOR IN CAMPUS CONSTRUCTION PROJECTS

INTERNAL STAFF

- Top-level leadership, including the CFO
- Leadership in the real estate, planning, and facilities divisions
- Implementation staff in those divisions
- A community partnerships staff specialist

EXTERNAL PARTNERS

- Local or regional capacity-building organizations connected to the building trades
- Local or regional economic development organizations who can make connections to local and diverse construction suppliers and contractors
- A representative from the local government's office overseeing diversity in construction



GET STARTED: UNDERSTAND THE COMPLEXITY OF YOUR LOCAL CONSTRUCTION LANDSCAPE

Creating and implementing a strategy that emphasizes a local and diverse construction workforce and supply chain requires a solid understanding of how a regional construction market works. This is an interconnected world of project sponsors, craft and labor unions, construction management firms, subcontractors, and other suppliers; you will need to be aware of how these players connect to one another, and how factors that are outside of your institution's control can impact your own local and diversity inclusion in campus construction projects.

KNOW WHAT MAJOR PROJECTS ARE HAPPENING IN YOUR CITY OR REGION

In markets where there is more demand for diversity in construction labor and vendors than the existing supply can fully meet, a major construction project that has ambitious diversity goals can easily occupy the capacity of the strongest local and regional minority- and women-owned suppliers as well as available minority union labor, making those construction resources scarce when it comes to your own campus construction projects. Being aware of the current regional construction activity levels when you put out your own construction RFPs helps you understand any variations in response rates and inclusion successes.

A HISTORY OF ENTRENCHED RACISM IN THE CONSTRUCTION INDUSTRY AFFECTS PRESENT-DAY MINORITY MEMBERSHIP IN CONSTRUCTION RELATED UNIONS

The history of union labor is packed with victories for the common good, but this history also holds a complex story of discrimination, and that legacy continues to have an impact today. Many construction related unions struggle with issues of diversity, and any state related requirements for meeting diversity metrics have been generally weak or poorly enforced. For the purposes of your build-local strategy, this means that the minority and women labor pool may be small – but hopefully also growing.



IDENTIFY WHAT LOCAL MEANS TO YOUR ORGANIZATION

CONSTRUCTION RELATIONSHIPS ARE DIFFERENT FROM PROCUREMENT RELATIONSHIPS

If in addition to launching a local-inclusion strategy around campus construction you are also creating strategies for inclusive hiring and procurement, you'll likely adopt the same geographic footprint in terms of what the "place" in a place-based approach means to your institution. As with a procurement strategy, understanding the density of labor and construction suppliers in this footprint is an important part of defining the intended place.

A key difference between a construction strategy and related hiring and procurement strategies is that in hiring and procurement, your institution develops direct relationships with potential employees and vendors while in a construction scenario those direct connections to construction labor, subcontractors, and suppliers are made by each project's general contractor instead. Your institutional role is to lay out expectations for the general contractor to fulfill.

THERE WILL BE UNDEREMPLOYED UNION LABORERS IN YOUR GEOGRAPHY

If you are in a city or region where unions are an integral player in the construction industry, chances are good that your institution's desired footprint is smaller than the union's reach, but it will also be the case that members will be distributed through your geography.

It is quite possible that many local minority union members will have been on the bench for some time, and may not be current on dues and membership due to extended underemployment, creating a self-reinforcing barrier to further employment. Depending on how you are structuring contacts, there may be substantial mutual benefit to having a general contractor help to get those members current on dues so they can be hired as a way of meeting participation goals.



INCLUSION AND THE RFP PROCESS

The RFP process is how and where your institution plants its flag in terms of your priorities in local and diversity representation in campus construction. These are some considerations.

HIGHLIGHT EXPECTATIONS ABOUT ECONOMIC OPPORTUNITY PLANS (EOPS) IN CONSTRUCTION RFPs

Get the information about your inclusion goals and expectations out on paper early in your planning process, whether the goals are driven by local municipal requirements or your own institutional requirements. Outlining these goals in an RFP leaves no questions about what your expectations are for a general contractor's performance in this realm.

INTEGRATE LOCALLY LEGISLATED METRICS INTO ALL PROJECTS

Most cities have established minimum diversity participation requirements based on the dollar values of contracts as well as whether or not an ordinance is required to allow the construction. Be aware of these regulations, and consider adopting them as expectations for all institutional and third-party construction contracts, including the smaller projects that do not trigger legislated participation goals. This is a policy that demonstrates and deepens your institutional commitment to construction inclusion.

