



Disadvantaged Business Enterprise (DBE) Utilization on City Projects

Division of Affirmative Action

DBE Program Summary

- ▶ **Annual gross receipts of:**
 - ▶ General contractor: \$16.6M
 - ▶ Specialty contractor: \$7M
 - ▶ Engineering, architectural and surveying firms: \$2.5M
- ▶ **Socially and/or economically disadvantaged**
 - ▶ Individual must own at least 51% of company
- ▶ **Personal net worth up to \$1.32M**

Objectives

- ▶ **Achieve 20% Disadvantage Business Enterprise (DBE) utilization on Public Works contracts and projects receiving City Financial Assistance**
 - ▶ Proposed 3-year DBE goal based on projected spending
 - ▶ Targeting the Minority/Women Business Enterprise through the DBE program
 - ▶ Project-by-project goals
- ▶ **Retain 10% Small Business Enterprise (SBE) utilization goal for Public Works projects and projects receiving City Financial Assistance**
- ▶ **Expand the number and scope of services offered among certified business enterprises (SBE & DBE combined)**

How?

- ▶ We are proposing to:
 - ▶ Modify ordinance to apply SBE and DBE programs for all City-funded construction contracts:
 - ▶ Public Works projects
 - ▶ Projects receiving City financial assistance
 - ▶ Federally-funded projects
 - HUD
 - USDOT

City of Madison Targeted Business Program History

Period	Programs	Public Works Applicable	Project Threshold Amount
Prior to 1991	MBE, HBE, DBE, WBE	No	N/A
1991-1992	SBE	Yes	\$200K
1991-present	DBE, MBE, WBE	No	\$1.00 Fed funds
1992-present	SBE	Yes	\$100K

