



TECHNICAL ASSISTANCE

POWERED BY THE ILLINOIS TOLLWAY

Equipping Businesses for Success

February 26, 2019



Agenda

- Illinois Tollway Technical Assistance Program overview
- Certification
- Surety bonding process
- Insurance for contractors
- Small business set-aside contract opportunities
- Effective pricing
- Bidding fundamentals



Illinois Tollway Commitment

Technical Assistance Program

- Prepares emerging and established transportation-related firms to participate on highway and vertical construction contracts
- Provides comprehensive business development assistance
- Delivers customized services and training based on the assessed strengths, challenges and needs of participating firms

Technical Assistance Network



TECHNICAL ASSISTANCE
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How Certification Can Help Your Business

*Presented by Paul Murtagh,
Construction Business Development Center*



Illinois Tollway Accepted Certification

- **Disadvantaged Business Enterprise (DBE) Program**
 - Illinois Unified Certification Program – DBE Certifications
 - City of Chicago Minority Business Enterprise (MBE) and Women-Owned Business Enterprise (WBE) Certifications
 - Cook County MBE/WBE Certification
 - U.S. Small Business Administration 8(a) Business Development Program Certification
- **Business Enterprise Program (BEP)**
 - Central Management Services BEP certification
- **Veteran Business Program**
 - Central Management Services Veteran-Owned Small Business (VOSB) or Service-Disabled Veteran-Owned Small Business (SDVOSB)
- **Small Business Initiative**
 - Illinois Procurement Gateway Small Business Set-Aside (SBSA) registration



Central Management Services

- **Business Enterprise Program**
 - At least 51 percent owned and controlled by persons who are minority, women or designated as disabled
 - Must be a United States citizen or resident alien
 - Annual gross sales of less than \$75 million
- **Veteran Business Program**
 - At least 51 percent owned by one or more qualified service disabled veteran or veterans residing in Illinois
 - Applicant(s) must have valid DD214
 - Annual gross sales of less than \$75 million
 - Home office in Illinois



City of Rockford

- **Minority and Women Business Certification**
 - At least 51 percent women or minority owned



Winnebago County

- Winnebago County Highway Department IDOT-funded projects require IDOT certification
- Winnebago County Purchasing (non-highway projects) accepts self-certifications for veteran, women and minority-owned firms



Certification: Next Steps



Office of Business Diversity & Community Relations

Disadvantaged Business Enterprise (DBE) Certification 101

Presented by: Metra's Office of Business Diversity & Community Relations

Overview

Office of
Business
Diversity &
Community
Relations



DBE
Overview



DBE
Certification
Application



Core Functions

Metra's DBE program is administered by the Office of Business Diversity & Community Relations. The core functions include:

- **DBE Certification**
- **DBE Contract Compliance**
- **Labor Compliance**
- **Outreach**
- **Title VI Program**
- **Community Relations**



DBE Overview

What is a DBE?

- Ownership
 - An independent business that is at least 51 percent owned by a socially or economically disadvantaged individual(s)
 - The socially or economically disadvantaged individual(s) include:
 - Women, Native Americans, African Americans, Hispanic Americans, Asian-Pacific Americans and Subcontinent Asian Americans
- Personal Net Worth (PNW)
 - Majority owner personal net worth must not exceed \$1.32 million
- Control
 - The majority owner must control the management and daily operations
- Size
 - A for-profit business that meets the Small Business Administration's (SBA) size standard and does not exceed \$23.98 million in gross annual receipts over a three year average

DBE Overview

Different agencies recognize different certifications

DBE Certification is:

- Federal
- United States Department of Transportation (US DOT) contracts for highway, transit, and airport

M/WBE Certification is:

- State and local government contracting authorities

DBE Overview

The Illinois Unified Certification Program (IL UCP) directory provides a reference source of certified DBE firms. The Directory lists the firms in alphabetical order, including the NAICS codes* and specialties. The Directory provides a reference source to assist bidders/proposers in meeting DBE contract goals.

DBE Certification through one of these agencies is recognized by all.



*North American Industry Classification System (NAICS) Codes – classification of the specialties or services that a firm seeks to perform.

