

## Management Committee

Meeting date: For the Metropolitan Council meeting of April 22, 2020

**Subject:** 2020 MCUB Procurement Goals

**District(s), Member(s):** All

**Policy/Legal Reference:** Inclusion of Disadvantaged Business Enterprises (DBEs) and Metropolitan Council Underutilized Businesses (MCUBs) - Policy 3-4-6; and, Metropolitan Council Underutilized Business (MCUB) Program – Procedure 3-4-6c.

**Staff Prepared/Presented:** Cyrenthia Jordan, Director, Equal Opportunity (651) 602-1085; Jody Jacoby, Director, Contracts and Procurement (651) 602-1144.

**Division/Department:** Office of Equal Opportunity (OEO) and Office of Contracts and Procurement (Procurement)

### Background

In 2012, Metropolitan Council created the MCUB program to utilize women-owned, minority-owned and other small disadvantaged businesses in all of its procurement and contracting opportunities. In 2019 enhancements were made to the MCUB Program aimed to increase utilization of MCUB firms through Council procurements for local and state funded opportunities. The Council determined that it would set benchmarks to track and measure its efforts to include small disadvantaged businesses across its divisions. OEO and Procurement worked collaboratively to implement MCUB Select (a sheltered market program) and establish council wide purchasing goals of 8% goods and services and 12% construction that were supported and communicated by the Regional Administrator. Internal system changes were made with the assistance of Finance and awareness was created by Communications and executive leadership.

OEO based on projected locally funded construction activities increase for 2020 the procurement goal for construction to 14%. OEO based on council active efforts increase for 2020 the procurement goal for goods and services to 10%. The Procurement and OEO will continue to work collectively to identify opportunities to maximize MCUB utilization.

### Thrive Lens Analysis

Metropolitan Council is committed to the outcomes of stewardship, prosperity and equity. Equity and economic prosperity have long been part of the Council's vision for our region. MCUB is designed to engage and encourage the use of underutilized Minnesota-based small businesses for the Council's projects and procurements.

### Background

In 2019 changes were made to the Metropolitan Council's Underutilized Business Program aimed to increase utilization of MCUB firms through Council procurements. OEO and Procurement worked collaboratively to implement MCUB Select (a sheltered market program), and council wide purchasing goals of 8% goods and services and 12% construction were communicated by the Regional Administrator. Internal system changes were made with the assistance of Finance and awareness was created by Communications and executive leadership.

### Implementation Actions

OEO, Procurement and Communications worked collaboratively to educate internal and external staff

- Executed Council wide education campaign
- Added Small business designation in PeopleSoft vendor profile
- Created process for tracking and reporting utilization data
- Created a small business program information email series for new MCUB firms
- Created quarterly MCUB newsletter
- Added MCUB Select and Purchasing to Contracting Opportunities Page
- Began utilizing identified MCUBs that are distributors of Grainger and MSC
- Blanket contracts with MCUBs for food, and office supplies have been created
- Payment terms have been changed to Net 10 days to all MCUB vendors

### 2019 Metropolitan Council Results

Q2 = Construction 11.2% (\$2.6M) / Goods Services 5.76% (\$1.1M)

Q3 = Construction 9% (\$797K) / Good Services 11.8 % (\$3.9M)

Q4 = Construction 4.7% (\$319K) / Goods Services 3.3% (\$1.1M)

**Total Q2 – Q4 = Construction 9.5% (\$3.7M) and Goods Services 7.1% (\$6.1M). Q1 Not Tracked.**

### Department of Administration 2019 Results

10% Goal Goods Services, Achieved 8.2% (\$1.2M)

### 2019 Challenges

- Education campaign was at manager/director level and may not have reached the Project Manager/Requestor level
- Expectations of the program goals and responsibilities need to be clarified to staff at all levels across departments
- Review internal process in documenting good faith efforts to include MCUBs and Disadvantaged Business Enterprises made prior to and during in the procurement process
- No hard to stop that halts project manager to ask the question if they considered an MCUB for micro purchase
- Food Vendors – Certification Requirements are a burden
- Procurement and OEO staff clarify roles and expectations – joint retreat pending
- MCUB training needs to understand procurement process and standard requirements

- MCUB responsiveness /limited awareness that this is a viable opportunity in a new way of business
- Staff navigating the MCUB directory
- Need to increase within directory the MCUB vendors in scopes/categories that we have large purchases

Warehouse stock code items are assigned to a specific vendor and every time we need to purchase these items a requisition is created for the designated vendor. Because the individual purchases of these items are micro purchases, they do not require a competitive process and are issued to the designated vendor on the requisition. Many of these items can be provided by MCUBs at comparable or lower prices. Procurement staff would issue POs for these items to MCUB vendors IF the MCUB vendors were the designated vendor on the requisition.

## 2020 Proposed MCUB Goals

The Office of Equal Opportunity (OEO) is proposing to increase procurement goals for 2020

### Construction increase to 14%

During the last three quarters of 2019 the Council had a total spend for construction of \$38.8M. Of that total \$3.7M (9.5%) was spent with MCUB Business. Note data was not tracked for MCUB in Q1.