DBE: Disadvantaged Business Enterprise

HBE: Handicapped Business Enterprise

MBE: Minority Business Enterprise

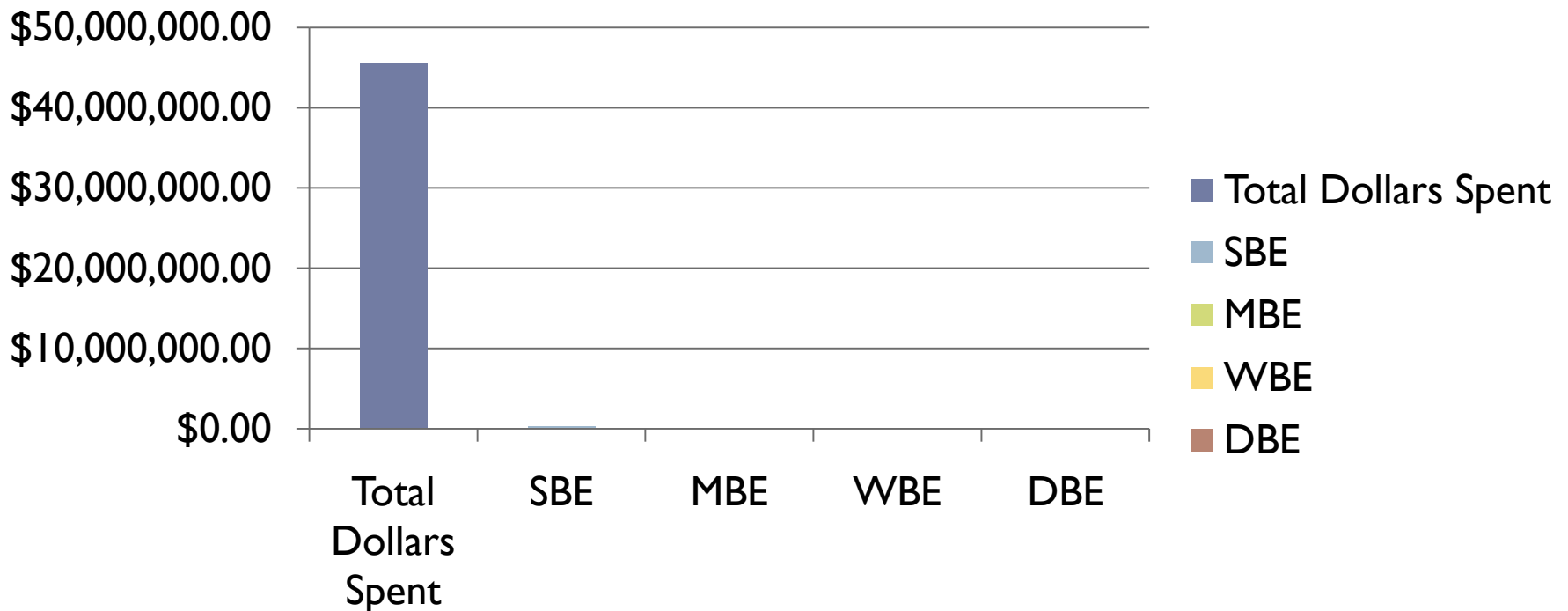
SBE: Small Business Enterprise

WBE: Women Business Enterprise

Statistics – No Goal (<\$100k)

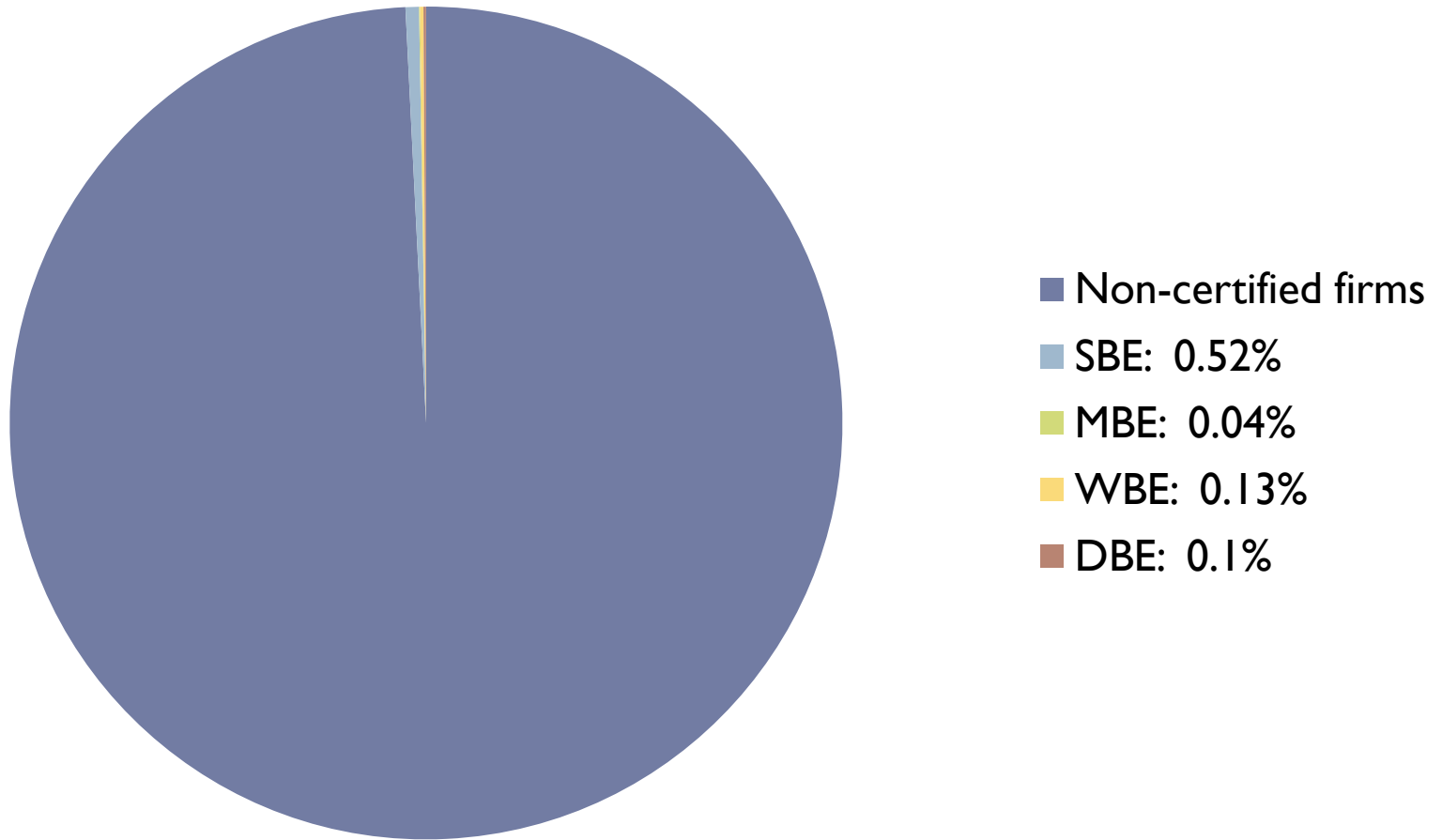
Public Works Projects with *No Goal* from *2007-2010*

