



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

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August 8, 2002

Senator Gary R. George and
Representative Joseph K. Leibham, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Senator Brian B. Burke and
Representative John Gard, Co-chairpersons
Joint Legislative Finance Committee
State Capitol
Madison, Wisconsin 53702

Dear Co-chairpersons:

As required by s. 229.8273(6), Wis. Stats., we have completed our first review of the Green Bay/Brown County Professional Football Stadium District's efforts to meet contracting and hiring goals for minorities and women in the Lambeau Field reconstruction project. Statutes require the District to establish goals for contracts awarded to minority-owned and women-owned businesses. In addition, statutes require the contractors hired for the project to establish goals for the employment of minorities and women. To meet these objectives and facilitate the involvement of targeted businesses and individuals in the reconstruction project, the District required the creation of the Targeted Business Participation and Workforce Diversity Program. The Legislative Audit Bureau is required to review these efforts on an annual basis.

Based upon our initial review, we believe that to date, the District has made a good-faith effort to meet its statutory goals. Through December 2001, measurable progress had been made toward:

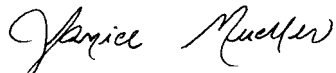
- awarding 15 percent of the value of contracts that are financed by bond proceeds to minority-owned businesses, and 5 percent to women-owned businesses; and
- working to hire minorities and women related to the construction project so that 15 percent of the new employees hired specifically for the project are minority group members and 5 percent are women.

Through December 2001, a total of \$9.1 million in professional and construction contract dollars has been paid to targeted businesses. Of this amount, 13.4 percent was paid to minority-owned businesses and 3.4 percent was paid to women-owned businesses. These percentages are somewhat lower than the statutorily established goals of 15.0 percent and 5.0 percent, respectively. Of the 610 new hires working on the project, 114 (18.7 percent) were minority group members, and 29 (4.8 percent) were women. This currently exceeds the statutory hiring goal for minorities and is slightly lower than the hiring goal for women.

Senator Gary R. George
Representative Joseph K. Leibham
Senator Burke
Representative Gard
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We appreciate the courtesy and cooperation extended to us by the District and the project's contractors in conducting our review.

Sincerely,



Janice Mueller
State Auditor

JM/PS/ss

cc: Members, Joint Legislative Audit Committee
Members, Joint Legislative Finance Committee

Patrick R. Webb, Executive Director
Green Bay/Brown County Professional Football Stadium District

CONTRACTING AND HIRING GOALS FOR MINORITIES AND WOMEN GREEN BAY/BROWN COUNTY PROFESSIONAL FOOTBALL STADIUM DISTRICT

1999 Wisconsin Act 167 created the Green Bay/Brown County Professional Football Stadium District, authorized the District to impose a 0.5 percent sales and use tax within Brown County, and provided for the issuance of up to \$160.0 million in bonds to fund stadium renovations. The Act applies to the renovation of Lambeau Field, the home of the Green Bay Packers professional football team. In September 2000, Brown County voters passed a referendum approving the sales and use tax for stadium renovations, which was required by the Act before the District could be formed and a tax imposed. The total budget for the renovation project is \$295.2 million, of which \$126.1 million (42.7 percent) is being funded by the Packers, and \$9.1 million (3.1 percent) is being funded by the Wisconsin Department of Transportation. As of June 2002, the project was 50 percent finished. It is scheduled to be completed by fall 2003, in time for the start of the 2003-04 football season.

The Act requires the Legislative Audit Bureau to annually review the Green Bay/Brown County Professional Football Stadium District's efforts to meet goals relating to participation of minorities and women in the Lambeau Field reconstruction project. The Act established specific goals related to contracting and the hiring of minorities and women, including:

- awarding 15.0 percent of the value of contracts that are financed by bond proceeds to minority-owned businesses, and 5.0 percent to women-owned businesses; and
- working to hire minorities and women related to the construction project so that 15.0 percent of the new employees hired specifically for the project would be minority group members, and 5.0 percent would be women.

The Act directed that an independent monitor and coordinator be hired to evaluate compliance with statutory goals and to issue regular status reports. If the goals are not satisfied, the monitor is required to assess whether a good-faith effort was made to meet the goals. In addition, if the goals are not met, the District must make a good-faith effort to contract with the local technical college board to develop training programs designed to increase the pool of minority group members and women qualified to perform construction-related contract work or provide professional services, such as accounting. To meet these goals and facilitate the involvement of targeted businesses and individuals in the reconstruction project, the District required the creation of the Targeted Business Participation and Workforce Diversity Program.

