



METROPOLITAN NASHVILLE AIRPORT AUTHORITY

FOLLOW-UP SMWBE REVIEW REPORT

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This document contains a one year follow-up review to a previous review of the MNAA Small, Minority, and Women Business Enterprise Program.

Follow-up SMWBE Review Report

Executive Summary

The Metropolitan Nashville Airport Authority (MNA) issued a Request for Proposals on January 4, 2010, seeking a Consulting firm qualified to conduct a review of the MNA's Small, Minority, and Women-Owned Business Enterprise (SMWBE) Program, specifically its compliance with MNA's Procedure No.3-801 SMWBE Program, MNA's Disparity Study recommendations, and the Disadvantage Business Enterprise (DBE) & Small, Minority, and Women-Owned Business Enterprise (SMWBE) Policy and Process Manual.

The review was to be conducted over a two-year period consisting of an initial review and a follow-up review after one year. The selected firm was charged with determining whether the program met the requirements of the MNA Disparity Study, Procedure No.3-801 SMWBE Program, and direction of the Authority's Board of Commissioners. The selected firm was to report findings and recommendations for continuing improvements. Business Resource Group, LLC was selected by the MNA as the firm that would perform the compliance review.

Our approach to the task involved the observation and review of the following:

- MNA Procedure No. 3-801 program requirements
- The implementation of the recommendations from the Disparity Study
- SMWBE Program from August 2008 through February 2010 to determine compliance with MNA Policy and Process Manual
 - a. Business Development and outreach efforts;
 - b. SMWBE participation level methodology;
 - c. SMWBE certification process; and
 - d. Contract compliance procedures including Authority related contract in procuring good and service, professional services, and construction

Data from the SMWBE program was gathered from the certification documents, contracts, purchase orders, purchasing documents, and purchasing manuals, as well as through face-to-face interviews with key MNA personnel involved in the operation and administration of the SMWBE Program. This data was then used to identify compliance and noncompliance issues in the program, which our recommendations addressed.

In March of 2011, after sufficient time was allotted for the MNA to assess and implement our recommendations, Business Resource Group conducted a follow-up review of the MNA SMWBE Program. This review revealed that significant measures were taken to address previously identified areas of non-compliance. MNA staff should be applauded for the progress made in a relatively short period of time. A major shift in attitude toward the program should be noted with a tremendous positive attitude toward ownership and buy in of the program from key personnel. A major shift from a single focus

(achieving numerical goals) to building capacity and sustainability in the SMWBE firms was noted. This report summarizes the findings of Business Resource Group’s follow-up review.

Status of Recommendations

I. Recommendations from the Disparity Study

I.1 Original Recommendation

The Aspirational Participation Levels should be reviewed after the extension period or the new disparity Study is completed.

Original Management Response: Business Diversity Development (BDD) agrees. The industry standard for procuring a new disparity study is a minimum of five (5) years after the completion of the first. Updated aspirational levels as well as availability data are among the numerous requirements in the upcoming request for proposal (RFP) in 2012.

Observation and Testing

The BDD office has developed a schedule and timeline for the development and implementation of the Disparity Study to take place on schedule in 2012. This is in keeping with industry standard of five years from the date of the first Disparity Study conducted by Griffin & Strong.

Additional Recommendation

The BDD office should ensure the Disparity Study is conducted and the Aspirational Participation Levels are addressed in the upcoming Disparity Study.

Management Response

BDD agrees and will continue to monitor until the completion of the disparity study in March 2013.

I.2 Original Recommendation

To comply with bonding and financial assistance program requirements, BDD should explore “Best Practices” in bonding and financial assistance programs used in other similar transportation industries to assist in developing a bonding and financial assistance program for MNAA.

Although BDD is complying with outreach efforts and technical assistance coordination, Partnering with other local organizations to assist the BDD in providing general technical assistance to SMWBEs is an excellent way to maximize resources. BDD should consider developing a technical assistance program specifically to meet the needs of the Airport. One of the components of the technical assistance program should include assisting SMWBE firms with MNAA bidding process. This could be conducted once or twice a year.

***Original Management Response:** BDD will assemble a working group to consist of representatives from legal, finance and PDC to explore developing its own bonding and financial assistance program. The group will make a recommendation to the executive committee by January 2011.*

BDD will develop another technical assistance workshop in addition to the MNAA Bridges to Opportunities program, which provides assistance to SMWBEs and primes about the bidding process. BDD will present this in March 2011

Observation and Testing

BDD has worked with Purchasing and Legal to develop plans to lower bonding and insurance requirement levels where possible. Through consultation with Legal, it was determined that MPC, some maintenance projects, and some professional services contracts had areas where limits were reduced.

