



## Executive Summary

The Wisconsin Department of Transportation-Office of Disadvantaged Business Enterprise (DBE) Programs, and the Federal Highway Administration-Wisconsin Division-Civil Rights Program, hosted a peer exchange of their DBE business area programs from November 19-21, 2002, at the Hill Farms State Transportation Building.

The purpose of the peer exchange was to identify strengths, opportunities and impediments for the DBE business component of the WisDOT Office of DBE Programs, and FHWA Civil Rights Program. Specifically, the three focus areas included:

- Business Assistance and Development (such as one-on-one consulting services; capacity building services)
- Contract Administration, Good Faith Efforts, and Certification
- Commercially Useful Function/Fraud

Objectives of the Peer Exchange were to:

- Identify a range of issues and key points for consideration in program quality improvement, and for planning the future direction of the program.
- Promote excellence, and position the program for success.
- Explore how the programs can more effectively partner with each other and with the staff in the district and central offices.
- Gather best practices for consideration; and identify ideas for team members to take back to their own organizations.

The exchange team held interviews across two days with numerous representatives from the industry, WisDOT and FHWA. These included prime contractors, subcontractors, DBE firms, major industry associations, and agency personnel. These discussions provided an opportunity to listen to perceptions, concerns and suggestions from all participants. The exchange team made a range of suggestions, and noted opportunities to strengthen the programs:

1. Streamline Project Goal Setting
2. Streamline Good Faith Effort Process
3. Documentation of payments and tracking of actual achievements
4. Implement an industry wide fraud detection/prevention program
5. Monitoring of consultant DBE usage/goal attainment/ goal setting
6. Customized training for established firms
7. Networking and Mentoring could be explored to develop capacity
8. Process to obtain approval of IT projects

The team's numerous observations can be categorized into three main categories:

- Business Assistance and Development -- 48% of the comments
- Contract Administration -- 45% of the comments
- Commercial Useful function / Fraud -- 7% of the comments

An overall impression of DBE Program is that WisDOT's customers approved of the DBE program and its administration. WisDOT will work with its partners on the Transportation Advisory Committee (TRANS-AC) to set priorities for program improvements in the coming year. Smaller work groups will determine what additional information is needed, and bring the facts back to TRANS-AC for discussion.

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## PROCESS AND METHODOLOGY

### Preliminary Planning

Preliminary work by the initial WisDOT/FHWA Planning Team got underway in August 2002 for what at that point was termed a Peer Review Program. The stated purpose at the time was to “gather information on the WisDOT’s DBE program components, processes, operating procedures, standard practices, and reporting for compliance, consistency and uniformity with the requirements of 49 CFR 26; and to offer ways from what others are doing to strengthen the State’s program”. A review program component document was also drafted for proposed use.

Upon further reflection by early September, WisDOT and FHWA agreed to draw upon the experience of DTID’s Research Coordination Section, whose members had participated in at least two Peer Exchange Studies in recent years. The Research Administrator of the Section described a more learning based approach for a Peer Exchange to promote program excellence, and find ways to strengthen and position the program for future success; this in contrast to a Peer Review for program compliance oriented purposes. Subsequently, the Research Administrator was asked to be the team leader for a renamed Peer Exchange approach, to include how both WisDOT and FHWA could benefit from participation in such a quality improvement oriented study. The Planning Team composition was broadened to draw upon staff as needed, and members then set out to refine the scope of the exchange and its desired participants.

### Process and Methodology

A conceptual framework graphic was developed to describe the elements of the peer exchange, and how it would fit within the context of an existing structure for program planning and related advisory services. The Planning Team also worked rapidly during September on a wide range of materials to support the Peer Exchange. A decision was made to conduct the exchange in late November. The primary activities included:

- Finalizing the list of Peer Exchange Team Members as follows:
- Defining the scope of the Exchange to three DBE related business focus areas, with four questions for each area (see below)
- Identifying potential participants to invite from the industry, WisDOT and FHWA
- Developing a four day agenda: an orientation day, followed by two days of interviews by two interviewing teams, and a fourth day for a report out by the team.
- Developing a schedule and appropriate participant groupings for conducting the interviews; creating worksheets for team members to record remarks.

