

# Best Practices for Leveraging TGB's

# Targeted Group Small Business Program

- Minnesota has had a program for minority-owned businesses since 1975. Initially called a “socially & economically disadvantaged program.”
- Notable changes over the years included the inclusion of women and persons with a substantial physical disability. More recently, in 2009, veteran-owned businesses were added.
- A new state-level certification for veterans was implemented in 2015 eliminating the need to rely on the federal certification process.
- 3 Disparity Studies have been conducted (1989, 1999, and 2010) providing the legal basis for a preference program based on race and gender where underutilization was shown.

# Defining Targeted Group (TG) Businesses

- On June 6, 2011, the commissioner of Administration renewed the orders designating Targeted Group businesses for all state agencies conducting purchasing and contracting under Minn. Stat. Chapter 16C, for Mn/DOT's non-federal highway construction contracting & subcontracting, and for four Metropolitan Agencies.
- These orders replace similar orders issued on May 5, 1999, November 17, 2000, and March 16, 2010 on the same

# Defining Targeted Group (TG) Businesses

- Businesses eligible to participate
  - Principal Place of Business in Minnesota
  - Variable size standards by industry as set by the US Department of Transportation
  - Majority owned and operated by women, minorities, or persons with a substantial physical disability
  - Must be certified by the State of Minnesota

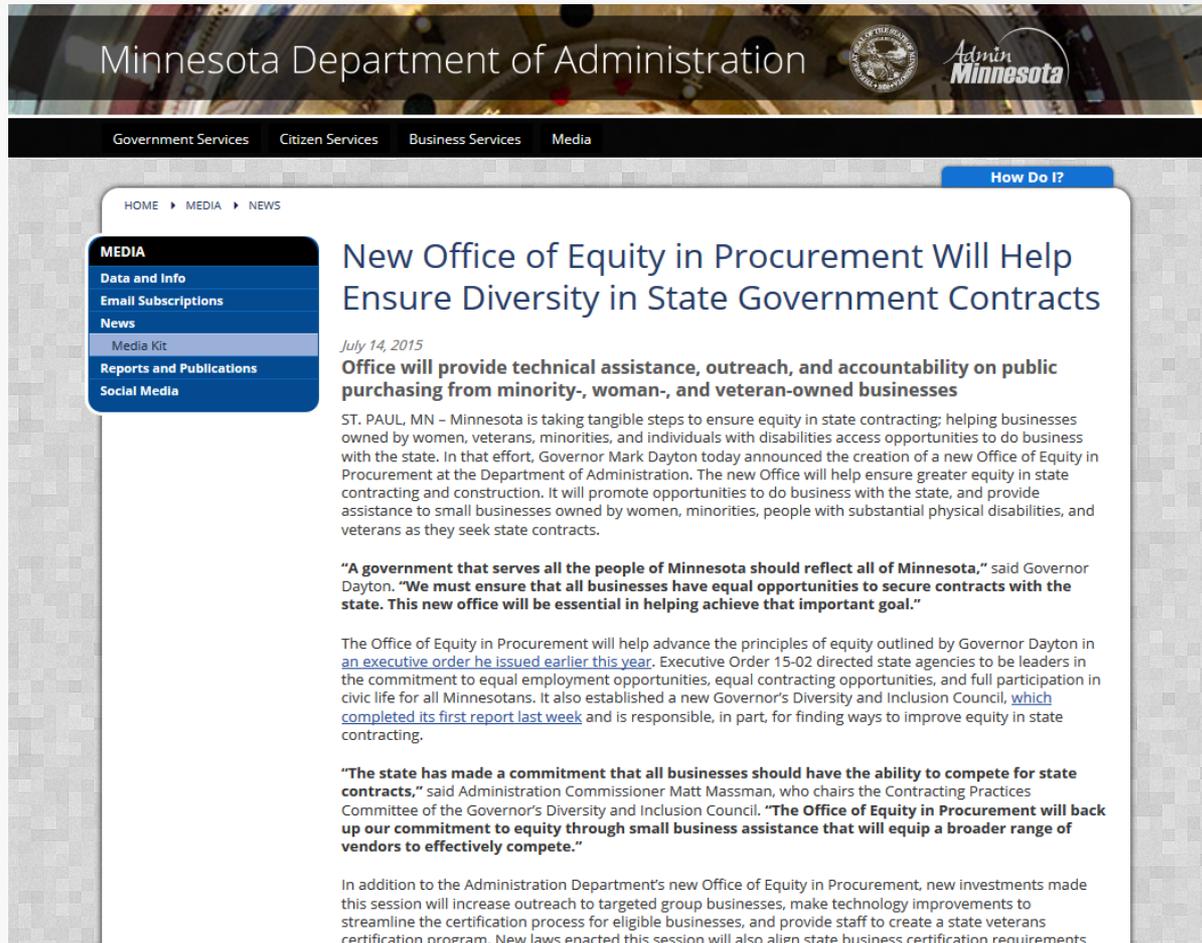
# Defining Targeted Group (TG) Businesses

