

ADOT, FHWA & MCDOT

Community Engagement, Partnering and Capacity Building

A Two-Day Workshop



September 1-2, 2010

PARTNERING WITH COMMUNITIES ON MAJOR PROJECTS TO ENSURE SUCCESS IN DBE PARTICIPATION, DIVERSITY IN EMPLOYMENT AND WORKFORCE DEVELOPMENT

On September first and second, 2010, Federal Highway Administration (FHWA), Arizona Department of Transportation (ADOT), Maricopa County Department of Transportation (MCDOT), invited community stakeholders to discuss the economic impact of two major construction projects planned for the Phoenix Metropolitan area. ADOT's Loop 303 and MCDOT's Northern Parkway projects represent over \$3 billion of design and construction work. Using a successful community partnering model, the FHWA engaged funding recipients, local government agencies, community workforce development groups, prime contractors, and DBE Businesses to identify ways to have meaningful and diverse participation with these two projects.

The purpose of this meeting was to discuss issues related to DBE participation, employment diversity and workforce development. The community engagement models successfully developed and utilized by the Wisconsin Department of Transportation and the Missouri Department of Transportation were highlighted. The overall objectives were to "assist ADOT and MCDOT in developing a framework/strategy to develop their own community engagement process while building upon their current practices of enhancing DBE participation and workforce development" and to "build a framework for a national model and add to or modify it with good practices that ADOT MCDOT and other States have already implemented."

The workshop contained a variety of participants including the stakeholders mentioned above, as well as representatives from WISDOT, MODOT, and FHWA contracted facilitators.

The results of the workshop included open dialogue that increased understanding, education that promoted new ideas, and some stated objectives for ADOT leadership, the AGC, general contractors, the FHWA, and the DBE community. These objectives included but were not limited to creating a comprehensive DBE plan, establishing a framework for an Arizona community engagement strategy, measuring and reporting on DBE inclusion efforts.

KEY PARTICIPANTS

The FHWA Workshop, conducted in conjunction with ADOT and MCDOT, was attended by a cross section of community, government, and business stakeholders. An invitation was required to attend.

ACS Engineering	Don Todd Associates, Inc.	Organized Affair
Acura Engineering	Federal Highway Administration	Paradise Rebar
Alpha Engineering	Five G, Inc.	Parsons
Ames Construction, Inc.	FNF Inc.	PB World
Andale Construction, Inc.	Gecko Trucking	Perco
Arizona Department of Transportation	Granite Construction, Inc.	Phoenix Black Chamber
Arizona Hispanic Chamber of Commerce	HDR, Inc	Phoenix Pipelines
Arizona Minority Contractors Association	Heavy Duty Construction	Phoenix Pipelines
Arizona Small Business Administration	The Idea Gardener	Pulice
Arizona State University	Indiana Department of Transportation	Recon, Inc.
Associated General Contractors	Jacobs	Reseed, LLC
Austin Bridge and Roads	KDA Creative	Ritoch-Powell
Aztec	Kuniklo Corporation	Royden
Carpenters' District Council	M & P Contracting, Inc.	Stanley Group
City of El Mirage	Maricopa County	Structural Grace
City of Peoria	Meadow Valley Contractors, Inc.	Sundt
CivTech	The MET Center	Transportation Equity Network
The CK Group	Mind the Gap Marketing Solutions, LLC	US Department of Transportation
Coffman Specialties	Missouri Department of Transportation	Valley Crest Landscaping
The Conference Of Minority Transportation Officials	MRM Construction	ViewSet
	National Center for American Indian Enterprise Development	Wisconsin Department of Transportation

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BACKGROUND

Arizona Department of Transportation, as a recipient of FHWA funds, adheres to Code of Federal Regulations, 49 CFR Part 26, which requires the participation of Disadvantaged Business Enterprises (DBEs) in FHWA-funded projects. After the *Western States Paving v. Washington State DOT* decision, ADOT suspended its race- and gender-conscious DBE program until the results of an updated disparity study were available. ADOT continued working in a race- and gender-neutral environment for five years.

With the completion of its disparity study, ADOT provided its DBE program and goals to FHWA for approval. Both FHWA and ADOT have publicly stated that race- and gender-conscious goals will be resumed at ADOT, with likely implementation beginning in FY2011.

Lack of DBE goals on ADOT projects for the past five years has been blamed for the significant decrease in measurable DBE participation on ADOT projects. Nonetheless, the lack of goals was exacerbated by an overall economic recession that hit the Arizona construction industry particularly hard, resulting in marked increase in construction company failures and construction worker unemployment.

With ADOT reinvigorating its DBE program, and with two mega-projects planned for Maricopa County, FHWA recommended Arizona as one of six locations for a federal initiative for community partnering related to DBE utilization and workforce diversity. FHWA wanted to share the ideas and strategies that resulted in increased utilization of historically underutilized businesses and workers on large transportation projects in Missouri and Wisconsin.

The event was customized to fit the Arizona business and contracting environment, but the purpose remained the same. Stakeholders had an opportunity to communicate the barriers to participation in ADOT projects by disadvantaged businesses and workers, listen to successful strategies used by other state transportation departments, and provide strategies that could increase participation by diverse groups.

Two mega-projects served as the focus of the FHWA Workshop. ADOT's Loop 303 includes nearly 28 miles of new highway



Luis de la Cruz, Andale Construction (DBE) (left). John Porcari, USDOT (right).

construction and \$2.1 billion of investment. MCDOT's Northern Parkway is a \$1 billion investment into a new 12-mile, six-lane parkway, connecting the Loop 303 to Grand Avenue (US60). Both projects are located in the western portion of the Phoenix metropolitan area.

The projects include:

- **Loop 303** (Bob Stump Memorial Parkway) construction of new six-lane controlled access freeways over 16 miles extending from Interstate 10 to US 60 (Grand Avenue) which includes 17 interchanges **(\$2.1 billion) (ADOT)**
- **Northern Parkway**, an adjoining new construction project, is 12 miles of a new six-lane parkway in the cities of Glendale, Peoria, and El Mirage from the Loop 303 to Grand Avenue. **(\$1 billion) (MCDOT)**

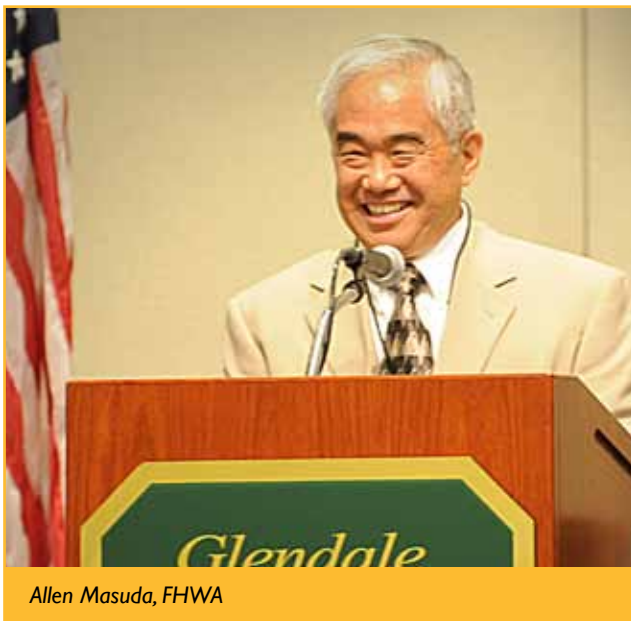
In preparation for the new environment, ADOT made a change in the DBE Supportive Services Manager and hired a transportation professional with a proven success record to strengthen and professionalize the program. New programs instituted included ADOT Academy for the Advancement of DBEs, the Preparing to Prime Workshops for professional service firms and contractors, DBE Task Forces, more sophisticated communications strategies, and regional conferences. As a result DBE participation has quadrupled with more DBEs engaged on a regular basis with the program.

With goals being reinstated, the number of DBEs that need to be engaged is increasing. Therefore, new strategies, expansion of existing successful strategies and measurement of progress are imperative.

COMMUNITY ENGAGEMENT & PARTNERING - ADOT, MCDOT AND FHWA

Focusing specifically on the new transportation corridor of the 303 and the adjoining Northern Parkway, each of the leaders below was clear that they and their organizations are committed to inclusion. Mr. Masuda charged Mr. Halikowski and Mr. Hauskins with getting more DBE businesses involved in goal setting as well as project participation and workforce development.

- Allen Masuda, Associate Administrator from the Office of Civil Rights, Federal Highway Administration
- John Halikowski, Director, Arizona Department of Transportation
- John Hauskins, Director, Maricopa County Department of Transportation
- Kenny Harris, Assistant County Manager, MCDOT



Allen Masuda, FHWA



Kenny Harris, MCDOT (left); John S. Halikowski, ADOT (right)

Mr. Halikowski emphasized that "ADOT leadership is committed to working with the DBE stakeholders to increase communications and is committed to a comprehensive program to include the DBE community." He recognized the efforts of the Civil Rights Office, specifically Nancy Gomez, Melissa Boyles, and Eddie Edison as critical to the overall effort. He highlighted the tremendous success in the last six months where DBE inclusion has quadrupled, moving from 1.5% to 5.95%.