Contract Amount	SBE	MBE	WBE	DBE
\$45,570,881.20	\$236,941.45	\$18,920.21	\$60,369.30	\$47,575.82
	0.52%	0.04%	0.13%	0.1%



Statistics – No Goal (2007-2010)

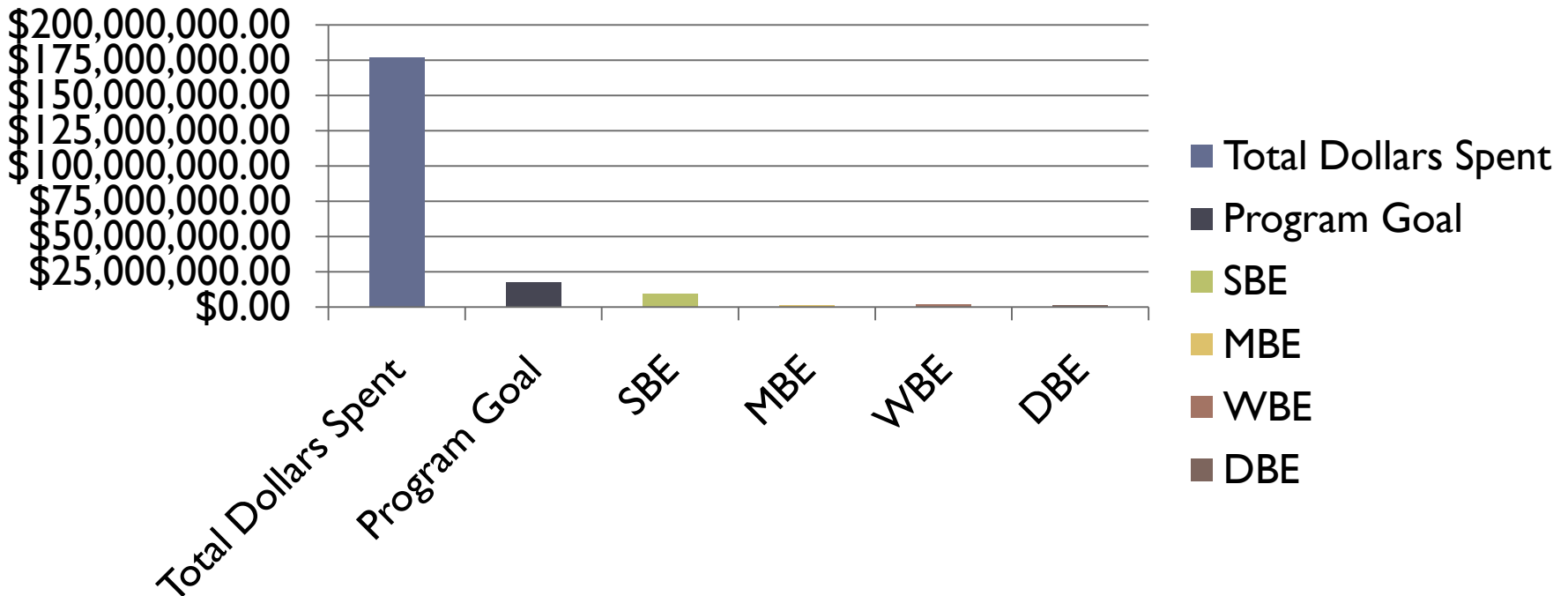
