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**MAYOR EMANUEL, DEPARTMENT OF PROCUREMENT SERVICES
ANNOUNCE ROLL-OUT OF CERTIFICATION PROGRAM
FOR VETERAN-OWNED BUSINESS ENTERPRISES**

Bid Incentives & Program Guide also released to increase diversity in City contracting

Mayor Rahm Emanuel and the Department of Procurement Services (DPS) today announced the roll-out of the certification program for veteran-owned business enterprises (VBE) and a new Bid Incentives and Program Guide to serve as a resource for Chicagoland businesses.

"The City of Chicago is committed to creating an open and fair government accessible to all of its residents," said Mayor Emanuel. "The VBE Certification and Bid Incentive and Program Guide are designed to level the playing field so that businesses of all sizes –including those owned by veterans - can compete and earn City contracts."

Coupled with the available veterans bid incentives, the VBE certification will create even more opportunities for participation in City contracts by veteran-owned businesses. VBE certification allows the City to conduct an analysis of the availability of small, local veteran-owned businesses and their areas of specialty. The VBE certification program mirrors the rigorous application process that is in place for minority and women-owned business enterprises (MBE/WBE).

"As Chairman of the Veteran Caucus, I know the tremendous benefits veteran-owned businesses bring to the neighborhoods of Chicago," said Alderman Gilbert Villegas. "Veteran-owned businesses are success stories and serve as role models for our young people."

"This is a historic day for our City and our veteran population," said Alderman Edward W. Burke, Chicago's longest serving veteran Alderman. "The skills and experience our veterans gained while bravely serving our country make them uniquely positioned to be able to run successful businesses here in Chicago, which is key to the economic vitality of our communities."

To become certified as a VBE, firms will have to demonstrate that they are at least 51 percent owned by an honorably discharged veteran, be located in the six-county region of Cook, DuPage, Lake, Kane, McHenry or Will and not exceed size standards as set by the federal government.

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The City currently has a series of bid incentives that encourage the use of veteran-owned firms:

- Veteran/small business JV bid incentive – five percent for eligible joint ventures and small, local, veteran-owned businesses.
- Veteran-owned subcontractor bid incentive – up to two percent for utilization of veteran-owned subcontractors.
- Service-disabled veteran-owned businesses can also apply to be certified as a Business Enterprises Owned or Operated by People with Disabilities (BEPD), which includes a bid incentive program, up to four percent for utilization of BEPDs on a contract.

The VBE certification program and incentives are the latest in a series of initiatives to increase the vendor pool of businesses that bid on City contracts. The City has 14 different incentives available to the vendor community. In 2017, nearly 300 individual incentives were applied to bid submissions.

“Our key objective is to increase the diversity of the businesses that bid on and earn city contracts, and the Department of Procurement Services is committed to exploring the best solutions for Chicago’s wide-ranging needs,” said Jamie L. Rhee, Chief Procurement Officer, “We are continually working to be service-oriented and provide more resources to the business community.”

In an effort to assist the vendor community in understanding the opportunities available to them, the Bid Incentives and Program Guide was developed to include comprehensive information on multiple ways to grow a business, increase capacity, foster mutually beneficial business relationships, and be more competitive on City contracts. This Guide will support the pipeline of business growth at every phase – whether a business is just starting out or are a seasoned firm. The Guide details the programs and incentives that deal with construction, non-construction, as well as a matrix to best guide vendors to pairing particular incentives when bidding on contracts. Some of the capacity-building programs detailed in the Guide include:

- **SMALL BUSINESS INITIATIVE:** Designed to encourage small businesses to participate in City-funded construction projects, exclusive to small businesses and limited to construction projects that are under \$3 million in total cost. Divided into two tiers: SBI I, projects that are \$3 million or less and SBI II, projects that are \$2 million in total cost or less. To date, 47 projects valued at nearly \$85 million have been awarded to small and very small local businesses.
- **MID-SIZED BUSINESS INITIATIVE:** Small and mid-sized local (six county) construction firms are exclusively eligible to bid on construction projects valued between \$3 million and \$10 million. Expands the Small Business Initiative (SBI) 1 & 2 construction programs to firms growing and succeeding.
- **DIVERSITY CREDIT PROGRAM:** Private sector firms who also bid on public work to obtain up to five percent M/WBE utilization credit on a City contract for work performed by a certified firm on one or more of the prime’s private sector contracts. For every \$3 spent with certified firms in the private sector, \$1 of credit issued for a future bid with the City.
- **PHASED GRADUATION ORDINANCE:** Established M/WBEs that have exceeded the program’s size standards can continue to participate for a period of 3 years to gradually exit

the program, with 75 percent credit allowed in year one, 50 percent in year two, and 25 percent in year three.

In addition to announcing the VBE certification program and Bid Incentives and Program guide, DPS announced the year to date M/WBE contract payment numbers. In order to present the most accurate reflection of spending impact, DPS reports actual dollars spent (instead of contract values) with certified minority- and women-owned businesses, which provide more accurate and meaningful information. These payments, made on contracts between January and September 2017, totaled \$1.06 billion. Of the total payments made during this year's period, \$265.7 million, or 25 percent, went to MBEs and \$63.2 million, or 6 percent, went to WBEs. African American firms were paid \$82.7 million, or 8 percent in 2017; Hispanic firms were paid \$153.0 million, or 14 percent; Asian American firms were paid \$46.1 million, or 4 percent; women-owned firms were paid \$47.0 million, or 4 percent.

DPS also reported on the methods being used to prioritize economic impact for Chicago's citizens by requiring and incentivizing City contractors to hire locally. The Chicago Residency Ordinance requires that 50 percent of the total work hours on non-federally funded City construction projects be performed by City Residents. Over the last three years the City has exceeded requirements and averaged 54 percent. The Project Area Resident Ordinance requires that contractors utilize residents from the surrounding construction project area for 7.5 percent of the total work hours. Of 116 active and closed projects since the start of the program, the City is exceeding requirements and is trending at 12.6 percent utilization.

In addition to requirements, the Equal Employment Opportunity (EEO) bid incentive increases job opportunities for minority and female workers on all City-funded construction projects and boosts hiring from underserved areas. For the period from January to September 2017, for locally funded construction projects over \$100,000, there were 848,005 hours performed by minorities and 40,495 hours performed by females in the category of journey workers, apprentices and laborers. Of the total hours performed, minority workers made up 64% of the journeyworkers, 80% of the apprentices, and 88 percent of the laborers. Female workers made up three percent of the journeyworkers, 18 percent of the apprentices and three percent of the laborers.

To learn more about VBE certification, the Bid Incentives and Programs Guide, and local, small M/WBE, and employment programs implemented under Mayor Emanuel, visit: www.cityofchicago.org/dps

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