Mr. Harris and Mr. Hauskins, MCDOT, committed to "cooperation in creating the best transportation in the country." They charged the group to: build DBE capacity for projects and develop a workforce around the planned projects. There was discussion regarding the term, "DBE-Friendly" to which some attendees objected. A lively discussion ensued regarding that terminology and the limitations that it implies.

Acknowledgement was made by a number of individuals that different terminology and a refocused perspective about the DBE capacity is in order. It was emphasized that all aspects of the project, including prime contracting are possible by DBE businesses, not simply minor project components.

CONSTRUCTION PROJECTS & WORKFORCE

Robert Samour, Deputy State Engineer, ADOT, Steve Beasley, ADOT and Al Kattan, Project Management and Construction Division, MCDOT discussed the issues related to DBE participation, especially as it relates to workforce development.



Robert Samour, ADOT

Mr. Samour, commented, “There is a need for skilled workforce, both now and as we come out of the economic challenge that we are facing. There is a lot of economic activity related to the 303 projects. Even if you are not a highway business, opportunity will still be there for the corridors that are being developed. We have opportunity through resources and networking to move forward.” He extended the staff as available to assist.

“**We have a significant investment** with the 303, between Grand Avenue and I-10. It will be developed into a full freeway template. The first segment will go out at the end of this year. Some sections are approaching 25-30% design completion. There is a lot of activity related to primes and subs.”

Mr. Beasley provided a Loop 303 overview. He noted that “We have been pretty successful keeping the program going even though there are budget cuts.”

He identified projects that would potentially be available to contractors, including DBEs. He labeled some parts of projects, “DBE friendly” which created some objections in the room. DBEs feel that this minimizes them and their role in projects and/or delegates them to small project components.

Mr. Beasley specifically mentioned hauling, trucking and landscaping added to the list of bid packages that will be released separate from the large bundles. He summarized the three fiscal years of opportunities (2011-2013.) He also announced that Pulice Construction is the contractor selected as the CMAR in Surprise, AZ. Landscaping will be separate projects for each segment of the 303. Hauling and trucking were cited as examples of work historically performed by DBE contractors on ADOT contracts and WILL NOT be separate packages on the 303 projects.

Mr. Kattan discussed the entrepreneurial spirit. He stated, “We are building an inclusive community”. While presenting his PowerPoint presentation, he noted that all communities are unique. He then discussed the major project requirements, management and oversight, project limits and features, funding sources, the five year program overview, project progress to date and next steps.



Al Kattan, MCDOT

LESSONS LEARNED FROM THE WISCONSIN DEPARTMENT OF TRANSPORTATION

Michelle Carter, DBE Liaison, WisDOT provided a thorough review of the community engagement and implementation strategies used to achieve success in a recent transportation project.

Wisconsin seized the opportunity to create a new DBE engagement model to apply to their \$810 Million Marquette Interchange reconstruction project in Milwaukee. Project successes include:

- DBE participation rate of 20.5%
- Payments to DBE companies totaling \$110.7 million
- Diverse Workforce of 21.1 percent

They implemented the following strategies to achieve this success:

1. Commitment from leadership
2. Aggressive approach to community engagement that included access and transparency as well as outreach in formerly "off-limits" areas including churches, bars, and community centers. Staff was trained to build trust and educate as the focus of their efforts.
3. Identified measures of success
4. Branded their mega project and communicated using brochures, radio, and marketing methods more typically used in the private sector.
5. legal and financial team oversight at all levels including documenting electronic payments, web-based visibility, and payment tracking on a two-week schedule.
6. Unbundling contracts to "right size" contract opportunities. The ramps, interchanges and ornamental fencing were separated into smaller contracts. They also implemented mandatory subcontracting.



Claudia Perchinelli, Principal, Structural Grace

7. Inclusive labor development modeled after unions including screening, job pool coordination, and training teams
8. Communication between primes, major subcontractors, and job applicants helped facilitate the process including speed networking and application reviews. Every new hire was confirmed in writing and given a \$5/hour hiring incentive.

Ms. Carter concluded with the four key aspects of the program, access, accountability, inclusion and oversight.

LESSONS LEARNED FROM THE MISSOURI DEPARTMENT OF TRANSPORTATION

Mr. Lester Woods, Director, Office of External Civil Rights, MODOT discussed the successes associated with the \$535 million reconstruction project of 10 miles of Interstate 64 in metropolitan St. Louis, Missouri.



Lester Woods, MODOT

He recapped the project successes, including:

- Exceeding federal goals for workforce and DBE participation,
- Under budget by \$11 million
- Completed three weeks ahead of schedule
- A community partnering agreement created now being utilized on two additional projects
- Twenty percent on the job training participation,
- Implementation of \$10/hour incentive for apprenticeship training

Keys to MODOT's Success

- Leadership support
- Community engagement
- Active listening
- Consensus building
- Advisory committee including labor management, pre-apprenticeship programs
- Roundtable discussions
- Workforce utilization plan partnering agreements

ADAPTING THE COMMUNITY ENGAGEMENT MODEL (FHWA)

Mayela Sosa, Assistant Division Administrator, FHWA Division discussed FHWA's commitment to Arizona.



Mayela Sosa, FHWA

Ms. Sosa emphasized FHWA's commitment to Arizona as demonstrated by FHWA's selection of Arizona for the FHWA Workshop and the recent grant of \$750,000 to the Arizona DBE Supportive Services Program. Ms. Sosa anticipates that the funds will be used by the Program to assist DBEs with technical assistance to grow and participate in ADOT projects.

Ms. Sosa also recognized that Arizona has been a nationally recognized leader in partnering. She noted, "In working to deliver relationships and services, ADOT has used partnering for time and cost savings while continuing to deliver quality projects; solved problems; been successful in making improvement to business practices; shared missions and goals; identified issues, established a resolution process. In the spirit of leadership, FHWA wants to continue to work with you on projects, workforce development, and the public [partnering] to make sure everyone is aware of the potential opportunities."

BREAKOUT SESSIONS (MORNING)

These three separate smaller meetings with randomly assigned participants were tasked with the responsibility to discuss the question, “What has gone well with the DBE program and workforce development to date?”



Claudia Perchinelli, Principal, Structural Grace (left); Sabrina Drago, Bridge Engineer/Marketing Assistant, Structural Grace (right)

A variety of responses were generated as part of this discussion, including,

- DBE Supportive Services Program is increasing its professionalism
- Increased number of educational opportunities, including the ADOT Academy for the Advancement of DBEs
- Perceived increased commitment from ADOT leadership for the DBE Program
- Apprenticeship programs by unions and other key stakeholders
- DBE Professional Services Task Force
- DBE Construction Task Force
- Clearer communication regarding the project opportunities
- Clearer communication regarding the DBE programs
- Increased participation by the Prime Contractors
- State-wide focus, not simply Maricopa County
- Capacity exists for professional service firms (enough DBEs are certified to meet goals)
- ADOT is recognized for its partnering
- One-on-one technical assistance is available to DBEs at no cost
- AGC attended the event and is fully engaged

PERSPECTIVES FROM THE US DEPARTMENT OF TRANSPORTATION

Mr. John Porcari, Deputy Secretary, US Department of Transportation was previously secretary of the Department of Transportation for Maryland. Accomplishments included transforming the state's \$1.8 billion expansion of airport and directing state's response during 9-11.



(from left to right) Sharon Gordan, FHWA; John Porcari, USDOT; Aaron Chong, SBTRC; Bob Hollis, FHWA

Mr. Porcari spoke, "There are opportunities and Arizona small businesses are eager to get to work, building the economy and creating jobs. ARRA was signed 18 months ago. Recovery began then and will continue. We are rebuilding America's economy as we rebuild America. Prosperity today is due to the investment of our parents and grandparents. To keep our economy growing, we need to keep investing. Recovery will be started from small business."

Mr. Porcari emphasized that one of the top priorities of his organization is to give special opportunities to DBEs to build infrastructure. A high level task force was developed to help the program grow and to increase DBE participation. This task force has enjoyed wide support from program directors, Secretary Lahood and others. He emphasized that \$11.6 million in grants have been awarded to help DBE build capacity. Their intention is that the funding will help companies grow and participate in Department of Transportation programs.

Mr. Porcari respects the willing workers, great ideas, and "can do" spirit in Arizona. He is confident ADOT will use the \$750,000 funding. He anticipates significant, well-paying jobs will be created as the 303 and the Northern Parkway is built. These two projects will be used as a model to build one success on top of another.

