

Metropolitan Council Underutilized Business Program

MCUB Review: March 2019

03/27/2019

Report to Management Committee



What is MCUB?

Metropolitan Council Underutilized Business Program

- Vision: A robust small business program that is reasonably aggressive and defensible, long-lasting and works in harmony with Thrive MSP principles
- Developed to create a level playing field for minority-, women-, disabled-, and veteran-owned businesses
- Key details:
 - Utilizes existing certification programs (TGB, DBE, CERT, and veterans)
 - Focused on targeting Minnesota-based firms
 - Program is applicable to non-federally funded procurements

TGB = Targeted Group Businesses

DBE = Disadvantaged Business Enterprise

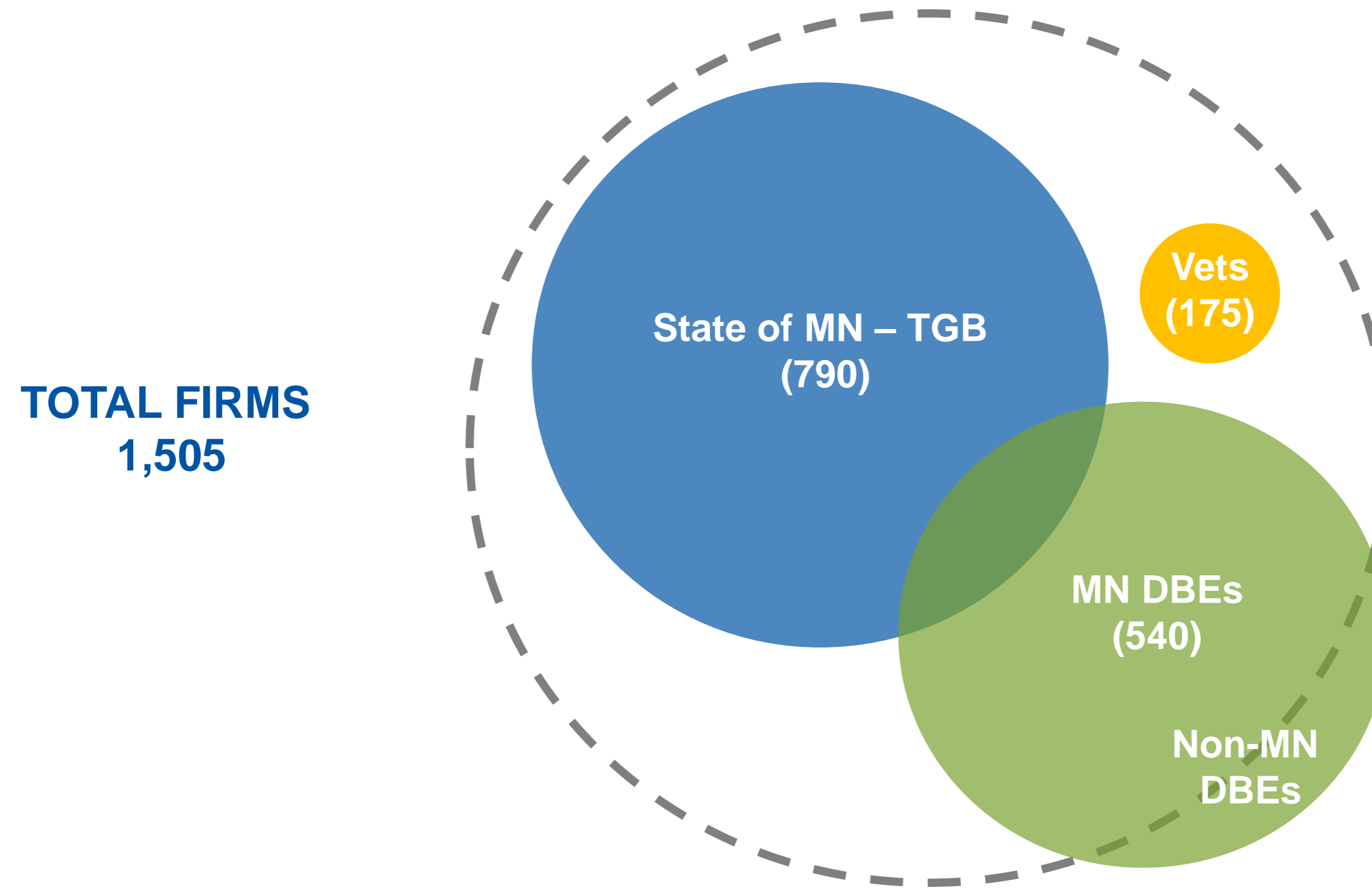
CERT = St. Paul Central Certification



Background on MCUB

- Established in 2012 as part of a mandate from Governor Dayton
 - Metropolitan Council re-emphasizes commitment to Targeted Group Businesses (TGB)
- Expands beyond our existing federal Disadvantaged Business Enterprise (DBE) program
 - Fulfills the need to apply a small business program to non-federally funded procurements
 - Opportunities are not limited to contracts but also include direct spend
 - MCUB includes a larger pool of eligible firms: TGB, DBE, CERT, and veterans