BUILD THIRD-PARTY AUDITING INTO YOUR CONTRACT MANAGEMENT PRACTICES

Because of the way construction processes work, your institution will not have a direct relationship with construction labor, subcontractors, and suppliers: this is the general contractor's role. So how can you be sure that a general contractor is fulfilling agreed-upon obligations for local inclusion? This is where it is useful to use a third-party firm that specializes in MWBE and local-inclusion compliance monitoring.

The firm should be tasked with reviewing and reporting on contracted purchasing amounts from local and diversity vendors and with reviewing certified payrolls for labor. There are two basic options for who arranges this auditing function: it can either be built into the scope for each individual construction project such that the general contractor is required to hire the outside auditor, or your institution may consider an ongoing relationship with a single firm that would audit each project.

DETAILED TRACKING OPTIONS

A COMPREHENSIVE CONSTRUCTION DATA TRACKING PROCESS FOR EACH CAMPUS CONSTRUCTION PROJECT COULD INCLUDE METRICS LIKE THE FOLLOWING, WITH QUARTERLY REPORTING THAT INDICATES PERFORMANCE GOALS, ACTUAL PERFORMANCE, AND THE VARIANCE BETWEEN THE TWO. WHETHER YOU TRACK IN GREATER DETAIL OR LESS DETAIL, BE SURE THAT ALL OF YOUR GENERAL CONTRACTORS ARE REPORTING ON THE SAME SET OF METRICS.

MBE CONTRACTS

WBE CONTRACTS

MINORITY APPRENTICE

WOMEN APPRENTICE

MINORITY JOURNEYMAN

WOMEN JOURNEYMAN

LOCAL WORKFORCE

REGIONAL WORKFORCE

OVERALL CONTRACT DIVERSITY

OVERALL LABOR DIVERSITY

MBE CONTRACTS - PROFESSIONAL SERVICES

WBE CONTRACTS - PROFESSIONAL SERVICES

MBE CONTRACTS - CONSTRUCTION

WBE CONTRACTS - CONSTRUCTION

PUT THE DATA TO WORK

There is a set of choices you can make with data tracking connected to campus construction. You can start with any requirements your city or municipality requires, but you can select additional data points that inform your institution's own local inclusion strategy. Most cities have legislated minimum data tracking requirements but you can opt to do more.

TRACK PERFORMANCE CHRONOLOGICALLY

Your data gathering process should start with the historical context. Your planning, design, and construction office as well as the city should have records for diversity participation in past campus construction projects. Use this data to review and understand past patterns of inclusion successes and failures and to identify opportunities to improve performance.

CENTRALIZE AND SIMPLIFY

Ask general contractors on all of your construction projects to collect, track, and report on the same data points across all construction projects, both organization-owned and third-party projects. When data on all projects is compiled in the same way it better enables analysis and troubleshooting.

INCLUDE METRICS LIKE:

- Local and minority labor participation
- Local and minority supplier participation
- Local and minority subcontractor participation

TRACK BOTH APPRENTICE AND JOURNEYMAN LABOR PARTICIPATION

Where labor data is concerned, require your general contractors on projects to track local and diversity participation at both the apprentice and journeyman levels. This will help you gain an understanding of whether and how effectively the trades are diversifying, and whether you can expect to see more journeymen of color working on your projects in years to come.

A diverse pool of journeyman union labor must be preceded by diversity at the apprenticeship level. A diverse pool of apprentice union members indicates a workforce that is becoming more inclusive, and it is your most important labor participation metric because it indicates what the state of the labor pool will be in the near future.

In the union apprentice system, the contractor sponsors jobs and the unions open apprentice slots accordingly to fill the need. When there are few or no apprentice jobs sponsored in a construction project, apprentices cannot get the hours they need to complete their journeyman qualifications, limiting future opportunities for work. As such, this is a leverage point for the institution to use with the general contractor: you can push or require your contractor to sponsor additional apprentice slots for minority and women candidates, thus advancing the diversification of this workforce.



CREATE A COMMITTEE TO REVIEW CONSTRUCTION PARTICIPATION PERFORMANCE

In order to generate long-term institutional knowledge about a build-local strategy, put together a mostly internal oversight committee with a consistent membership that meets quarterly to review and discuss performance against goals for inclusion in construction projects.

INCLUDE ALL THE KEY PLAYERS

This committee should minimally include:

- The institution's CFO
- A representative from the office of planning, design and construction
- A representative of the office of government relations
- A representative of community partnerships staff
- A representative from the local government office that handles diversity participation in construction

REVIEW ALL PROJECTS AT ONE QUARTERLY MEETING

At quarterly committee meetings, the general contractor for each project should present their most recent results in the format that you have negotiated. We recommend including basics like inclusion goals, actual performance, and the variance between them in terms of local and diversity participation in contracts and labor, but you may add reporting categories that support your strategy. Giving each contractor time to explain their performance – whether it exceeded or fell short of goals – is informative and important.