Mr. Porcari noted that two states have done a good job of creating opportunities for the DBE communities. A 16% goal was achieved (\$190 million) working on Missouri and Wisconsin projects. He emphasized the importance of using those projects as models going forward.

He hopes to build upon the good things that ADOT and MCDOT are already doing. He emphasized that "before anything is advertised, the preparation for work is where we can impact our DBEs. We need small business owners, potential partners, prime contractors. We need to collaborate and start building upon the work. Obama administration is looking at small and minority businesses and has taken steps to provide more support for the DBE community."

Mr. Porcari also noted that bonding is a key impediment to opportunities. He identified two key changes that DOT is proposing:

1. Bonding authority to provide capacity and help in conjunction with commercial banks.
2. Propose increase DBE net worth to \$1.3 million with the goal to bring people under the cap and into the program. (First change in 23 years).

Mr. Porcari noted that DOT and ADOT are working together to implement an action plan and overcome barriers for the ADOT DBE participation. They are:

- Applying goals to transportation projects
- Requiring more transparency from ADOT
- Accountability from state agencies to achieving goals
- Modifying and updating certification requirements
- Adjusting personal net worth
- Cross certification state to state
- Improving post award oversight

He anticipates a comprehensive update. "The DOT wants to level the playing field so DBEs can help rebuild America. Spirit burns brightly in the small business community. We will use these two projects as a springboard for greater DBE participation."

STAKEHOLDER PERSPECTIVE PANEL DISCUSSION

The speakers for this session included Laura Barrett, Executive Director, Transportation Equity Network, Dr. John Gaal, Carpenters Union and Member of MoDOT I-64 Advisory Board, Thomas Burse, Buveck Consultants; Vivian Martain, Executive Director, Construction Prep Center



(from left to right) Lester Woods, MODOT; Vivian Martain, Construction Prep Center; Dr. John Gaal, MODOT; Laura Barrett, Transportation Equity Network

The speakers emphasized the importance of inclusiveness, compassion and pro-activeness. Ms. Barrett discussed the importance of community organizers to impact the African American community specifically. She emphasized that, "If you include everyone, you have a much richer project at the end." They recruited a number of people, everyone from NAACP, faith-based organizations, the disabled and those impacted by poverty.

Dr. Gaal emphasized the importance of approaching the problems of integration with a unique and "out of the box" approach. By working hard they brought together a number of groups that for decades had clashed. They searched until they found some common ground. They tied payment to performance and emphasized 360° training programs that train for all types of construction and specifically for highway heavy work. He outlined the 93 people that the MoDOT program trained. Twelve of those people became journeymen.

Mr. Burse spoke about the successes he has had as a DBE business providing services to public transportation organizations and emphasized the importance of partnering for success.

Ms. Martain talked about her program's success in training people. She emphasized that her program is very stringent and uses union requirements. They lose 30-40% of their enrollment prior to graduation. She notes, "Unless you are excellent, you won't make it. We drug screen and certify so when they get to you, they are already ready for you."

Her program trains the participants in construction. They adjust attitudes, increase work ethics and create a framework of excellence. She told several very moving stories of people that have turned their lives around as a result of this program. One man went from homeless to happily married and children attending the best schools. She understands that money is the currency of business and the training is approached as a win-win with employers getting excellent employees and employees trained to earn a good living.

ADAPTING THE COMMUNITY ENGAGEMENT MODEL IN ARIZONA (ADOT)

Speaker was Floyd Roehrich,
State Engineer, ADOT

Mr. Roehrich was congenial as he expressed his interest in adopting the community engagement model. “The model that worked in MO and WI are definitely ones that we need here today. It’s time to start lifting up the community.”



Floyd Roehrich, ADOT

He expressed that the Northern Parkway and the 303 will provide the opportunity for DBEs to seek potential business opportunities. He noted that ADOT’s intention is to help build opportunities for qualified firms, grow the DBE program, build the community and give opportunity. He noted that the DBEs need to “Not just show up and get money, but show up and perform.”

Further, he noted, “We want to build our community. We are reaching out. We need to continue to mature this process. Local governments and local partners need to provide an educated workforce by further developing people currently participating.”

He expressed that he wants to continue focusing on a race and gender neutral program.

He reached out by saying, “We need you to help us. Please give us your feedback. How can we adapt this community engagement and outreach to continue to work with our personal field and continue to reach out and engage others. We hold the future in our hands. Thank you.”



Ricardo Carlo, AMCA

BREAKOUT SESSIONS (AFTERNOON)

After lunch, three separate smaller meetings again convened with the same people in each group and were asked to identify the opportunities for improvement that need to be addressed on behalf of the DBE community and workforce development. Ideas included:

- Establishing a rating, report or preference system in order to identify strong performing DBE companies
- Creating a DBE expo (reverse trade show) as a convenient way for primes to meet DBE companies
- Re-brand Disadvantaged Business Enterprise (DBE) to Developing Business Enterprise (DBE) or Emerging Business Enterprise (EBE) or some other phrase.
- Better measure success
- Create stronger mentor-protégé programs
- Conduct a speed networking session for DBEs to meet prime contractors.
- Create peer advisory teams for DBEs
- Unbundle contracts
- Enhance the marketing component of the ADOT Academy
- Developing a means to overcome the risk a Prime takes on when working with a DBE new to them? The idea of "additional points in the procurement process" was floated without a lot of discussion. (later it was determined that this was unlawful.)
- Assist DBEs in getting access to capital – lending/bonding, etc.
- Improve the UCP database with better keyword usage and possibly even project work experience
- Invite even more stakeholders to events like this (They were, but did not show – unions, legislators, ABA, surety association, banks, SBA, etc.)
- Create clear "good faith effort" guidelines
- Create more publicity for the program by using the media and connection to elected officials



Julio Alvarado, ADOT (left); Steve Beasley, ADOT (right)

A discussion ensued about measuring the results of the program. Ideas were offered, including measuring:

- Number of DBE firms/companies getting contracts, including new firm growth in contracts
- Job growth
- Percent participation in projects by DBEs
- Profitability and changes therein for primes and subs
- Projects delivered on time/early comparisons across time and involvement percentages
- Participation in DBE support services programs
- Graduation from DBE program
- DBE performance review results and/or a grading system
- Ability to move from race/gender-conscious to race/gender-neutral

INDUSTRY BEST PRACTICES - GOOD IDEAS AND LESSONS LEARNED FROM INDUSTRY PROFESSIONALS

Speakers Martha Kenley (Moderator), FHWA National DBE Program Manager; Ruben Anthony, Deputy Secretary Wisconsin Department of Transportation; Aaron Chong, Project Director, Small Business Transportation Resource Center; Tim Muller, South West Regional Manager, Austin Bridge and Road

The speakers discussed best practices and entertained questions from the audience.



(from left to right) Martha Kenley, FHWA; Ruben Anthony, WISDOT; Aaron Chong, SBTRC; Tim Muller, Austin Bridge and Road

Mr. Chong presented information about the SBTRC.

"One of the things we can offer is the short-term lending program. It offers DBEs up to \$750,000 line of credit secured by DOT contract. You can use that contract as collateral.

About the SBTRC- we cover the four states of Arizona, California, Nevada and Hawaii. There are eleven SBTRCs. The role of the SBTRC is to increase the number of small businesses that are prepared to complete DOT projects as well as other public owners. We offer a comprehensive delivery system, training and business assistance. We help SBEs, short-term financing, help DBEs with bond-related issues, certification and ethical issues. One thing that is the best kept secret is the bonding reimbursement program. Tied to ARRA funding. Program is slated to expire next Wednesday. Check out the blue flier. If you are working on an area funded project, the bond expense is eligible for reimbursement. The reimbursement is \$2-3k."

Chong: There is a pilot program for bonding education program slated to come out to the west coast. The program is to train DBEs to get bonding. Ten-week course with Surety Company.

Director Halikowski asked if there is any way to speed up getting this program for Arizona prior to one year from now? Mr. Chong committed, "Yes, we will work with you on that."

Mr. Muller presented his perspectives related to, "How can we make sure that DBEs can be of value to primes?"

"I opened an office in 2006. With my experience, and my business philosophies and the company's philosophies, based on a simple understanding how business works. Ignoring labor, the next two things that are the most important, schedule adherence and subcontractor management. The two go hand in hand. Those are the two most volatile things. The foundation for our success for all subcontractor management is the

involvement of our operations side. Our goal in a low bid environment, pre-bid and post-bid are both equally important and all of our project team follows that model. We have an existing database or cadre of qualified subcontractors. During the outreach, instead of making it about glad handing, we match PM and estimating group to screen, champion, and then educate them.

