

DPS Incentives & Programs: Getting the Most From Your Bids

DPS Workshop Series | Hosted by: Jackie Umbles

The Department of Procurement Services is committed to Communications and Outreach, which is key to keeping citizens informed of bid opportunities, new programs, and innovations.

Also ensure that you download a copy of our **most recent Consolidated Buying Plan**. This is a 15-month forecast including hundreds of upcoming opportunities for 12 city agencies. To download go to: **www.chicago.gov/dps**

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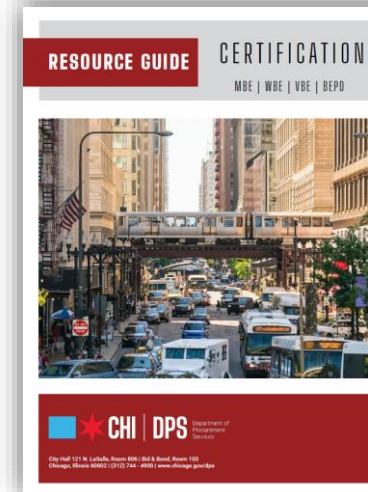
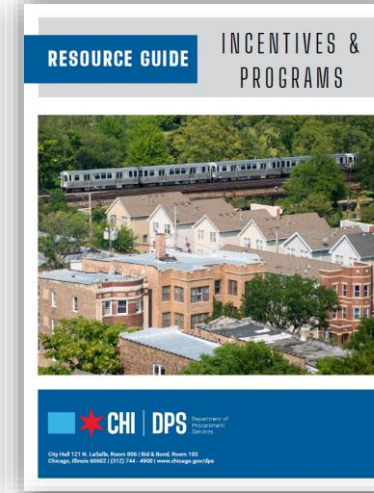
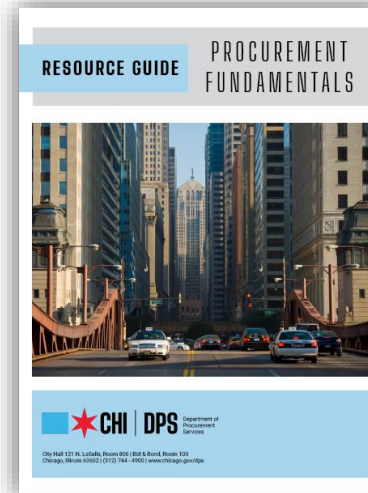
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- NOTE: Legal advertisements for the City of Chicago Department of Procurement Services (DPS) appear in the Chicago Tribune. Information about DPS contracting opportunities will be available at www.chicago.gov/bids.

Welcome

RESOURCE GUIDES

- DPS has published a four-volume set of Resource Guides, expanding on the guiding principle of transparency.
- The Resource Guides were divided into key areas of the procurement process:
 - Contract Administration
 - Incentives and Programs
 - Certification
 - Compliance
- Download now at www.chicago.gov/dpsguides



Today's Workshop

- Everyone is muted upon entry for the presentation portion of the workshop
- We ask that you hold your questions to the end of the presentation. You can use the chat feature to type out your question and the speaker will answer the questions at the end of the presentation.
- To Send a Question: **Use only the Q & A panel to ask your question. Do not use the chat panel**
 - Use the Q & A panel on the right side of your screen.
 - In the Send to or To drop-down list, select the recipient of the message.
 - Enter your message in the chat text box, then press Enter on your keyboard.

Note: If you join a meeting, session, or event in progress, you can see only the Q & A that participants send after you join.

DPS Incentives & Programs: Getting the Most From Your Bids

Today's Workshop | Presented by: Courtney DelGiudice
courtney.delgiudice@cityofchicago.org

- City Programs
- Bid Incentives

**OUR
GOALS AT
A GLANCE**

DEPARTMENT OVERVIEW

DPS is the contracting authority for the procurement of goods and services for the City of Chicago. We work together as a team and with our customers to guarantee an open, fair, and timely process by establishing, communicating and enforcing superior business practices.