BDD continues to partner with local Chambers of Commerce to conduct technical assistance workshops. During these workshops, instruction is provided to assist vendors with certification, the bidding process, and networking with primes to develop relationships for future procurement opportunities.

Additional Recommendation

BDD and the working committee should continue to review and update its bonding requirements to address the appropriateness of the requirement to the project.

Management Response

BDD will continue to review these requirements with PDC and others as procurement opportunities are issued.

A. Business Development and Outreach

A.1 Original Recommendation

Although BDD is complying with establishing cooperative relationships with business organizations and community stakeholders, the following Best Practices are recommended to further enhance the Business Development and Outreach efforts pertaining to the SMWBE program:

BDD should act as a liaison with SMWBE contracting organizations to keep them informed by attending meetings and providing information about procurement opportunities. Develop an annual calendar to meet with SMWBE organizations to update them on MNAA's program and to receive feedback.

Arrange meetings with SMWBE firms and bidders to discuss procurement opportunities.

Continue to meet with prime contractors, sub-contractors and SMWBE firms to form business relationships that will increase SMWBE participation on MNAA projects.

MNAA departments should meet with contractors to pre-qualify contractors to increase pool of available contractors for emergency, one time maintenance, and purchases under the director's approve sign off amount.

Relationships should be expanded between BDD and businesses and organizations in the other 16 counties surrounding Davidson that are included in the SMWBE program.

***Original Management Response:** BDD will develop a formal calendar of the organizational meetings it intends to participate with or present MNAA opportunities. This will be accomplished by August 1, 2010.*

BDD will continue to arrange meetings with SMWBE firms and bidders to discuss procurement opportunities.

BDD will continue to meet with prime contractors, sub-contractors and SMWBE firms to form business relationships that will increase SMWBE participation on MNAA projects.

BDD will work with the director of maintenance in developing a plan to pre-qualify a pool of SMWBEs for emergency and one time maintenance work by November 1, 2010.

BDD will continue to expand its outreach to additional organizations in the surrounding counties to increase awareness of the program and will include the plans for such in the annual calendar due by September 1, 2010.

Observation and Testing

BDD has developed a calendar with scheduled workshops, networking and organizational meetings it will attend to keep SMWBE's informed. BDD is also using B2G Now a software program designed for government use to streamline and improve the effectiveness of the SMWBE program. B2G Now automates the SMWBE function which includes certification management, contract compliance, and outreach management. Once the certification data is entered the BDD staff can perform several different functions such as; sending e-mails and fax to a targeted group and/or the entire database with a few click of the mouse.

BDD newsletter is also scheduled to be produced three (3) times a year (every four (4) months). Purchasing is using more of a comprehensive approach in reaching out to more media outlets in an effort to reach qualified SMWBE firms.

BDD provides a list of pre-qualified SMWBE firms to maintenance to increase the pool of available contractors for emergency, one-time maintenance purchases under the director's approved sign off amount.

BDD is continuing to reach out to business organizations in all 16 counties surrounding Davidson that are included in the SMWBE program.

There has been more communication between MNAA departments and BDD regarding, the SMWBE program and how each MNAA department is implementing and coordinating their participation in improving the effectiveness of the program. We observed MNAA departments displaying a degree of ownership of the program, and working together to accomplish its goals.

Additional Recommendation

No additional recommendation

A.2 Original Recommendation

Although BDD is complying with informing SMWBEs of contracting opportunities through emails and flyers about project pre-bid meetings and contractor to subcontractor networking sessions, the following Best Practices are recommended to further develop MNAA's ability to reach SMWBEs that are eligible and qualified to participate on MNAA projects:

Continue assisting bidders/proposers with locating SMWBE firms.

Notification of upcoming and current RFPs should be sent directly to SMWBEs that are willing, able, and ready to perform a commercial useful function on all MNAA projects.

Target SMWBE firms from MNAA databases and other available resources such as Metropolitan Transit Authority (MTA) and Tennessee Department of Transportation (TDOT) Governor's Office of Diversity Business Enterprise (GoDBE), Nashville Electric Service (NES), Metropolitan Nashville Public Schools (MNPS), and Tennessee Minority Supplier Development Council (TMSDC) with the capabilities to bid on MNAA work and successfully complete it.