- Certified Targeted Group businesses may be eligible for up to 6% preference in selling their products or services or bidding on construction projects
- Authority to set goals which require prime contractors to subcontract a portion of the work to certified Targeted Group businesses on contracts for construction or consulting services

# The Office of Equity in Procurement

- Governor Mark Dayton signed Executive Order 15-02
  - Established Diversity and Inclusion Council
    - Employment Practices (Commissioner Franz)
    - Contracting Practices (Commissioner Massman)
    - Civic Engagement Practices (Commissioner Lindsey)

# The Office of Equity in Procurement



The screenshot shows the Minnesota Department of Administration website. At the top, there is a navigation bar with links for Government Services, Citizen Services, Business Services, and Media. Below this is a breadcrumb trail: HOME > MEDIA > NEWS. A sidebar on the left contains a 'MEDIA' section with links for Data and Info, Email Subscriptions, News, Media Kit, Reports and Publications, and Social Media. The main content area features a news article titled 'New Office of Equity in Procurement Will Help Ensure Diversity in State Government Contracts', dated July 14, 2015. The article text discusses the creation of the new office and its mission to ensure equity in state contracting.

Minnesota Department of Administration

Government Services Citizen Services Business Services Media

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**MEDIA**

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**New Office of Equity in Procurement Will Help Ensure Diversity in State Government Contracts**

July 14, 2015

**Office will provide technical assistance, outreach, and accountability on public purchasing from minority-, woman-, and veteran-owned businesses**

ST. PAUL, MN – Minnesota is taking tangible steps to ensure equity in state contracting; helping businesses owned by women, veterans, minorities, and individuals with disabilities access opportunities to do business with the state. In that effort, Governor Mark Dayton today announced the creation of a new Office of Equity in Procurement at the Department of Administration. The new Office will help ensure greater equity in state contracting and construction. It will promote opportunities to do business with the state, and provide assistance to small businesses owned by women, minorities, people with substantial physical disabilities, and veterans as they seek state contracts.

**“A government that serves all the people of Minnesota should reflect all of Minnesota,”** said Governor Dayton. **“We must ensure that all businesses have equal opportunities to secure contracts with the state. This new office will be essential in helping achieve that important goal.”**

The Office of Equity in Procurement will help advance the principles of equity outlined by Governor Dayton in [an executive order he issued earlier this year](#). Executive Order 15-02 directed state agencies to be leaders in the commitment to equal employment opportunities, equal contracting opportunities, and full participation in civic life for all Minnesotans. It also established a new Governor’s Diversity and Inclusion Council, [which completed its first report last week](#) and is responsible, in part, for finding ways to improve equity in state contracting.

