



Using Small Contracts to Advance Equity Practical Tools to Convert Commitment to Action

CEAM
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How are we using MnDOT contracting and purchasing power to advance equity?



\$ 2b Construction



**\$130-185 m
Professional/Technical**



**\$8-10 m
Maintenance**

Focus for today:

MnDOT's track record

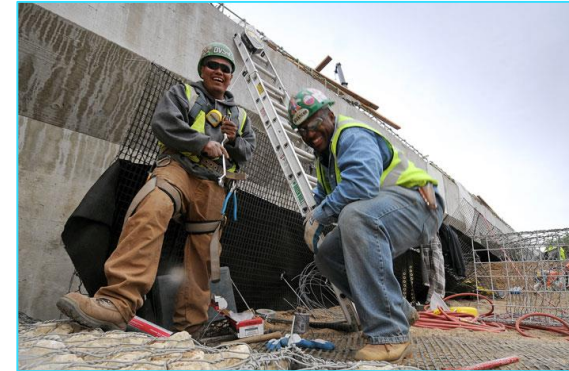
Strategies that work

Share ideas

Equity: Impact we seek to create by making our contracting and procurement more inclusive of diverse businesses

Why MnDOT's Commitment to Contracting Equity Matters

- We make an economic impact that helps reduce disparities.
- We signal demand that attracts new businesses and increases competition, leading to better prices.
- As businesses become more skilled and efficient, industry productivity grows.
- We increase community trust because of greater opportunity and transparency.



One Minnesota Approach to Governing:

- Give everyone a seat at the table.
- Bring racial, economic and geographic equity to public policy and decisions.

-- Gov. Walz, January 2019

Building a diverse contractor pool: Opening the door of government contracts to small businesses



16,781
establishments

125,337 employees

\$9.4 b annual payroll

MN Construction Business Patterns, 2018

Establishment employee size	2010	2018
Total, All Establishments	16,368	16,781
1 to 9 employees	14,513	14,491 (86.3%) (31,000 employees)
10-19 employees	1,121	1,160 (6.9%)
10-49 employees	499	1,920 (11.4%)
50-99 employees	127	211 (1.3%)
100-249 employees	88	118 (0.7%)
250-499 employees or more	20	29 (0.2%)
500 employees or more		12 (0.1%) (13,500 employees)

US Census Bureau's County Business Patterns (CBP)

Availability of diverse businesses to perform MnDOT work: Data from 2017 Disparity Study