Original Eligibility Pool (2012)



TGB = Targeted Group
Businesses
DBE = Disadvantaged
Business Enterprise

MCUB Vision

- Create a sustainable program that will increase business opportunities for minority-, women-, disabled-, and veteran-owned firms
- Facilitate a more equitable approach in doing business with the Council
 - Provide development resources to MCUB-eligible firms
 - Work to remove contracting barriers in collaboration with Procurement and Council staff
- Maximize direct spend opportunities
- Increase MCUB pool of firms
- Create MCUB-only competition (sheltered market)
- Invest in necessary technology

MCUB Journey

- Measurable, progressive milestones and successes since 2012
- Council has learned from the process and refined the program along the way
- Commitment remains to the sustainability and effectiveness of this program, while our continued actions are in line with the original plan set out in 2012

MCUB Timeline

- Program Origination, 2012
 - Limited to goal setting on non-federally funded construction contracts only
- Expansion Phase I, 2016
 - Goal setting activities expanded to Professional Technical (PT) and Architectural & Engineering (AE) contracts
 - Disparity Study completed
- Expansion Phase II, 2018
 - Council approved MCUB Select, a sheltered market program for goods and services
 - Council approved adding CERT-certified WBE/MBEs to pool of MCUB firms

CERT = St. Paul Central Certification

WBE/MBE = Woman/Minority Business Enterprise



MCUB Origination

- Initial efforts:
 - Established policy and procedure for MCUB program
 - Formalized goal setting for construction contracts
 - Applicable to contracts over \$100,000 with subcontracting opportunities
- Work implemented:
 - Goal setting activities on non-federally funded construction projects
 - Education and awareness internally and externally (vendor fair, “Doing Business with the Council” session)
 - Developed public-facing MCUB directory

MCUB Origination: Outcomes

- MCUB participation has steadily increased since 2012.
 - Currently nearly 12% of all local-funded construction spend is an MCUB contract

Year	Total Construction Spend Non-Federal Funds	MCUB Construction	% of Non-Federal Construction Spend
2012	\$27 million	\$323,000	1.17
2013	\$129 million	\$764,000	0.59
2014	\$119 million	\$1.2 million	0.96
2015	\$83 million	\$4 million	4.83
2016	\$80 million	\$5.8 million	7.27
2017	\$70 million	\$7.6 million	10.94
2018	\$59 million	\$6.7 million	11.48

Data rounded
2018 totals projected



Expansion Phase I

- Expanded efforts:
 - Increased subcontracting opportunities with goal setting activities for Professional Technical and Architectural & Engineering contracts
 - Refocus on direct spend opportunities and potential sheltered market program by 2018
 - Work implemented:
 - Formalized additional goal setting process
 - MCUB marketing brochures produced
 - MCUB-specific email created for external inquiries
 - Created contracting opportunities automatic notification system
 - Improved functionality and accuracy of MCUB directory
- (Continued)

Expansion Phase I

- Work implemented (cont.):
 - Committed to enhancing the Doing Business page of the Council website with detailed information and resources
 - Began sending targeted solicitations for non-goal setting contracts
 - Began identifying areas of opportunity to increase direct spend with MCUBs
 - Provided one-on-one consultations to newly certified firms
 - Educated Council staff on expanded program
 - Initiated collaboration efforts with community organizations and small business industry partners

Expansion Phase I: Outcomes

- Goal setting on Professional Technical (PT) and Architectural & Engineering (AE) contracts have shown significant results.

	PT & AE Contracts with Goals to Date	PT & AE Contracts Awarded Exclusively to MCUB Firms	PT & AE Subcontracts Yet to be Awarded
Number of Contracts	15	4	11
Total Value of Contracts	\$4,886,186	\$420,498	\$347,750

Expansion Phase I: Outcomes

- Targeted solicitations* are yielding results.
 - OEO has emailed 25 targeted solicitations since 2017
 - Supporting \$753,933 in direct awards to MCUB firms
- One-on-one consultations are a great resource.
 - Offered to all newly certified firms, and any who make a request
 - Used to provide firms with information about the Council, contracting opportunities, and business development resources
 - Electronic resource provides links to vendor portals of external agencies (University of Minnesota, cities, counties, school districts)

*Targeted solicitations = emails sent directly to MCUB firms, notifying them of contracting opportunities (non-goal setting contracts)

Expansion Phase I: Outcomes

- Direct spend with MCUB firms has increased from 2012 to 2018.