Our biggest challenge is getting a bid the hour before the bid is due and then having missing pieces, so we reach out and get clarification early on. All of the details that affect pricing have to be addressed. Structure intensive contracts are 50% or greater subcontracted. We need to have a good stable of qualified subcontractors. But we are successful. Except for the specialties, there may be items we price and then bring on subcontractors although they were not initially a part of the bid. We don't have enough DBEs. We need more qualified subcontractors. These are business decisions. We don't pay more to get DBEs on teams. We work with them. We may adjust schedules or other things to accommodate but we don't pay more.

A discussion took place with the panelists regarding the MODOT and WISDOT projects.

Rob- ADOT: Would you please offer more information about outreach and reimbursement. Where did the funds for training come from?

Anthony: It's not based on race. It's just an active training program. There is no set amount. It is up to the state to determine how much money locally you are going to put into those programs.

Kenley: You are in competition for funds but you were able to get support for this?

Anthony: African Americans and Latinos were a part of the program but it wasn't about race.

INDUSTRY BEST PRACTICES - GOOD IDEAS AND LESSONS LEARNED FROM INDUSTRY PROFESSIONALS

Abarikwu: Is the DBE program limited to federally funded projects only? Or is it funded by state funded, as well? In Arizona, there is no requirement from the state to consider DBEs. If what you have is all-encompassing, can you tell us how you achieve it?

Anthony: Same in Wisconsin. Only projects with federal dollars are applicable. Whether you have goals on projects or not, the primes are doing this work on their own. We have the same situation but we work with our primes. It's all about relationships.

Tellez: I talked with Michelle about her presentation. From an agency perspective, what resources were committed?

Anthony: We reorganized and created the Bureau of Equity and Environmental Services. This area reports directly to the Secretary's office. They also sit by the operations. We made everyone aware of what is going on. We staffed it and made sure everyone could do it. We gave Michelle the opportunity to contract and bill fast to get the expertise. We institutionalized our process so it became part of how we worked in the DOT. We hold ourselves accountable and have tracking and monitoring on all of our projects. We see progress or not during the project and can course correct if necessary. If our expectations are not being met, the processes will alert us to make changes. We invest in tracking and monitoring.

A discussion occurred about the relationship between the AGC and ADOT.

de la Cruz: AGC, ADOT, and Civil Rights department should come together. We're going to need straight talk. We need to better understand the schedule. We need those ideas brought out. Let's get together and find solutions so we can find solutions and keep things on schedule.

Here's the question: Is the AGC on board?

McGennis: We just started a construction task force to work with the primes. We are trying to create a charter and trying to move forward. This is a good faith effort program. The UCP website is not utilized well and is not put together well. There has to be some work on these issues. Getting the right names and the right people to solicit and be able to work together.

Halikowski: Ham and eggs and chicken and pig. Chicken is supportive. Pig is committed. ADOT is committed. All leadership is here. If we didn't think this was important we wouldn't be here. My friend, David and I have a great line of communication. Whenever I go to a conference, there are vendors involved. We should have something like that.

Dave: AGC is committed.

Anthony: Speed networking, we have opportunity for primes to meet subcontractors. Every company that comes has an opportunity to meet a DBE. We use existing funds to do this.

Boyles: Announced the DBE Expo. Reiterated that the AGC is committed from her perspective. Thanks for all the support.

Mandatory sub-contracting, unbundling, and mandatory set-asides were discussed.

Tellez: Mandatory subcontracting regarding line items. Where can we start looking to include DBEs? Can we start getting people like MRM and others involved in the program? We have to increase the spending from \$6 m to \$56 m.

Anthony: Mandatory subcontracting with small business goals. Prime contractors have to self-perform.

Audience: In Wisconsin, there are local bankers that are working with DBEs.

Edison: Can you tell us about the unbundling process?

Anthony: Traffic control, landscaping and fencing can be unbundled but risk analysis should be done. We rated them high, medium or low risk. If on a critical path, can't be broken out. If have to unbundle, you have to do it before the PS&E (plans, specs, and estimate) Audience (Anoop): Can you discuss mandatory set-asides?

Anthony: We never required a set-aside for anything. We had mandatory subcontracting that was race neutral. We said it had to go to a small business. We did not take DBE goals off but added SBE goals so 10% to SBEs and 15% DBEs. So, 25% for both or just 15% while using DBEs.

Audience: What about DBE money restrictions?

Anthony: That's why we broke the projects down. They were \$100,000 or \$300,000 smaller projects benefited primes and DBEs.



Anoop Batra, IECO (DBE)

ARIZONA COMMUNITY ENGAGEMENT STRATEGY

Ms. Melissa Boyles, DBE Supportive Services Program Manager, ADOT, discussed her thoughts about the AZ Community Engagement Strategy.

Ms. Boyles began by discussing the impressive level of support that she receives from ADOT leadership. She goes on to discuss Director Halikowski's business approach to ADOT.

Ms. Boyles, says, "That's our approach. It's not the right thing to do. It's the smart thing to do. Arizona's small business community is made up of nearly 60% minority and women owned businesses; potentially Disadvantaged Businesses. We need to support the backbone of our economy. Small businesses recover faster. We need to focus on the economic impacts of the small business community. We have the support of the federal government to bolster this part of the economy. We received the largest supportive service grant in the history of the state. We are going to spend it and spend it wisely. Next year, we're asking for \$1 million.

We are focused on two things; what are we doing internally? Because we have the commitment of leadership, we need to expand our partnering program. How do we use some already established and broader communication tools to bring in DBEs?

The workforce development piece is also very important. ADOT can leverage the success of existing workforce development programs and, by partnering more closely, be responsible with tax payer dollars and provide even greater opportunities. We can be instrumental in creating jobs. This is the broader impact of the transportation investment.

The supportive services program is different now. ADOT has had the program for a decade. Last year, leadership instituted a change. As part of that change, I was recruited. Together, we developed a framework around Education, Access, Visibility. With education being one of those core themes, we created an intense education program. One of only three programs in the country that was partnered with a major university, ADOT Academy was based on the Award-Winning Subcontractors



Melissa Boyles, ADOT

tors Leadership Program. To date, over sixty five companies have graduated from ADOT Academy.

Access. Currently, we have an over concentration of DBEs in Maricopa County, over 73%! We as an agency have to do a better job of recruiting and certifying DBEs in the rural areas. We are working to give all DBEs better access to primes and ADOT leadership. We will also work to give the rural areas access to certification. To that end, the agency has recently implemented an online certification module that provides 24-7 access and speeds up the certification process.

With regard to working outside of ADOT, the AGC is a critical partner in this initiative. Amanda McGennis was one of the first people to contact ADOT regarding a new program and initiated the ADOT/AGC task force. We are listening to primes and we are listening to the DBEs. Two additional task forces have been developed in order to bring the two groups together with ADOT leadership to address barriers to entry. At the end of the last quarter we went from 1.5-5.95% DBE participation. This was a huge movement and we haven't even started. We are facilitators and public servants. Like our prime contractors, we should be setting the bar for professionalism, communications, and commitment.

Our leadership is fully committed. We are now in a position to lead these efforts on behalf of the state of Arizona. We want to set the bar nationally. We are going to take best practices from other states. We want to have one of the best DBE programs in the country. I am 150% sure we are going to do it. It's not a matter of if, but when."

ADOT'S COMMITMENT

ADOT's Director Halikowski was responsive and encouraging as he indicated his commitment to the DBE initiatives and tasks that were distilled from the conference. ADOT commitments included:



John S. Halikowski, ADOT

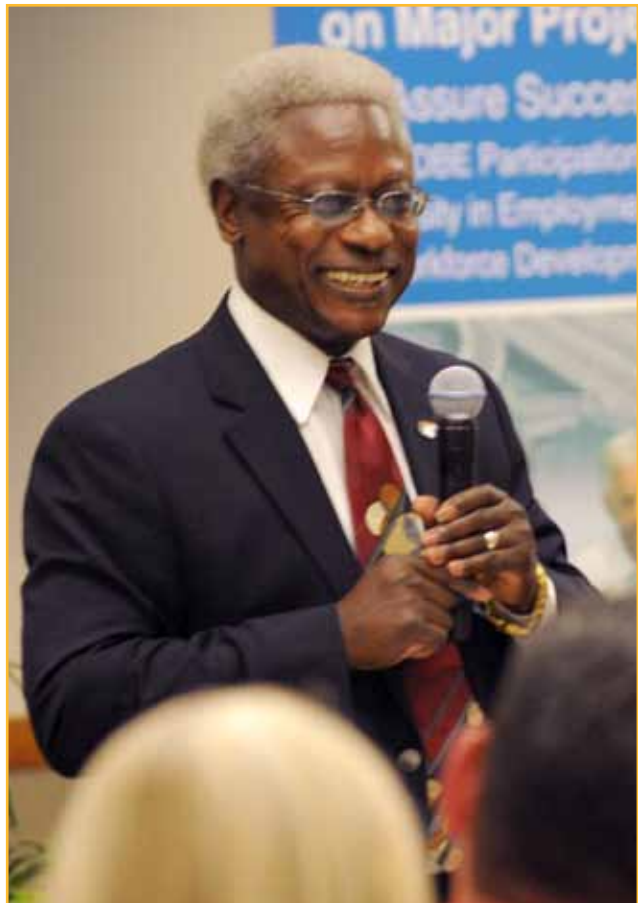
1. Partnering with FHWA partners to implement a comprehensive action plan.
2. Continue being involved through participation in workshops.
3. We will facilitate workshops with AGC and professional services
4. We will partner with suppliers
5. Communication through DBE Supportive Services
6. We will support a Mentor-Protégée program
7. We will leverage with Department of Commerce/Labor
8. We will evaluate workshop suggestions
9. We commit to customer surveys
10. We will create a letter about bonding, capture those issues and raise them to the congressional level.
11. We will address pre-qualification issues. (Have already spoken to state engineer)
12. Bundling. We'll commit to looking into that issue (small, medium, large.)
13. Leadership will continue to stay involved and keep the Governor apprised
14. We will measure and report on all efforts.