Utilization: Dollar weighted by size, location, type of contract, FY12-16

Availability MBE/WBE: 20.50%

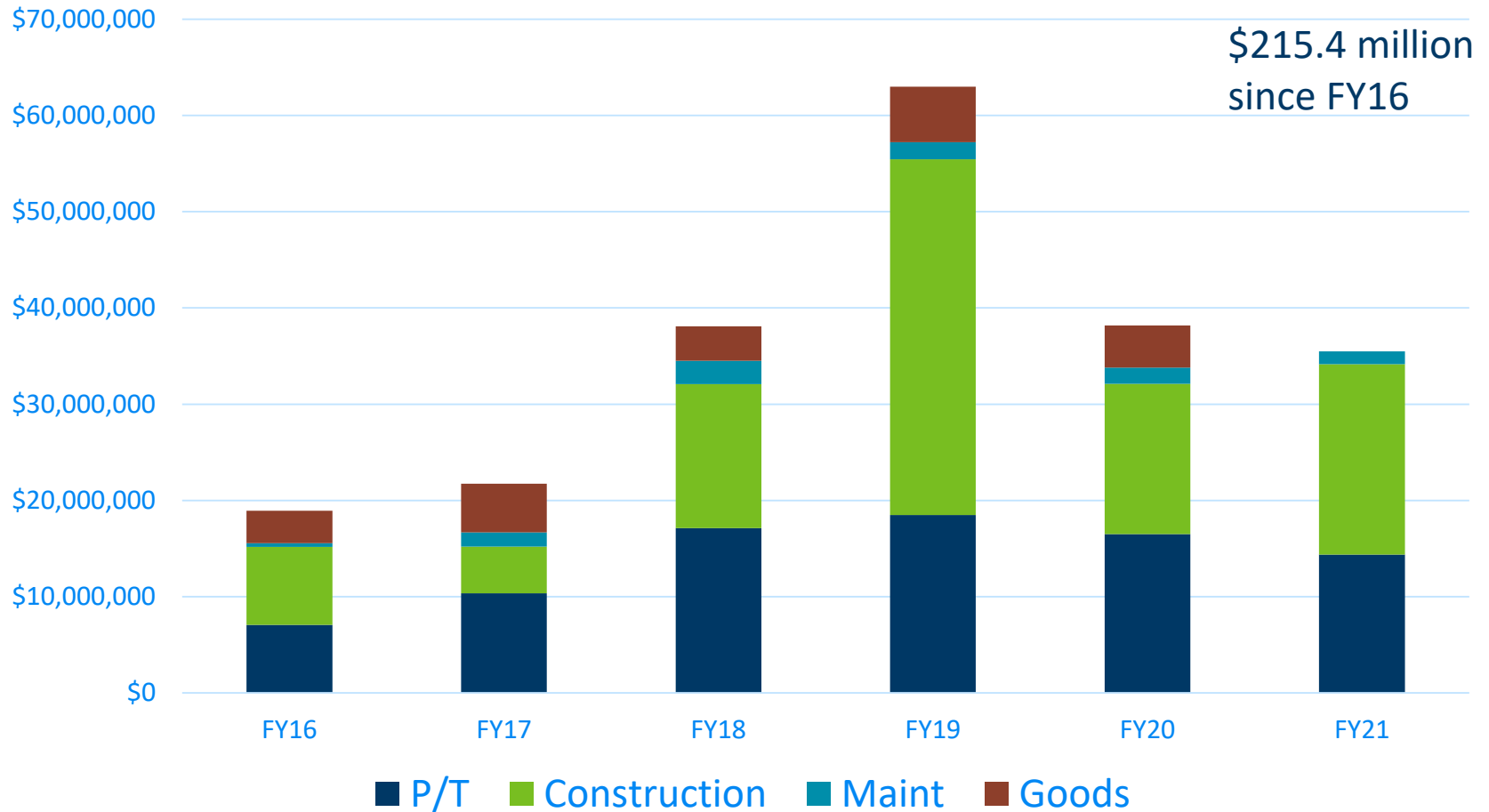
MnDOT Utilization: 6.98%

Under-utilized small businesses: 1,395

- MN for-profit
- Qualified and interested
- Gov't contracts, prime and sub
- MnDOT P/T, Construction, Goods

Race/ethnicity and gender Minority Business Enterprise = MBE Women Business Enterprise = WBE	Number of firms (headcount)	Percent of firms
African American- owned - MBE	240	4.74%
Asian American-owned - MBE	101	1.99%
Hispanic American-owned - MBE	93	1.84%
Native American-owed - MBE	36	0.71%
White women only - WBE	925	18.27%
Available MBE and WBE	1,395	27.5%
Total majority	3,669	72.45%
Total all firms	5,064	100.00%
2017 MN Joint Disparity Study – MnDOT Final Report, Keen Independent Research		

Estimated \$ Value Prime Contracts Awarded to Underutilized Businesses, MnDOT



Many, but not all, Underutilized Businesses are Certified under Civil Rights Programs

Building a diverse contractor pool: Leveling the playing field, remedying for past discrimination

Disadvantaged Business Enterprises DBE -- 730 certified in MN -- Fed certification

Level the playing field for women and minority-owned small businesses to give them a fair opportunity to perform USDOT-assisted contracts; remedy ongoing discrimination and continuing effects of past discrimination.

Targeted Group Business TGB -- Over 1,400 in MN -- State certification

Create broader opportunities for women, persons with a substantial physical disability or specific minorities to contract with the state and remedy effects of past discrimination

Veteran-Owned Business VET -- 130 in MN -- State/VA certification

Increase opportunities for veteran-owned small businesses to contract with the state

Economically Disadvantaged (ED) -- State certification

Business located or owner resides in one of 40 counties certified as labor surplus area or low income



Few underutilized businesses win advertised low-bid road construction contracts



Advertised Low-Bid TH Construction Contracts Awarded to TGB/Vet/ED/DBE Primes – All MnDOT			
	FY19	FY20	FY21
Number contracts awarded	14	10	12
\$ value	\$31.7 m	\$10.7 m	\$9.0 m
Number T/V/D/ED contractors awarded	9	7	10
Excludes building projects (e.g. truck station) and NMCs			



Working directly with small businesses to construct and maintain MnDOT infrastructure

What's a Direct Negotiation Contract?

- statute 161.32(subd2)
- Max value \$250,000
- Must use state funds
- No advertisement
- Obtain two quotes
- Simplified plans
- Lump sum payment
- Always invite underutilized businesses to quote!



Counties, Cities, Townships, School Districts can use this method per 471.345 Uniform Municipal Contracting Law subd. 4. Contracts exceeding \$25,000 but not \$175,000.

Negotiated Maintenance and Construction Contracts	FY19	FY20	FY21
Number of NMCs awarded	109	119	139
Value of NMCs awarded	\$6,373,763	\$8,349,930	\$8,891,010
Number (%) awarded to Underutilized businesses	56 (51.3%)	62 (52.1%)	83 (60%)
Value (%) awarded to Underutilized businesses	\$2,569,091 (40.3%)	\$3,894,428 (46.6%)	\$5,047,353 (56.7%)

MnDOT use of Negotiated Contract for Maintenance and Construction (NMC)

MnDOT has awarded more than 400 Negotiated contracts to local small businesses, many under \$100,000, to fix and maintain MnDOT infrastructure; total value about \$30 million.