**Special Note:** The rationale for selecting and grouping participants was based on:

1. Ensuring a cross section of DBE and nonDBE contractors based upon their volume of business obtained with WisDOT, as well as their type of work, gender (among DBEs), and geographic location.
2. Selecting WisDOT employees and industry and association executives based on their length of service, and the extent of their involvement with WisDOT’s DBE program. Due to the limited size of the respective populations, WisDOT does not infer that interviewees constitute representative samples.

- Gathering materials to send to team members such as our Strategic Plan, Fact Book, Goal Plan, and proposed agenda
- Developing an inventory of DBE program documents of probable interest to the team
- Conducting advance conference calls with the team members to discuss the study approach and related issues. Requesting best practices. Managing all logistics and costs.
- Preparing a PowerPoint on the DBE Program for use during the orientation describing from our perspective our strengths, opportunities for improvement, initiatives and more.

### **The Interviews**

The structure for interviewing participants was aimed at eliciting from our customers what they thought was working in the DBE business program, and what they felt might benefit from additional or new attention. Specifically, participants were asked a series of four questions for each of the following,

#### **Three focus areas:**

- Business Assistance and Development (such as one-on-one consulting; capacity building services)
- Contract Administration, Good Faith Efforts, and Certification
- Commercially Useful Function/Fraud

#### **Four questions for each focus area:**

- What are the Strengths?
- What are the Opportunities for Improvement and What are the Impediments to Fill Gaps
- What are the Observations for Overcoming Impediments
- What Models, Best Practices, or Future Directions Should We Study for Adoption

#### **Additional Methodology Details:**

Team members were asked to record their observations on worksheets provided to them, for later use in developing their team report out for WisDOT and FHWA. Team members were advised that their report, observations, and ideas for best practices to consider would then subsequently be brought to WisDOT's DBE Transportation Advisory Committee, an existing forum for policy and program planning. On the fourth day, the Team members elected to post their raw data on post-its, group the items into common categories, and create their own PowerPoint Report of what they heard and what they would recommend in key areas.

## **PREPARATIONS**

The preparations beyond those listed in the Methodology Section above fit into a wide range of categories. These included such activities as:

Consulting with the Team Leader and Planning Team on what exchange processes and practices had the greatest potential for success.

Assembling DBE program documents for sending ahead to the team, or for availability as desired during the exchange. Assembling folders and materials for individual team members.

Developing and sending a large number of invitation letters to participants, and coordinating many schedule confirmations, follow-ups and changes as needed.

Conducting discussion sessions among office staff to discuss values, key issues and participation.

Managing internal and external communications.

Assuring appropriate space reservations, hotel accommodations, transportation, and expense management for team members. Offering related assistance to interviewees as needed.

Ensuring team understanding and consensus on the administration of the exchange, from the very start through to data management and report development.

Providing access to materials and topics, which the team members wanted to take back to their own operations.

The peer exchange team members were sent several core program documents (Strategic Plan, Program Fact Book, and Draft '03 DBE Goal Plan) in advance of their arrival in Madison. These documents and related program and process issues were also the topic of pre-arrival conference calls with the team members. An inventory listing of other program related documents and reports was created and provided to the team during the orientation session on the first day of the exchange.

Parallel communications about the exchange purpose and process were also conducted with the DBE Transportation Advisory Committee. This standing committee, comprised of industry, contractor, and agency members, indicated a keen interest in reviewing the results of the exchange for potential value in helping to shape future program matters and directions.

# PEER EXCHANGE TEAM REPORT

## Process

- Two Peer Teams
- Stakeholders Interviewed
- Key Themes
  - Business Assistance and Development
  - Contract Administration, Good Faith Efforts and Certification
  - Commercially Useful Function/Frauds

## Business Assistance and Development – Training

### Strengths

- Training provided to start-up firms
- Encourage Primes to work with DBEs
- Training on Internet
- One on one training
- TRANS program
- Loan Mobilization Program

### Opportunities

- Provide additional training for established firms
- Follow up to supportive services training
- Provide training in all District Offices
- Develop awareness of other agency training
- Networking opportunities with primes
- Mobilization loan process could be streamlined
- Money for customized training needs

### Impediments

- Not responsive to Primes with problem DBEs
- Lack of trust between Primes and DBEs
- Geographic issues for training outside of Madison/Milwaukee
- Electronic Bidding perceived to reduce networking opportunities