ADDITIONAL MATERIALS

What follows is a transcription of the events of the day with all available detail.



Darren Brown, DOT; Thomas Burse (DBE)



Robert Hollis, FHWA

TRANSCRIPTION

Welcome Remarks & Introduction

Speaker John Halikowski, ADOT

Acknowledgement that people at conference are there by invitation only. He mentioned the editorial in the Arizona Republic from Victor Menendez. "Thank you for participating in the discussion today. I hope that it will give you an excitement and charge and recommit you to DBE inclusion. The economy can be linked to construction of transportation. Increase in mobility and transportation is a significant part of our community. New transportation corridors like the 303 are important to the DBE community and partnerships with prime contractors." David Martin was welcomed. "There are opportunities to participate for all small businesses. A regional mall is planned near the 303. Businesses are eyeing the area around the 303, the first new freeway in a long time." He also discussed the bridge that will be a part of the 303 corridor.

"ADOT leadership is committed to working with the DBE stakeholders, to increase communications and is committed to a comprehensive program to include the DBE community. ADOT Academy is for the advancement of DBEs. Clear guidance was not given up until 2010. In the last recording period, DBE commitments have quadrupled. This is a ground-breaking effort that will be changing the community for years to come. I am here to deliver the message. There are many people here that are making it happen. Melissa Boyles, Nancy Gomez and Eddie Edison are all important to the overall effort."

Cooperation with the State Board is important. Recognition of Mr. Visuvia. He is hopeful the conference will prove fruitful.

Concluded at 8:47 a.m.

Speaker Kenny Harris, MCDOT

He told a story about bidding on three major projects at the same time and spoke of the importance to fostering goodwill. After a considerable amount of work there was only 0.4% participation in the local projects, yet federal work engendered 10% participation. Then, Dave Martin, AGC, sued MCDOT because MCDOT wanted 7% participation in the mid-nineties. Currently there is 10% participation on the local courthouse project.

Hopes that MCDOT will develop opportunity to develop a plan that includes women and minority businesses.

Concluded at 8:52 a.m.

Speaker John Hauskins, Director, MCDOT

Looking forward to cooperation in creating best transportation in the country. MCDOT-we need to work together with small companies to survive. We need to pull together to get the job done and do it well. We need to bridge the gap. We will be highlighting the northern arterial roadway project that connects to the 303. MCDOT is at your service. Professionalism and cooperative attitude, collaboration and cooperation.

Concluded 8:55 a.m.

Project Overview & Plans for the Day

Speaker Jim Paige, Project Manager, ViewSet Corporation

Welcome. We have a full day of good "stuff" to do. We had a good discussion. Everyone was asked to stand that was at the event the evening before.

How we got here. This is the second trip here. It started 6 months ago. My intention is that when we leave here, we feel good about how it went. "Should I say something or not?" Meet and greet.

Discussed the Missouri and Wisconsin examples of success.

Agenda was reviewed.

Story about 82nd Airborne. Make it about everyone in Phoenix. Charge that everyone knows what you are doing. Inclusion, diversity, participation are important to the project.

What we are NOT doing: inspecting, evaluating, testing, telling ADOT/MCDOT how to do their job

Day 1: Agenda: Community engagement strategies and workforce development. Key Note: John Porcari - Deputy Secretary, Strategies & Brainstorming, Networking

Day 2: Agenda: DBE Capacity Building & Best Practices: Best practices, stakeholder open forum, Arizona community engagement strategy

Ground rules: Participate fully. Share ideas. (GICOD) Focus on issues. Maintain confidentiality.

Success for the workshop: Introduce the concept. (This is the beginning of the process). Get your input/ideas, establish framework for the Arizona Community Engagement Strategy.

Everyone wants to do the right thing. If you are not acknowledged, please accept my apologies. We are committed to acknowledgement. You are in the room and your vote counts. This is a big day for Phoenix and Maricopa County. We want to introduce you to concepts and begin the process of making changes.

Acknowledgement of military people.

Concluded 9:10 a.m.

TRANSCRIPTION

Speaker Robert Samour, Deputy State Engineer, ADOT

We have a good opportunity to talk about DBE participation. I encourage everyone to have an open mind. If there is friction, let's play it out. We have important opportunities.

We want to discuss workforce development. There is a need for skilled workforce, both now and as we come out of the economic challenge that we are facing. There is a lot of economic activity related to the 303 projects. Even if you are not a highway business, opportunity will still be there for the corridors that are being developed. We have opportunity through resources and networking to move forward. He extended the staff as available to assist.

We have significant investment with the 303, between Grand Avenue and I-10. It will be developed into a full freeway template. The first segment will go out at the end of this year. Some sections are approaching 25-30% design completion. There is a lot of activity related to primes and subs.

Was turned over to Steve Beasley. We do have information related to money and time for these projects.

Concluded 9:17 a.m.

Speaker Steve Beasley, ADOT

Loop 303 overview. We have been pretty successful keeping the program going even though there are budget cuts.

- POWERPOINT -

What's next...we have added hauling and trucking. Landscaping will also be included. Landscape construction in FY 2012, \$6.9 million.

FY2011

- Peoria to Waddell and Waddell to Mountain View combined project (\$150 M)
- Pulice Construction is the CM@R selected for the final design in Surprise. At the end of design, Pulice will provide GMP. See slide.

FY2012

- Thomas to Camelback (\$72 M)
- See slide
- Glendale to Peoria

FY 2013

- Camelback to Glendale segment
- John Hauskins says they will drop DBE - friendly terminology.
- Several objections to term - people who objected included... (check with Patti)

Concluded 9:37 a.m.



Steve Beasley, ADOT

Speaker Al Kattan, Project Management and Construction Division, MCDOT

Entrepreneurial spirit is what this is all about. "We are building an inclusive community".

- POWERPOINT -

1. Partners and Participating Agencies
2. All communities are unique
3. Major Project Requirements
4. Management and Oversight
5. Organizational Chart
6. Project Limits
7. Project Features
8. Funding Sources/Shares
9. Funded Phasing Plan (2009-2025)
10. Life Cycle, Five Year Program and Annual Budget
11. Five Year Program Overview- January 2 opportunities for design
12. Phase I- Interim: Sarival to Dysart
13. ROW
14. Project Progress Update
15. Next Steps

AlKattan@mail.maricopa.gov

TRANSCRIPTION

Panel I-An Approach for Community Engagement Lessons Learned and Implementation Strategies from MCDOT/WisDOT

Speaker Michelle Carter, DBE Liaison, WisDOT

Greetings from Governor, Congresswoman,

Had disenfranchised company

Title VI complaint held up project

Mayor and governor were at odds

A number of conversations to note

Concerns included planning

Started with Stakeholder communities. Early on deputy secretary- make it, take it, respond and deliver.

-POWERPOINT-

1. Mega Project Background

2. Commitment from the top was key to the success of project

3. Commitment Plan: make it, take it, respond, deliver
(Had to be aggressive and had to target)

4. A Paradigm Shift: external (community engagement)

Access and transparency was critical and important to the success of the program.

5. Paradigm Shift: internal

Went to churches, bars, community centers, etc. Staff was supposed to build trust, educate and manage

6. Measures of Success

7. Elected Official's Bully Pulpit (transparency with public officials)

8. Brand Your Mega Projects. A lot of information was available (radio, brochures)

9. Strategy: Follow the Money- legal and financial team oversight at all levels.

- Documented payments electronically

- DOT could see when payment was made

- Web-based visibility

- Tracked payments every two weeks

10. Strategy: Contract Unbundling

- Right size contract opportunities

- Ramps, interchanges and ornamental fencing were all separated into smaller contracts

- Mandatory subcontracting



Michelle Carter, WisDOT

11. Strategy: Inclusive Labor Development

- Modeled after the unions

- Screening included license and

- Job pool coordination: every contractor that wins a prime contractor, training team provides labor development

12. Strategy: TransPROGRAM

13. Strategy: Facilitated Communication (Speed networking, prime and major subs to review job applicants)

14. Confirmation in writing (hiring incentive \$5/hour)

15. Conclusion: Access, Accountability, Inclusion, Oversight

Concluded 10:35 a.m.