Negotiated Maintenance and Construction (NMC) Work Types

Tree clearing/removal

Culvert repair

High tension cable

Ditch cleaning

Fence repair

Restriping

Mowing

Vegetation management

Small animal fencing

Crack sealing

Snow fence
install/rejuvenation

Encampment cleanup

ADA construction

Drainage

HVAC

Stillwater Bridge Tender

Building demolition

Bridge flushing

Average \$60,000

1-2 week duration typical

Negotiated Maintenance and Construction Contracts

State Statute 161.32(subd.2)

<https://www.revisor.mn.gov/statutes/cite/161.32>

Subd. 2. Direct negotiation.

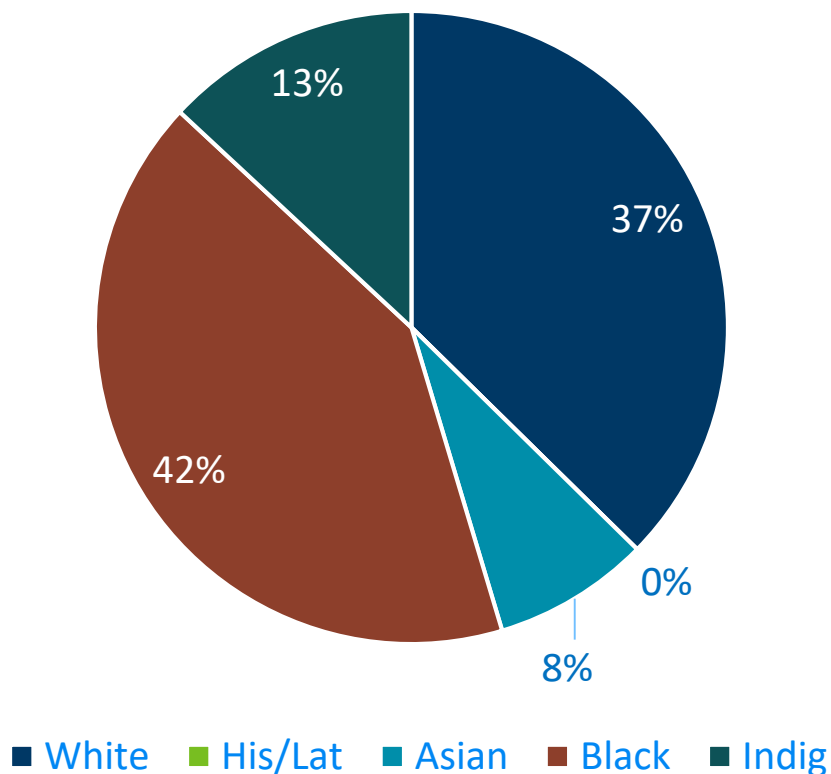
In cases where the estimated cost of construction work or maintenance work does not exceed \$250,000, the commissioner may enter into a contract for the work by direct negotiation, by obtaining two or more quotations for the work, and without advertising for bids or otherwise complying with the requirements of competitive bidding if the total contractual obligation of the state for the directly negotiated contract or contracts on any single project does not exceed \$250,000. All quotations obtained shall be kept on file for a period of at least one year after receipt of the quotation.

Have you used Direct Negotiation?

**MN Municipal Contracting
Law allows local
governments to do direct
negotiation**

Negotiated Maintenance and Construction Contracts (NMCs) Open Doors to Underutilized Businesses

FY21 NMCs with Underutilized \$ Value by Demographic



27 underutilized contractors
\$5,047,353 of \$8,891,010 = 57%

17 BIPOC contractors
= \$3,161,630
= 63% value NMCs w underutilized
= 36% value all NMCs

10 White contractors
8 women + 2 Vet
= \$1,885,722

51 White contractors
= 37% NMCs value

FY21 Contractor Demographics

10 Black businesses performed \$2,097,581
2 Asian - \$404,293
0 Latino - \$0
5 Indigenous - \$659,756
3 Vet - \$660,554
2 ED - \$112,329
14 Women (6 POC) - \$2,245,483



Simmonds Contracting Services



Fish Hatchery Trail



Pedestrian Demonstration Projects



Pipe project



2/9/2022

Recent Negotiated Projects in Ramsey County



Burns Overlook Oversight –Latino owned business
Tree removal contract on TH 156 – Woman owned business
Landscape establishment contracts on I35E – Asian owned business
East Metro Encampment Cleanup – Black owned business

MnDOT ADA Small Business Opportunity Program

What's the problem?

1. 50% MnDOT ped ramps, walkways not ADA compliant
2. Too little experience among small contractors with ADA specs

Purpose: Grow the pool of local small businesses* able to perform ADA construction and inspection work and help make infrastructure accessible to all Minnesotans

Especially TGBs, Vets, DBEs



Developing Capacity | Increasing Access | Building Community

More than \$6 million invested in ADA projects and small businesses



Midwest Select



Simmonds Contracting Services

Pride Cleanup



Construction NMCs

- 58 prime contracts completed since June 2018 = \$3.3 mil
- Average = \$56,800; all NMCs
- 56 awarded to underutilized businesses
- 95% of total value to underutilized businesses = \$2,983,894
- 9 Black, 1 indigenous, 1 Latino, 4 Women, 3 Vet