Programs

- Small Business Initiative (SBI) for Construction
- Mid-sized Business Initiative (MBI) for Construction
- Non-Construction Mid-Sized Business Initiative (NMBI)
- Diversity Credit
- Mentor/Protégé
- Target Market Program
- Phased Graduate Program

Overview of City Programs

Small Business Initiative for Construction

Municipal Code: 2-92-710

- **Program Goal:** Designed to encourage small businesses to participate in City-funded construction projects up to \$10 million in total cost
- **Key Points:**
 - Small local businesses are exclusive bidders
 - The principal place of business must be located in Six-County Region
 - Two Tiers: Small Business Initiative (SBI) I and II
 - SBI I- Estimated Project Cost between \$2,000,000-\$10,000,000
 - Bidders may not exceed 1.5 times Small Business Administration (SBA) size standards and 1.5 times certification personal net worth (PNW) limits
 - SBI II- Estimated Project Cost less than \$2,000,000
 - Bidders may not exceed ½ SBA size standards and ½ certification PNW limits
 - Small business must perform the majority of the work with its own forces and/or subcontractors who are local businesses

- **Program Goal:** Designed to increase small and mid-sized business participation in City funded construction projects between \$10 million and \$20 million in total cost
- **Key Points:**
 - Small and mid-sized local businesses are exclusive bidders
 - The principal place of business must be located in Six-County Region
 - Estimated project cost between \$10,000,000-\$20,000,000
 - Bidder may not exceed 2 times SBA size standard and 2 times certification PNW limits
 - At least 51% of the work must be performed by the mid-sized business enterprise's own forces or subcontractors who are mid-sized local businesses



Mid-Sized Business Initiative for Construction

**Municipal Code:
2-92-800 et seq.**

- **Program Goal:** Designed to increase small and mid-sized business participation in City-funded non-construction projects between \$3 million and \$10 million in total cost
- **Key Points**
 - Small and mid-sized local businesses are exclusive bidders
 - The principal place of business must be located in Six-County Region
 - Estimated project cost between \$3,000,000-\$10,000,000
 - Mid-sized business enterprise must perform at least 51% of the work with its own forces or subcontractors who are mid-sized local businesses

Non- Construction Mid-Sized Business Initiative (NMBI)

**Municipal Code:
2-92-1000 et
seq.**

Diversity Credit Program

**Municipal Code:
2-92-530 and
2-92-720(e)**

- **Program Goal:** Designed to increase the participation of MBEs and WBEs in private contracts (not funded by a governmental entity) by making such participation eligible for credit toward M/WBE goals on City contracts
- **Key Points:**
 - M/WBE must perform direct, commercially useful function
 - M/WBE work must be in area of specialty certified by City
 - \$1 of credit for every \$3 earned by M/WBE vendors
 - Maximum amount of credit for a City contract is 5%
 - Credits may only be used once and expire after 1 year
 - Private sector contract may not have affirmative action goals

- **Program Goal:** Designed to increase the participation and capacity of MBEs and WBEs in City contracting by making M/WBE utilization and mentoring eligible for credit toward M/WBE goals on a City contract
- **Key Points:**
 - Written mentor/protégé agreement must be approved by CPO
 - 0.5% participation credit can be earned for every 1% performed by the protégé up to 5%
 - Mentor/protégé agreement must be designed to assist protégé in becoming self-sustaining, competitive, and profitable
 - Prime can mentor an MBE/WBE or its subcontractor(s) can mentor an MBE/WBE
 - Use of Mentor-Protégé Program must be indicated on bid/proposal
 - Prime may also receive a 1% bid incentive



Mentor/ Protégé Program

**Municipal Code:
2-92-535**

- **Program Goal:** Designed to provide opportunities for MBEs and WBEs to be the exclusive bidders on City non-construction contracts
- **Key Points:**
 - MBEs or WBEs or joint ventures consisting exclusively of MBEs, WBEs, or both are exclusive bidders
 - Must be certified by the City as a MBE or WBE prior to bidding
 - The prime contractor may subcontract up to 50% of the dollar value of the contract to subcontractors who are not MBEs or WBEs

Target Market Program

Municipal Code: 2-92-460

MBE/WBE Phased Graduation Program

Municipal Code: 2-92-470
and 2-92-725

- **Program Goals:** Designed to maximize diversity in the City's contracting by making established businesses eligible for continued participation in the City's MBE/WBE Construction and Non-Construction Programs for at least three additional years
- **Key Points:**
 - Applies when a firm has exceeded the gross receipts/employee size limits for a certification or its owners' PNW exceed the PNW limits for certification, making the firm no longer eligible for certification as an MBE or WBE
 - The firm will be considered a "participating established business" for a period of three years
 - 75% credit for participation in new City contracts during the first year (i.e., for each dollar (\$1.00) paid to such firms, the prime contractor will be credited for seventy-five cents (\$0.75) of participation)
 - 50% credit during the second year, and
 - 25% credit during the third year if starting a new contract

