SR 259 DBE Taskforce

Minutes from December 6, 2019

Members Present:

Sen. David Koehler (Chair), [senatordavekoehler@gmail.com](mailto:senatordavekoehler@gmail.com)

Dr. Amir Al-Khafaji, [amir@fsmail.bradley.edu](mailto:amir@fsmail.bradley.edu)

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Mr. John Kapovich, [Jkapovich@sjconst.com](mailto:Jkapovich@sjconst.com)

Ms. Jennifer Krug McNaughton, [jenniferk@k-five.net](mailto:jenniferk@k-five.net)

Mr. Aaron Ozinga, [aaronozinga@ozinga.com](mailto:aaronozinga@ozinga.com)

Ms. Mary Person, [mperson@fhpaschen.com](mailto:mperson@fhpaschen.com)

Ms. Leslie Sawyer, [lsawyer@envdesigni.com](mailto:lsawyer@envdesigni.com)

Ms. Harvind Singh, [hkaur@singhinc.com](mailto:hkaur@singhinc.com)

Mr. John Trotta, [john.trotta@wsp.com](mailto:john.trotta@wsp.com)

Absent:

Sen. Mattie Hunter, [mhunterassoc@sbcglobal.net](mailto:mhunterassoc@sbcglobal.net)

Sen. John Curran, [senatorcurran@gmail.com](mailto:senatorcurran@gmail.com)

Karen Jensen, [kjensen@f-w.com](mailto:kjensen@f-w.com)

Senator Koehler:

Glenda Franklin, Illinois Department of Labor will be joining us and taking meeting minute notes for duration of taskforce.

Glenda Franklin: Roll call

Senator Koehler: Senator Curran and Senator Hunter will not be here. Also, the minutes came in late instead of approving we will hand out copies for everyone to read and e-mail back to Nate Harris any corrections or additions you would like to be in the minutes. Want to capture everything that was said for the records because this is what we will use for our final report next summer. We will approve the minutes at the next meeting.

Also, we had a couple of issues members wanted to mention, Harvind Singh, had suggestions for one of our presenters so if you can mention to the taskforce.

Harvind Singh: Last time we when we where together we where discussing how the rules were made and the goals are set. So, for the disparity study both Mary and I discussed suggestions (Colette Pole??) who does disparity studies across the country and has a long history here in Chicago. She will be a good resource for us to understand on the DBE side why the studies are needed and how they are conducted and then ultimately how those goals are made. So that we can understand the process.

Senator Koehler: Steering committee will put on schedule at some point. Jennifer Krug McNaughton you have a suggestion as well and something to pass out.

Jennifer Krug McNaughton: Based on last meeting some general hurdles whether you are general, sub, DBE, or non-DBE there are Cashflow issues. So, what I did was go back and look at our books and in front of you is a package called Comparison of Public Contract Backlog to Outstanding Money Due on Public Contracts. What we did was looked at our books and took a snap shot of opening contracts that are still open. Right now, 15% of our contracts are open or still need to be completed. Broken this out on documents is outstanding money due on public Contracts, percent of total accounts receivable, also accounts receivable as to retention. Which is often a big hurdle to your cashflow regardless the size of your company. Waiting on 60% of the money on work already completed. Payroll, supplier, material all been paid but still waiting on this money. Also, it is broken down by the length of time outstanding. Less than 3 months old 7%, 3 to 6 months old 16%, 6 to 9 months 0%, 9 to 12 months 4%, 12 to 24 months old 73% over 24 months 0%. That is a huge burden when you are trying to close out when you trying to get capital, when you trying to get insurance. Wanted the committee to see a snap shot of what we are carrying and don’t imagine it would be any different for other companies. Furthermore, if not getting paid we can’t pay our Subs.

Second page indicate recurring Issues which we have run into repeatedly with subcontractors. Memos attached with redacting of names to protect everyone. We continue to run into issues with partners of understanding how to bid, how to fill out paperwork correctly and how to submit their paperwork which ultimately affects staff getting paid.

Real life examples:

1. They don’t have an awareness of the required paperwork in terms of certified payroll, unions, or other owner required forms.
2. Their insurance company does not carry the level of insurance required by a project owner or will refuse to pay the premiums necessary to get the required coverage, which puts us more at risk.
3. They are prone, perhaps due to staffing issues, to falling behind in required paperwork, which holds up payment.
4. Their technical errors, perhaps from inexperience, are costly for companies across the industry. A current issue is a DBE who had a dramatic bidding error on another GC’S project last year and was thus financially strapped when they started on our project and stopped paying their suppliers on our project.

Committee should look at supportive services that are out there for DBEs right now. Don’t know if the time frame that they offered is doable to small businesses. If we could take advantage of technology and provide on-line training to do when someone is finish with their work day would be great. Think it would be much more conducive than taking off for a day long seminar.

From a General prospective If I got a certificate from sub DBE or Non-DBE that has taken the online classes that would be a huge benefit from my perspective. Certificate indicating, they have gone thru the you-tube class of how to fill out certified payroll, how to pay union dues, how to fill out that paperwork, how to fill out waivers. Once that is done that would be a huge benefit from our perspective. Beside retention, we are sitting on a lot of cash from subs because of paperwork is not filled out correctly.