**“The state has made a commitment that all businesses should have the ability to compete for state contracts,”** said Administration Commissioner Matt Massman, who chairs the Contracting Practices Committee of the Governor’s Diversity and Inclusion Council. **“The Office of Equity in Procurement will back up our commitment to equity through small business assistance that will equip a broader range of vendors to effectively compete.”**

In addition to the Administration Department’s new Office of Equity in Procurement, new investments made this session will increase outreach to targeted group businesses, make technology improvements to streamline the certification process for eligible businesses, and provide staff to create a state veterans certification program. New laws enacted this session will also align state business certification requirements

# Office of Equity in Procurement Structure



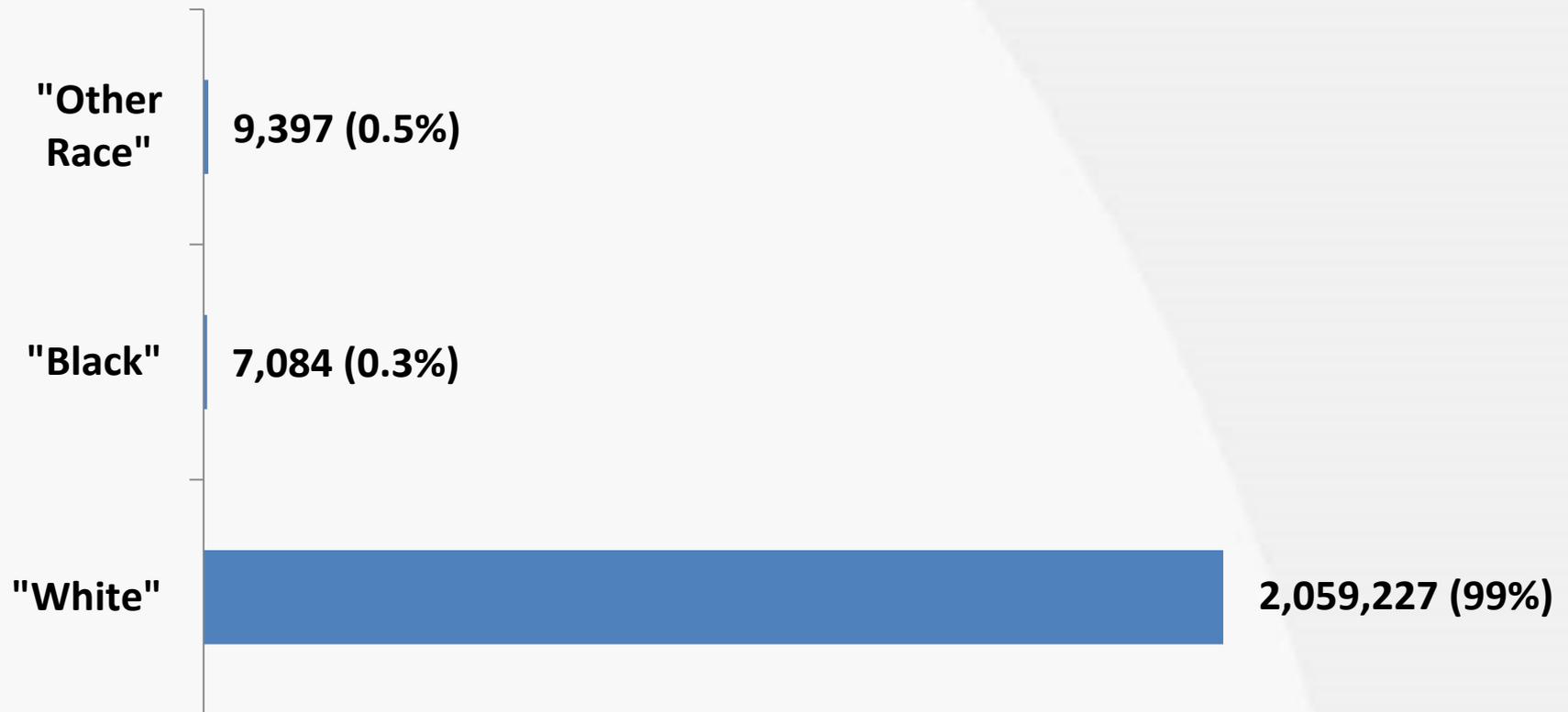
# The Office of Equity in Procurement

- Since the office was established in July 2015
  - Designed and implemented a state certification program for veteran-owned businesses
  - 13% increase in the number of certified businesses
  - 10% increase in number of minority owned businesses
  - Attended and hosted 16 outreach events across the state (a three-fold increase over previous years.)
  - Inaugural Opportunity Fair scheduled for March 7