TRANSCRIPTION

Improving Minority and Women Participation in Transportation Projects

Speaker Lester Woods Director, Office of External Civil Rights, MODOT:

-POWERPOINT-

1. Accomplishments (under budget, ahead of schedule)
2. Community Concerns-concerned about who you see working on projects. Al Sharpton led a protest and shut down a freeway. Protest signs present at commission meeting.
3. MoDOT Response: You need to have leadership from the top and FHWA.
4. Keys to Success: saw that things have to be done to facilitate.

Five things crucial:

- Buy in from top
- Engagement with community
- Active listening (Julie Cunningham helped)
- Built and formed consensus
- Advisory committee inclusive of stakeholders: labor management, pre-apprenticeship training programs

5. Challenges

6. Roundtable Meetings

7. Workforce Utilization Plan Partnering Agreement (put in special provisions of the agreement)

8. Connecting the Dots

- MODOT Training & Workforce (2 1/2 % = \$2.5 Million)
- Tangible Goals: 20% OJT, \$10/hour for apprenticeship training. Special provisions were met. Roundtable discussions were a constant part of the process.
- At the end of the project, no community members showed up and complained because it was working so well.

9. Workforce Advisory Community

10. OJT Hired by the Craft

11. OJT Safety Training

12. Project Goals

13. Workforce Statistics

14. Total Workforce

15. MoDOT

16. DBE Statistics

17. Lessons Learned

Concluded 11:01 a.m.



Lester Woods, MODOT

TRANSCRIPTION

Speaker Mayela Sosa, Assistant Division, Administrator, FHWA Arizona Division:

“Goals: Ensure that everyone in this room and in the community realize the broad opportunities that the transportation projects present for the community and workforce. Transportation industry can provide much needed relief.

Also been introduced to successful programs in WI and MO. We are looking to hear from you as to what works well, raise involvement,

Commitment: FHWA has been working with ADOT and look forward to showing our commitment to make everyone aware of the opportunity to work with federal aid projects. One show of that is commitment. Secretary LeHood provided grants \$750,000 to Arizona. Funds will be used by Melissa and others to assist companies to help them with technical assistance, DBE growth and opportunities. This workshop is another example of our commitment.

Partnering: Arizona has been a nationally recognized leader in partnering. “In working to improve relationships, delivering services, ADOT has worked to do this. From time and cost savings while continuing to deliver quality projects. Solve problems, been successful in making improvements to business practices. Shared missions and goals, identified issues, established a resolution process. In the spirit of leadership, FHWA wants to continue to work with you on projects, workforce development and the public to make sure everyone is aware of the potential opportunities.”

Concluded 11:08 a.m.

Speaker Jim Paige, Project Manager, ViewSet Corporation:

Speaker John Halikowski has some words for us to be offered later.

Mayor of Litchfield Park:

The dream of the 303 is near reaching its potential. Will provide economic engine. Northwest Valley citizens will be able to connect via Grand Avenue. Well wishes for the future to participate in the 303.

Welcome Remarks/Introductions – Lunch Key Note Address

Speaker Bob Hollis, FHWA Arizona Division Administrator:

Introduction of John Porcari, Deputy Secretary, US Department of Transportation, previously secretary of Department of Transportation for Maryland. Accomplishments included transforming state \$1.8 billion expansion of airport, directing state’s response during 9-11. VP, Admin U of MD, College Park.

Speaker John Porcari, Deputy Secretary, US Department of Transportation

“Thank you, Bob, and thanks to your hardworking team. Great to be in Phoenix. Thank you for coming to the workshop. There are



John Porcari, USDOT

opportunities and Arizona small businesses are eager to get to work, building the economy and creating jobs. ARRA was signed 18 months ago. Recovery began then and will continue. We are rebuilding America’s economy as we rebuild America. Prosperity today is due to the investment of our parents and grandparents. To keep our economy growing, we need to keep investing. Recovery will be started from small business. Want to give special opportunities to DBEs to build infrastructure. High level task force was developed to help the program grow and to increase DBE participation. Wide support, program directors, Secretary LaHood and others have participated. \$11.6 million in grants to help DBE build capacity. Will help companies grow and participate in Department of Transportation programs. Willing workers, great ideas, can do spirit in Arizona. Confident they will use the \$750,000 funding. Significant, well-paying jobs will be created as the 303 is built. These two projects will be used as a model to build one success on top of another. We have had a number of workshops. Two states have done a good job of creating opportunities for the DBE communities. 16% goal was achieved (\$190 million) working on Missouri and Wisconsin projects. Using them as a model going forward. We hope to build upon the good things that ADOT and MODOT are already doing. Before anything is advertised, the preparation for work is where we can impact our DBEs. We need small business owners, potential partners, prime contractors. We need to collaborate and start building upon the work. Obama administration is looking at small and minority businesses and has taken steps to provide more support for the DBE community. Bonding is a key impediment to opportunities. We are proposing that the Bonding authority actually provide capacity and help in conjunction with commercial banks. We are also proposing we increase the DBE net worth to \$1.3 million. First change in 23 years. Will bring people under cap and into the program. DOT and

TRANSCRIPTION

ADOT are working together to implement action plan and overcome barriers for the ADOT DBE participation. Applying goals to the projects. Also several proposed rule changes to participate highway, air, and transit and rail projects. These include:

- Requiring more transparency from ADOT
- Accountability from state agencies to achieving goals
- Modifying and updating certification requirements
- Adjusting personal net worth
- Cross certification state to state
- Improving post award oversight

Comprehensive update is expected. Comment period is currently closed. New session throughout the country. Why are we doing this? We want to level the playing field so DBEs can help rebuild America. Spirit burns brightly in the small business community. We will use these two projects as a springboard for greater DBE participation."

Concluded 12:55 p.m.

Questions and Comments

Although not subject to current program, want to mention buy America requirement. We are maximizing the American manufacturing capacity through the Buy American Act.

More transparency and performance requirements tied to the opportunities.

Tightly prescribed limits in this Tiger grant progress. Multi-modal transportation opportunities will abound.

Luis de la Cruz: Andale Construction, thank you to ADOT and DOT, AGC, AMCA and everyone here.

Ninety percent of jobs have been created by small businesses.

Help us make the connection between future economic success and small business. Much of the country was industrialized and settled based on rail. Post WWII built on highway infrastructure. Transportation matters because transportation is important to everyone's prosperity.

Concluded 1:04 p.m.

**Speaker Jim Paige, Project Manager,
ViewSet Corporation:**

"John's message is always the same, we can do better!"

Break



Lester Woods, MODOT

TRANSCRIPTION

Stakeholder Perspective Panel Discussion- Advisory Committee Moderated by Lester Woods

Speaker Laura Barrett, Executive Director, Transportation Equity Network:

She talked about the impact of the faith based movement-transportation equity network. Website keeps everyone up to date (Obama-like). Standing up for people that are left out. Work with grassroots organization that Obama started in. "Thought I would start with story. Went up to talk about High speed rail in Springfield. People like the idea of it but there is a lot concern in the neighborhood about where we are going to put this. What is the impact on the African American neighborhood, what about jobs, etc. One of the pastors talked about driving past job sites. Community organizer for twenty years, very exciting. Off to a great start. Have history. Leadership is engaged. One thing you need as a community organizer: Be sure to include everyone, NAACP, faith-based, disabled, poverty. If you include everyone, you have a much richer project at the end. Suicide prevention. We had a more public agreement in Missouri (Camelia). My organization was responsible for recruiting people. We had a sense of what we were going to do together. People have been fighting about this for a long time. Transportationequity.org Happy to work with anyone."

Speaker Dr. John Gaal, Carpenters Union and Member of MoDOT I-64 Advisory Board:

"Through hard work it can be done. We brought together a number of groups that for decades had clashed. Finally found some common ground to work with. I go back to discussion I had with my boss. It's all about leadership. It's not popular, fun or easy but it gets back to the Assistant Secretary's words. He asked for a show of hands from labor unions, community colleges, trainers. To be successful you have to be unique. Try not to take programs off the shelf. Break the mold. We tied payment for these programs into the performance requirements. 360 programs that train for the industry, work, construction industry. Trained for entire industry not just construction but highway heavy. We tie our pay to performance. If you're not training for the sake of training, then make payment based on outcome. Be unique. Break the mold. It's worked in other places and we're a good example of it.

We are in a down economy. Does it make sense to bring 35 people in a training program every 8-10 weeks? The MoDOT program brought in 93 people for the highway heavy project. Twelve became journeymen. You really have to think about the future. People are saying we should bring more people in. What will happen when you bring more people in?" Follow-up on the people already trained.