**Senator Koehler**: Good information to focus in on real live situations. Good suggestions to look at for our final report. Are there any other comments from the committee before we welcome our guest and have them come a testify?

**Dr. Al-Khafaji**: On the agenda Ms. Singh name is misspelled. Also like to bring to the attention that there are a lot of items missing from the agenda and would like to get them a few days or even a week prior to the meeting to review.

**Senator Koehler**: Note is well taken, Glenda, I and Nate will work on that. That is why I want you to look at the minutes and send any corrections to Nate. Please add Mary Person to the roll.

**Harvind Singh:** Two issues: One is contractor side in terms of capacity building for firms and the other employment particularly on the contractor side capacity building among trades people. It would be good if we find out what the other Illinois boards are doing. Illinois by Executive Order in July 2018 has an Illinois African American Fair contracting commission. It would be useful to see what they are thinking and what their research says so that we have this at our disposal. There is no fair contracting commission for Native American, Hispanic or Asians just for African Americans. Also, on report side it would be helpful if these commissions have done any research. There is an African American Employment Plan Advisory Council and a Asians Employment Plan Advisory Council. They are supposed to see how these two groups are employed by the State Government and barriers etc. so it may be beneficial to see what they are seeing as we do our research.

**Senator Koehler**: We will get that information and Nate will provide that to the committee. Director Kleinik welcome to our meeting and I want to introduce Director Michael Kleinik, Department of Labor also if you can supply us with information along those line and get them to Nate.

If anyone want to make public comments, we will give you 3 minutes, please sign the form so we can know how much time to reserve to speak at the end of meeting.

Welcome our guest today we will hear from the Tollway, CMS and Capital Development Board. Thank you for coming and sharing with us.

Overview what that Taskforce is about**. SR 259 DBE Taskforce**

The Diversity Task Force on Disadvantaged Business Enterprises (DBEs), Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs) will identify major issues, remove impediments, and create a fair opportunity for DBEs, MBEs, and WBEs to do business with the State of Illinois, specially the Illinois Department of Transportation (IDOT), the Illinois Capital Development Board (CDB), and the Illinois Tollway Authority.

Taskforce trying to create more diversity within the State of Illinois with our contractors DBE, MBE, MWBE. Looking see what the obstacles are and what the opportunity are so if you help shed some light on how your organization deal with some of this, this might give us some insist of how we can put this report together. We may want to address some policy issues or some administration issues. Your impute is very important to us.

Start with the Tollway and identify yourself for the records. Terry Miller, Chief of Diversity for Illinois State Tollway and Derek Messier, Chief Operating Officer for the Illinois Tollway:

We will have questions and answers at the end of presentation allow 15-20 minutes at the end for each group.

***Tollway***

**Terry Miller:** We are pleased to be here to continue discussion for more ways to overcome obstacles. Our team stands ready to assist in anyway as you work through theses challenging issues. Programs such as The Technical Assistance Program, the Partnering For Growth and Small Business Initiative Program has allowed Illinois Tollway to historically tackle the challenge of participation pro-active engagement in small businesses. We have reshaped and retooled these programs overtime and we are currently examining their effectiveness right now. As an agency moving the needle is easier said than done. It is imperative that we work to do so.

***Technical Assistant Program*** is designed to prepare emerging and established transportation-related construction firms including disadvantaged, minority-and women-owned business enterprise (D/M/WBE) firms, service-disabled, veteran-owned small businesses (SADVOSB) and veteran-owned businesses (V)SB) as well as small businesses on highway and vertical construction contracts. We give them training on bonding and insurance and back office support. Give them training on issue relevant to operating tollway projects and biddings.

470 firms have participated in this program and have many small business success stories. Currently working next generation of program. Working with communities and small business.

**The Illinois Tollway’s Partnering for Growth (P4G) Program** encourages prime consultants and contractors to assist disadvantaged, minority- and women-owned business enterprise (D/M/WBE) firms and veteran-owned small businesses (VOSBs) in remaining self-sufficient, competitive and profitable businesses. Under the P4G for Professional Services, the protégé works on a specific Tollway contract with the mentor. Consultants receive DBE credit and or VOSB goals by participating as mentors on specific Tollway contracts. Have 169 partnership. Benefits for both parties.

**The Illinois Tollway Small Business Initiative is a race- and gender- neutral program** intended to increase opportunities for small construction companies to participate on Tollway construction contracts. The Tollway also unbundles larger contracts into several smaller jobs defining small contract opportunities in amounts generally under $5 million. Firms do not have to be registered in the state’s Small Business Set-Aside Program to bid on unbundled contracts. Looking for ways to create synergy with all agencies that share these goals.

**John Trotter:** I am thrilled to hear you say significant benefits are earned by majority firms as well as minority firms which foster a relationship. Many of firms under tollway is giving firms an opportunity earns pre-qualification otherwise they could not compete for IDOT or local rotor companies. If you continue to enhance that I think and believe it will be great for the Governor’s goals.