Year	Total Spend	Small Business Opportunity after Exclusions*	Direct Spend with MCUB Firms	% of Small Business Opportunity	% of Total Spend
2012	\$327 million	\$167 million	\$72,000	0.04	0.02
2013	\$767 million	\$460 million	\$2.2 million	0.47	0.28
2014	\$648 million	\$404 million	\$2.2 million	0.54	0.34
2015	\$687 million	\$493 million	\$2.9 million	0.59	0.42
2016	\$687 million	\$326 million	\$3.1 million	0.93	0.44
2017	\$724 million	\$320 million	\$3.8 million	1.17	0.51
2018	\$606 million	\$256 million	\$2.7 million	1.1	0.5

Data rounded

2018 totals projected

*Exclusions include: Payments made to government entities, staff payroll, utilities, purchases from National Markets, vehicle parts fuel, chemicals, software licenses and products, US DOT & PFA/EPA funded payments



Expansion Phase I: Outcomes

- Demographic breakdown of the total direct spend with MCUB firms from 2012 to 2018

MCUB Spend 2012–2018 by Demographic <i>Percentage of total direct spend with MCUB firms</i>									
Asian		Black		Hispanic		Native American		Caucasian	
\$7,811,226	46.1%	\$672,710	4.0%	\$542,485	3.2%	\$185,544	1.1%	\$7,735,571	45.6%

Disparity Study

- Disparity Studies are conducted to provide legal foundation for government race- and gender-based business inclusion programs, such as MCUB.
- 2017 Disparity Study was based on non-federally funded procurements from 2011 to 2016.
- Results show that woman and minority disparities still exist with Council procurements.
 - These results provide rationale and motivation to continue expanding efforts to increase opportunities through MCUB.

Disparity Study

Disparity Study consultant made several recommendations:

Recommendation	Our response
Strengthen technical assistance and capacity building	Business development resources and outreach
More fully implement existing MCUB program	Added CERT-certified firms to the MCUB pool, as well as MCUB Select
Track and report participation results	Technology enhancements

Expansion Phase II

Though these actions were part of the original MCUB vision, Phase II efforts were responsive of the 2017 Disparity Study recommendations.

- Expanded efforts:
 - Create a sheltered market solicitation process
 - Increase pool of MCUB firms
 - Work implemented or in progress:
 - Enhanced the Doing Business page on the Council website, identified future improvements
 - Increased pool of eligible MCUBs by adding more than 500 CERT-certified WBE/MBEs
 - Developed MCUB Select, a sheltered market solicitation process for goods and services
- (Continued)