Bid Incentives

- Construction Only
 - Apprentice Utilization
 - Equal Employment Opportunity
 - Ex-Offender Apprentice Utilization
 - Project Area Subcontractors
 - Veteran-owned Subcontractor Utilization
- Non-Construction Only
 - City-Based Manufacturers
- Both Construction and Non-Construction
 - Mentor/Protégé
 - Alternatively Powered Vehicles
 - Business Enterprises Owned or Operated by People with Disabilities
 - City-Based Businesses
 - Incentive to Encourage Utilization of MBE/WBEs
 - Veteran-owned and Small Businesses JV +VBE
 - Diverse Work Force and Management

Bid Incentives

Apprentice Utilization Bid Incentive

**Municipal Code:
2-92-335**

- **Program Goal:** Designed as an incentive to encourage City prime contractors to utilize apprentices on construction projects with an estimated value of \$100,000 or more
- **Key Points:**
 - “Apprentice” means any person who is:
 - Sponsored into an apprenticeship training program by a contractor that is authorized by a union to sponsor apprentices; and
 - Enrolled in, or has graduated from, a construction technology training program administered by City Colleges of Chicago or is a graduate of a high school operated by Chicago Public Schools
 - Earned credit incentive for future contracts
 - Credit valid for 3 years
 - Can only be used to win one contract award
 - Tiered Incentive:
 - 5-10% work performed by apprentice results in ½% bid incentive
 - 11-15% performed by apprentice result in 1% bid incentive

- **Program Goal:** Designed as an incentive to increase the utilization of minority and women journey workers, apprentices, and laborers on construction projects with an estimated value of \$100,000 or more
- **Key Points:**
 - Using a canvassing formula, bidders propose minority and women utilization levels as a percentage of work hours on the project
 - Commitment cap for female workers is 15%
 - Cap for minority workers is 70%
 - Bidder will be given a 150% credit for every work hour performed by a minority or female worker residing in a socio-economically disadvantaged area
 - After completing the numerical calculations set forth in the canvassing formula, the final calculation represents the “award criteria figure” by which Bids will be compared



Equal Employment Opportunity

**Municipal Code:
2-92-390**

- **Program Goal:** Designed as an incentive for City prime contractors to sponsor and utilize ex-offender apprentices for construction projects with an estimated value of \$100,000 or more
- **Key Points:**
 - DFSS works with delegate agencies to recruit, screen, and refer potential qualified candidates. All candidates go through an initial intake process where their eligibility for this program will be determined.
 - Earned credit incentive for future contracts
 - Credit valid for 3 years
 - Can only be used to win one contract award

■ **Tiered Incentive:**

Total Labor Hours Performed By Apprentices	Future Bid Incentive as a Percentage of the Future Contract Base Bid
5-10%	0.5%
11-15%	1.0%

Ex-Offender Apprentice Bid Incentive

**Municipal Code:
2-92-336**

Project–Area Subcontractor Bid Incentive

**Municipal Code:
2–92–405**

- **Program Goal:** Designed as an incentive for City²² prime contractors to utilize project-area subcontractors for construction projects
- **Key Points:**
 - Subcontractor must be a small business (based on SBA size standards)
 - Subcontractor must conduct meaningful day-to-day business at a facility in the project area and must be the place of employment for the majority of its regular, full-time workforce
 - Subcontractor must hold all required City licenses and be subject to City taxes