**Terry Miller:** Bid credits are beneficial, they are beneficial to the mentor as well as the protégé in a since the protégé could distinguish themselves and offer their bid credits for the bid cost.

**Dr. Amir Al-Khafaji** – How many participants in the programs over the last 5 years?

**Terry Miller:** Since the inception of the program over 163 and 9 new ones this year alone.

**Dr. Amir Al-Khafaji**: – Have there been any disparity studies conducted?

**Terry Miller:** Last disparity study was issued in 2016. Currently in the process of issuing an RFP for updated disparity study and you can expect that in 2020.

**Dr. Amir Al-Khafaji** – What are the challenges you face in attracting minority and retaining them?

**Terry Miller:** Every road construction is a challenge for smaller firms. Building capacity is a challenge for smaller firms. Unbundling the package to fit is a challenge as well. Each one of these concepts we are working on to remove barriers for entrance for smaller firms.

**Harvind Singh:** what are the challenges between the contractor side verse the consultant side when it comes to programs that you have? It seems that on consultant side the goals are very equally met but this group is task with looking at both contracting and consulting so if you can share the differences between the two and how you are working on that.

**Derek Messier**: There are a lot of differences in terms of professional services engineering and contractual services and direct participation as contractor as a Prime. The barriers entry in horizontal construction are much more significant than barriers entry as a professional service. It is transferable to our business but if you are doing construction work in vertical space and you trying to transfer that horizontal you don’t have equipment, don’t have labor force training so you really need to start a different point.

One of things we are looking at is how do we create a variety of entry points to enter our programs. So, the first point of entry is not at 25, 40 or 50 million dollars structural contract. In 2020 we have clear guidance from our Executive Director that he wants to see entry points as low as 250,000, 1million, 5 million 10 million. That is taking a lot of rethinking of how we approach the project and must manage the risk. But we think it’s feasible we just must think differently.

**Harvind Singh:** There is a lot of success stories on the consultant side. P4G program has been highly successful for our program. But want everyone to keep in mind on the construction side it is significantly different. Like he mentions, we don’t need bonding, but they do. Want to say I am very pleased with the P4G program.

**Derek Messier**: One of the things we must thank our current general contractor and we continue to encourage them to do is create more opportunity for preservation and not just in total goal but increasing the amount of the average subcontractor is getting. So instead of getting 2% on project they will get 5% as a subcontractor. Trying to find substantial ways for subcontractors to grow in space that is comfortable for their business and grow their businesses.

**John Trotter:** How many engineering firms received pre-qualification as a result of your program? I know that without prequalification you can’t even work on a project. Nice to see you expanding.

**Terry Miller:** Our Chair and Executive Director made a priority base that every instance we offer pre-qualification. Last month we had a workshop that involved CBD and IDOT so we can extend to the public an opportunity to have a workshop on pre-qualification and it was relatively successful and it’s a process we hope to repeat over and over that public will have every opportunity at hand to expand prequalification.

**Jennifer Krug-McNaughton:** Can you forward the committee the most current policy on retention from the Tollway? On initiative to break out smaller contracts to provide smaller companies to bid. I realize that over the last 10 -12 years tollway has set aside small initiative jobs. Is there any way you could forward to us the history and numbers of that in terms of 2016 the tollway advertised to bid at 12 small business contract and the limits of those in term of contract value what was the requirements for the companies as well as how many responded? That would be very helpful to committee.



There is some communication between contractor side and tollway to provide more information about payments made to subs going back to 2012. Recommend if last disparity was done in 2016 maybe they can go back further 2012.

**Terry Miller:** The disparity study although published in 2016 the data I believes goes all way back to 2012.

**Derek Messier:** Specifically, the other points we can provide data for because that information we readily track.

**Dr. Al-Khafaji:** How many different areas can a subcontractor prequalify for?

**Terry Miller**: As long as you qualify, I don’t believe there is a limit.

**Harvind Singh:** There is no prequal on construction side for sub but engineering side there are prequal, but the prequalifying agency is IDOT. The tollway accepts IDOT prequalification.

**Terry Miller:** We follow IDOT prequalification. We don’t have our own prequalification.

**Dr. Amir Al-Khafaji**: How often do they need to renew that? IDOT does it annually.

**Terry Miller**: We should also say we also utilize CBD prequalification for small business. Tollway don’t have a separate prequalification process we utilize others prequalification processes that is utilizes throughout the state.

**Dr. Amir Al-Khafaji:** The tollway is required by law to have its own capital program once every 10 years is that correct?

**Terry Miller:** Yes, we develop a long-term capital plan every 10 years and we are in the process of developing the next capital plan.

**Dr. Amir Al-Khafaji**: What were your goals on that last one the fourteen million dollars and how well did you do?

**Derek Messier**: We are about 50% of the way thru the program. Program will complete in 2026. Currently we are on schedule and on budget. The biggest piece of that program that is left to be done is the Central Tri-State and the Elgin O’Hare Western Access.