Public Works Contract Amounts



Statistics – SBE Goal (>\$100k)

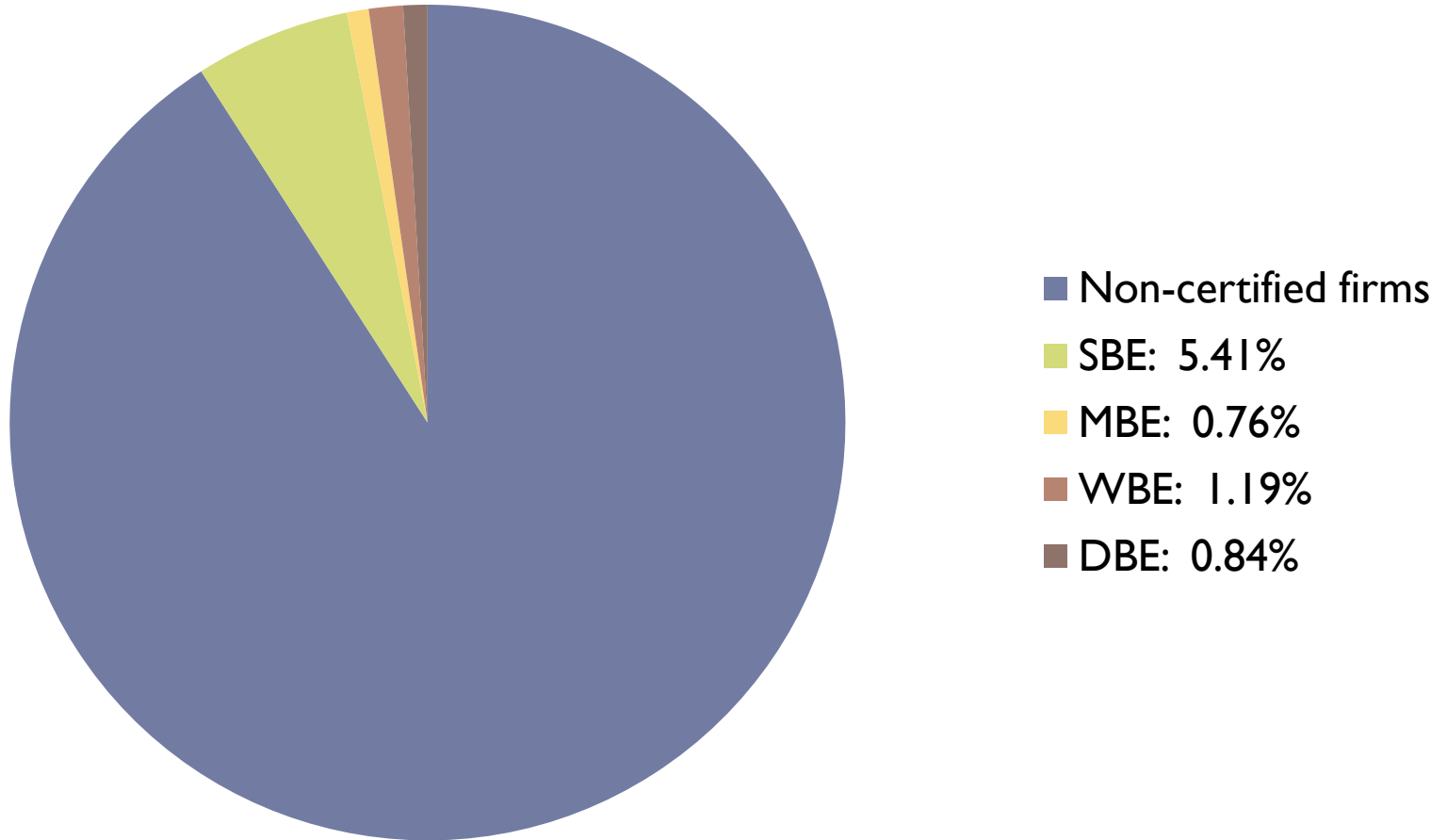
Public Works Projects with *SBE Goal* from *2007-2010*

