

# Denver council approves new payment protections for subcontractors owned by minorities, women

After changes, Mayor Michael Hancock says he will sign off on measure that covers work on city projects

By **JON MURRAY** | [jmurray@denverpost.com](mailto:jmurray@denverpost.com) | The Denver Post  
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Denver city officials soon will keep closer tabs on contractors' payments to minority- and women-owned subcontractors on city projects under a measure approved Monday night by the City Council.

The [council-initiated ordinance changes](#), approved 13-0, are aimed at providing more assurance to hundreds of small contractors in the city's Minority and Women Business Enterprise and Small Business Enterprise programs that they will be paid fully and without long delays.

Councilman Wayne New and some subcontractors recounted recurring foot-dragging, short-changing and other problems on the part of large contractors. But the council proposal faced pushback from Mayor Michael Hancock's administration over some changes that were seen as too cumbersome or able to wait until the latest periodic review of the system is done in the next two years.

Hancock, while recognizing the existence of problems, said he was reluctant to intervene in private transactions between prime contractors and their subs.

So New and other sponsors agreed to simplify some proposed changes and water down others. One nixed provision would have required contractors to pay their subcontractors within 35 days after most work is completed — even if the city hadn't paid the contractor yet.

Instead, starting March 1, the city's Division of Small Business Opportunity, which oversees the contracting programs, will collect extra information about change orders and payments each month from subcontractors, allowing it to monitor accuracy.

The measure also allows the city to release the subcontractor's share of project retainage — a percentage of the contract withheld by the city until all work is done — upon the

written request of the prime contractor. Currently subcontractors who finish work early in a project might wait a year or longer for their retainage share to be returned.

“It’s all about (tracking) compliance — it’s not about the management of construction projects,” New said Monday about the ordinance changes.

Others include an explicit provision barring retaliation against subcontractors who report problems to the small business office. Contractors also must explain any swapping out of program-certified subcontractors between their project bid and the start of project work. And the city must hire an outside evaluator to review the small business office’s performance, responsibilities and staffing.

Hancock said before the vote that he planned to sign the current version into law.

“We don’t see any concerns with it at this point,” he said in a recent interview with The Denver Post.

The MWBE program aims to meet subcontractor participation goals that amount to 24 percent of the value of construction contracts and 33 percent of the value of professional services contracts, although Denver doesn’t have hard quotas.

The small-business office had a roster of 829 certified minority- and women-owned businesses as of last year. It also listed 1,033 potential contractors certified as small businesses, with some overlap between the two programs.

“With all of the construction you have coming up in the city, you are going to need every single contractor you can find,” Helga Grunerud testified Monday night. She is the recently retired executive director of the Hispanic Contractors of Colorado, which now has a broader base of members beyond Latinos, and worked with New on the changes.

“You’re competing with a lot of other agencies that have a lot of work,” she said. “I think you need to put yourself in the best position.”