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August 12, 2004

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Senator Alberta Darling and
Representative Dean Kaufert, Co-chairpersons
Joint Committee on Finance
State Capitol
Madison, Wisconsin 53702

Dear Co-chairpersons:

As required by s. 229.8273(6), Wis. Stats., we have reviewed the Green Bay/Brown County Professional Football Stadium District's efforts to meet contracting and hiring goals for minorities and women for the Lambeau Field reconstruction project. Statutes required the District to establish goals for:

- 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
- hiring 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.

Although the goals are required 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 amount budgeted would be subject to statutory participation goals. Therefore, we based our analysis on the application of the statutory goals to the entire \$295.2 million budget, less \$22.1 million that was exempted from the goals. A total of \$60.8 million in professional and construction contract dollars was paid to targeted businesses, including \$42.9 million to minority-owned businesses and \$17.9 million to women-owned businesses. The goals were met: 15.7 percent of project expenditures were paid to minority-owned businesses, and 6.5 percent were paid to women-owned businesses.

Co-chairpersons, Joint Legislative Audit Committee and

Co-chairpersons, Joint Committee on Finance

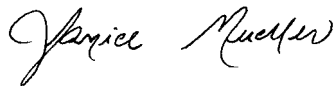
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In addition, of the 2,323 new hires who worked on the project, 440 (18.9 percent) were minority group members, and 154 (6.6 percent) were women. This exceeded the statutory hiring goals for both minorities and women.

We appreciate the courtesy and cooperation extended to us by the District in conducting our review.

Respectfully submitted,

A handwritten signature in cursive script that reads "Janice Mueller".

Janice Mueller
State Auditor

JM/JZ/bm

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

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 was \$295.2 million: \$160.0 million (54.2 percent) was funded by the bond proceeds, \$126.1 million (42.7 percent) was funded by the Packers, and \$9.1 million (3.1 percent) was funded by the Wisconsin Department of Transportation. The project was substantially completed by late summer 2003, in time for the start of the 2003-04 football season.

The Act requires the Legislative Audit Bureau to review the District's efforts to meet specific goals related to contracting with and hiring 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
- hiring 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 also 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 limited 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 delegated the development and administration of the participation program to the 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 the statutory goals. The project manager and the project's general contractor—Turner Construction—were 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 project's entire \$295.2 million budget would be subject to statutory participation goals. Consistent with this, we based our analysis on the application of the statutory goals to the entire budget.

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 was 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 help maintain the monitor's independence from the coordinator, the project's developer, Lambeau Field Redevelopment, LLC (rather than the general contractor, 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 among the general contractor, subcontractors, and consultants in participation matters;
- certifying firms as targeted businesses; and
- contacting contractors who failed 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 Fortunate Finds, to gather information on workforce diversity. Included in this information was 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 acted as an ombudsman with targeted businesses and individuals, reviewed the monitor’s reports, evaluated the monitor’s certification of firms as targeted businesses, and reviewed contractor requests for exemptions from the hiring or contracting goals.

Exemptions from Goals

The participation program established by the District allowed individual contractors an exemption from statutory goals if the type of work or service provided was unique and achievement of reasonable levels of participation by targeted businesses and targeted persons was impractical. To obtain an exemption, a contractor needed to demonstrate that it had made good-faith efforts to meet the participation goals but was unable to reach them because targeted businesses were not available or costs would have been excessive.

As shown in Table 1, by the end of the project, the Advisory Council had approved eight exemptions totaling \$22.1 million in contract costs. These exemptions covered such goods and services as insurance, public utilities, government permits, steel, and elevators. The contract dollars exempted from the goals were subtracted from the total project budget amount that was subject to the goals.

Table 1

Contract Exemptions
(In Millions)

| Contractor | Amount |
|--|---------------|
| Haven Steel Products, Inc. | \$ 5.4 |
| Insurance, Permits, Utilities ¹ | 5.2 |
| Klein Dickert Co., Inc. | 4.1 |
| Otis Elevator Company | 2.9 |
| Spancrete, Inc. | 1.6 |
| LaForce, Inc. | 1.1 |
| Richard Goettle, Inc. | 1.0 |
| Harry S. Peterson Company | 0.8 |
| Total | \$22.1 |

¹ A blanket exemption was granted for all insurance, government permits, and utility services.

Minority and Women Participation

To determine whether the statutory contracting goals were achieved, the coordinator tracked the contract dollars paid to minority-owned and women-owned businesses on a monthly basis, and the monitor verified the coordinator’s data at several points throughout the project. The monitor’s final report regarding contracting goals was issued in April 2004. The April report concluded that a total of \$60.8 million in professional and construction contract dollars was paid to targeted businesses. As shown in Table 2, minority-owned businesses received 15.7 percent of contract payments, and women-owned businesses received 6.5 percent. These percentages exceed the statutorily established goals of 15.0 percent and 5.0 percent.