Project–Area Subcontractor Bid Incentive

**Municipal Code:
2–92–405**

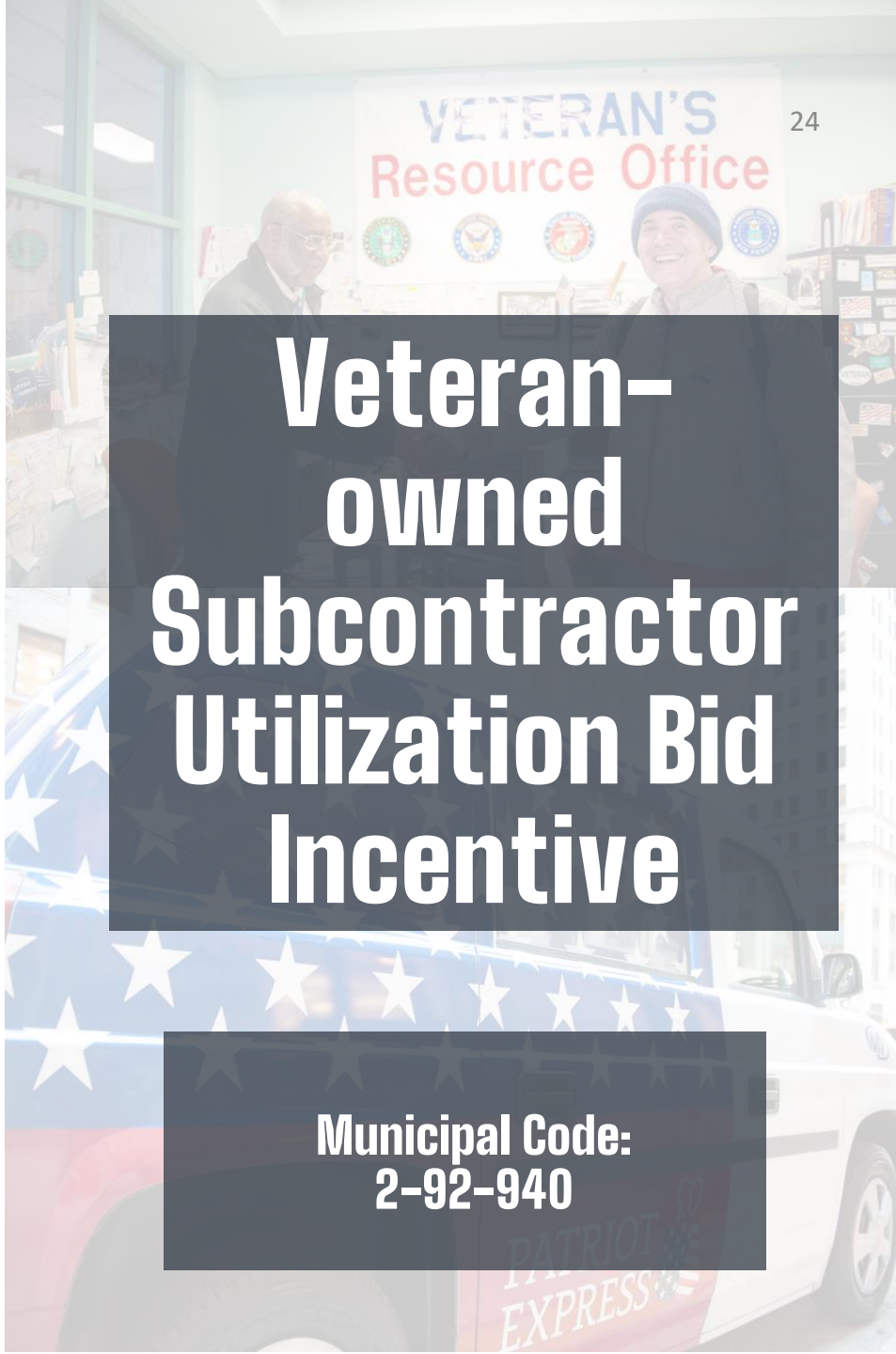
- **Key Points:**

- Tiered Incentive:

- 1-16% project-area subcontractor work results in 0.5% bid incentive
 - 17-32% project-area subcontractor work results in 1% bid incentive
 - 33-49% project-area subcontractor work results in 1.5% bid incentive
 - 50% or more project-area subcontractor work results in 2% bid incentive

- **Note:** Section 2-92-330 of the MCC requires contractors on projects with an estimated value of \$100,000 to have at least 7.5% of work performed by project area residents and 50% by City residents. Work hours performed by Project Area residents shall be considered to be work hours performed by City Residents for purposes of calculating the minimum work hour percentage required to be performed by City Residents.