Designs, Surveys, Inspection, Inventory Collection

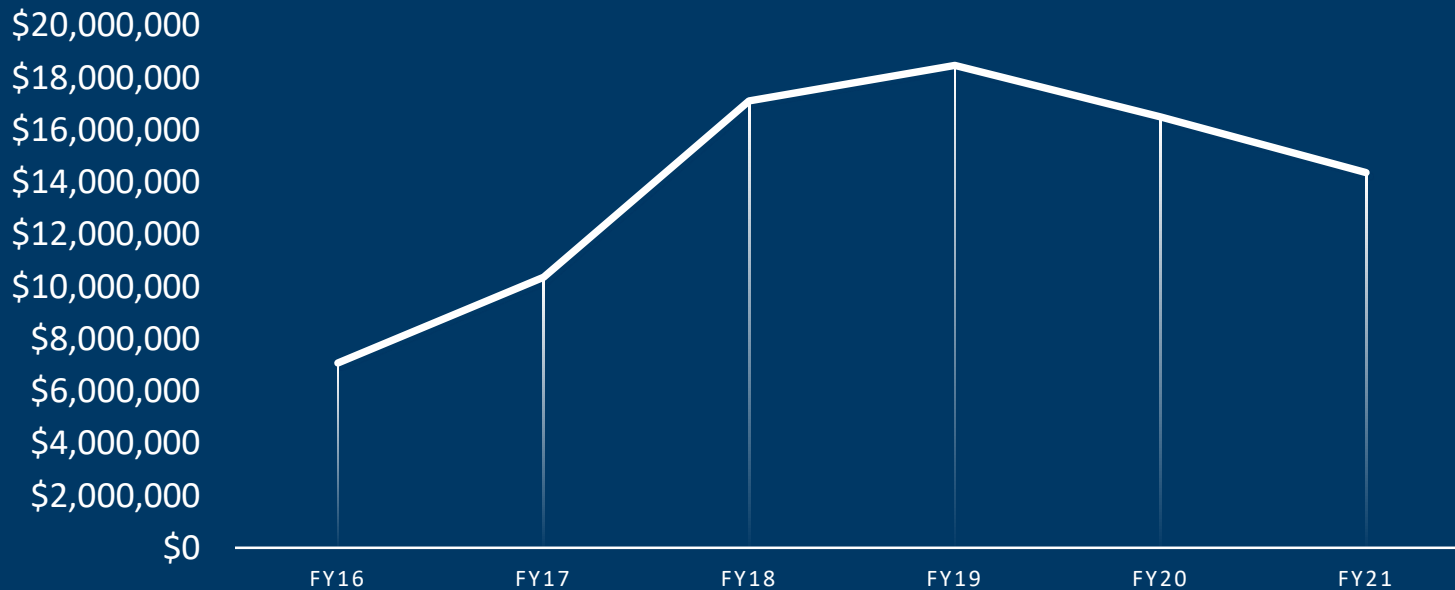
\$3 million+ contracts all underutilized firms

2 Black, 2 Latino, 1 Asian, 6 Women

Two Prequal Program ADA constr inspection

Professional/Technical Consultant Contracts (Prime Only) with Underutilized Firms

P/T Prime Contracts w/ Underutilized Firms, All MnDOT



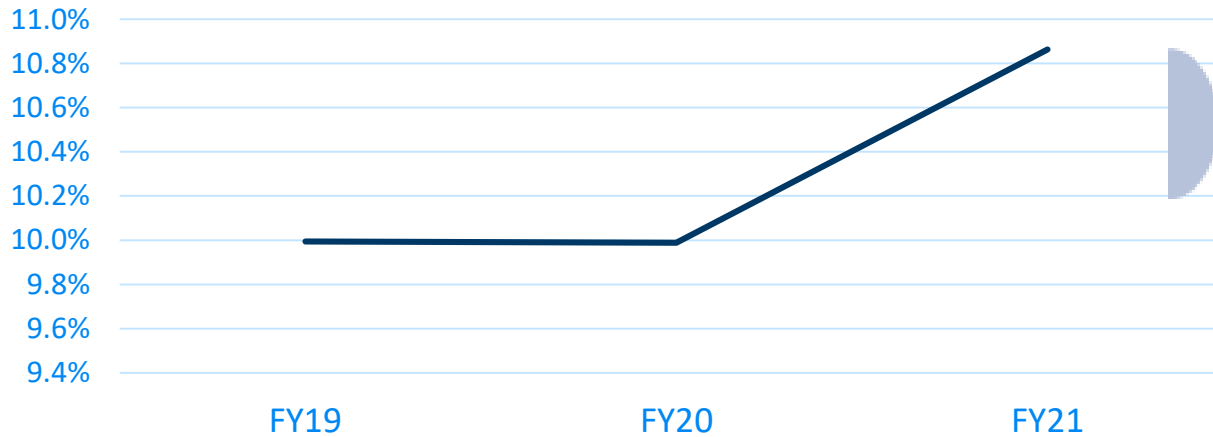
MnDOT awarded 830 prime P/T contracts to underutilized firms since FY2016 = nearly \$84 million

MnDOT awarded 908 P/T contracts in FY21.