**Dr. Amir Al-Khafaji**: In terms of the future can you shed some light?

**Derek Messier**: The future we are still developing, the one positive that we can say is that 2026 that the preponderance of the roadway will be less than 15 years old that is a very young roadway so right now we are looking at the requirements of our standard programs.

**Dr. Amir Al-Khafaji**: If goals have not been met on a project is there a process that is follow that provide capability for prior firms not meeting their goals?

**Derek Messier:** Not familiar with the details of the process so I would like to submit to our compliance department to answer questions in writing if that is ok with you. That way you will have exact rules.

**Dr. Amir Al-Khafaji:** Can you share list and contact information of minority firms that engaged the tollway?

**Terry Miller:** Yes

**Senator Koehler:** If you can submit all the documents to Nate who will then distribute to the committee.

**Harvind Singh:** How do you foresee the Capital Bill and because we are looking at how to increase capacity? What recommendation you have for us giving that a lot is going on outside the tollway now that there is money? What kind of recommendations can give us on both contractor and consultant side that you think will promote the efforts that you are making?

**Terry Miller:** For the agencies it is important that we coordinate our efforts. Public service bulletins that are being issued by various departments should be used to facilitate capacity building so that small and mid-size business are given an opportunity to compete for these opportunities as supposed to us issuing Public Bulletin all at once if we can look at the capacity each agency is trying to create and stagger them to maximize the opportunity that would help.

For diverse firms the one piece advise is what I have seen large firms enter into teaming agreements teaming arrangement Joint ventures. The one thing I yet to see are more diverse firms joining together into teaming arrangement and joint venture. Where individually I say I can take a small project and he can take a small project and we work together we can take on a larger project. Teaming arrangement will be central of how we build capacity.

**Senator Koehler**: You are talking about teaming agency within the DBE groups themselves?

**Terry Miller:** Within the DBE group themselves and even outside the group. It is great way to build capacity.

**Leslie Sawyer**: I think a lot of us do that. Knowing that are you saying we should do that even more?

**Terry Miller**: I will say the share amount of work that is about to hit the state of Illinois because of the capital projects that are out there will require you to do it even more, so it is great that you are doing it now. If you have done it once or twice a year, I would say do it even more.

**Aaron Ozinga**: Question regarding accomplishing and getting the work done. Good to see that there is a lot more work out there but that mean agencies themselves are competing for contractors. Do you have any foresight into what you may do to lower barriers to entry to get that work done or bring contractors in?

**Derek Messier**: Naturally contractors and professional service firms will want to work with those agencies that are cooperative and not combative. We recognize it’s a partnership between contractor and professional services firm. We have been looking at different barriers or speed bumps in the process of getting construction done. For some of our smaller contractors we have seen challenge around insurance. So, we are looking at things’ owner providing or hosting a program to remove that barrier of entry. We trying to do some roundtable discussions with some of our firms to see what make us a good partner and what will make us not as interesting as a partner and see what we can do about that. We have regular meetings with road builders and try to get feed back from them. We have regular meetings with constructional engineering community we get feedback from them. There is not enough participation to keep up with the upcoming work, so we are interested in all and any ideas of how to grow capacity and keep the work moving.

**Aaron Ozinga**: I think adding onto the retention issue is a good place to start, but their lot of other things to think about like trucking industry. They say we have truck supply shortage, but Illinois have the most strick weight loss of any state that is around. So, that is an example if Illinois change its weight loss it would not be a shortage. So, a lot of time when it comes to suppliers there are barriers they can easily be moved and not change much.

**John Kapovich**: Re: Capacity… increasing goal percentages maybe difficult to meet because tollway increase like 75% to 20% to 35% that’s great for the DBE community but there are hardly enough companies out there to do that work. There asking us to do much more work. I think the entire community is like that. Getting capacity to meet the challenge with qualifying people is difficult, certified doesn’t mean you are qualified and that is key. Hope you continue to do what you are doing about not giving contractor ability to submit in 3- or 4-days verses IDOT has a cure period where you don’t have to turn it all in. Had a real live issue. It was a scope issue and it was on the day of the bid due date. If we had an extra day it could have been worked out.

**Terry Miller**: Point like to stress that ours is a partnership. Talking about capacity building and capacity building works all the way down to the workers level as well. We talked about firms, building capacity for firms but we also need workers and without the workers you can get the job done. We talk about our construction work program a lot and the entire point of the construction work program is to put people skilled laborer jobs so that you have that capacity and the folks from construction works will not look like the laborers you had working for you in the past and that builds capacity for every firm.

I understand the goals are challenging but they are real and have been calculated and reasonable. We recognize they are hard and challenging but there are firms that will help you fulfill those capacity and there are firms sitting on the side in the private sector and other municipality that we have to help you find and we have to be a resource for you to get those firms and get them off the sideline to help.

**Jennifer Krug-McNaughton**: Echo what John was saying about the cure period. As a prime I’m prequalify so I have a limit to what I can go out and get. Subcontractor on construction side are not so on the night of the bids you are bidding to as many as you can and you getting prices and getting your paperwork you must submit it all. It is an incredible strain. I do commend the tollway for trying to spread out the amount of work. Coordination between the agency when this work is let will provide a few things. 1 The best return on your investment from the agency perspective. Because if you let too much work in a short of a time frame it jolts the industry and you are going to get higher prices but if you spread it out evenly. Increasing the number of lettings from any agency is the best economic return and it provide us a general must more stability where we know the best 2.