DBE Overview

Advantages of DBE Certification



- Company listed in the IL UCP DBE vendor directory
- An opportunity to participate on federally funded or assisted projects as prime contractors or subcontractors
- An identifier that can be used as a marketing tool for businesses

DBE Certification Process

The DBE Program complies with the US DOT 49 CFR, Part 26, Subpart D, which provides the certification guidelines and procedures.

Determining Eligibility

1

The certification application, Personal Net Worth (PNW) statement and supporting documents are analyzed.

2

A site visit is conducted to verify the firm's business, which includes a tour of the facility and photographs.

3

A final determination is made on whether or not the firm is eligible for DBE certification and the firm is notified via mail.

Process takes 60 to 90 days upon the receipt of all required documentation.

Metra



Understanding the Surety Bonding Process

*Presented by Suzanne Stantley,
GMA Construction Group*



Three C's of Surety Underwriting

- **Capital**
- **Capacity**
- **Character**



Surety Bonds Transfer Risk

- Prequalifies and determines a contractor can perform
- Stipulates a contractor will pay specified subcontractors, laborers, and material suppliers
- Backs the contractor to enable the contractor to enter into a contract with the owner
- Obtaining bonds is more like obtaining bank credit than buying insurance
 - While both insurance and bonds carry a premium:
 - Insurance is available to anyone who will pay the premium
 - Surety credit is limited to those who qualify



Three Types of Surety Bonds

- **Bid bonds**
 - Assure that the contractor's intends to enter into the contract at the price bid and provide the required performance and payment bonds
- **Performance bonds**
 - Protect the owner from financial loss
- **Payment bonds**
 - Guarantee that the contractor will pay subs, laborers and suppliers



To Be Approved For Bond

- Surety must be satisfied that the contractor is of good character
- Prequalification
- Looks at the contractor's business
- Ability to meet current and future contract and financial obligations
- Has the experience
- Has or can obtain the necessary equipment
- Has the financial strength to support the work program
- Pays subcontractors and suppliers promptly
- Is in good standing with a bank
- Has an established line of credit



Selecting a Surety Bond Provider

- Specializes in construction insurance and bonding
- Prepares the contractor for the rigorous prequalification process
- Helps the contractor establish relationship with the surety company
- Knowledgeable on construction accounting and finance
- Respected in the construction industry
- Knowledgeable of contract documents
- Contract law
- Strategic planning
- Management practices
- Active in the construction and surety industry associations



Selecting a Surety Bond Provider

- Matches contractor to the surety company that will best support the contractor
- Introduces contractor to other needed professionals
- Compiles financial documents for submission to the surety
- Reviews contract documents
- Conducts a background investigation of the contractor's past contractual obligations
- Recommends a responsible line of credit
- Guides the contractor through presentation to surety
- Maintains communication between the contractor and surety with periodic reports



Selecting a CPA

- **Knowledgeable about construction accounting including the American Institute of Certified Public Accountants Audit Guide for Construction Contractors (AICPA)**
- **Prefer audited, as opposed to review or compilation, financial statements**
- **Will want to see 3-5 years of statements that include:**
 - Accountant's opinion page
 - Balance sheet
 - Income statement
 - Statement of cash flow
 - Accounts receivable and payable schedules
 - Schedules of work in progress
 - Contracts completed
 - General and administrative expenses
 - Explanatory notes



Application Must Include

- Organization chart
- Detailed resumes of key employees
- Business plan
- Description of work in progress, both bonded and non-bonded
- Past projects and plans for future work
- Plan outlining how the business will continue in the event of the owner's or a key employee's death or disablement
- References from subcontractors and suppliers
- Letters of recommendation from project owners, architects and engineers



Surety Bond Costs

- Surety bond premium is the fee for the surety's underwriting services and is included in the bid
- There is usually no cost for the bid bond
- Generally, no charge for the payment bond purchased in conjunction with the performance bond
- The performance bond premium is generally ½% to 2% of the contract price

\$100,000	=	<u>1%</u> \$1,000	<u>2%</u> \$2,000
\$200,000	=	\$2,000	\$4,000
\$500,000	=	\$5,000	\$10,000