- 154 prime contracts to 58 underutilized firms
 - = 17% of contracts
 - = \$14,368,044

Estimated Prime Professional-Technical (P/T) Contracts with Underutilized Consultant Firms - all MnDOT

% All Consultant Prime Contract \$\$s Awarded to Underutilized Firms, All MnDOT



	Total All Consultant Prime \$\$	Total Prime \$\$ Underutilized	% Prime \$\$ Underutilized
FY19	\$ 184,841,628	\$18,472,614	10.0%
FY20	\$ 165,186,956	\$16,498,885	10.0%
FY21	\$ 132,257,906	\$14,368,044	10.9%

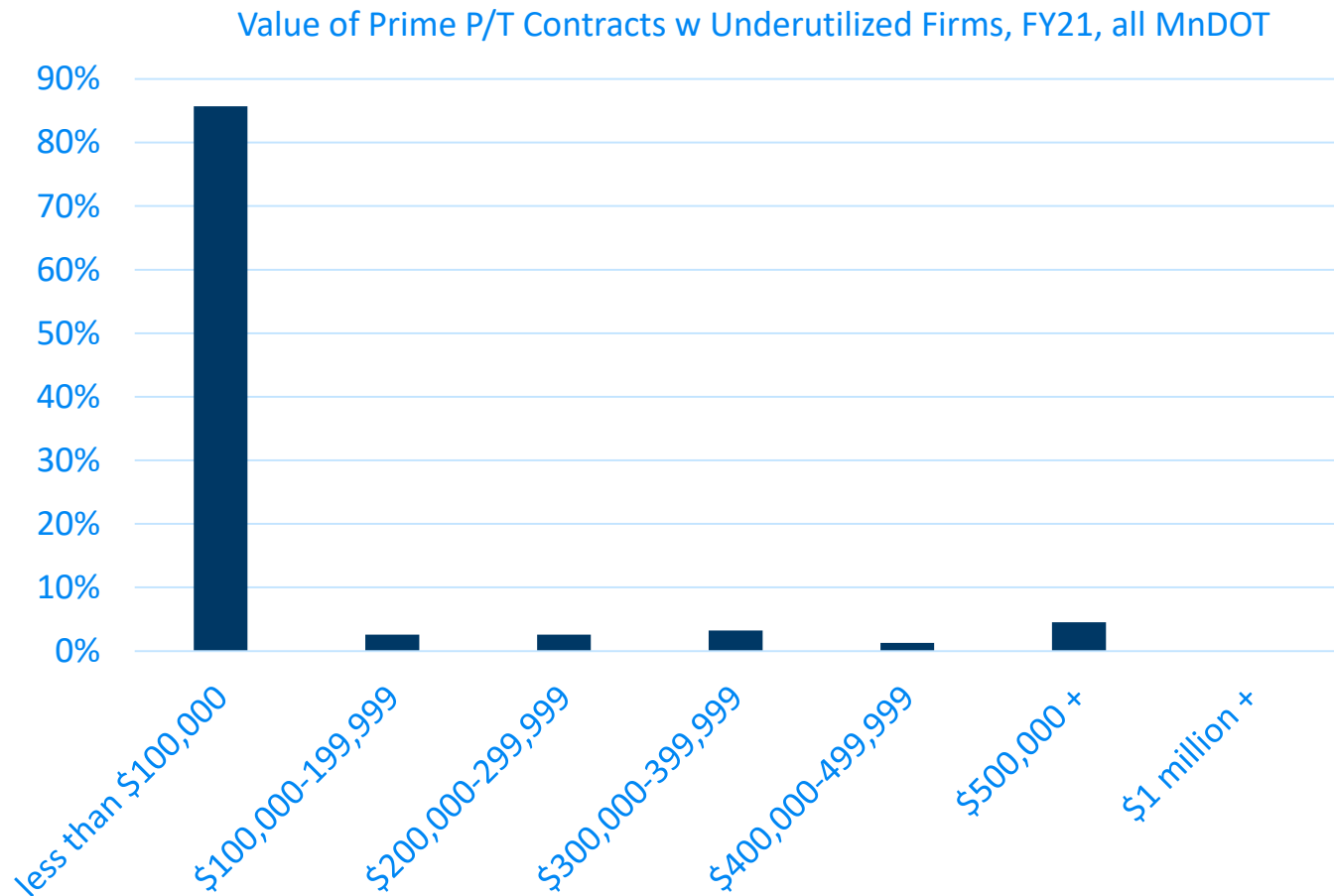


MnDOT uses firms of all sizes to help us plan, prepare and carry out projects

In FY21, MnDOT awarded more than \$14 million to under-utilized firms Examples of Professional/Technical Services Prime Consultant Contracts