Continue to conduct local availability searches for specified scopes of work. Continue attending pre-bid and pre-construction meetings to explain MNAA SMWBE program.

Develop and design an introduction and orientation to MNAA SMWBE Program to present at pre-bid and pre-construction meetings. This presentation can be customized to present to outside community groups/organizations.

Original Management Response: *BDD will continue assisting bidders/proposers with locating SMWBE firms.*

BDD consistently notifies the SMWBE firms of the opportunities via email with a description of the project and the general scope or professional service requirements.

BDD will work more closely with the other agencies in ensuring the firms in their database are aware of the opportunities. BDD does a great deal of this on a case by case basis but will formalize the process by September 1, 2010.

BDD will develop a power point presentation for each pre-bid meeting. In addition, a handout will be developed by September 15, 2010, for primes and subs titled helpful tips to be reviewed at the construction kick-off meeting.

Observation and Testing

BDD is continuing to send information to bidders/proposers to assist with locating SMWBEs. There is information on the flynnashville.com website that lists SMWBEs and their area of expertise. BDD is also transitioning to allowing bidders/proposers to use B2G Now to locate SMWBEs for future opportunities.

BDD is currently utilizing B2G Now and email to notify SMWBEs of opportunities. SMWBEs are also directed to the MNAA website to find information pertaining to opportunities.

BDD continues to work with other agencies and local Chambers of Commerce to ensure their members are aware of MNAA opportunities.

BDD has developed a power point presentation that is presented at every pre-bid meeting.

Additional Recommendations

No additional recommendation

A.3 Original Recommendation

Although BDD is complying with facilitating educational and technical assistance workshops, the workshops are general in nature and do not address MNAA specific needs as it relates to airport safety, airport specific bidding requirements, bonding and insurance requirements, certified payrolls and other reporting requirements. The following Best Practices are recommended to increase SMWBE firms attempting to do business with MNAA:

MNAA should develop a program to facilitate MNAA specific educational and technical assistance workshops to increase the possibility of SMWBE participation on MNAA projects. Continue to partner with other agencies on general technical assistance and educational workshops.

MNAA should have prime contractors include or offer SMWBEs training opportunities to enhance knowledge and performance on MNAA projects.

Encourage Majority Bidders to provide an outreach process and technical assistance in support of the SMWBE program.

Institute a mentor protégé-program in which a Prime Contractor is the principle source of business development for a SMWBE to promote the development of SMWBEs and build business relationships.

Original Management Response: BDD will develop a technical assistance workshop in addition to the MNAA Bridges to Opportunities program, which provides assistance to SMWBEs and primes about the bidding process. A plan for technical and educational workshops will be developed and implemented by March 1, 2011.

BDD will work with prime contractors to offer training opportunities to SMWBEs. BDD will schedule meetings with the primes by February 2011 to determine interest and level of commitment.

BDD will encourage Majority Bidders to provide an outreach process and technical assistance in support of the SMWBE program during pre-bid meetings.

BDD has already initiated a mentor-protégé program with Austin Industries, general contractor for the CONRAC facility.

Observation and Testing

BDD continues to partner with local Chambers of Commerce to conduct technical assistance workshops. During these workshops, instructions are provided to assist vendors with certification, the bidding process, and networking with primes to develop relationships for future procurements opportunities.

BDD has included other MNAA departments to take part in the SMWBE training workshops. Maintenance has met with SMWBE's one-on-one to become more familiar with the services they provide, their capabilities, and to clarify and explain MNAA requirements on how MNAA procures its products and services. Maintenance has assessed the capabilities of some SMWBE firms and referred them to non-MNAA projects.

BDD has developed a workshop specifically to address "How to Do Business with the Metropolitan Nashville Airport Authority". A Contractor's Tool Kit has also been developed. The Toolbox Tips for Contractors "is a set of tips for a contractor to use to start or continue to build on successful relationships with SMWBE/DBE prime and subcontractors."

BDD has developed and instituted a 6-month mentor protégé program with Austin Industries. BDD emphasis going forward is capacity building and sustainability. This is demonstrated in the implementation of the mentor protégé program and the Emerging Contractors program which PDC and Maintenance participates. The inclusion of other factors to be considered over and above meeting MNAA goals in an RFQ such as contractors mentoring programs of other firms and their use of SMWBE firms on a non-MNAA project voluntarily also lends itself to building capacity and sustainability.

Additional Recommendation

BDD should continue the training workshops for newly identified SMWBEs interested in doing business with MNAA.