- **Program Goal:** Applies to contracts for construction projects and is designed to encourage the utilization of veteran- owned subcontractors in the performance of the contract
- **Key Points:**
 - Bidder must be a veteran-owned small local business (VBE) or utilize VBEs as subcontractors
 - Tiered incentive based on the Bidder's commitment to the use of veteran-owned subcontractors in the performance of the contract:
 - If the commitment is 1-16%, the Incentive is 0.5% of the contract base bid;
 - If the commitment is 17-32% the Incentive is 1% of the contract base bid;
 - If the commitment is 33-49% the Incentive is 1.5% of the contract base bid;
 - If the commitment is 50% or greater, the Incentive is 2% of the contract base bid.



Veteran- owned Subcontractor Utilization Bid Incentive

**Municipal Code:
2-92-940**

- **Program Goal:** Designed to increase contracting/supply opportunities and participation by city-based manufacturers
- **Key Points:**
 - Manufacturer licensed, taxed and operating in the City
 - Contracts for goods with an estimated value of \$100,000 or more.
 - Tiered Incentive:
 - Goods provided equals 25-49% results in 1% bid incentive
 - Goods provided equals 50-74% results in 1.5% bid incentive
 - Goods provided equals 75% or more results in 2% bid incentive

City-Based Manufacturers Bid Incentive

**Municipal Code:
2-92-410**

Alternatively Powered Vehicles Bid Incentive

**Municipal Code:
2-92-413**

- **Program Goal:** Designed as an incentive for City vendors to use alternatively powered vehicles in their business fleet
- **Key Points:**
 - An eligible business must
 - 1) be located in the Six County Region; **and**
 - 2) a majority of the fleet (at least 10 vehicles) must be located and used in the Six County Region; **and**
 - 3) the majority of those vehicles must be alternatively powered
 - Alternatively powered vehicles are fueled by alternative fuel including, but not limited to, natural gas, liquified petroleum, gas, hydrogen, ethanol E85, and electricity
 - Contracts of \$100,000 or more
 - 0.5% bid incentive

- **Program Goal:** Designed to increase contracting opportunities and participation by business enterprises owned or operated by people with disabilities
- **Key Points:**
 - Business enterprise must be 51% or more owned by person with disability
 - Prime or Subcontractor
 - Must be a certified Business Enterprise Owned by People with Disabilities (BEPD)
 - Tiered incentive:
 - Participation of 2-5% results in 1% bid incentive
 - Participation of 6-9% results in 2% bid incentive
 - Participation of 10-13% results in 3% bid incentive
 - Participation of 14% or more results in 4% bid incentive