Targeted Business Participation and Workforce Diversity Program

The Act limits the amount of sales tax funds available to the District for administrative expenses to \$750,000 in the first year, \$500,000 in the second, and \$100,000 in each succeeding year. As a result, the District has delegated the development and administration of the participation program to the Green Bay Packers and to Lambeau Field Redevelopment, LLC, which is a separate company created by the Green Bay Packers organization to act as developer of the reconstruction project. Under the direction of the developer, the project manager—Hammes Company Sports & Entertainment, LLC—established the Targeted Business Participation and Workforce Diversity Program to accomplish statutory goals, and along with Turner Construction, the project's general contractor, is responsible for

administering the program. Although the Act required the goals to be applied only to the \$160.0 million in bonds issued by the District, the parties involved in the project agreed that the entire \$295.0 million that was budgeted would be subject to statutory participation goals.

Oversight

The Act directs that both a coordinator and a monitor be hired to oversee compliance with statutory participation goals, but it does not prescribe specific responsibilities for each. In addressing this requirement, Turner Construction entered into a \$200,000 contract with Prism Technical Management & Marketing Services to serve as the coordinator. The coordinator is responsible for:

- assisting businesses working on the project to understand and meet the participation goals;
- assisting businesses during the certification and bidding processes;
- arranging community outreach meetings and workshops in order to inform targeted businesses and individuals of potential jobs on the project; and
- compiling data on construction contract payments to targeted businesses.

To maintain the monitor's independence from the coordinator, the project's developer, Lambeau Field Redevelopment, LLC—rather than Turner Construction—entered into a \$204,000 contract with Cross Management Services to serve as the independent monitor by:

- conducting reviews to verify participation by targeted businesses and persons;
- serving as the primary liaison between the general contractor, subcontractors, and consultants in participation matters;
- certifying firms as targeted businesses; and
- contacting contractors who fail to make progress toward achieving the goals and assisting them in developing a plan to facilitate or increase the involvement of targeted businesses and individuals.

In addition, Turner Construction entered into a \$150,000 contract with a private firm—Absolute Fortune Finds—to gather information on workforce diversity, including the number of minorities and women hired to work on the renovation project, as well as the proportion of hours worked by newly hired minorities and women as a percentage of all hours worked by new employees.

Finally, as an additional oversight measure, the project manager and the developer established the Lambeau Field Targeted Business Advisory Council, which includes members of the local minority community, the District, and Northeast Wisconsin Technical College, to assist in the development of policies and procedures for the participation program and to oversee its implementation. Working

through the monitor, the Advisory Council acts as an ombudsman with targeted businesses and individuals, reviews the monitor's reports, evaluates the monitor's certification of firms as targeted businesses, and reviews contractor requests for exemptions from the hiring or contracting goals.

Exemptions from Goals

The participation program established by the District allows for exemptions from statutory goals if the type of work or service to be provided is unique and achievement of reasonable levels of participation by targeted businesses and targeted persons is impractical. To obtain an exemption, a contractor must demonstrate that it has made good faith efforts to meet the participation goals but is unable to reach them because targeted businesses are not available or costs would be excessive.

As of May 2001, only one request for an exemption had been submitted, and it was approved. The project manager sought an exemption from the contracting goals for approximately \$5.2 million that was used for insurance premiums, utility costs, and permit and regulatory fees. The project manager maintained, and the Advisory Council agreed, that it was not possible to achieve statutory goals for utility services; state, county, and city inspection services and permits; or insurance coverage. The contract dollars exempted from the goals were subtracted from the total project budget amount that is subject to the goals.

Training Program

As noted, the District must make a good-faith effort to contract with the local technical college board to develop training programs designed to increase the pool of qualified minority group members and women if the goals are not met. According to officials of the District, it was believed that a training program should be created during construction of the project in order to facilitate the participation of interested minorities and women in reconstruction of the stadium. Officials expect the training program to continue after project completion.

As originally proposed, the training program would have consisted of semiannual seminars for interested businesses and individuals. No tuition would have been charged to targeted individuals interested in working on the project, but others would have been charged, including up to \$2,500 for subcontractors who failed to meet the participation goals. Both the Legislative Audit Bureau and the Advisory Council questioned whether the program, as proposed, would meet the Legislature's intent of fostering the development of construction-related skills among minorities and women because:

- the proposed semiannual conferences may not provide sufficient assistance to targeted businesses and individuals;
- a fee of \$2,500 may provide inadequate incentive for subcontractors to attempt to meet program goals; and
- program guidelines did not specify which specific staff of the subcontractors would be required to attend the training, potentially reducing the value of the seminars if the most relevant persons were not in attendance.

As a result, the training program's original concept was modified. The current program focuses on self-assessments, case management, career planning, educational opportunities, and referrals for pre-employment training. The program is funded by the general contractor—Turner Construction Company—and is free for participants.