Engineering	Traffic studies	Real Estate appraisals
Photogrammetry services	Bridge, roadway, culvert designs	Surveys
Asbestos and regulated waste assessments	Construction inspection	Historic preservation
Meeting facilitation	Inventories (e.g., ADA, guardrail, fencing)	Planning assistance
Communications	Public engagement	Graphic design
Load rating analysis	Environmental Impact	Process assessments
Travel demand forecasting	Transcription services	Building facility designs
Regulated waste removal oversight	Project schedule review	Technical writing
GIS tools	Data analysis	Digital photography/video production

Most consultant contracts with underutilized businesses are less than \$100,000



Utilize
quick and
simple
contracting
methods

Goods purchased from small businesses in FY21

- ATVs = \$30,000
- Batteries and generators = \$7,200
- Boiler, heating, ventilators - \$92,000
- Cleaning equipment and materials = \$103,600
- Electrical cables and components = \$252,000
- Engine components = \$3,500
- Industrial filters = \$45,500
- Garage doors and installs = \$99,000

Why do small businesses want to perform prime contracts?



Quick payment



Size = risk



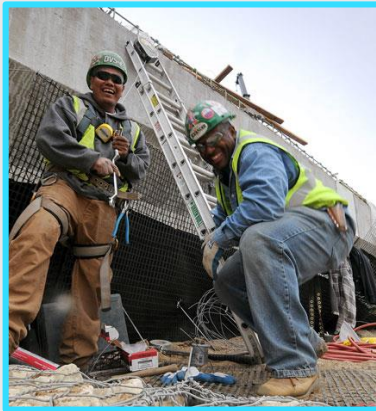
Relationships



Employees

Every contractor cares about these!

Wondering how to find small businesses?



TGB/Vet/ED
Directory



DBE Directory



Local chambers
Economic
Development
Google

Know a business interested in Gov't contracting?

Refer them to MN Procurement Technical Assistance Center
PTAC

<https://mn.gov/admin/business/vendor-info/ptac/>

- ☐ Help with TGB, Vet, DBE or ED application
- ☐ 1-1 counseling on local, state and fed gov't contracts
- ☐ Bid-matching service
- ☐ Free trainings
- ☐ Find out how to contract with local, state and federal agencies

Google "PTAC MN"

How did we accelerate our contracting with under-utilized businesses

- ✓ Use statutory authority: Contracting methods matter!
- ✓ Right-size contracts: less than \$150,000
- ✓ Utilize small businesses to build a pipeline
- ✓ “Incentive” funds of encouragement
- ✓ Make it easy: docs and processes, specs
- ✓ Outreach to small businesses
- ✓ Track results so know progress and gaps
- ✓ Prioritize matching
- ✓ Consider wider marketplace
- ✓ Dedicated staff, leadership



Every contract or purchase is an opportunity to advance equity and drive our economy

Let's make every project
a catalyst for individual prosperity and community vitality

Thank You!

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Ramsey County Advancing Construction Contracting Equity

January 27, 2022

City Engineers Association of Minnesota Annual Conference

Ramsey County Public Works Construction Goals

CONTRACTING INCLUSION

Increase CERT utilization through strengthening new and existing relationships with small CERT: SDBE, WBE & MWBE.

GOAL:
INCREASE 5% YEAR OVER
YEAR FOR NEXT 5 YEARS
(Construction costs)

WORKFORCE INCLUSION

Addressing inclusive, effective and meaningful policies, tools and communications for workforce inclusion on redevelopment, construction and design-build projects.

GOAL:
32% PERSONS OF COLOR
20% FEMALE
(Labor hours)

CENTRAL CERTIFICATION (CERT) PROGRAM & ELIGIBILITY CRITERIA

The Central Certification Program (CERT) is a small business certification program and was created to promote market growth and increase the competitiveness of qualified small businesses.

CERT is recognized by Ramsey County, Hennepin County, the City of Saint Paul and the City of Minneapolis Target Market program.

CERT makes it easier for participating businesses to access jobs and contracts available with participating counties and cities by providing a centralized certification process.

<https://www.ramseycounty.us/businesses/doing-business-ramsey-county/contracts-vendors/cert-program>

CENTRAL CERTIFICATION (CERT) DEFINITION

CERT is a collaboration of Hennepin County, Ramsey County, the City of Minneapolis and the City of Saint Paul.

CERT Small Business Enterprise (SBE):

- **Small Business Enterprise (SBE)** - an eligible business that additionally: is not a business dominant in its field of operation, nor an affiliate or subsidiary thereof.
- **Minority-owned Business Enterprise (SMBE)** - an eligible business that additionally: is at least fifty-one (51) percent owned by one or more minority persons and has its management and daily business operations controlled by one or more minority persons who own it.
- **Women-owned Business Enterprise (SWBE)** - an eligible business that additionally: is at least fifty-one (51) percent owned by one or more women, and has its management and daily business operations controlled by one or more women who own it.
- **Minority & Women-owned Business Enterprise (SMWBE)** - an eligible business that additionally: is at least fifty-one (51) percent owned by one or more minority women, and has its management and daily business operations controlled by one or more minority women persons who own it.