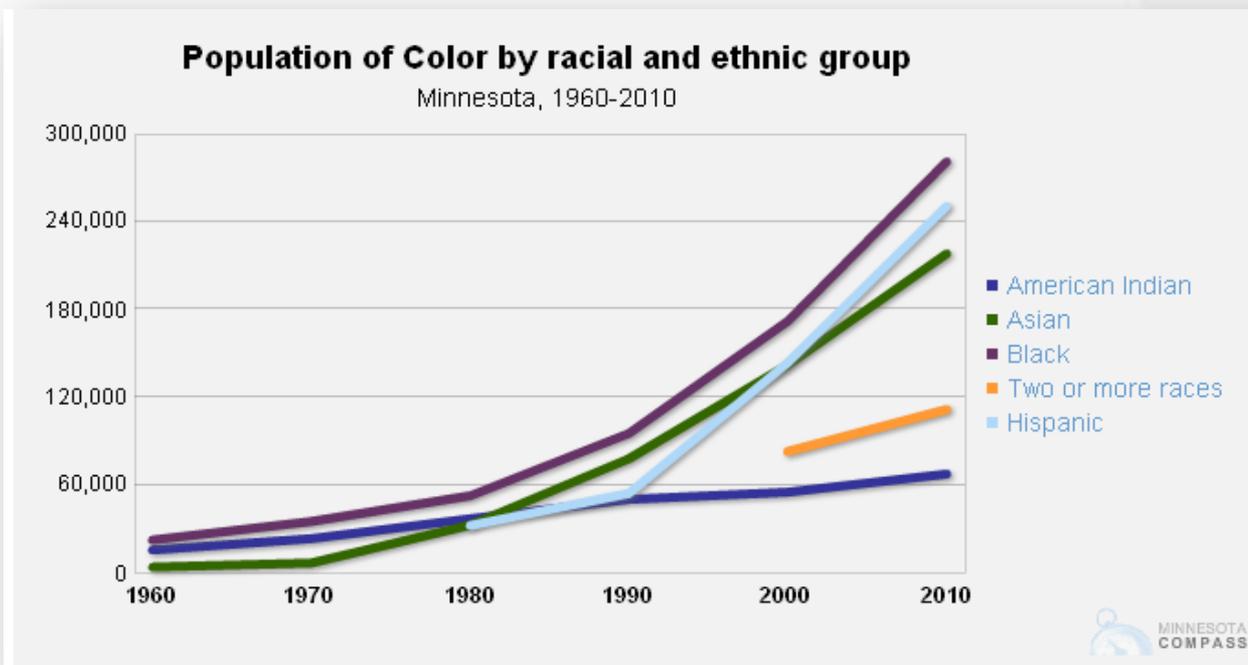
# The Office of Equity in Procurement

- Ongoing work:
  - Disparity Study (vendor selection underway)
  - Web portal to streamline certification – one stop shop for federal, state and local applications
  - Rulemaking to align state and federal rules
  - Continued outreach and communications (2 new newsletters recently launched)
  - Focus on system enhancements to enable robust access to data
  - Legislative recommendations to expand ability to eliminate barriers and promote inclusion.

# Minnesota residents by race in 1910



# Populations of Color 1960 - 2010



- Since 1990, Asian and Black residents tripled, and Hispanic residents quadrupled in MN

# The Office of Equity in Procurement

- Much foundational work has been completed in 2015, but more needs to be done to move the dial on the key metric of increasing the amount of contracting conducted with TG businesses.
- Path forward needs to leverage partnerships and participation with the entire procurement network.