**Business
Enterprises Owned
or Operated By
People with
Disabilities**

**Municipal Code:
2-92-337**

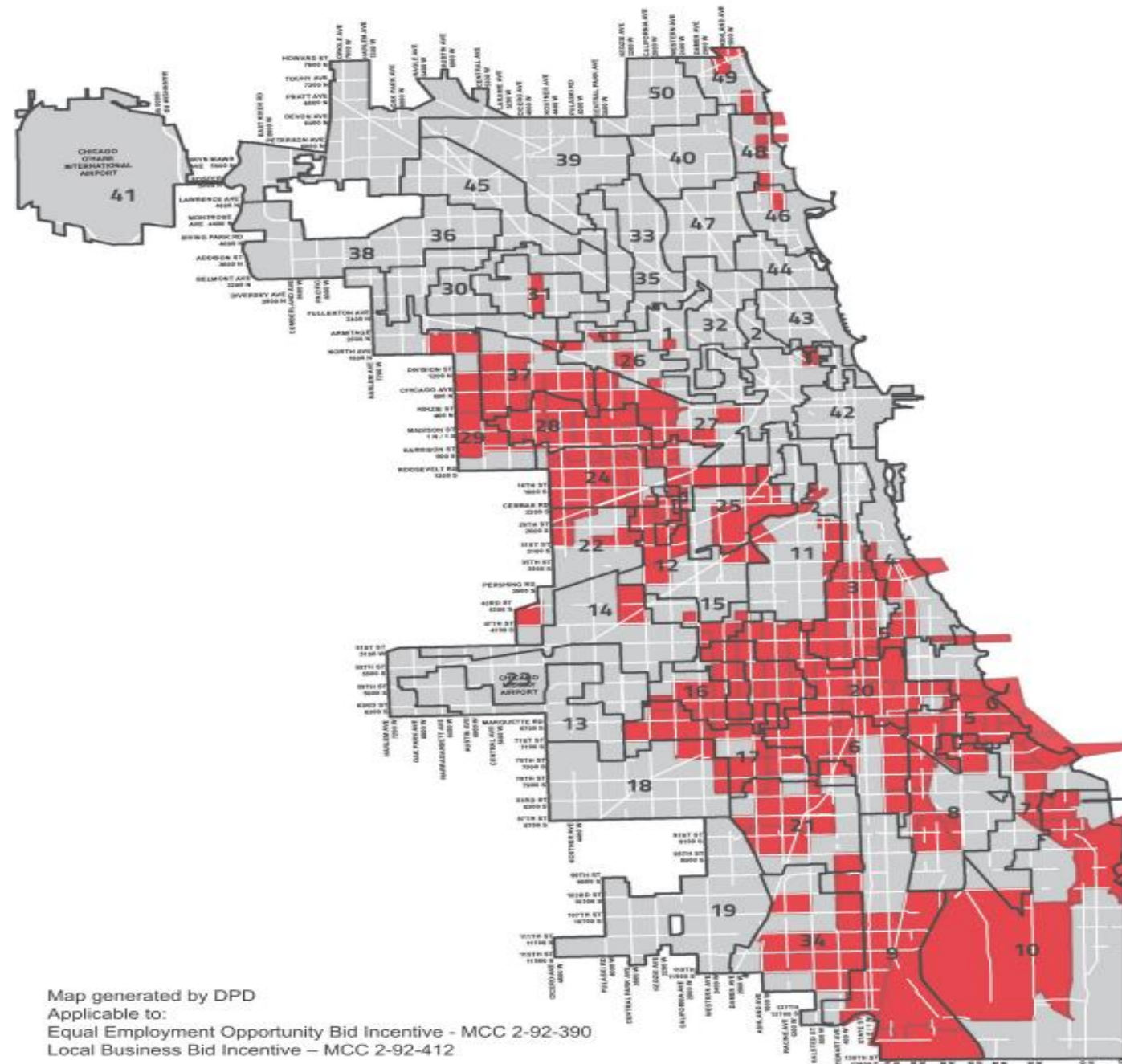
- **Program Goal:** Designed to increase contracting opportunities and participation by city-based businesses
- **Key Points:**
 - Contracts for \$100,000 or more
 - 4% bid incentive if City-based
 - Conduct meaningful day-to-day business from a facility in the City
 - Majority of regular, full-time employees work out of City facility
 - Holds all City licenses, and
 - Subject to applicable City taxes
 - 6% bid incentive if firm qualifies for the 4% bid incentive and majority of regular, full-time workforce are City residents
 - 8% bid incentive if firm qualifies for the 6% bid incentive and the majority of its City resident workforce lives in socio-economically disadvantaged areas

City-Based Business Bid Incentive

**Municipal Code:
2-92-412**

Socio- Economically Disadvantaged Areas

Current copy of map located at
https://www.chicago.gov/content/dam/city/depts/dps/RulesRegulations/ChicagoSocioEconDisadvantagedAreas_map.pdf



- **Program Goal:** Designed as an incentive to encourage participation of MBEs and WBEs on contracts where no goals can be assigned
- **Key Points:**
 - On certain contracts, the City cannot set MBE/WBE participation goals because an insufficient number of certified firms are available; this bid incentive is available on these 0%/0% goals contracts
 - To be eligible for the incentive, a compliance plan must be submitted with the bid
 - MBE/WBE participation can be at the prime or subcontractor level, and can be direct or indirect



**Bid Incentive
to Encourage
MBE/WBE
Participation**

- **Key Points:**
 - Tiered Incentive:

MBE or WBE Participation as a Percentage of the Estimated Contract Dollar Amount	Bid Incentive, as a Percentage of the Contract Base Bid
5%	0.75%
10%	1.00%
15%	1.25%
20%	1.50%
25%	1.75%
30%	2.00%



- **Program Goal:** Designed to increase contracting opportunities and participation by small-local veteran-owned business enterprises (VBEs) and eligible joint ventures consisting of one or more veteran-owned business enterprises
- **Key Points:**
 - Contracts over \$100,000
 - 5% bid incentive
 - A VBE can qualify by itself-no need to JV with another business
 - VBEs must have 51% or more veteran ownership and must be certified by the City

Veteran-owned + Small Business Joint Venture Bid Incentive

**Municipal Code:
2-92-950**

■ Key Points:

■ For JVs:

- All members must be an SBE, veteran-owned business, or both;
- At least one member must be a veteran-owned business;
- All SBEs must collectively have at least 30% interest in the JV;
- All veteran-owned businesses must collectively have at least 30% interest in the JV;
- The JV partners must self-perform at least 20% of the work; and
- None of the JV members may act as brokers

Veteran- owned + Small Business Joint Venture Bid Incentive

**Municipal Code:
2-92-950**

Diverse Workforce and Management Bid Incentive

**Municipal Code:
2-92-407**

- **Program Goal:** Designed to encourage contractors to employ a diverse workforce and management. Applies to contracts with an estimated value of \$100,000 or more
- **Key Points:**
 - Bidders must have a diverse workforce and/or diverse management
 - Two tiered incentives can be combined
 - Diverse Workforce:

Percentage of Workforce that is Diverse	Bid Incentive
10-20%	2%
>20-40%	4%
Over 40%	6%

- Diverse Management

Percentage of Management that is Diverse	Bid Incentive
10-20%	0.5%
>20-40%	2%
Over 40%	4%

How Incentives Work

- Applicable incentives will be listed in the bid package
- Bidders will be required to submit an affidavit and all requested documentation in order to be considered for the incentive
 - The incentive will not be applied if you fail to submit any requested documentation
- If eligible, your bid will be reduced in the amount of the incentive(s) for evaluation purposes only

How Incentives Work

How Incentives Work



- Some incentives cannot be combined

Bid Incentive	Incompatible Incentives
City-Based Bid Incentive (4%)	Cannot be used with the 6% or 8% City-Based Bid Incentives or the City-Based Manufacturer Utilization Incentive
City-Based Bid Incentive (6%)	Cannot be used with the 4% or 8% City-Based Bid Incentives or the City-Based Manufacturer Utilization Incentive
City-Based Bid Incentive (8%)	Cannot be used with the 4% or 6% City-Based Bid Incentives or the City-Based Manufacturer Utilization Incentive
City-Based Manufacturer Utilization Bid Incentive	Cannot be used with the 4%, 6%, or 8% City-Based Bid Incentives or the Project Area Subcontractor Utilization Incentive or the Veteran-owned Subcontractor Utilization Incentive
Project Area Subcontractor Utilization	Cannot be used with the City-Based Manufacturer Utilization Incentive
SBE/Veteran JV/Veteran-Owned Small Local Business Bid Incentive	Cannot be used with the Veteran-Owned Subcontractor Utilization Bid Incentive
Veteran-Owned Subcontractor Utilization Bid Incentive	Cannot be used with the City-Based Manufacturer Utilization Incentive or the SBE/Veteran JV/Veteran-Owned Small Local Business Bid Incentive

- You may be required to submit documentation at contract closeout or throughout performance demonstrating that you are meeting your commitments
- Failure to meet commitments may result in fines of up to three times the amount of the incentive granted, the denial of an earned credit certification (when applicable), and a finding of non-responsibility

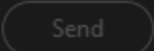
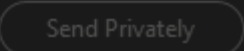


Requirements After Award

▼ Q & A  

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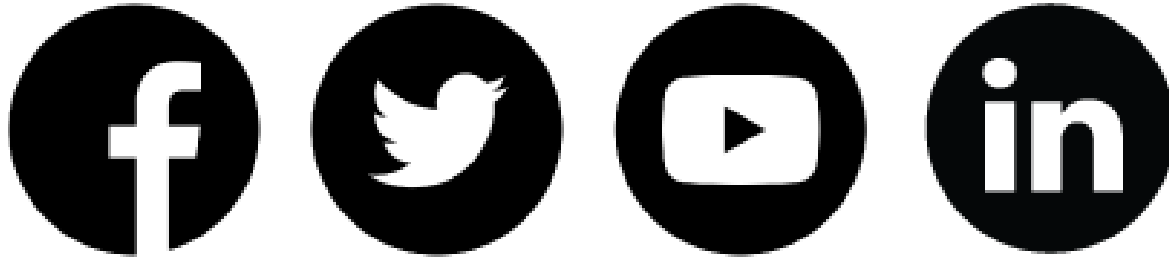
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There's a 512-character limit.



QUESTIONS?

Do you have a question? Please use the WebEx Q&A feature as shown.



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