Where Did We Start



- Collected data on our projects
 - Identify where you have been
 - Looking to provide consistent data across departments

Ramsey County Public Works Construction Contracting Data

Year	CERT SBE Ownership	Persons of Color Workforce Inclusion	Female Workforce Inclusion
2016	11.5%	14.7%	4.0%
2017	5.3%	14.7%	5.0%
2018	16.8%	13.7%	6.2%
2019	29.8%	17.5%	2.6%
2020	12.0%	12.9%	3.3%

Where Did We Start



- Find Expertise
 - RC Procurement training on contract requirements and CERT SBE process and list
 - RC Workforce Solutions Department
 - Specialize in workforce
 - Facilitate connections to unions, industry representatives and minority and female owned/focused organizations
 - Training sessions with MnDOT on best practices
 - Collaboration with other departments within Ramsey Co. (Purchasing and Contracting Action Team)
 - City of Eagan – Best Value Contracting
 - Talk to the industry

What Have We Done

Projects

ADA Ped
Ramps

Dale St / I-
94

Rice St

Careers

Young Adult
Academy

Career
Fairs

RightTrack+
Interns

Connection

CERT
Connect

I-94 / Dale Street Equity Highlights

- **Inter-Departmental Collaboration:**
 - Public Works, Communications and Workforce Solutions
- **Resident-Artist-Communications Specialist:**
 - Local Rondo resident and artist on the project
- **Community Organization:**
 - Prior to and during the project, met with a variety of organizations including Saint Paul Building Trades
- **Redstone Created Project Specific Application:**
 - Custom for this project and shared through community in community resources
- **Construction Hiring Connection**



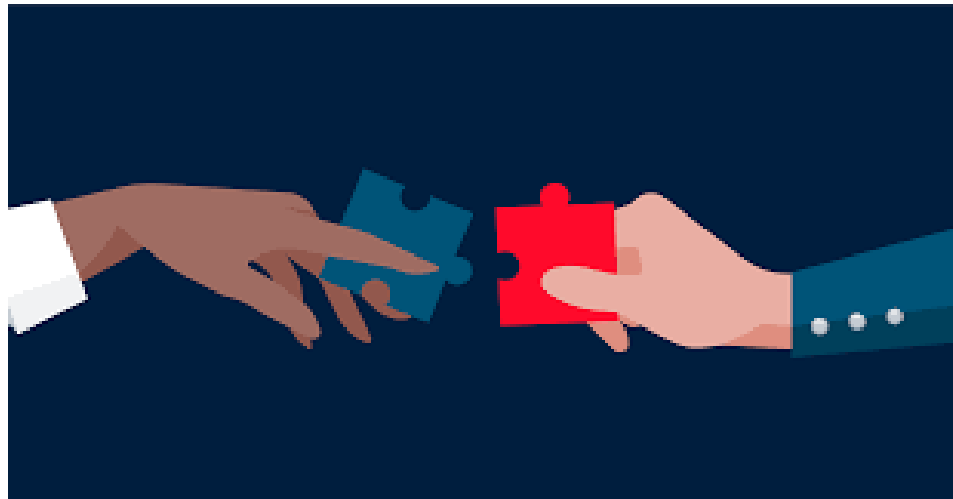
I-94 / Dale Street Equity Highlights

- **Architectural & Construction Equity:**
 - TKDA team included SBE's and provided equity on team.
- **Workforce Diversity on Weekly Construction Agenda:**
 - Addressed 20 different topics regarding equity on the project and the construction industry overall.
- **Bi-Weekly & Monthly Project Workforce Reporting**
 - DBE Commitment – 10.2%. DBE Final – 11.2%
 - People of Color Commitment – 11.5%. POC Final – 12.2%
 - Women Commitment – 5%. Women Final – 6.7%
- **Tour for Students Training in Construction Careers**

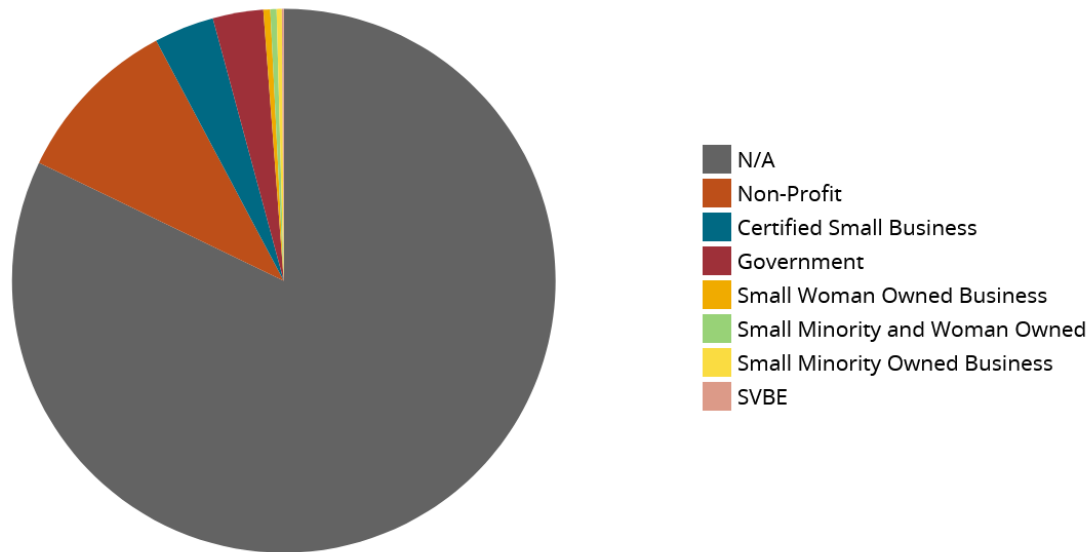


CERT Connect Program

- Started March 2021
- Economic Growth and Community Investment (EGCI)
 - Public Works, Parks & Rec, Property Management
- **Goal** - Diversification of the County's current CERT spend portfolio of contractors