BDD should consider converting the training workshop to an electronic format to be access by SMWBE firms at anytime using a user ID and password.

BDD should continue to encourage prime contractors to develop an outreach process and technical assistance in support of the SMWBE program during its pre-bid meetings.

The mentor protégé program should be expended to include other major prime contractors doing business with MNAA.

Management Response

BDD agrees and will schedule at least three (3) workshops during the FY 2012.

BDD will work with IT and Communications on this effort and assess feasibility by November 2012.

BDD agrees and will continue to emphasize at all pre-bid meetings.

BDD will address this with PDC and other MNAA stake holders in the quarterly Emerging Contractor and Mentor Protégé program meetings beginning June 2011.

A.4 Original Recommendation

Although BDD is complying with developing SMWBE goals on individual project in accordance with acceptable goal setting methodologies as outlined in 49 CFR Part 26, the following Best Practice is recommended to further develop MNAA's available market:

The available markets for which the project levels are set should be reviewed at least annually to stay current. The Master Vendor file may also serve as a pool of available SMWBEs when sorted and matched with requesting scope of work.

Original Management Response: BDD currently incorporates this practice

Observation and Testing

In view of the current economic environment with entities going out of business, the available markets are changing frequently.

Additional Recommendation

BDD should review the available markets more frequently, due to the frequent change in market conditions.

Management Response

BDD incorporates this practice and will address the methodology again when the disparity study is complete in 2013.

B. Goal Setting Methodology

B.1 Original Recommendation

Although BDD is complying with goal setting methodologies, the following Best Practices are recommended to further develop and expand MNAA's available market and SMWBE opportunities:

Going forward, a more in-depth review of the available market should be considered.

In future reviews, MNAA may want to identify separate goals for each Small, Minority, and Women Business Enterprise based on MNAA past utilization experience.

BDD should clearly define its local market area in which the substantial majority of the contractors and subcontractors with which the MNAA does business are located and the area in which MNAA spends the substantial majority of its contracting dollars.

The Master Vendor list should be reviewed to pre-qualify SMWBEs and to determine the accuracy of information provided to set goals.

The Master Vendor list should be cross-referenced when certifying SMWBEs as an effort, not to duplicate, but expand and verify information being used to set goals.

***Original Management Response:** MNAA will develop the RFP for the disparity study scheduled for release in early 2012 that will address the above recommendations. A time line will be developed for this project to ensure that significant research on best practices for model disparity studies included in the MNAA RFP.*

Observation and Testing

BDD has developed a schedule and time line for the Disparity Study. The RFP is scheduled to be released in January 2012 with an estimated completion date of April 2013. An internal committee will develop the RFP. Time frame for the development of the RFP is August 2011-November 2011.

Additional Recommendation

No additional recommendation.

C. Certification Policy and Procedures

C.1 Original Recommendation

Although BDD is complying with ownership, control and independence requirements, the following Best Practices are recommended to increase the Certification Officer's proficiency level:

The Certification Officer is doing a good job, but will benefit from specific training on the certification process. The area of training should be focused on the application of the regulations and how each section is applied to the certification process. Ownership, control and independence are examples of focus from which the Certification Officer will benefit.

A one-on-one on the job training (OJT) for a short period of time (month) will strengthen this area and help to prevent time lost in the future. Site visits for all applicants should be reinstated for verification ownership, control, and independence.

***Original Management Response:** Additional training in the area of certification will be completed by June 30, 2011. Although site visits are considered a best practice, BDD found it necessary to eliminate it as a requirement due to budget cuts and staff constraints. The certification officer does have the latitude to conduct a site visit should she feel it necessary to resolve unanswered questions or verify data.*

Observations and Testing

During the time since the original recommendations the following have been accomplished:

1. The Certification Specialist has attended the National DBE Training Institute for a 3-day course, designed to provide in-depth training to DBE/ACDBE and DBELO professionals.
2. The Certification Specialist has been given one-on-one consulting (OJT) on specific certification issues as it relates to ownership and control of a SMWBE firm.

BDD has reorganized their filing system for SMWBEs. It has been less than a year that BDD has implemented the B2G Now software system into their certification program. This allows the Certification Specialist to manage the vendor certifications from application to approval including, receiving notifications of when renewals are due forty-five days before expiration. After thirty days, another notification is sent to alert the Certification Specialist of the outstanding certification. The B2G Now software program helps BDD Certification Manager manage the certification process more efficiently and effectively, producing significant staff labor saving, and a quicker certification cycle for applicants. The program alerts the Certification Specialist when important task/activities are to be performed.