Speaker Thomas Burse, Buveck Consultants:

"When I first started, I took a pay cut \$15/hour and now generates \$100k every two weeks for himself. There's no reason you can't be doing that, too. I can buy anything I want. You should all be doing very, very well. Timing is here. Federal highways, AGC, DOT are all here. Partnership is incredibly important. Will not work if they are all participating."



Vivian Martain, Construction Prep Center

Speaker Vivian Martain, Executive Director, Construction Prep Center:

"Wants to piggy back on Dr. Gaal's discussion. We train the people and put them in the pipeline. We are very stringent. We use union requirements. We lose 30-40% of our enrollment prior to graduation. Unless you are excellent, you won't make it. We drug screen and certify so when they get to you, they are already ready for you. We train them in construction. We go about the business of attitude adjustment, increasing work ethic, what it means to be excellent. If you're not ready to be excellent, you can't stay. As owner or builder in industry, everyone wants the same thing. Money. Everyone is in business to earn a living. People are trained to help make money prosper and grow. We have diverse, women 12%, 98% minorities, 2% non-minorities. Meaningful. One of the graduates was about to go to prison. We told the story about what he had done in program. I'm a carpenter...still be a good one. Judge let go. First time that had ever happened. Lived out of his car, now engaged to an OB/GYN not a baby-mama-drama-girl. Kids attend the best schools.

Another story about the person that "gave up the streets and now I build highways." I see infinite possibilities. From labor forces and labor workforce. It's going across the country and you're going to be part of it."

We'll take the question up in the breakout sessions.

Concluded 1:48 p.m.

TRANSCRIPTION

Speaker Floyd Roehrich, State Engineer, ADOT:

"I have the pleasure of making this transition period from panel to breakout sessions. I want to talk about adopting the community engagement model. Someone sent me talking points. I was told what to say. The model that worked in MO and WI are definitely ones that we need here today. Time to start lifting up the community. (Joke about hugging with AGC.)

Northern Parkway and the 303 will give opportunity to present potentials for business opportunities. We will help build opportunities to qualified firms and the progressing of our programs. Build the community and give opportunity. Not just show up get money, but show up and perform. We want to build our community. We are reaching out. We need to continue to mature this process. Local governments and local partners. Providing the educated workforce from existing people. Continued focus by focusing on race and gender neutral program. We need you to help us. Please give us your feedback. How can we adapt this community engagement and outreach to continue to work with our personal field and continue to reach out and engage others. We hold the future in our hands. Thank you."

Concluded 1:55 p.m.



Ogbonna Abarikwu, The CK Group (DBE)



Floyd Roehrich, ADOT

TRANSCRIPTION

Max Azizi (Indiana): Thanks ADOT and FHWA Indiana for hosting workshop. Travel to learn from you. There are some differences between our projects and your projects. Our workshop and your workshop. Our issue is that we don't have funding.

These workshops are like a peer exchange. We may not be able to accommodate your processes but we can do something. There are ideas we will take home.

Allen Masuda: Our next steps are to work together with ADOT and McDOT. Wants it to work so well that the process becomes institutionalized. We want other agencies to adopt and then we won't need the workshops.

I want to tell Tim, I was up on a panel. But on the other side were speakers with Ph.D's in the room. They were going to churches in different part of the country. I'm just the guy with a B.S.

Kenny Harris: So pleasantly surprising. First of all I came in without any notice of the professional talent that came through the airport. You don't know how low and crisp and clear their voices are. I think it's great that we brought in professional talent. Sun beats us down. Jolt of energy from outside of Arizona can get us going. Let's get together and get a series of these.

Bob Hollis: Thanks everyone. I guess from a Federal highways standpoint, I came in here with pretty high expectations. I have to say the conference has exceeded those expectations. Jim continued to say, "trust me, Bob." I do but verify. Great job! A lot of credit to Allen for a lot of vision for these workshops, Wisconsin, and Missouri. When the opportunity was afforded. We were in a tenuous situation with the 9th circuit, waivers, disparity study. We were aware of the backdrop and knew what ADOT was doing. Eddie and Melissa and ADOT leadership as a whole. We were hearing stories about Florida, race neutral. We thought, we can do that! There is more we can do and differently if we can bring the right people in the room. We could make change happen. Amanda, I appreciate your message this morning. That speaks volumes for how far we've come and where we can go from here. As we sat through this, I heard a lot of things we need to give a lot more attention to. Hopefully we can continue the things that are going well but also incorporate some new ideas. We know there are things that need to be tackled here. How we go about unbundling, debundling should be worked out. We



Robert Hollis, FHWA (left); Allen Masuda, FHWA (right)

can figure it out. Maybe pre-qual program. Communication needs to improve, particularly DBEs. Talking to Tim Muller, their strategies are important. They have made a business commitment to reach out. No email, telephone.

Telephone is best way to make that connection. Supportive service program. Thanks for the \$750k we'll take more! Opportunity for OJT funding? Given rise to our abilities to enhance and become the best.

Director Holikowski: Thank you. Being the ADOT director is like being a ping pong ball. I'm not complaining. Governor gave me the best agency. Bob has a secret weapon. She's known as the swan. Mayela Asosa. She did not want to do public speaking. Thanked her for keeping him on track. You can bounce around a lot and never get anything accomplished. Introduction of staff. These are the folks that make things happen.

Talk is cheap. I worked 12 years at the legislature. People liked what they heard, but nothing got done. What is measured is by what gets done.

TRANSCRIPTION

Speaker Martha Kenley (Moderator), FHWA National DBE Program Manager:

Speaker Ruben Anthony, Deputy Secretary Wisconsin Department of Transportation:

Speaker Aaron Chong, Project Director, Small business Transportation Resource Center:

Question from audience: What about financing?

Chong: One of the things we can offer is the short-term lending program. It offers DBEs up to \$750,000 line of credit secured by DOT contract. You can use that contract as collateral.

About the SBTRC- we cover the four states of Arizona, California, Nevada and Hawaii. There are eleven. The role of the SBTRC is to increase the number of small businesses that are prepared to complete DOT projects as well as other public owners. We offer a comprehensive delivery system, training and business assistance. We help SBEs, short-term financing, help DBEs with bond-related issues, certification and ethical issues. One thing that is the best kept secret is the bonding reimbursement program. Tied to ARRA funding. Program is slated to expire next Wednesday. Check out the blue flier. If you are working on an area funded project, the bond expense is eligible for reimbursement.

Question from audience: When does this apply?

Chong: Due to expire next Wednesday.

Question from audience: Is there a percentage that is reimbursed on the bond?

Chong: Not that we know of. The reimbursement is \$2-3k.

Someone else mentioned that getting the bond is tougher than paying for the bond.

Chong: There is a pilot program for bonding education program slated to come out to the west coast. The program is to train DBEs to get bonding. Ten-week course with Surety Company.

Director Halikowski: Is there any way to speed up getting this program for Arizona prior to one year from now?

Chong: Yes, we will work with you on that.

Tom Fulcher: Mentions bonding in P2P classes.

Introduction of Tim Muller:

Speaker Tim Muller, South West Regional Manager, Austin Bridge and Road:

How can we make sure that DBEs can be of value to primes?

I opened an office in 2006. With my experience, and my business philosophies and the company's philosophies, based on a simple understanding how business works. Ignoring labor; the next two things that are the most important, schedule adherence and subcontractor management. The two go hand in hand. Those are the two most volatile things. The foundation for our success for all subcontractor management



Marie Torres, MRM Construction (DBE)

is the involvement of our operations side. Our goal in a low bid environment, pre-bid and post-bid are both equally important and all of our project team follows that model. We have an existing database or cadre of qualified subcontractors. During the outreach, instead of making it about glad handing, we match pms and estimating group to screen, champion, and then educating them. Our biggest challenge is getting a bid the hour before the bid is due and then having missing pieces, so we reach out and get clarification early on. All of the details that affect pricing have to be addressed. Structure intensive contracts are 50% or greater subcontracted. We need to have a good stable of qualified subcontractors. But we are successful. Except for the specialties, there may be items we price and then bring on subcontractors although they were not initially a part of the bid. We don't have enough DBEs. We need more qualified subcontractors.

Tellez: How do we attract qualified DBEs back to highway? Discussion about profit and pricing climate. Muller: Diversity director didn't get work. Instead, we involved the operations because that is the key to success. We are proud of our success. It works for our company.

Question: Does this help or take away from your profit?

Muller: These are business decisions. We don't pay more to get DBEs on teams. We work with them. We may adjust schedules or other things to accommodate but we don't pay more.

Rob- ADOT: More information for outreach and reimbursement. Where did the funds for training come from?

Anthony: It's not based on race. It's just an active training program. There is no set amount. It is up to the state to determine how much money locally you are going to put into those programs.