## Business Assistance and Development - Capacity

### Strengths

- Succession planning

### Opportunities

- Encourage development of capacity
- Joint Venturing Program
- Communicate business opportunities

### Impediments

- Lack of DBE capacity
- Take on too much work
- Current capacity building consultant

## **Business Assistance and Development**

### Impediments

- Not responsive to Primes with problem DBEs
- Lack of trust between Primes and DBEs
- Geographic issues for training outside of Madison/Milwaukee
- Electronic Bidding perceived to reduce networking opportunities

## **Annual Goal Setting**

### Strengths

- TRANS-AC process

### Opportunities

- TRANS-AC process needs better communication

### Impediments

- Goal setting process is too adversarial
- Annual DBE Goal
- Not being met in recent years
- Is the goal realistic?

## **Project Goal Setting**

### Opportunities

- Formalize the process
- Provide for contractor participation
- Package projects for prime DBE opportunities
- DBE geographic availability
- Base goals on multiple options for bidders
- Over concentration -trucking

### Impediments

- Participation goals not realistic

## **Good Faith Effort**

### Strengths

- ODBEP assistance in achieving goals

### Opportunities

- Shorten GFE analysis
- Submit participation with bid
- Bank DBE participation for Primes
- Use rejection of bids vs. waivers

### Impediments

- Too many waivers
- Participation is negotiated
- Primes not receiving bids from DBEs

## **Construction Monitoring**

### Strengths

- One District is monitoring utilization

### Opportunities

- Use district staff to aid in monitoring/tracking
- Determine if prompt payment is an issue

### Impediments

- No tracking of final achievements
- Little or no monitoring of utilization

## **Commercially Useful Function- Fraud**

### Opportunities

- Create a monitoring process
- Cottage Grove wake-up

## **Trucking**

### Opportunities

- New regulations may need to be revisited

### Impediments

- May be over concentrated

## **Consultants**

### Strengths

- Meet Goal

### Opportunities

- Create a participation and CUF monitoring process
- Need networking and training specific to consultants
- Prompt payment tracking
- Match contract goals not standard percentage

### Impediment

- Consultant pay and audit process

## **Communication**

### Strengths

- DBEs aware of opportunities and services

### Opportunities

- More on web page
- Updates to program needs input from DBE community

### Impediments

- Lack of communication between everyone
- WisDOT IT Committee is a barrier to DBE automation efforts

## **WisDOT Staffing**

### Strengths

- Dedicated; Empowered and assertive; Knowledgeable; Approachable; Hardworking

### Opportunities

- Improve participation with Districts
- Improve support to Districts
- Improve knowledge of overall DBE program objectives

### **Other Issues**

- Highlight successful firms
- Facilitate networking
- Marquette project impact on construction funding and WisDOT funding
- Economy

### **Key Points**

- Project Goal setting process
- Good faith effort determination at letting / waivers
- Documentation of final payments to DBEs

## **SUMMARY OF TEAM COMMENTS**

### **Communication**

- Our customers would like more communication from us and desire input on issues that impact them.
- Data collection and use of Internet could be improved.

### **Cuf/Fraud**

- Cuf/Fraud detection and prevention measures need to be developed, as well as monitoring procedures.

### **Trucking**

- WisDOT relies heavily on trucking to meet its goal. Opinions vary on the desirability of this.

### **WisDOT Staff**

- Staff experience, expertise, and commitment is a strength. Could work to improve communications with districts and to increase overall awareness of DBE program with our internal and external customers.

### **Construction Monitoring**

- Need To Develop A System To Capture Actual And Final Payments To DBEs.  
Districts Could Provide Support For Project Level Monitoring.

### **Project Goal Setting**

- Both DBEs and NonDBEs expressed concern over project level goal setting and indicated a desire to be involved in a formal process.
- Questions were raised as to whether overconcentration exists.
- A desire was stated that WisDOT package projects to foster DBE prime contracting.

### **Consultants**

- Goal setting on consultant projects should be based on an analysis of opportunities on individual projects for design and construction.
- DBE training should address unique needs of consultants instead of focusing entirely on contractors.
- Monitoring of consultant DBE usage/goal attainment is needed.