The general contractor's responsibilities under this program include contacting eligible participants in order to provide them with information about the program; facilitating referrals for any needed daycare and transportation services; and tracking, measuring, and reporting program outcomes. The contractor entered into an agreement with the Northeast Wisconsin Technical College to provide educational, training, and employment services under the program, including:

- screening and testing for language, reading, and math skills;
- interest and aptitude assessments;
- assistance with résumé preparation; and
- referrals to the technical college's adult recruiter for information on financial aid and other school services.

New program participants will attend seminars on strategies for obtaining training and employment and will be assisted by technical college staff during screenings, assessments, and referrals. The first class of participants began participating in the program during our review. Consequently, data on the program's accomplishments or effectiveness are not yet available.

Minority and Women Participation

In accordance with statutes and program participation guidelines, it is the responsibility of the monitor to review progress in meeting the project's contracting and hiring goals at four intervals during the course of stadium renovation, including when the project is 25 percent complete, 50 percent complete, 75 percent complete, and at final project completion. The first review, measuring performance with 25 percent of the project complete, was issued in March 2002 and measured progress through December 2001. According to the report, the monitor's auditing methods consisted of site visits to 23 (63.9 percent of) targeted firms and 7 (77.8 percent of) non-targeted firms that provided services on the project. A number of documents were reviewed during these visits, such as workforce diversity reports, contracts, purchase orders, change orders, lists of payments made to and received by targeted businesses, and copies of cancelled checks. Following these site visits, information obtained from non-targeted businesses was compared to information obtained from targeted businesses. We assessed the procedures described and believe they represent a reasonable and adequate approach to verifying the actual amount of project participation by minorities and women.

To determine whether the statutory contracting goals have been achieved, the coordinator tracks the contract dollars paid to minority-owned and women-owned businesses on a monthly basis, and the monitor verifies the coordinator's data at a number of points throughout the project. The monitor's March report concluded that through December 2001, a total of \$9.1 million in professional and construction contract dollars has been paid to targeted businesses. As shown in Table 1, minority-owned businesses received 13.4 percent of contract payments, and women-owned businesses

received 3.4 percent. These percentages are somewhat lower than the statutorily established goals of 15.0 percent and 5.0 percent. As noted, contract participation rates may increase or decrease as construction continues, and final participation figures and the project's success in meeting statutory goals will not be available until after the project is completed in 2003.

Table 1

Contract Payments to Minority and Women-Owned Businesses
Through December 2001

<u>Contract Type</u>	<u>Minority-Owned Businesses</u>		<u>Women-Owned Businesses</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Construction	\$4,558,339	11.3%	\$1,765,240	4.4%
Professional Services	<u>2,677,081</u>	19.2	<u>51,147</u>	<0.1
Total	\$7,235,420	13.4	\$1,816,387	3.4
Statutory Goal	–	15.0	–	5.0

To assess progress in meeting statutory hiring goals for minorities and women, Absolute Fortune Finds tracked the number of new employees hired for the project who were minorities and the number who were women, which is required by statutes. This information was verified by the independent monitor, who reported that through December 2001, of the 610 new hires working on the project, 114 (18.7 percent) were minority group members and 29 (4.8 percent) were women. This currently exceeds the statutory hiring goal for minorities and is slightly lower than the hiring goal for women.

However, in addition to tracking new individuals hired, as required by statutes, the District has directed that the proportion of total project hours performed by targeted individuals also be tracked and verified by the independent monitor, which may be a more accurate way to measure participation and may prevent attempts to terminate or lay off minorities and women shortly after they are hired. It should be noted that in May 2001, concerns were raised in the media regarding the retention of targeted persons hired for the redevelopment project. Some in the community claimed that women and minorities were hired only to fulfill statutory participation goals and were laid off soon after being hired.

In response to this concern, staff of the District met with members of the Advisory Committee and others in the community to discuss the issue. In these meetings, they indicated that the monitoring methods used to track participation would discourage such hiring practices because the District would also be reviewing the number of hours worked by minorities and women. We believe the District's approach is appropriate and should help to address the concerns raised.

As shown in Table 2, the independent monitor's March 2002 report indicates that based on an analysis of the number of hours worked by new employees, with 25 percent of the project completed, 17.3 percent of hours worked by new hires were worked by minorities, and 7.5 percent of hours were worked by women. We believe this provides a more accurate representation of progress made in meeting the Legislature's objectives in hiring minorities and women for the project.

Table 2

**Hours Worked by Newly Hired Minorities and Women
Through December 2001**

	<u>Goal</u>	Hours Worked by Newly Hired Minorities and <u>Women</u>	Hours Worked by <u>All New Hires</u>	Percentage of Hours Worked by Newly Hired Minorities and <u>Women</u>
Minorities	15.0%	36,273	209,147	17.3%
Women	5.0	15,762	209,147	7.5