TRANSCRIPTION

Enhancements, CMAR, SBD,

Kenley: You are in competition for funds but you were able to get support for this?

Anthony: African Americans and Latinos were a part of the program but it wasn't about race.

Ogbanna: Is the DBE program limited to federally funded projects only? Or is it funded by state funded, as well? In Arizona, there is no requirement from the state to consider DBEs. If what you have is all-encompassing, can you tell us how you achieve it?

Anthony: Same in Wisconsin. Only projects with federal dollars are applicable. Whether you have goals on projects or not, the primes are doing this work on their own. We have the same situation but we work with our primes. It's all about relationships.

Tellez: I talked with Michelle about her presentation. From an agency perspective, what resources were committed?

Anthony: We reorganized and created the Bureau of Equity and Environmental Services. This area reports directly to the Secretary's office. They also sit by the operations. We made everyone aware of what is going on. We staffed it and made sure everyone could do what. We gave Michelle the opportunity to contract and bill fast to get the expertise. We institutionalized our process so it became part of how we worked in the DOT. We hold ourselves accountable and have tracking and monitoring on all of our projects. We see during the project and can course correct. If our expectations are not being met, the processes will alert us to make changes. We invest in tracking and monitoring.

de la Cruz: AGC, ADOT, and Civil Rights department should come together. We're going to need straight talk. We need to better understand the schedule. We need those ideas brought out. Let's get together and find solutions so we can find solutions and keep things on schedule.

Here's the question: Is the AGC on board?

McGennis: We just started a construction task force to work with the primes. We are trying to create a charter and trying to move forward. This is a good faith effort program. The UCP website is not utilized well and is not put together well. There has to be some work on these issues. Getting the right names and the right people to solicit and be able to work together.

Holikowski: Ham and eggs and chicken and pig. Chicken is supportive. Pig is committed. ADOT is committed. All leadership is here. If we didn't think this was important we wouldn't be here. My friend, David and I have a great line of communication. Whenever I go to a conference, there are vendors involved. We should have something like that.

Dave: AGC is committed.

CPA: As a certified DBE, I found it is not true. Would like speed networking. Make sure information is available to everyone.

Anthony: Speed networking, we have opportunity for primes to meet subcontractors. Every company that comes has an opportunity to meet a DBE. We use existing funds to do this.

Boyles: Mentioned DBE Expo. AGC is committed. Thanks for all the support.

Audience Member: Wants everyone at pre-bid.

Tellez: Mandatory subcontracting regarding line items. Where can we start looking to include DBEs? Can we start getting people like MRM and others involved in the program? We have to increase the spending from \$6 m to \$56 m.

Anthony: Mandatory subcontracting with small business goals. Prime contractors have to self-perform.

Audience: In Wisconsin, there are local bankers that are working with DBEs.

Edison: Can you tell us about the unbundling process?

Anthony: Traffic control, landscaping and fencing can be unbundled but risk analysis should be done. We rated them high, medium or low risk. If on a critical path, can't be broken out. If have to unbundle, you have to do it before the PS&T. It makes more sense to do DBE with small business.

Audience (Anoop): Can you discuss mandatory set-asides?

Anthony: We never did a set-aside for anything. We had mandatory subcontracting that was race neutral. We said it had to go to a small business. We did not take DBE goals off but added SBE goals so 10% to SBEs and 15% DBEs. So, 25% for both or just 15% while using DBEs.

Audience: What about DBE money restrictions?

Anthony: That's why we broke the projects down. They were \$100,000 or \$300,000 smaller projects benefited primes and DBEs. I don't understand your comments about net worth.

Audience: Pattie Tellez: Clarified difference between net worth and company value. Discussion occurred. Some problems with clarifying 10x net worth versus 10x equity owner holds in company. NEEDS TO BE ADDRESSED.

Paige: Asked if primes have relationships with DBEs in the room. I want to ask you if I am from the NAACP or the Southern Baptist Church, what do I need to make this work as a framing question? He's going to have a question. How are we going to do this? We had a good meeting and had a brief discussion about lesson learned. Mary is going to go back and ask how we can get Arizona started and go back and share it with other people.

Eddie introduced Melissa. He supports her, fully!

TRANSCRIPTION

Speaker Melissa Boyles, DBE Supportive Services Program Manager, ADOT:

We've heard about the evolution of the program. We've had some challenges. We need to take a bit of a step back. Yesterday I heard things happening. Wife comment, DBE-friendly. There's a problem with the disadvantaged business title. People talk about a new level of engagement with leadership. It has been supportive from the beginning. The state engineer's office, Floyd, Rob, Dallas, Julio are terrifically supportive. Had the pleasure of working with Rob, Brock, Mayela and learned a great deal from them. Director Holikowski brings a business approach. That's our approach. It's not the right thing to do. It's the smart thing to do. If they are 60% of the businesses. We need to support the backbone of our economy. Small businesses recover faster. We need to focus on our economy and the small business community. We have the support of the federal government to bolster this part of the economy.

The largest supportive service grant in the history of the economy. We are going to spend it and spend it smart. Next year, we're asking for \$1 million. We are focused on two-fold; what are we doing internally? Because we have the commitment of leadership, we need to expand our partnering program. How do we use some already established and broader communication tools to bring in DBEs? It's an incredibly valuable partnership for us. The workforce development piece is also very important. Mary Cook works in the civil rights office. She is hard working and has been managing pre-apprenticeship program. There are some things that we can do to still be responsible with tax payer dollars and working with existing workforce develop programs. We can be instrumental in creating jobs. The broader impact of the transportation investment.

The supportive services program is different. ADOT has had the program for a decade. The change happened last year and I was brought on this year. The change was developed. We developed a framework around Education. Access. Visibility. ADOT Academy was based on the Award-Winning Subcontractor Program. One of only three programs in the country that was partnered with a major university. We have an over concentration in Maricopa County for DBEs. Sixty-one percent in Maricopa County. We as an agency have to do a better job of recruiting and certifying DBEs in the rural areas. With regard to working outside of ADOT, the AGC is a critical partner in this initiative. Amanda McGennis was one of the people that initiated the outreach to Melissa. The first AGC four-hour meeting was tough. I felt beat up. Meadow Valley was particularly vocal. I hope he realizes that ADOT listened. He now has our support. He is interested in providing solutions. Meadow Valley was a sponsor of our last conference. If it takes a while to get the primes on the agenda, so what? We are listening to primes and we are listening to the DBEs. We started two task forces. Dawn Cartier and Steve Gangwahl were recognized. Barbara Sparrgrove was introduced. Task forces have been developed in order to bring the two groups together in a positive environment. At the end of the last measurement period, we were pleased to see a huge movement in the levels of DBE involvement...



Melissa Boyles, ADOT

from 1.5-5.95%..and we haven't even started. We are facilitators and public servants. Our prime contractors, we should be setting the bar for professionalism, communications, and commitment. Our leadership is fully committed. We are now in a position to take on the leadership of the state of Arizona. We want to set the bar nationally. We are going to take best practices from other states. We want to have one of the best DBE programs in the country. I am 150% sure we are going to do it. It doesn't matter if, but when.

Any questions? Halikowski: Anything else I should do about it.

Concluded 10:37 a.m.

Comments From Dave Martin and Amanda McGennis:

This has been a great day and a half. I want to speak up for Melissa. I knew she had it in her self to make a commitment and make a commitment to work together. We are through the tough times and are moving past the challenges. There's another person that has not been recognized. Ricardo Carlo recognized. Annual event (Feb. 17th) in the parking lot event, minority, primes, subs given the opportunity to interact. Never seen anyone so progressive. I think everyone that works in the industry. It has been great working with ADOT. As we move forward, we need to roll up our sleeves and get started. We will be more inclusive, make progress, and move forward.

Concluded 10:41 a.m.

CLOSING REMARKS

- Mr. Halikowski committed to measuring and reporting on efforts (An announcement including a sort of big picture schedule should be issued soon)
- More meetings across MCDOT, ADOT and FHWA are in order
- Unbundling must be examined and a plan created
- The pre-qual program requires clarification
- Stronger communication to get DBE's aware of projects is needed
- A stakeholder survey program will be undertaken
- The DBE expo is scheduled for November
- The General/Prime community must stay engaged and indicated they will
- Director Halikowski – we will implement a comprehensive DBE action plan with FHWA
- Director Halikowski – Leadership will continue to stay involved and he keeps the Governor abreast of these programs
- The current programs being offered by the DBE support services office should be continued and even expanded including ADOT Academy, Preparing2Prime, Technical assistance aka one on one consulting, educational efforts, task forces and workshops
- Bonding/capital access must be elevated to state and national leadership as a critical issue
- Primes need a better way to identify and meet DBE's with info or ratings/references about them
- These actions must be pursued with sensitivity to Primes' current profitability issues in this economy and how requirements affect them in order to keep them positively engaged.



John S. Halikowski, ADOT

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