CERT SPEND EGCI (8-25-21) 2021 Data



EGCI (6 Departments)

82% Non-CERT (\$32 million+)
10% Non-Profit (\$3.9 million)
4% SBE (\$1.39 million)
3% Government (\$1.169 million)
0% SWBE (\$160,400k)
0% SWMBE (\$144,138k)
0% SMBW (\$120,410k)
0% SVBE (\$44,216k)

CERT Connect Program

WHAT IT IS

A virtual one on one 25-30-minute meet & greet with CERT contractors who do not show up as a primary purchase within a 12+ month period and have a captive audience with EGCI construction project managers for both networking, outreach and future considerations on County projects.

WHAT IT IS NOT

This is **not a pre-bid meeting** and most likely won't have immediate opportunities.

No guarantees for work but perhaps the beginning of an opportunity to meet construction project managers from different departments and start communicating with them more frequently.

How CERT Connect Works

- Designated employees have up to a **30-minute discussion** with the owner of the company.
- Targeting CERT qualified but under-utilized businesses **with cross department interest.**
- **50+ staff/leadership** that receive our bi-weekly CERT Connect employer highlight.
- As of March 25th, **we have hosted 19 CERT** Connect meet ups.
- Vendors and staff have shared many positive attributes to this program.



CERT Connect Opportunities

- **Simulates a procurement booth** Fair and a “one on one” conversation
- Puts a face to the name (owner) of the company
- Contractor ends up with a **point person for each department**
- **Bidding notifications/opportunities** Departments have an opportunity to keep the company in mind for projects or alerts
- Opportunity for Ramsey County to **diversify their CERT spend portfolio**
- Contractor discussion directly with Ramsey County staff (avg 12-20)
- Discussions can lead to **better practices/models** overall

CERT Connect Research & Outreach

EGCI ACCOUNTING RECORDS Analyzing accounting data to determine who RC has done business with and what services were provided in order to find similar companies.

CERT DATABASE RESEARCH Staff researching companies who provide similar services to companies who we already do business with

ASSOCIATION OF WOMEN CONTRACTORS Ramsey County is a member of AWC. Staff access their business directory as another source to find CERT companies providing similar services. Staff has also utilized the **National Association of Minority Contractors (NAMC-MN)** membership directory

REFEERALS FROM INTERNAL STAFF have sent CERT Connect Team companies to consider for a CERT Connect Meet Up.

COMMUNITY OUTREACH Staff meeting with local business owners at community & stakeholder events

CERT Connect Companies Featured Since March 2021

- Pride Cleanup
- Wenrich Property & Development
- Camacho Contractors
- Amani Construction
- AirFresh Industries
- Envirobate
- ETS Health
- Hue Life
- Envirochoice
- Boys Water Products
- KE Marsh Construction
- Rock Leaf Environmental
- Gunnar Electric
- IMO Consulting
- MC Tool & Safety
- Midwest Select Contracting
- Korby's Handyman Service
- Lakeside Floor Coverings

What business owners have shared...

- *Thank you again for the great opportunity to talk to many of your key people at once.*
- *I appreciate that department members who were willing to take the time to listen to me. I also appreciate you giving me the opportunity to get in front of those who can make the purchasing decisions.*
- *We are excited and we believe this opportunity is going to open doors...*





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WORKING WITH THE GOVERNMENT
– SMALL BUSINESS PERSPECTIVE
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Working with the Government- Small Business Perspective

Past Performance

Capital

Insurance

Bonding

Marketing

Networking

Employees (Hiring &
Retaining)

Low Bid Contracts

Fear (Small Business
and
Government/Primes)

RFP Language and
Requirements

Prequalifications

Fixed Mindset

Lack of support staff
for questions in the
filed

Deliverables

Limited availability of
Mentors/Partnerships

Working with the Government- Small Business Perspective

Research	Research statutes, rules and regulations that allow for Direct Select/Negotiated Contracts
Develop	Develop the rules and process for procurement awards through RDEI Lens (Racial Diversity Equity Lens)
Look	Look for opportunities for small business participation
Engage	Engage the entire team- Everybody in approach
Conduct	Conduct targeted outreach that match department services
Budget	Budget for your priorities for working with small and BIPOC Firms
Contract	Contract with Large Primes to support small businesses with deliverables and field support

Working with the Government- Small Business Perspective