Small Business Administration Surety Bond Guarantee Program



How It Works

- SBA guarantees surety bonds for surety companies, so more small businesses can qualify
- Package goes to the surety company who determines if they want to use the SBA
- SBA notifies the agent and the surety company of their decision
 - Guarantees between 80 or 90 percent of the losses
 - Government guarantee encourages the surety to issue a bond that it would otherwise not issue to a small business

Who Can Participate

- Must qualify as a small business under federal regulations
- Up to \$6.5 million for non-federal contracts and up to \$10 million for federal contracts
- Small Business Administration conducts a review to decide whether to approve application
- Generally takes three to five days to receive a response
- Small Business Administration will notify the agent
- The Small Business Administration's rate is .006% for the contractor and 20% of the rate charged by the agent



Acquiring Insurance For Contractors

*Presented by Deavay Tyler,
Illinois Black Chamber of Commerce*





Main Insurance Lines

- **General liability insurance**
- **Workers' compensation insurance**
- **Property and casualty insurance**





Experience Modification (MOD)

- **Value that compares the claim profile of the employer to the claim profile that would be expected of an employer of similar size in the same industry**
 - Calculated using claims data from the three most recently completed years
 - Frequency and severity of claims are evaluated
- **Create an environment of safety to reduce MOD**





Workers' Compensation

- **Impacts bidding and pricing model**
- **Occupational doctor**
- **Safety programs and toolbox talks**
- **Formula**
 - Payroll (W2 vs 1099) x MOD rate





Action Items

- **Call your insurance agent and get your MOD rate**
- **Ask for a workers compensation annual review 3-5 year loss look back**
- **Find an occupational doctor**
- **Find a safety program coordinator/consultant**



BidBuy
ILLINOIS ePROCUREMENT

Objectives

- ✓ Understand Why the State is Implementing BidBuy
- ✓ Explain the Two Different Roles in BidBuy
- ✓ Understand and Use the BidBuy Homepage
- ✓ Create a Seller Administrator Account
- ✓ Create Accounts for Authorized Vendor Staff
- ✓ Select NIGP Codes for Vendor Account
- ✓ Make Updates to the Accounts
- ✓ Access Resources

What is BidBuy?

CURRENT

Remedy (PBC)

Survey Process
(Manual)

Illinois Procurement
Bulletin

Procurement File

CPO/SPO Approvals

FUTURE



Why BidBuy?

- ✓ Simplifies the bid/quote process by allowing electronic submittals.
- ✓ Reduces paper documentation and records.
- ✓ Centralizes state procurement communications in a single location.
- ✓ Allows vendors to easily review open bids, submit bids/quotes and receive awards from a central location.
- ✓ Allows vendors to review its procurement history.

Who BidBuy?

- ✓ All procurements under Chief Procurement Office for General Services

Pathway to Procurement

- ✓ To view instructional videos on how to register in BidBuy or to refer to Vendor Manuals, please visit <https://www.illinois.gov/cpo/PathwayToProcurement/Pages/BidBuy.aspx>
- ✓ 3 Videos:
 - “How to Register in BidBuy”
 - “Seller Administrator Role”
 - “How to Register for IPG Vendors Only”

2 Types of Vendor Roles in BidBuy

- ✓ **Seller Administrator:** can maintain business information, user profiles, and can invite Associated Organizations to register in BidBuy
 - This can be changed at any time and there can be multiple **Seller Administrators** on a single account, though there must always be at least one
- ✓ **Seller Role:** search, view, and respond to bid opportunities; search and view active State contracts; and view purchase orders.

Maintenance Home Page for: Dave's Guitar Shop

General Alerts

Maintain Organization Information



This section is used for maintaining organization information.

Maintain Users on this Account



This section is used to maintain users for the organization.

Add Users on this Account



This section is used to add users to the organization.