Table 2

Contract Payments to Minority- and Women-Owned Businesses

| Contract Type | Minority-Owned Businesses | | Women-Owned Businesses | |
|-----------------------|---------------------------|-------------------------|------------------------|-------------------------|
| | Amount | Percentage ¹ | Amount | Percentage ¹ |
| Construction | \$36,291,437 | 13.3% | \$15,618,868 | 5.7% |
| Professional Services | 6,650,428 | 2.4 | 2,280,598 | 0.8 |
| Total | \$42,941,865 | 15.7% | \$17,899,466 | 6.5% |

¹ Percentage is based on a total project budget—adjusted for exemptions—of \$273,211,329.

To assess progress in meeting statutory hiring goals for minorities and women, Absolute Fortunate Finds tracked the number of new employees hired for the project who were minorities and the number who were women, as required by statutes. This information was verified by the independent monitor, who reported that of the 2,323 new hires who worked on the project, 440 (18.9 percent) were minority group members and 154 (6.6 percent) were women. This exceeds the statutory hiring goals for both minorities and women.

However, in addition to tracking new individuals hired, as required by statutes, the District also directed that the proportion of total project hours worked by targeted individuals be tracked and verified by the independent monitor, both because doing so may be a more accurate way to measure participation, and because attempts to terminate or lay off minorities and women shortly after hiring would be detected. As shown in Table 3, the independent monitor’s April 2004 report indicates that 17.9 percent of hours worked by new hires were worked by minorities, and 7.8 percent were worked by women. We believe this provides a more accurate representation of progress made in meeting the Legislature’s objectives related to hiring minorities and women for the project.

Table 3

Hours Worked by Newly Hired Minorities and Women

| | Hours Worked by Newly Hired Minorities and Women | Hours Worked by All New Hires | Percentage of Hours Worked by Newly Hired Minorities and Women |
|------------|--|-------------------------------|--|
| Minorities | 192,819 | 1,078,452 | 17.9% |
| Women | 84,198 | 1,078,452 | 7.8 |

Technical Assistance and Training Programs

Although the overall project met statutory goals for participation by minorities and women, the District also required each contractor to demonstrate a good-faith effort to meet the goals for its portion of the project. If a contractor failed to demonstrate a good-faith effort to meet its goals, it could be subject to monetary sanctions. The Advisory Council and the District reported that 17 contractors failed to make good-faith efforts to meet their goals and, therefore, were required to pay sanctions totaling \$210,521.

If the overall project goals had not been met, the Act required the District 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 to provide professional services, such as accounting. As noted, the District met the overall project goals. Nevertheless, the District has an arrangement with the Northeast Wisconsin Technical College to develop a training program for minority-owned and women-owned businesses located in either Brown County or the Oneida Reservation. The training program will be funded using the sanction proceeds. Technical college officials anticipate there will be sufficient funds to support the program for a period of three years.

Although final details of the program have not yet been developed, the Technical College intends to hire an instructor to assist targeted businesses in several areas, including:

- providing interested businesses with a needs assessment to determine how their efficiency and effectiveness can be improved;
- facilitating a focus group of targeted businesses to identify skill sets that targeted businesses need to improve;
- facilitating a focus group of targeted businesses to identify concerns and barriers to the use of minority-owned and women-owned firms;

- assisting in the development of business plans;
- creating a professional development plan for business owners;
- providing technical assistance to improve business operations;
- creating a program through which participants can earn small business certificates, which can lead to a specialized degree; and
- informing program participants of other community resources, such as the business incubator located at the Northeast Wisconsin Technical College.

Final program approval is expected by October 2004, with a goal of serving the first program participants in January 2005. Technical college officials anticipate that the program will serve approximately 25 targeted businesses in the first year, and 50 in both the second and third years. The program will be reviewed after three years to analyze its success and the potential for ongoing funding from other sources.

Post-Construction Monitoring

The Act specifies that the same goals established for construction contracts also apply to post-construction contracts for both management and professional services related to the football stadium facility, including:

- awarding 15.0 percent of the value of post-construction contracts to minority-owned businesses, and 5.0 percent to women-owned businesses; and
- working to hire minorities and women for work related to post-construction contracts, so that 15.0 percent of new employees hired because of the contracts are minority group members and 5.0 percent are women.

In order to meet these goals, the District and the Packers jointly developed a post-construction targeted business participation and workforce diversity plan. This plan will apply to all contracts to manage Lambeau Field, including the atrium, Hall of Fame, pro shop, parking lot, seating areas, concessions, security, and maintenance. In addition, it will also apply to all professional contracts, including accounting, architecture, engineering, legal services, marketing, and surveying. However, these goals will not be applied to insurance or public utilities, which were also exempted during construction.

The post-construction plan is similar to the plan followed during construction, and it includes provisions for advising potential contractors about the goals, requiring contractors to agree to the goals as part of their contracts, providing contractors with the plan and a compliance manual, and assessing sanctions against contractors that fail to demonstrate a good-faith effort in meeting their goals. As with the original construction plan, the post-construction plan also provides that an independent monitor, program coordinator, and advisory council will oversee compliance with statutory goals. The most significant change from the original construction plan will be that the monitor will be retained by the District and the coordinator will be retained by the Packers,

because neither the project developer nor the general contractor is part of the post-construction contracting. We reviewed and assessed this plan and believe it represents a reasonable approach to meet post-construction statutory requirements.