Additional Recommendation

No additional recommendation

C.2 Original Recommendation

Although BDD is complying with reciprocity requirements, the following Best Practice is recommended to enhance certification decisions:

The Certification Officer should continue to build MNAA SMWBE firms' business profile records (based on MNAA requirements) independently of other certifying agencies' records and reciprocity process. This will enable the MNAA to make its certification decisions independently of other agencies and not rely on certification decisions made outside of BDD control.

***Original Management Response:** BDD does not agree. The Governor's Office of Business Diversity is the only entity that BDD accepts reciprocity and it is only for the first year. Upon the 1st anniversary after reciprocity certification, the BDD certification office initiates a request for an affidavit of no change and a copy of the most recent business tax return to ensure that size and ownership requirements are met.*

As for TDOT-TNUCP, MNAA is a certifying partner with TNUCP. The certification criteria are more stringent than the local SMWBE requirements. Requesting a firm to

submit the same information but on a different letterhead and forms is time consuming for the small businesses and unnecessary when the procedures and competency are present within similar partner agency.

Observation and Testing

The reciprocity program with The Governor's Office of Diversity Business Enterprises (GoDBE) has continued to proceed. There is an established paper trail between the two organizations that begins with an abbreviated application. After the first year, BDD requires more extensive paper work for renewal for those that received reciprocity from GoDBE. A completed MNAA application is required in addition to most recent business tax return. As a certifying partner with TNUCP, BDD has access to the certified database of DBE provided by the Partners.

Additional Recommendation

No additional recommendation

C.3 Original Recommendation

BDD should comply with the DBE and SMWBE policy and process manual by making certain SMWBEs are submitting a completed MNAA SMWBE renewal application to MNAA every year on the anniversary date of the initial certification.

Although the DBE and SMWBE policy and process manual does not include a formal denial appeal process, a system for due process should be developed for instances when an SMWBE will be removed from the program.

Although the DBE and SMWBE policy and process manual does not require the submission of personal financial statements, the BDD office should reconsider the request for firms to submit Personal Financial Statements.

***Original Management Response:** BDD has already transitioned into performing the annual re-certification process annually.*

BDD agrees that a formal denial appeal process should be developed and included in its SOP's. A process will be drafted and presented to the Chief Legal Officer (CLO) for review by December 2010.

BDD does not agree. The local SMWBE program has the authority and flexibility to eliminate the Personal Net Worth and financial statements because it does not assert that it is certifying firms that are economically disadvantaged.

Observation and Testing

BDD has transitioned into performing the re-certification process annually.

BDD has formalized the denial appeal process and has included it in the DBE and SMWBE policy and process manual.

When issues are noted during the certification renewal process regarding ownership and control the Certification Specialist has the discretion to request additional information, which may include applicant's personal financial statement.

Additional Recommendation

No additional recommendation

D. Contract Compliance Procedures

D.1 Original Recommendation

All "Good Faith Efforts" should be tracked and reviewed to increase SMWBE usage and available pool.

All departments with purchasing request over ten thousand dollars (\$10,000) should first complete and submit the necessary forms to BDD for review, establishment of SMWBE levels, and a list of available SMWBE firms before soliciting three formal quotes. BDD should verify if the SMWBE participation requirements have been met before the award is made.

"Good Faith Effort" should be documented in all cases.

Original Management Response: Management agrees in principle with consultant's recommendation that "Good Faith Efforts" should be tracked and reviewed to increase SMWBE usage. As to the consultant's recommendation concerning all MNAA departments purchases over ten thousand dollars (\$10,000), MNAA staff is working at amending MNAA's "Procurement Policy" that will address procurement of goods and services over ten thousand dollars (\$10,000).

Observation and Testing

Purchasing includes in all bid documents to bidders a list of specific task to be accomplished to show evidence that a contractor has put forth a "Good Faith Effort" if the stated goal cannot be achieved.

The BDD Contract Compliance Manager monitors this section of the bid to ensure compliance. If the goal is not met, the contractor must submit full documentation and description of the Good Faith Efforts that were undertaken to meet the goal. In the event, the Contractor fails to meet its reported level of DBE participation or fails to undertake good faith efforts; Purchasing will impose remedies on the contractor, which are stated in the bid document.