# Moving Forward

- Communicating with staff
- Direct selection of TG businesses
- Practical considerations when designing solicitations
- Methods for evaluation and consideration of diversity and inclusion
- How to identify and target TG businesses

# Communicating with Staff

- Communicate to your finance and procurement staff that it is a priority to actively seek TG businesses
- This message should not be only top-down
  - Create an organizational culture that values TG businesses and diverse perspectives

# Direct Select of TG Businesses

- Take advantage of flexibility on purchases under \$5,000, where no solicitation is necessary.
  - Search the list of certified TG businesses and directly select a vendor that meets your needs
- Annual Plans
- Non-competitive procurements should be used to enhance TG participation, not hinder it.

# Inclusion of TG Businesses

- Choose where to direct solicitations on purchases between \$5,000 and \$25,000.
  - Search the list of certified TG businesses and solicit responses from three or more TG businesses

# Authority for Local Purchase (ALP)

- Commodities
  - Agency buyers should look to statewide contracts (releases) when purchasing
  - TG vendors are identified and listed at the top of each release

# Inclusive Solicitation Requirements

- Avoid overly rigid or prescriptive requirements that favor established, long-term vendors
  - Does the responder need prior state experience?
    - Public sector experience?
  - Does the responder need 10 years of experience?
  - Timelines
  - Contract requirements

# Applying Preferences

- The six percent preference should equal six percent of total points available
  - Not just six percent of the cost portion of your proposal

# Subcontractor Goals

- Include a goal for TG business subcontractor participation
- The percentage goal relates to services and goods provided by TG businesses under the contract with the prime contractor

# Evaluating for Diversity and Inclusion

- Include race-neutral points for diversity and inclusion efforts in your evaluation criteria

Evaluation Criteria	
Understanding of objectives	10%
Qualifications	20%
Work Plan	30%
<b>Responder's demonstrated commitment to diversity and inclusion in its hiring and contracting practices</b>	<b>10%</b>
Cost	30%

# Identifying and Targeting TGBs

- Many businesses are not registered to sell products and services to the state.
- Refer them to Admin's Office of Equity in Procurement (OEP) to register and pursue certification.

# Directory of Certified TG Businesses

## TARGETED GROUPS

Asian Pacific American (A)

African American (B)

Hispanic (H)

Indigenous American (I)

Disabled (D)

Women (W)



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[4MED SYSTEMS, INC.](#)

[4RM+ULA, LLP](#)

[5 STAR FIELD SERVICES LLC](#)

[5 WAY CONTRACTORS INCORPORATED](#)

[9 ANGELS CLEANING AND MORE](#)

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[A & E PLUMBING & HEATING, INC.](#)

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[A 1 TRAVEL STORE](#)



# Directory of Certified TG Businesses



## Materials Management Division

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### MMD Company Search Results (specific)

Here is the information you requested for: *ZHINGRE ENGINEERING SERVICES, LLC*

[← Back](#)

#### **ZHINGRE ENGINEERING SERVICES, LLC**

2727 Pleasant Avenue South

Minneapolis, MN 55408

**County:** Hennepin

**SWIFT Vendor Number:** 0000796213

**Manufacturers Representative?:** No

**Principal Owner:** Carlos Zhingre

**Phone:** (612) 248-0392

**Fax:** Not available

**Category:** H

**Original Cert:** 12/14/2012

**Email:** zhin0001@umn.edu

**Description:** Engineering Services: Surface water sampling, data analysis. Also soil sampling for both. Follows state, federal compliance regulations. Analysis of infrastructure vulnerability. Assessments using RAMCAP.



# Advertising to TG Businesses

- Advertise your RFPs in diverse publications. Consider community-based media outlets
- Diverse Community Media Directory, published by MDHR
  - 30 + print press outlets

# Putting Ideas into Practice

- Educating staff about the available options
  - Using available resources
  - Reaching-out to TGBs
  - Seeing the results
- 
- Change the organizational culture to one that embraces diversity and inclusion!