Having all of your institution's contractors on active projects report to the same committee at the same time allows the committee to compare management and performance decisions across construction projects. You may have one contractor claim difficulty identifying local suppliers and labor to explain suboptimal performance, while another developer may be exceeding goals while working in the exact same pool of labor and suppliers. This is a chance to validate reported information and share best practices from strong performers with those who may be struggling to meet goals.

Reports from high-performing contractors will help you develop a sense of best practices; ask what they are doing to achieve participation goals, and use their numbers to hold the lower performers accountable.



ENGAGE WITH A LOCAL CAPACITY BUILDING ORGANIZATION

ABOUT ECONOMIC OPPORTUNITY PLANS

FOR PROJECTS THAT REQUIRE A CITY ORDINANCE - AND THE THRESHOLDS WILL VARY REGIONALLY - YOUR CITY MAY REQUIRE YOUR INSTITUTIONALLY SPONSORED CONSTRUCTION PROJECT TO MEET GOALS AND PERFORM REPORTING WITH RESPECT TO LOCAL AND MINORITY PARTICIPATION.

AN ECONOMIC OPPORTUNITY PLAN (EOP) IS GENERATED BY THE MUNICIPALITY FOR PROJECTS THAT MEET THEIR THRESHOLD REQUIREMENTS, AND THE GENERAL CONTRACTOR IS HELD RESPONSIBLE FOR EXECUTING IT. CITY AND MUNICIPAL EOPS ARE GENERALLY ENFORCED IN A GOOD-FAITH AND BEST-EFFORT FRAMEWORK. THERE GENERALLY ARE FEW TEETH IN THE ENFORCEMENT BUT AN INSTITUTION CAN USE A CONTRACTOR'S EOP PERFORMANCE HISTORY WHEN CONSIDERING BIDS ON A NEW RFP.

INVOLVE A LOCAL BUSINESS CAPACITY BUILDING ORGANIZATION IN PLANNING

These organizations are valuable partners who can bridge knowledge gaps between your institution, general contractors, and local construction suppliers. Sitting in on some of the initial planning phases of a project will help them understand the project's phasing, and what types of subcontractors will be needed when.

INTRODUCE YOUR GENERAL CONTRACTOR TO THE CAPACITY BUILDING ORGANIZATION

The capacity building organization is best acquainted with the local subcontractor and supplier landscape; early in the contracting process, consider better connecting your general contractor to local resources by introducing them to this organization. This is especially important when you have awarded a contract to a developer who has not previously worked in your geographical footprint.

This relationship gets a contractor new to working the area to think beyond their existing and habitual vendor base, it helps eliminate potential future excuses about suboptimal inclusion performance, and it may take on a form as simple as providing a list of known local and diversity suppliers and subcontractors.

CONSIDER USING A SINGLE GENERAL CONTRACTOR

For campus construction “owned” by the institution rather than arranged through third-party leases, you might consider using a single general contractor with a multi-year contract to manage all projects.

The longer term of a multi-year contract compared to the typical term of a single project contract enables the contractor to establish a local presence, to get known by suppliers, subcontractors, and laborers, and to create consistency in meeting local and diversity participation requirements.

This kind of arrangement allows you to build payment incentives for local and diversity participation into this general contract. Third party performance auditing is equally important here as with single-project contracting, however. Single-source contracting requires some forethought about cost competitiveness, and you should consider expectations for additional bids on projects over a certain threshold to keep the process honest.

INCLUSION AND THIRD PARTY GROUND LEASES

AS A DEVELOPMENT STRATEGY, UNIVERSITIES AND OTHER ANCHOR INSTITUTIONS MAY ESTABLISH A LONG-TERM LEASE OF PROPERTY TO A THIRD-PARTY CONTRACTOR TO BUILD FOR FUNCTIONS LIKE STUDENT HOUSING AND CAMPUS RETAIL. THE INSTITUTION DIRECTS THE STRATEGIC PARAMETERS FOR THE DEVELOPMENT. THE DEVELOPER-TENANT TAKES ON ALL OF THE EXPENSES CONNECTED TO BUILDING AND OPERATION AS WELL AS ATTENDANT REVENUE, WHILE PAYING LEASE FEES BACK TO THE INSTITUTION. THIRD PARTY DEVELOPMENT PROJECTS CAN BE INCLUDED IN BUILD-LOCAL STRATEGIES, WITH THE SAME CONSTRUCTION INCLUSION PERFORMANCE EXPECTATIONS WRITTEN INTO CONTRACTING LANGUAGE.



THE ANNIE E. CASEY FOUNDATION