**Guillermo Garcia:** What type of collaboration do you have with the financial institution that help the DBE, MBE, or WBE. One thing is that they don’t have capacity than those that do have capacity have problems with their finance.

**Terry Miller**: We don’t have any financial subsidy, but we do have some technical training.

**Derek Messier**: To recognize your questions something that contractors has come to us and said that they want to grow but don’t have the cash flow to grow. That is something we are looking into.

**Mary Person**: You have a wonderful program called ECP. Can you share with the committee about this program?

**Terry Miller**: Earn Credit Program is an incentive program that for primes and sub a like if you are engaged in the hiring diverse people there is a \_\_\_\_\_\_\_\_Weola standard if you are willing to help someone raise their quality of living, we are willing to train them. Between our construction work program and ECP program you can get $1000 worth of virtual bid credit to lower your bid price if you are willing to engage and hire. We can look at people you hired and go back and give you virtual bid credit. Thank you for mentioning the ECP program.

**Leslie Sawyer**: Can you help us understand selection process on what impact does it have for firm chances to win on a current bulletin based on their having won on the previous couple of bulletins? How do you look at that whether they are subbing, priming or what?

**Terry Miller**: We do look at capacity but whether you won a previous bid is not relevant to capacity if you can do the next job. So that wouldn’t be a factor. When you look at our bid review process it has changed over time and diversity income findings are now elements of the bid review process. At every iteration both diversity and compliance is there to see if you actually have the capacity if you made budget as a prime and honor budget and how you performed that is a new review process we put in place that make protecting how you grow that pie that much more transparent and much more accountable and easier for everyone.

**Leslie Sawyer**: I know you are trying to increase opportunities for more firms, and on professional and construction side, but it’s difficult for us because if we previously won on a bulletin as a prime they would say you not going to win as a prime this time so you go in as a sub a few time you win you are not going to have a chance, That is consideration we make in teaming with people and going after certain items in bulletin.

**Derek Messier:** We don’t have an evaluation criterion that is directly related. We look at your key staff members you proposed, and we require you use the people you said you will use. So, if those people are available and you are presenting them on our response to a professional service bulletin than we take that at face value for those who are available. It’s really you tell us what your capacity is, and we take that as face value. Some firms giving us feedback that we release a professional service bulletin than it would take us a year to make those awards in the meantime firms was telling us we can’t have people sitting there waiting to find out so I’m using someone else. We are trying to create our process around that so that we release a professional service bulletin and within 3 months we will award all those professional services bulletin and the release the next ones. We are getting the timing of that much closer so that firms don’t have to hold resources back.

**Senator Koehler**: Any other questions thanks folks from tollway, invite people from CMS to come and sit at the table.

**CMS**

***Michael Merchant, Acting Assistant Director for Central Management Services***

***Radhika Lakhani, Deputy General Counsel over Procurement***

***Lisa Williams, Deputy Director of Diversity & Inclusion***

***Steve Booth, Legislative Liaison CMS***

**Michael Merchant**: Assistant Director Michael Merchant’s Remarks

**See Attachment**

**John Trotta:** Congratulations on trying to make a change. Looking closely at your certification process where there is multiple other certification process might open doors a bit more. If you think about your business, it’s no different from any other businesses. When we see areas, we can target we put resources toward it. If someone can’t see the area, they don’t understand or are not aware of the opportunity they will never invest to do business with you. Please continue what you are doing.

**Aaron Ozinga:** Are you also tracking turnover within programs and why? Curious what the backside and challenges of why people are leaving the program or not in the program?

**Michael Merchant:** There is a lot of turnover with vendors and I think unfortunately one of the root causes was over the last few years where we didn’t have a budgeting quite frankly which was a part of CMS responsibility the State wasn’t paying. If you don’t pay the prime, they don’t pay the subs and the subs must drop out. We haven’t been tracking but we are working on our analytic and gain more information so we can target and work on these issues in the programs.

**Jennifer Krug-McNaughton:** If vendor goes out of business how fast does their company names fall off your list of certified? How often do you update your database?

**Michael Merchant:** Database is constantly in motion. Right now, we have 1,801 vendors that are in the database. In 2016 we had 1,919 it then drops significantly in 2017 to 1,577 and have been increasingly going up now at 1,801. You renew every year, but your actual certification is good for 5 years.

**Jennifer Krug-McNaughton:** Do you know if companies on your list bidding?

**Michael Merchant:** So right now, 2018, 51% of the BEP Vendors have contracts. So out of the 1,801, 912 of those firms have some sort of contract with the State right now.

**Harvind Singh:** I would like to understand more about your certification. It seems that there is very little discussion among all agency because, CMS, CDB, Cook County and City of Chicago all have their different certification. Why can’t it be reciprocal?