Contract Amount	SBE	MBE	WBE	DBE
\$177,181,218.41	\$9,577,415.55	\$1,346,831.88	\$2,116,995.79	\$1,482,383.38
	5.41%	0.76%	1.19%	0.84%



Statistics – SBE Goal (2007-2010)

Public Works Contract Amounts



Current Structure

SBE

- ▶ **Goal**
 - ▶ Participation of 10% in contracting activity
- ▶ **Applicable projects**
 - ▶ Funded by City of Madison Public Works fund
- ▶ More than 90 certified firms

DBE

- ▶ **Goal**
 - ▶ Participation of 10.65% on City (Metro Transit) contracting activity
 - ▶ 11.3% M/WBE (CDBG) contracting activity
- ▶ **Applicable projects**
 - ▶ Funded by U.S. Department of Transportation
 - ▶ Funded by U.S. Housing and Urban Development
- ▶ More than 400 certified firms

Eligibility – Business Size/Status

SBE

- ▶ Average annual gross receipts over previous 3 FYs less than \$750,000
- ▶ Firm must be for-profit

DBE

- ▶ Average annual gross receipts over previous 3 FYs less than or equal to
 - ▶ General contractor: \$16.6M
 - ▶ Specialty contractor: \$7M
 - ▶ Engineering, architectural and surveying firms: \$2.5M
- ▶ Firm must be for-profit

Eligibility – Ownership

SBE

- ▶ Madison General Ordinance (MGO) 39.02
- ▶ Under single management
- ▶ Owners should share in the risks and profits

DBE

- ▶ Defined by 49 CFR Part 26
- ▶ Social disadvantage
- ▶ Economic disadvantage
- ▶ Disadvantaged owner(s) must own at least 51% of business
- ▶ Personal net worth not exceeding \$1.32M

Eligibility – Control

SBE

- ▶ Must not be a subsidiary of any other business
- ▶ Stock or ownership cannot be held by an individual or company operating in identical or alike fields

DBE

- ▶ Managerial
 - ▶ Responsible for critical areas of firm's operations
- ▶ Operational
 - ▶ Independently makes decision in daily operations

Eligibility – Expertise

▶ SBE and DBE

- ▶ Should possess sufficient assets/resources to control operation of firm
- ▶ Expertise must be:
 - ▶ In a specialized field
 - ▶ Of outstanding quality
 - ▶ In areas critical to the firm's operations
 - ▶ Indispensable to the firm's potential success
 - ▶ Specific to the type of work the firm performs
 - ▶ Documented in the records of the firm

Compliance – Pre-Bid (Construction Projects) Procedures

SBE

- ▶ 2 Envelope process
 - ▶ Envelope #1
 - ▶ Bid proposal
 - ▶ Envelope #2
 - ▶ SBE compliance report

