



U.S. Department
of Transportation

Federal Highway
Administration

Memorandum

Subject: **ACTION:** Minnesota Labor Hiring Preferences under
Special Experimental Project No. 14 (SEP-14)

Date: April 14, 2016

From: /S/
Robert B. Mooney
Acting Director, Office of Program Administration

In Reply Refer To:
HIPA-30

To: Arlene Kocher
Division Administrator
St. Paul, MN

We received a SEP- 14 Workplan package from the Minnesota Department of Transportation (MnDOT) for the use of Labor Hiring Preference (LHP) contract provisions, dated April 7, 2016. These LHP contract provisions address Economic Labor Hiring Preferences and Veterans Labor Hiring Preferences for Hennepin County residents for the following three projects:

- a. CSAH 81 Reconstruct Bottineau Blvd. from 63rd to CSAH 8 SP 027-681-034,
- b. CSAH 53 Reconstruct 66th St. from W of Washburn Ave to 16th Ave S Xerxes to Cedar SP 027-653-02 1, and
- c. Hwy 169 between Hwy 55 and just north of Hwy 62, SP 2772-1 13.

We have also received a letter from William Lohr of your office, dated April 6, endorsing the MnDOT SEP-14 Work plan package and recommending its approval.

The MnDOT proposal is being advanced in response to the U.S. Department of Transportation pilot announced in the [March 6, 2015 Federal Register Notice: Contracting Initiative](#) and subsequently extended in the [March 17, 2016 Federal Register Notice: Contracting Initiative](#).

This proposal intends to promote hiring opportunities for residents of Hennepin County by paying the contractor an incentive of \$5 per hour (with a maximum incentive for each project) for hours worked by County residents that meet one or all of the following criteria:

- 1) residents of areas with an unemployment rate greater than 8% (Economic Labor Hiring Preference),
- 2) residents of areas that have a high concentration of poverty (Economic Labor Hiring Preference), and
- 3) veterans that reside in the County (Local Labor Hiring Preference).

FHWA approves the proposed use of the Local (geographic) Labor Hiring Preference provisions, the Economic Labor Hiring Preference provisions, and Veterans Labor Hiring Preference provisions on a Federal-aid project under the experimental authorities of 23 U.S.C. 502 and SEP-14. FHWA also approves the proposed use of the hiring preference incentive provision, as the incentive costs associated with the approval are eligible for participation as surface transportation workforce development and training costs, authorized by 23 U.S.C. 504(e), which provides for the use of Federal-aid formula funds for surface workforce development and training.

The SEP-14 workplan is approved, subject to the resolution of the following comments:

1. Attach Exhibit A to each of the Notice(s) to Bidders.
2. Add the following to each Notice to Bidders as follows:
 - See Exhibit A at the end of this Special Provision for depiction of areas within Hennepin County:
 - 1) With an unemployment rate greater than 8%, and
 - 2) Identified as having a high concentration of poverty
3. Move the following paragraph from Section E3 of the workplan to Section E4:
 - A comparison of unit bid prices - An evaluation of the unit prices for five bid items with the highest total value on the pilot project will be compared to unit prices for projects with a similar size and scope.

If you have any questions, please contact the following: Gerald Yakowenko at Gerald.Yakowenko@dot.gov or (202)366-1562 or John Huyer at John.Huyer@dot.gov or (651)291-6111.