**Michael Merchant:** The requirements for the BEP and City Certification are different. Where we have a gross sell cap of 75 million, I want to say the city has a gross sell cap of 40 million over 2 years but don’t quote me on that. There are certain aspects that are similar in terms of ownership requirements and legal residency and things of that nature. We are about to meet with the city because we all utilize a certification tool known as \_\_\_\_\_\_\_ and what we will like to do is to get all the back information the city has with respects to taxes and residency that we can us to quickly certify and create a form of reciprocity. But we don’t have the exact same requirements so there will still be some scrutiny to make sure you qualify for the State goals and City goals.

**Harvind Singh:** What is the capacity of your staffing within your agency to expedite the money that is coming through?

**Michael Merchant:** We are in a shortage of our certification managers, but we are in the process of bringing on some new help for that right now we are going thru the hiring process. Additionally, we are looking to establish stronger partnership within the state, so we are working closely with DCEO. We are going out to do joint training we are going to educate business on grants that DCEO must help the businesses build capacity among themselves as well.

**Radhika Lakhani**: Additionally, we have also been looking at our standard operating procedures and just doing overhaul and making sure we streamline as much as possible because we know that consistency will provide more transparency so they will understand the process there be able to meet with us and create better process.

**Aaron Ozinga:** What percentage of work is in the 6 counties areas versus the rest of the state and are the percentages requirements the same statewide? For the agency, city or towns that use you for central procurement are there any requirements for that within their own agency to have certain amount qualification as far as their own diversity requirements to use CMS?

**Michael Merchant:** We recognize that it is tougher to find diverse firms in the southern region of the state and other areas of the state as well, however everybody is still required to meet the 20% aspirational goal for all their procurements. Our Director has instructed us to create a road show where we are going to partner with some of our larger firms and hit different area of the states and reach out to contractor to show that there are contractor opportunities with the State. We will reach out to some of the legislative in their areas so we can partner with them.

**Mary Person:** You mention 20% aspirational goal, is that something that CMS has or the agency that falls under you must meet?

**Michael Merchant:** That is something that every agency within the State of Illinois must comply with, so were as we are tracking when it comes to the contracts that any agency is trying to get, we looking to enforcing that 20% goal throughout the State.

**Mary Person:** How often is that 20% goal met?

**Michael Merchant:** The 20% goal is met the majority well it is often met where there are BEP vendor that can make up that difference to where they can provide that 20% and ask for more than we push for more. Then if not the agency and the prior contractor would have to make case to why they can’t hit that 20%. We do run a \_\_\_\_\_ formula and it is a comparison of the available BEP vendors over vendors over all that is available.

**Mary Person:** Can someone provide us information of what the goals were that was obtained over the last two years?

**Michael Merchant:** Yes, we can provide CMS annual report that tracks that.

**Guillermo Garcia**: We know there are lack of minority own firm out in Southern Illinois. Dr. Amira and I have been trying to help minority firms that have not been certified in Peoria and Decatur. There is a lot of firms out there that just don’t know the resources that are out here. We can provide you a list of minority firms that we obtain from Peoria and Decatur. We need these companies certified so they can participate.

**Dr. Amir Al-Khafaji:**  Can you describe for me the difference between full BEP certification and recognition certification?

**Radhika Lakhani**: Full BEP certification can be obtain by vendors if they go thru our process and fill out all the documents and provide the proof of finances etc. etc. that we require of them. Recognition is if you chose a jurisdiction that has certification and for example say their documents overlaps with our say about 80% than we only require 20% from them so it is not an automatic certification from them. We will recognize the 80% as complete and just request the 20%.

**Steve Booth:** Certification by recognition comes from other jurisdiction no differences in privileges in accessing or treatment once certification it just a different in how they are obtained.

**Dr. Amir Al Khafaji**: What process you following to determine goals across the State?

**Michael Merchant**: One of the ways you could do that is thru disparity study distinct for each region. But as a State overall, we have 20% goals. It’s from the disparity study which was conducted in 2015. Like the tollway we are in process of doing a new disparity study.

**Dr. Amir Al-Khafaji**: How many years did it take to do a disparity study in 2015?

**Michael Merchant**: I believe maybe a year. We can give that information to the Chairman.

**Dr. Amir Al-Khafaji**: Yes, that will be helpful because some of them may take years. The observation I like to share that sometimes by the time the report is released it is already 8 – 10 years old and things have changed. The question is why not do it more frequently to have a clearer picture of what the actual numbers are?

**Radhika Lakhani**: We totally agree with you actually earlier this week we just submitted application to have MPA capstone students from UIC come and work with us to conduct a disparity study in specific targeted areas and we believe that having them in groups focusing on smaller areas they can get these studies completed faster and we will obviously have them viewed by the professional who has in the field the knowledge so we can take that information and forwarded it and be more accurate in goal setting in areas we need to improve our outreach and other aspect of our programs.

**Dr. Amir Al-Khafaji:** Can you provide some information about the group you working with?

**Radhika Lakhani**: Sure

**Leslie Sawyer:** Is that 20% goal for diverse supplier period or MBE, WBE, DBE what does that include?

**Michael Merchant:** For the State we don’t recognize MBEs, we only recognize BEPs, DBEs so what are looking to do is to create that reciprocity within MBEs that are certified with the county and the city. We still need to come over and complete the certification to qualify as a BEP participant.