- Projected construction activities for Transit and Environmental Services the Council would need to spend \$15.7M with MCUB businesses in the first year to achieve the 12% goal
- In order to achieve the proposed goal of 14% the Council would need to spend an additional \$2.6M

### Goods and Services increase to 10%

The Council achieved \$6.1M (7.1%) spend with MCUB businesses of the \$85M total spend during the final 3 quarters of 2019 for goods and services. Note that data was not tracked in Q1.

- To reach 10% the Council would need to have spent \$2.4M. in additional funds with MCUB business.
- The required activities that will enable the Council meet or exceed these goals. (described below)

## Potential Future Opportunities

The Office of Equal Opportunity will continue to work with Procurement to identify additional MCUB participation in areas where there are opportunities to maximize MCUB utilization. These areas include:

- MCUB Select
- Office Supplies
- Food (P-Card)
- Electrical
- Tools & Industrial Supplies
- Printing

We have identified enough MCUB businesses in these areas that provide the desired quality and service at a competitive price and the opportunity to increase our spend in goods and services.

## Policy & Process Changes

- Micro Purchase increase from \$5K to \$10K (MCUB only)
  - Potential to increase to \$25,000 (comparable to Dept of Admin)
- Public notice requirement for competitive solicitation increase from \$100K to \$175K
- Race Gender Neutral Language for service contracts

## Outreach and Communication

- MCUB Sustainability
  - Identify, clarify and communicate staff/ dept roles and responsibilities
    - Continue to collaborate and improve intersections between departments
    - Data analysis transition to OEO
  - Launch internal survey to project managers, purchasers, and p-card to gain feedback
  - Create resources and tools to support staff (training, videos, contacts, etc)
  - Market MCUB results and reporting
- Targeted outreach
  - Meet and Greet for MCUB small Businesses and Council Project Managers & Purchasing Managers
  - Create Lists organized by NAICS codes and business description to provide to PMs

## Education and Training

- Internal training
  - SBU field trip with ES staff
  - MCUB Application
  - Best practices for achieving inclusion in procurement
    - Project manager and requestor education and awareness
- External training
  - Identify funding options and opportunities to leverage resources with other agencies (Dept of Admin, MnDOT).
  - How to videos
  - Safety
  - Labor Compliance
  - Insurance/bonding
  - Submitting bid/RFP
  - Finding opportunities
  - What to expect

## Monitoring & Reporting

- Establish Division/Department goals – provides the ability for each department to visualize how they can assist the Council in reaching our goals and objectives.
- Create and maintain a Council-wide MCUB Report Card that is disseminated to Managers and Directors quarterly.
- Establish and track performance metrics
  - Bidders List - # of MCUB businesses, successful and non-successful that are submitting quotes for Council projects (This will require a process change and coordination between OEO and Procurement).
  - # of prime contracts awarded to MCUB businesses
  - Total # of contracts awarded to MCUB businesses (Already Tracked)
  - Total \$ value of MCUB contracts (Already tracked)
  - Future Opportunities (Already tracked, but will require some further discussion)

## Industry Best Practice and Strategic Activities to Incorporate

- Earlier the better – OEO should be engaged in the planning and design stages of construction projects. For large capital projects this means a minimum of 3 years prior to planned advertisement.
  - Pro-actively work with project managers and planners in the early planning stages to identify potential subcontracting and MCUB Select opportunities, identify potential gaps in MCUB capacity and plan training activities to prepare MCUB businesses for the opportunities.
- Identify scopes of work that can be broken out of larger projects or are of a size and scope that make it feasible for small businesses to participate. More than 75% of DBE firms have not completed a project over \$50K
  - Repair Upgrade Fix (RUF) projects and/or Maintenance activities
  - Identify specific scopes of work (HVAC, Roofing, Industrial coating and Electrical have been identified) where MCUBs are underutilized and build capacity and expertise in MCUB businesses (12-18-month process) that includes:
    - Outreach/Communication
    - Information session
    - Technical training
    - Opportunity for and application of hands-on training
    - Procurement opportunities
    - Measuring performance
- Review Expiring master contracts and identify MCUB businesses that can compete for those opportunities
- Assist Metro Transit vendor (New Flyer) in the development of a supplier Diversity Program for the purchase of parts and materials
- Create a partnership with contractors on large capital projects – report results to the Council together
- Continue to identify and take action on future opportunities
- Work to incorporate MCUBs into warehouse blanket contracts

# Summary of 2019 MCUB Commitment

**TOTAL \$ MCUB COMMITMENT 2019: \$11,009,958**

## Q4 COMMITMENT: \$1,488,756

7 Construction Procurements:  
**\$319,305**  
 4.7%

840 Goods/Services Procurements:  
**\$1,169,451**  
 3.3%

## Q3 COMMITMENT: \$4,739,201

21 Construction Procurements:  
**\$797,080**  
 9%

911 Goods/Services Procurements:  
**\$3,942,120**  
 11.8%

## Q2 COMMITMENT: \$3,709,139

19 Construction Procurements:  
**\$2,596,581**  
 11.4%

543 Goods/Services Procurements:  
**\$1,112,558**  
 5.8%

## Q1 COMMITMENT: \$1,072,862

Commitment breakdown not available for Q1