DBE

- ▶ Special prequalification report
 - ▶ Cover page, contact report, and letter of intent
 - ▶ List info provided to DBE, type of work and percentage of bid to be performed by DBE
- ▶ DBE Compliance Report should be submitted in a separate sealed envelope

Compliance – Pre-Bid (Construction Projects) Standards

SBE

- ▶ **SBE Compliance Report**
 - ▶ Determination of program requirements compliance is based on info here
 - ▶ 100% self-perform is ok
 - ▶ SBE suppliers counted at 100%

DBE

- ▶ **DBE Compliance Report**
 - ▶ Used to determine bidders' compliance with good faith efforts
 - ▶ Justify self-performance if goal is not met
 - ▶ DBE suppliers only counted at 60%

Compliance – Post-Bid

▶ SBE and DBE

- ▶ Status Report of SBE/DBE Subcontractor Payment
- ▶ Affidavit of SBE/DBE Subcontractor Participation/Payment
- ▶ SBE/DBE Status report
- ▶ Partial and final waivers of liens from SBE/DBE subcontractor
- ▶ Maintain records for SBE/DBE utilization for three (3) years

Pros to Adopting DBE Program Requirements

▶ Pros

- ▶ More structure for certification and compliance (QC)
- ▶ Larger size cap for small businesses
- ▶ Emphasis on utilization versus Good Faith Effort
- ▶ Certification process designed to prevent program fraud
- ▶ Expanded size and scope of DBE services offered
- ▶ More experienced, shared pool among WI Government agencies
- ▶ Self-performance must be justified
- ▶ Expanded pool of subcontractors to select from
- ▶ 400+ firms certified and dozens of work categories
- ▶ More experienced contractors
- ▶ Additional subcontracting opportunities
 - ▶ Traffic control, Paving, Lighting/Signals

Pros to Adopting DBE Program– Services Offered

Services	DBE	SBE
Accounting	24	1
Advertising	38	
Aggregates	19	1
Airport Construction	30	
Airport Electrical	17	
Architectural Consultant	32	4
Asbestos Abatement	9	
Asphalt	10	4
Bridge Painting	10	1
Building Construction	100	5
Cleaning and Grubbing	17	5
Computing Services	35	
Concessionaire	14	
Concrete	56	10
Consultant	282	11
Crash Cushions	1	
Culverts	8	
Design Engineering	113	4

Services	DBE	SBE
Employment Services	28	1
Environmental Services	56	3
Equipment Supplier	27	3
Erosion Control	18	2
Fencing	14	1
Geotechnical Services	24	1
Grading	37	3
Industrial Construction	36	
Insurance	12	1
Iron Work	3	
Janitorial Services	29	
Joint Sawing	4	2
Landscaping	69	11
Lighting/Signals	25	
Material Supplier	93	4
Materials Sampling	26	
Office Supply	8	
Misc.	350+	10+

Services	DBE	SBE
Painting	29	6
Pavement Marking	14	
Public Relation	52	
Railings	3	
Railroad Construction	6	
Retaining Walls	11	1
Sewer/Utility	40	1
Staking	7	
Steel/Fabrication	12	
Structures	43	
Survey	38	2
Traffic Control/Signing	27	
Transit Service Provider	16	1
Trucking	127	31
Turbidity Barriers	1	
Vehicle & Building Maintenance	14	1
Vehicle Fuel/Supply	1	

DBE Utilization Trials

Project	DBE Utilization Goal	<i>Actual</i> DBE Utilization
Truax	25%	25%
Allied Drive	25%	26%
Burr Oaks	30%	34%
Urban League	22%	32%

Conclusion – How Can You Help?

- ▶ Achieve 20% Disadvantage Business Enterprise (DBE) utilization on Public Works contracts and projects receiving City Financial Assistance
- ▶ Retain 10% Small Business Enterprise (SBE) utilization goal for Public Works projects and projects receiving City Financial Assistance
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- ▶ Modify ordinance to apply SBE and DBE programs for City-funded construction contracts