**Senator Koehler:** I’m interested in the question Mr. Garcia asked about the potential small business DBEs business that has not gone through certification process. In your disparity study do you identify some of those gaps, there are a couple of issues there one is do you have to go out and create new enterprises or there just some that just need a little bit more help to be able to fully participate? Is that a part of the disparity study?

**Michael Merchant:** One of the things we have been looking at in conjunction with the council is the establishment of shelter markets and what shelter markets are they are centrally targeting markets that specifically focus on lack of participation by disadvantage businesses in certain areas. Currently we do have a target market that has been established for IT, but we are looking to create a process to use that established target shelter market effectively. So, there are other disparity even in the overall disparity and we are looking to correct that as well.

**Capital Development Board**

***Michael Wilson: Deputy Director of Construction for the Capital Development Board***

***Jessie Martinez: Administrator of Fair Employment Practices on Diversity for CDB***

**Michael Wilson**: CDB is the vertical construction management firm for the State of Illinois. We are responsible for designing construction of the state eight thousand plus buildings across the state. We solicit for the architect and the engineers and the construction managers and we manage the process from the conception working with the state agencies to the close out and completion of project and turn it back over to the state agencies.

We are over seen by a non-partisan board and they selected an Executive Director Jim Underwood who we are here on behalf of.

Our mission is to bring projects in on time and on budget. Quality projects as well as distributing projects across the state making sure they are equitable across different groups.

**Jessie Martinez**: The fair employment practices unit for CDB are for the DBE, MBE, WBE participation program and we also are task with the workforce program and the veterans’ program. When We are looking for opportunities for MBE, WBE, VBE these are the legislative that gives us the authority to function, we are basically task with assuring that small minority women, veterans business get opportunities.

CBD have 70% of our projects are under 3 million. We highlight to say that we are great incubator for building capacity within State government because the sizes of our projects. Any project over $250,000 we set goals on. We set goals on the minority side, women and veteran we split all 3 goals. So, when a firm certifies as a minority, women or veteran that must take one of those goals they can’t satisfy all 3 requirements. Important to know because we must share the opportunity. We have 20% of all aspirational and that is 20% state wide. Central Illinois and Southern Illinois obviously the goals will vary depending on the ability of the certified firms, scope of work, geographical location so CDB the line of our projects are let out in central and southern part of state where the overall goals would be lower but luckily we do have Cook County those goals can be a little bit more aggressive so it all balance out to about 20% overall. We are currently at around 21% right now.

Barriers. The challenge of last four years where our projects were shut down so there was rumors that the State was broke and was not paying its bills. That mis-information comes down to CDB so the interest to do business with us caused us to have to do the road showing that we had to promote we have projects we do pay on time we are a good partner to build capacity. The other barrier is excess to capital and bonding we understand these barriers we understand our partners and our partners are prime but also subs. Our advocacy is for minority women veterans’ program to makes sure everyone gets treated fairly, but more importantly they have the tools and resources necessary to complete a project.

We do about 2 – 3 outreach a month. That is where we are either invited to an event or the ones, we setup ourselves to promote CDB processes. We recently had one of our largest projects, 30-million-dollar project, we did 3 outreaches throughout the state where everyone had an opportunity to come sit understand the project, and then partner with each other, so it was a great time to understand CDB and we encourage them to form that partnership.

We just recently hired a consultant so it’s not just Jessie running around the State trying to promote CDB. We are a small agency 115 I believe, so bringing on the consultant to help with the outreaches taskforce is necessary for all the work that is coming down the pipeline my staff can focus on monitoring and enforcing projects that already taking place and still fill that pipeline with new minority, women, veterans firm that can participate.

One of my goals is to take that BEP firm from a subcontractor participating in a small project to a prime.

We hired a new administrator for Public Affairs, which adds to the outreach and add to the communication of who we are.

Allowing CDB to use other certifying entity other than CMS really expand that vendor pool. So now prime can go to City or County and find that partner that was otherwise not certified or recognized by CMS and that extra step may be the difference between if I bring this partner on or I don’t.

Capital bonding, we at CDB taken the initiative to work with the treasurer office to create a program that can assist some of these small prime firms and subcontractor that could do the work but don’t have the finances.

**Jennifer Krug McNaughton**: Do you hold retainage on your contract?

**Michael Wilson**: Yes

**Jennifer Krug McNaughton**: Can you forward to committee the current update? I should have asked CMS as well. In terms of your total dollars let in the last fiscal year which 2019, do you have the total dollar let?

**Jessie Martinez**: We are at about 72 million but that is going to increase because we have about 200 plus projects in design.

**Michael Wilson**: Governor Pritzker capital builders sat aside 10 million dollars for CDB for new constructions. There is new project, so we are the infancy stage.

**Jennifer Krug McNaughton**: Can you give us the good bad of ugly of the average time it takes from letting to final close out on a job, the shortest and then the longest? What kind of listen learned what did we do right or what we think are the barriers and issues on those we still have out there?