### **Certification**

- Process is very thorough.
- There is a perception certification is more difficult for certain groups.
- There is a desire to limit the length of time a DBE can be certified before automatically graduating.

### **Annual Goal Setting**

- Concerns Were Expressed That WisDOT Has Not Met The Goal For The Last Few Years.  
Questions Raised Whether Goal Is Realistic.
- DBEs And NonDBEs Both Say DBEs Are At Capacity.
- Trans-Ac Is Well Received And Considered A Strength.

### **Good Faith Efforts**

- All parties are interested in changing the GFW process.
- There is a perception that waivers are negotiated rather than evaluated.
- Current system places burden on WisDOT and DBEs, not primes.
- Process of obtaining a waiver is too long.
- DBE usage should be submitted with bid.
- Primes would like usage of DBEs to be “banked”.
- DBEs would like to be involved in GFW decisions.

### **Business Assistance And Development**

- Training of DBE firms should be available statewide, not focused in Milwaukee and Madison.
- Training of DBEs is an issue for all our customers.
- Training on specific needs, characteristics, and issues of the industry is needed.
- Networking, jvs, and mentoring could be explored in order to increase capacity.
- Training should be customized for established firms.
- Some concerns Were Expressed About Current Service Providers.

### **Miscellaneous Issues**

- TRANS-AC, TrANS, and the Marquette committee are seen as strengths.
- Training and networking opportunities for DBEs are needed.
- The DBE office (and WisDOT as a whole) needs to communicate more. There are many misconceptions about some very basic issues.

### **Special Note On Overall Impression of DBE Program:**

Based on an informal survey conducted by one of the peer exchange teams, WisDOT’s customers approved of the DBE Program and its Administration.

## **ACTION PLAN, MEASURES AND TIMELINE**

1. Provide Peer Exchange Report to TRANS-AC (February 2003)
2. Review Data and Best Practices from Other States
3. Review TRANS-AC produced Categories and Ideas for Program Improvement
4. Consider Options; Define Gap Between Current and Potentially Desired Program/Components
5. Develop Issues and Policy Implications
6. Obtain Consensus from TRANS-AC
7. Review and Decide On Plans and Priorities to Pursue, Implement or Pilot (Strategic Direction)
8. Develop Action Plan, to Include Resources, Phases, and Measures
9. Assess and Improve

TRANS-AC members suggested that a subgroup work be set up to work on the ideas outside of the TRANS-AC meetings, and then bring back plans or recommendations. It was also mentioned that perhaps we could ask OODS for a process improvement expert to guide our efforts.

The following reflects how we intend to proceed:

- Define subgroup purpose, scope, expectations, and timeline.
- Name the subgroup and identify members
- Determine if assistance from OODS will be requested
- Create a work plan
- Determine what additional data is needed and from whom
- Establish a process or methodology for evaluation of the ideas in the various categories
- Bring in experts on topics as needed, including guest speakers for TRANS-AC
- Try to identify priorities for initial consideration; discuss at TRANS-AC
- Determine format for reports or documentation
- Deliver recommendations for discussion at TRANS-AC, probably in phases.

## DBE PEER EXCHANGE – TENTATIVE ACTIONS AND TIMELINES

### Report from Peer Exchange Team:

Work Item				
Team notes & report finalized	12/20/02 Sent to Team	1/10/03 (10 working days) requested return w/comments	Feedback to Exchange participants by January 15, 2003	Present to Trans-AC 2/5/02

### Timeline to Implement Recommended Improvements in the Areas of:

Action Item	Responsible Party	Target Date	Quarterly Reports To FHWA & WisDOT Administrator
Streamline good faith efforts determination process	DBE Office will submit recommendation to Trans-AC	06/2003	Monthly.
Re-visit project goal setting process	DBE Office & Bureau of Highway Construction	09/2003	Updates 03/03, 06/03, 09/03
Documentation of final payments and tracking of actual achievements	DBE Office, Bureau of Highway Construction, Information Management Technology Section	09/2003	Updates 03/03, 06/03, 09/03
Implement an industry wide fraud detection/prevention program	Refer to Bureau of Highway Construction		
Process to obtain approval of IT projects (Internal process that impacts all improvements, which require IT resources.	DBE Office, ITOG, Bureau of Highway Construction	03/2003	Updates 03/03, 06/03, 09/03

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