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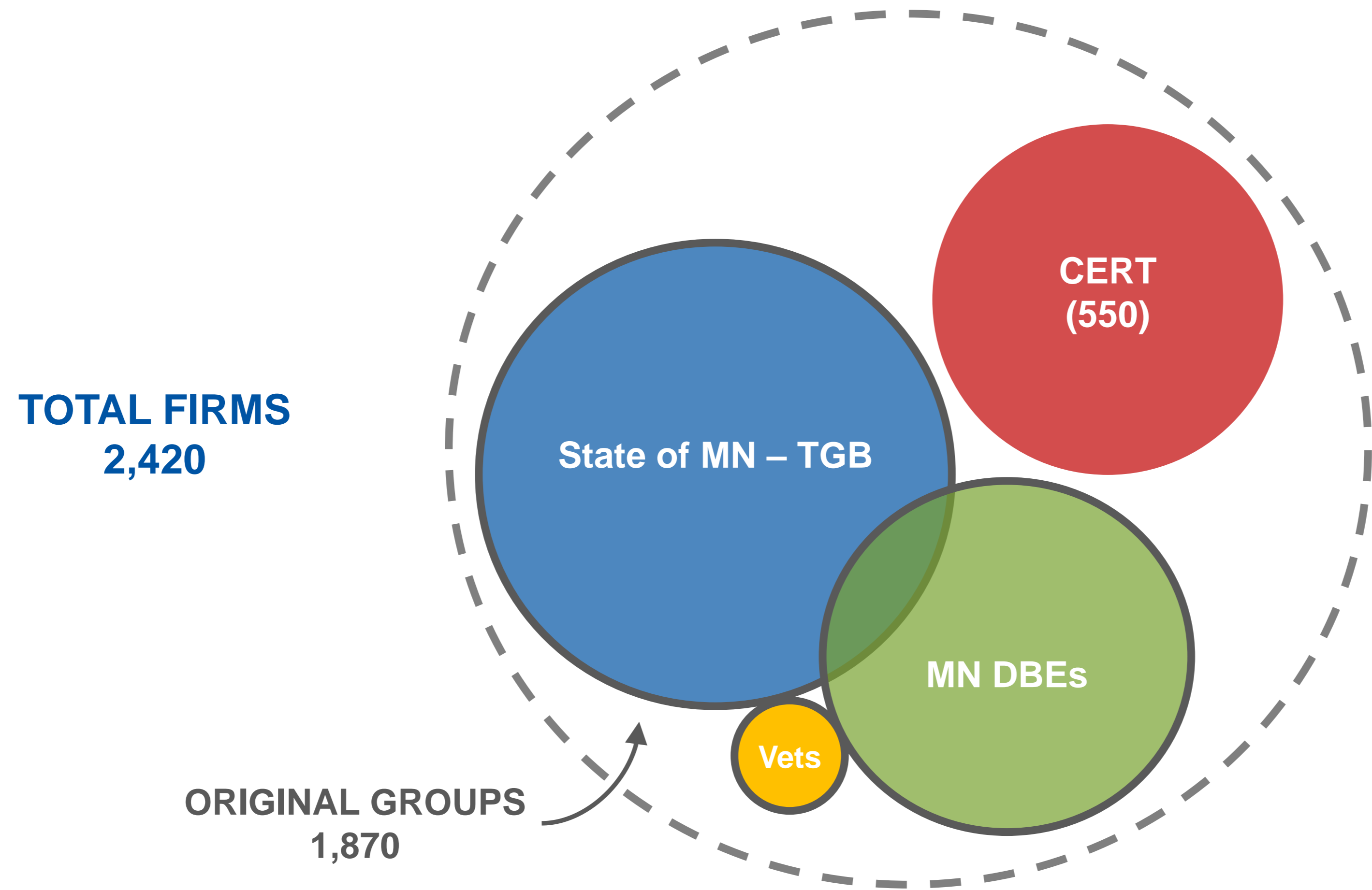
Expansion Phase II

- Work implemented or in progress (cont.):
 - Internal and external education and outreach are underway
 - Internal purchasing efforts are already taking place
 - Implementing technology enhancements to track and report participation
 - Working to identify future MCUB Select projects

Expansion Phase II: Outcomes

- Since October 2018:
 - Five MCUB Select contracts have been awarded
 - One contract is in process of selection
 - MCUB Select contracts have resulted in \$27,500
 - Eight contracts identified for near-future solicitation totaling \$300,000
- Newly added CERT-certified firms are already seeing opportunities with the Council.
 - Contracts in process of award hold a value of \$140,000
 - Scope for which we previously have not had MCUB firms
 - Newly added CERT-certified firms help fill the need

Current MCUB Pool (2018)



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Looking Ahead

- Strengthening our processes and reinforcing expectation of MCUB practices
 - Shifting staff practices to a new way of doing business
 - Implementing mechanisms and technology for reporting, tracking, and accountability
- Education and engagement are key, both internally and externally
 - Working with Communications on a plan for education and training of Council staff
 - Aspirational goal setting with managers across the Council
 - Regular workshops on how to do business with the Council
 - Continue business development training and support in collaboration with partner agencies
 - Re-engage with community organizations and small business industry partners
 - Continue to send targeted solicitations to MCUB firms

Equity & MCUB

- Metropolitan Council's Equity Policy states the Council will conduct its own operations and use its assets and authorities to equitably serve the needs of the metropolitan area.
 - The policy outlines multiple methods to help achieve equity, including: “Evaluate its operations, planning, and investments through an Equity Lens.”
- The Council has a role in helping reduce disparities of minority-, women-, disabled-, and veteran-owned small businesses.
- MCUB program is an effort to increase employment of underutilized firms and conveys our commitment to further eliminate disparities.

Questions?

Cyrenthia Jordan

Director, Office of Equal Opportunity

cyrenthia.jordan@metc.state.mn.us, 651-602-1085

Elaine Ogilvie

Supervisor, Small Business Programs

elaine.ogilvie@metc.state.mn.us, 651-602-1163