**Michael Wilson*:*** You asking for the close out activities or you talking about what we did from the beginning or?

**Jennifer Krug McNaughton**: Kind of it all. The beginning of project when it let when the contract signed….

**Jessie Martinez**: We will be able to provide that but understand our scope range from a small resting area to a multi area. We have a project that might last 3 months we have a project that might last 3 years. We can give you the challenges in change orders and things like that of that nature.

**Aaron Ozinga**: Regarding diversity have you been able to track, and isolate which trades have more of a difficult time meeting requirement versus other, also are you tracking attrition and the turnover qualified contractors within the program?

**Jessie Martinez**: Our hardest challenge is mechanical in central southern Illinois. Mechanical BEP firms they exist but are not certified. We have been encouraging our cook county firms that are mechanical to open shops in central and southern Illinois as a consideration. I can tell in the past four years a lot of folks’ shop shut down because we were not paying. Now that the work is coming, and they know we are paying we are starting to see an increase in our certifications.

**Michael Wilson**: Regarding certification. Our certification is handled by CMS. That is something we are working on them with as far as reciprocity with other entities.

Prequalification is running through CDB. That mean you can bid a job with CDB as far generally if you are working on a job you must do license work and you must be prequalified with CDB and for the most part you have your licensing you can work. Construction is little more difficult you must prequalify to bid a job with us and that is one of the biggest barriers the ability to bond.

Registration that’s really letting us know where a firm is on their job. We must track all the subs on our job, and they must be registered. We are not doing a lot of investigation into the type work you have done in the past we just saying who are you, so we know who are doing the work on our jobs.

**Guillermo Garcia**: Is there any forecast of the amount of work coming out? What kind of game plan do you have for work you will be issuing out?

**Michael Wilson**: Forecast has been asked about several times and right now we just don’t have them. Right now, there is a lot of competing projects and we are looking of a lot of input from the Governor’s Office and whoever else they are talking to, various State agencies. We know what the big plan is, but we don’t know when they will be rolled out. As far as our plan and how we will handle it we have been hiring people, more project managers and more people to help us process things. We are also looking at construction managers which we have not utilized in the past. As well as some other procurement tools to deliver projects quickly and effective.

**Jennifer Krug-McNaughton**: Just echoing what I said earlier. Based on the geography of the State and the ability to get responses back from DBE contractors I would encourage your agency to utilize technology as much as possible and do supportive services outreach via the internet, webinars, tutorial on you-tube so you are not limited by a small business taking a day off of their work and jeopardize themselves further.

**Michael Wilson:** Definitely something we are looking into; how do we reach more people more quickly.

**John Trotta**: Excited to hear that CDB is looking to do things differently and better. Jessie your point of having a consultant to help you with certain processes to make sure things are being done is a great step, and your talk about using the construction managers to move programs faster is great. Again to get to what the house, senate and Governor wants done like passing this Bill to bring Illinois back is going to take a lot of thinking but quick thinking, quick action on trajectory that they get done and to Jennifer point everyone can work together with a similar calendar and say here is what our plan is over the next 3 years will help our construction industry, engineer industry, unions and all working together to get the diversity we expect on the projects and move our State forward.

**Dr. Amir Al-Khafaji**: The DBE programs basically has requirement for minority firms that basically state that network is 1.32 million dollars and the annual goals received should not exceed 23.98. Do you have any specific requirements?

**Jessie Martinez:** No, we rely on CMS for their research.

**Dr. Amir AL-Khafaji**: – Have you done a disparity study?

**Jessie Martinez:** We rely heavily on CMS certification and disparity study research.

**Dr. Amir Al-Khafaji**: Can you shed some light on how many minority firms you deal with?

**Jessie Martinez**: I can give you a list how many are used as subs and how many are working to move from subs to prequalify so they can start biding directly with us I can tell how many we have and who they are.

**Senator Koehler**: Lisa Williams from CMS will come back there was a report I wasn’t aware of we asking they explain and submit in writing.

**CMS**:

**Lisa Williams**: Deputy Director of Diversity and Inclusion Statement

**SEE ATTACHMENT:**

**Harvind Singh**: I had mention to committee earlier about the commission African American Employment Plan Advisory Council and the Asian American Employment Council and contacting them. Can you share what you have discovered to the committee because we also are looking at workforce?

**Lisa Williams**: Yes, there are two other councils as well there is a Hispanic Employment Advisory Council and just this past year a law that came into place for a Native American Employment Advisory Council one. Council come to gather are staff by Governor and experts in subject matter. We meet quarterly and we create metrics for how to measure our success that will enable us to enrich diversity of the State workforce and it’s open to the public.

**Senator Koehler**: If you can pass that information on to Nate we would like to have for committee.

Following is the schedule:

January - Cook County

February - City of Chicago

March – Individual Companies or smaller organizations. If any of the committee have any companies, you would like to submit please send them to Nate.

April – Amend calendar to suggest we will meet in Peoria on Monday pull some of the groups from central Illinois to come

May – Ideals not fully

June – Focus in on our report

July – Report done