Add Associated Organization



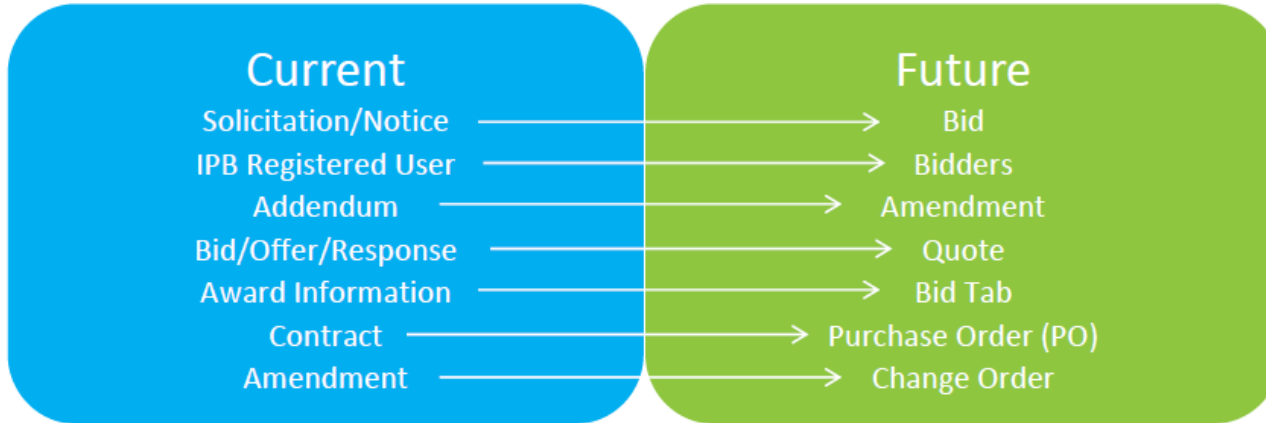
This section is used for adding an organization with the same Tax ID.

Home - Welcome Back David Littrell

News(1) [Vendor Communication\(0\)](#) [Bids\(650\)](#) [PO\(0\)](#) [Quotes\(2\)](#) [Vendor Performance\(0\)](#)

News ID	Effective Date	Category	Title
27	12/12/2017	Events	Vendor Training Series, Session #1

Terms Crosswalk



- ✓ Email: il.bidbuy@illinois.gov
- ✓ Phone: 866-455-2897



CHIEF PROCUREMENT OFFICE
Ellen H. Daley, General Services

What is the small business set-aside program?

50

Under certain conditions, the Chief Procurement Office requires state agencies to purchase only from qualified Illinois small businesses.

The SBSP shelters Illinois' small businesses from competing with large businesses for state awards and contracts. The State's goal is to award 10% of state contracts to qualified small businesses in Illinois.



We want to keep Illinois tax dollars in Illinois

- ▶ Small Business Contract Act Annual Report:
 - ▶ In Fiscal Year 2018, state agencies awarded over \$196 million to SBSP vendors. The SBSP shelters Illinois' small businesses from competing with large businesses for state awards and contracts. The State's goal is to award 10% of state contracts to qualified small businesses in Illinois
 - ▶ But why is it important?



Tax dollars stay in-State=
Stronger Economy



Andersonville Study

Locally-owned businesses generate a substantial Local Premium in enhanced economic impact.

- ▶ For every \$100 in consumer spending with a local firm, \$68 remains in the Chicago economy
- ▶ For every \$100 in consumer spending with a chain firm, \$43 remains in the Chicago economy
- ▶ For every square foot occupied by a local firm, local economic impact is \$179
- ▶ For every square foot occupied by a chain firm, local economic impact is \$105

Small Purchase Threshold raised to \$100,000

Exciting!

- Effective August 2017 the small purchase threshold increased to \$100,000 for supplies or services and for construction and construction-related services
- It's important because this will give many more opportunities for small vendors to do business with the State of Illinois!