# MINNESOTA DEPARTMENT OF TRANSPORTATION TARGETED GROUP BUSINESS PROGRAM

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Civil Rights Division

*Your Destination...Our Priority*





# MINNESOTA DEPARTMENT OF TRANSPORTATION TARGETED GROUP BUSINESS PROGRAM

- **PURPOSE**

- The MnDOT Targeted Group Business (TGB) program is a part of the MnDOT initiative to increase small business participation on state funded projects.
- To participate in the MnDOT TGB program, a business must be certified at the time a bidder submits its proposal. Information regarding the process for obtaining TGB certification can be found on the Department's website at:
  - <http://www.mmd.admin.state.mn.us/mn02001.htm>





# TARGETED GROUP BUSINESSES GOALS

- TGB goals are established on MnDOT State funded projects by the Office of Civil Rights (OCR) with consideration of the following:
  - A review of the engineer's estimate which list the scopes of work included in the project. This is submitted to OCR along with a goal request.
  - A review of the Materials Management Division's TG/ED/VO List (Directory) which identifies Certified TGB businesses.
  - Determining the availability of TGBs that perform the scopes of work within the project's location by contacting them via emails and phone calls.





# SUBCONTRACTOR GOALS

- If the bidder is an eligible TGB business, that portion of the work to be self performed by the bidder will count towards the subcontractor goals for this contract.
- If the bidder is not an eligible TGB business, the bidder must make a good faith effort to obtain the participation of TGB subcontractors and/or suppliers as a condition of awarding the contract.
- Only the participation of businesses deemed eligible by the Minnesota Department of Administration under Minn. Stat. § 16C.16 or Minn. Rule Parts 1230.1600-1820 will count towards the TGB business goals.





# METHODS TO ATTAIN THE SUBCONTRACTOR GOALS

- The goal may be attained by subcontracting with a TGB business.
- Leasing equipment from eligible TGB businesses.
- Entering into a joint venture with eligible TGB businesses.
- Purchasing materials and supplies from eligible TGB businesses.  
Generally, sixty percent (60%) of the supplier's contracted amount will be credited toward the TGB business goals.
- Using other services as approved in writing by the MnDOT Office of Civil Rights.





# SOLICITING TGB BUSINESSES

- All bidders should make every reasonable effort to subcontract work to TGB businesses through good faith negotiations and solicitations.
- The TGB business directory, which is accessible “through” or “linked from” MnDOT’s Office of Civil Rights’ website, includes the names, addresses and contact information of all eligible TGB businesses.



# BIDDING TO PRIME CONTRACTORS



- TGB firms interested in providing quotes to Prime Contractors on MnDOT contracts may locate the plan holders in the E-Plan Room on the following website:
- <http://www.dot.state.mn.us/bidlet/eplan-room.html>





# APPARENT LOW BIDDER (ALB) SUBMITTAL OF INFORMATION

- The ALB must identify the efforts it made to meet the TGB business subcontractor goals. The ALB must submit the information to the MnDOT Office of Civil Rights (OCR).
- All bidders are required to thoroughly document these solicitation efforts. The ALB shall justify any bids, quotes, or proposals it rejects from eligible, qualified TGB businesses.
- If the bidder meets the established goals for the TGB business program, it must complete and submit the Bidders List and the Exhibit A Forms for each TGB business the bidder intends to use.





# GOOD FAITH EFFORTS

- If the bidder does not meet the TGB goal, it must apply for a waiver from the goal requirement. The information provided must show that eligible TGB businesses are not reasonably available.
- To request a waiver, 1) the bidder must complete and submit the Waiver Form in addition to the Bidders List form and an Exhibit A form for each TGB business the bidder intends to use 2) the bidder must also complete and submit a certificate of good faith efforts and any additional information to demonstrate its good faith efforts





# ADEQUATE GOOD FAITH EFFORTS

- Compliance with the adequate good faith efforts requirement will be determined on a case-by-case basis:
  - Solicitation
  - Selection of Work
  - Providing Information and Assistance
  - Negotiation
  - Rejection of TGBs
  - Financial Assistance
  - Equipment Assistance
  - Recruitment





**TGB businesses are important to our economy. A successful program requires the cooperative and collaborative efforts of our community. It impacts MnDOT's initiative to increase small business participation on state funded projects.**



# Questions?

## **Office of Equity in Procurement (OEP)**

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