CHIEF PROCUREMENT OFFICE

Illinois Procurement Gateway

Pathway to Procurement

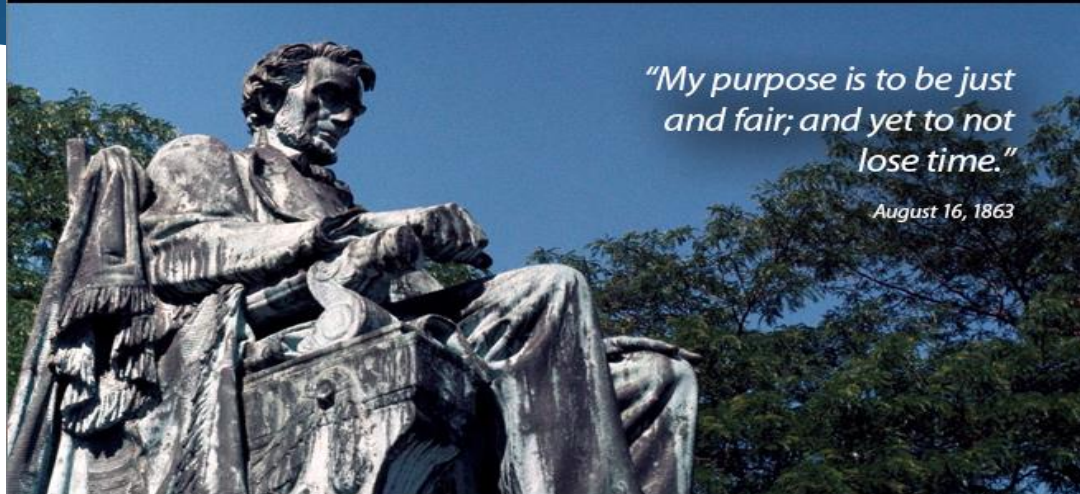
IPG FAQs

Chief Procurement Offices

Rules & Statutes

Reports

Links



IPG Vendor Registration

IPG Registered Vendor Directory

Outreach

Contact Us & Support

Training and Events

Forgot Password

Help/First Time Visitors

Illinois Procurement Gateway

The State of Illinois Chief Procurement Office is pleased to welcome you to our Illinois Procurement Gateway (IPG) for the streamlined process of Vendor Enrollment and Registration.

The IPG is a web based system that serves as the primary location for entering, organizing, and reviewing vendor information. The IPG allows prospective vendors to provide disclosures, registrations, and other documentation needed to do business with a State agency or university in advance of any particular procurement.

The State uses information submitted through the IPG to prequalify vendors in advance of submitting bids and offers for contracts. Upon satisfactory enrollment, vendors will receive a registration number that may be used in place of paper submission of required forms.

System Access Login

Username:

Password:

Remember username

Login



Vendor Registration: Edit Registration

Help & Tools

This registration is for firms that wish to be recognized as a registered Vendor with the State of Illinois and listed in the Illinois Registered Vendor Directory. To submit your registration, please complete the forms below.

Note: The information provided in this Vendor Registration for the Illinois Procurement Gateway (including FEIN or Social Security Number, and basic vendor information) will be provided to and used by State Agencies and Universities for official business related to the procurement of State contracts.

Having trouble with this form? See the [State of Illinois Vendor Registration FAQ's](#).

* required entry

Vendor Registration	
Name	State of Illinois Vendor Registration
Description	Register to do business with the State of Illinois

Vendor Information	
Primary Contact *	Joe Kim
Company Email *	jjkcigar@hotmail.com
Tax ID Number *	123654987 (Federal Tax ID)
Company Type *	LLC

Applicants: You may be required to complete the following forms, in order to complete and submit your vendor registration. Please review and complete each applicable form listed below. If you feel an option has been selected in error please click clear selection within the form and make the correct selection.

Note: Fields marked with a red asterisk (*) are required and must be answered to submit the registration. Failure to provide the required information and documentation will result in a process delay and/or rejection of your registration.

Forms			
View	Form Name	Question Status	Document Status
View	A - B. Business Information & Additional Information	❗ Incomplete	❗ Pending
View	C. Small Business Set-Aside Program	❗ Incomplete	❗ Pending
View	D - E. Department of Human Rights (DHR) & Authorized to do Business in Illinois	❗ Incomplete	❗ Pending
View	F - G. Certifications & Board of Elections	❗ Incomplete	❗ Pending
View	H. Iran Disclosure	❗ Incomplete	❗ Pending
View	I. Financial Disclosure & Conflicts of Interest	❗ Incomplete	❗ Pending

NIGP Codes	
Assigned NIGP Codes *	Click the Add NIGP Codes button to lookup and add NIGP codes to the list that represent the products and/or services provided by the business.
	<input type="button" value="Add NIGP Codes"/>
	No Codes Assigned

5 Most Common Reasons an IPG Registration Gets Returned to a Vendor

- ▶ 1. Attach most current tax returns.
- ▶ 2. Attach both federal AND state returns. No need to attach full return.
- ▶ 3. Need to be incorporated IN Illinois to be qualified for Small Business Program.
- ▶ 4. Utilize the Re-Qualification Statement when applicable.
- ▶ 5. 100% owners are not Sole Proprietors





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Examining Key Elements For Effective Pricing

*Presented by Deborah Whittaker and Alex Polanco,
GMA Construction Group*



Elements For Effective Pricing

- **Contract types**
 - Lump sum (fixed price)
 - Guaranteed Maximum Price (GMP) cost plus
 - Time and Material (T&M)
- **Estimating based Upon**
 - Drawings/specs
 - Site walkthroughs
- **Types of takeoffs**
 - Each (EA)
 - Linear feet (LF)
 - Square feet (SF)
 - Cubic yard (CY)
- **Materials/equipment/labor**
- **Drawing references**
- **Travel time to jobsite**
 - Economy of scale
- **Checks and balances**
- **Unforeseen conditions**
- **Software options**
 - PlanSwift
 - Onscreen takeoff
 - Bluebeam
 - Sage estimating
 - QuickBid



Elements For Effective Pricing

- **Types of Takeoffs**
 - General conditions
 - Staffing
 - Office supplies
 - Miscellaneous
 - Non-construction labor, temporary protection, dumpsters, tools
 - Overhead
- **Proposals**
 - Detailed scope descriptions
 - Pricing breakdown
 - Exclusions
 - Preliminary schedule of work
 - Duration estimate in days
- **Change orders**



Bidding Fundamentals

*Presented by LaTasha Binder,
Construction Business Development Center*



Unbundled and Set-Aside Contracts

- **Unbundled contracts**
 - Contracts generally up to \$5 million in size
 - Any contractor may bid on an unbundled contract
- **Small business set-aside contracts**
 - Contracts generally up to \$1 million in size
 - Only registered small businesses may bid on a set-aside contract



Set-Aside Contract Requirements

- **Prime bidders must be registered as a small business**
 - Small business registration through the Illinois Procurement Gateway
 - Subcontractors are not required to be registered small businesses
- **Self-performance requirements vary based on contract scope**
- **IDOT prequalification requirements typically waived**

Project Documents Summary

R-Review F-Fill Forms
S-Signatures Q-Questions

<i>Project Documents Summary - Checklist</i>		
Document & Description		Page
Table of Contents	R	TC-1
Instruction & Information to Bidders	R	11-8
Advertisement For Sealed Bids	R	A-1
Proposal & Contract	F	P1-5
Procurement Reform Bill	R	N1-4
Disadvantaged Business Enterprise	F	DBE1-23
Equal Employment Opportunity	F	EEO1-5
Special Provision Earned Credit Program	F	ECP1-5
Exhibit B/Collective Bargaining Agreement	S	EB1-5
Contract Affidavit - Proposal	F	R1-2
Plant & Equipment Questionnaire	F	S-1
Plant & Equipment Questionnaire	F	S-2
Equipment Leased or Rented	F	S-3
Equipment To Be Purchased	F	S-4
Sub-Contract Work/Vendors	F	S-5
General Questions & Information	Q	S-6
Current Contractual Obligations	F	S-7
Contract Agreement Form	F	T1-4
Contract Legal Notice	S	T-5
Performance Bond	S	U1-2
Payment Bond	S	V1-2
Certification/Disclosure	F	W1-3
Public Contract Number Filing	R	PC-55
State Board of Elections	F	W-4
Disclosures & Conflicts of Interest	F	W5-8
Tax Identification Number	F	W-9
Sub-Contractor Information/Debt Review	F	W-10
Substance Abuse Prevention Program	F	W-11
Responsible Bidder Affidavit	S	PA-1
Certificate of Eligibility	R	IL-4



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QUESTIONS



THANK YOU