Additional Recommendation

No additional recommendation

D.2 Original Recommendation

Continue to explore ways to unbundle projects. Encourage joint ventures where by the prime contractor can select the areas by scope breakout which their joint venture partner can perform. A

process for unbundling projects needs to be developed using the breakout scope of work that will allow one prime contractor to maximize SMWBE participation by reducing the size of project components.

***Original Management Response:** BDD will work with PDC and other MNAA departments to evaluate opportunities for SMWBE participation on a project-by-project basis and will also evaluate potentials for unbundling in an effort to maximize the potential for SMWBE participation. However, management does not agree with the consultant's recommendation because it appears to be saying that MNAA should dictate to prime contractors how to reduce the size of subcontract components in an effort to increase SMWBE participation when in fact MNAA cannot directly control how a prime contractor divides or subcontract work packages. However, BDD will work with PDC and other MNAA departments to assist prime contractors as they may request of MNAA for help with their subcontract work packages.*

Observation and Testing

BDD has been very successful in engaging PDC in the SMWBE program process. PDC has used the Terminal Renovation Phase II project to unbundle and use the MNAA staff to manage the different aspect of the project. PDC is also participating in the Emerging Contractors program, which is providing new ideas and methods that PDC could implement to assist with the unbundling of projects. These new processes encourage Prime/Sub relationships in creative bonding and insurance relationships. RFQ packages used for consultant selection were recently changed not only to evaluate consultants on whether or not the team met or exceeded the percentage goal as well as including other factors such as their mentoring programs of other firms and their use of SMWBE firms on non-MNAA projects when it is voluntary.

Additional Recommendation

BDD should continue to engage PDC and other Departments in the growth and sustainability of the program.

Management Response

BDD agrees and will utilize the parameters of the MNAA Emerging Contractor and Mentor Protégé program to address issues and monitor progress on a quarterly basis beginning June 2011.

D.3 Original Recommendation

The draft policy and process for instances in which PDC grants contracts up to \$100,000 without competition should be formalized and implemented by PDC. Additionally, the policy should be modified to include BDD on the Selection Committee.

***Original Management Response:** As a result of the Disparity Study recommendations, PDC developed a draft Policy and Process in which PDC awards contracts up to \$100,000 without competition. This process is a procurement procedure that has been given to the Purchasing Department to be included into the new revised Purchasing*

Manual. Until the Purchasing Manual is complete and includes the Professional Services procurement process, PDC will continue to follow the draft document.

The Authority has created a Rapid Action Team to determine BDD's involvement in all Selection Committee processes. The Rapid Action team should be completed by the end of September 2010.

Observation and Testing

PDC has made the decision to eliminate this provision from the revised Procurement Manual. PDC will use emergency procurement processes in the case of an emergency which includes a request for waiver of competitive selection form that is approved by the President & CEO.

Additional Recommendation

No additional recommendation

D.4 Original Recommendation

Although MNAA is in compliance with automatic extensions and renewals, the following Best Practices are recommended to enhance opportunities for SMWBE firms:

Each Professional Services and Goods and Services contract should continue to be reviewed to determine SMWBE participation impact, verification of Commercial Useful Function and contract term length determination for possible re-bid.

***Original Management Recommendation:** BDD assesses the market at the time of contract extensions and renewals for changes in the market and availability of additional SMWBE firms that may not have been reflected in the year that the contract originated.*

BDD will formalize the process and will do so by tracking the contract extensions exclusively. An electronic folder will be designated for the storage of these requests for each fiscal year by August 1, 2010.

Observation and Testing

BDD currently has formalized the Professional Services and Goods review process. A process is in place to track the contract extensions exclusively. BDD reviews the available markets at the time of contract renewal to determine changes in the market, and availability of SMWBE firms before signing off on the extension. If changes are noted, BDD informs Purchasing.

Additional Recommendation

No additional recommendation

D.5 Original Recommendation

All locally funded projects should be reviewed for adjustments to its bonding and insurance requirements to assess where adjustments can be made to remove barriers for SMWBE participation on contracts.

BDD should develop a strategy to establish a program for unbundling contracts and a process for scope of work breakout for enhancing SMWBE participation through subcontracting or joint venture opportunities.

Proceed in adjusting bonding requirements in instances where it can be reduced without having an adverse impact on MNAA.

In areas where maximum amount of insurance is required, a review of opportunities to reduce requirements should be reviewed and implemented.

Also, the possibility of an Owner Control Insurance Program (OCIP) or other insurance program used by comparable airports should be reviewed.

***Original Management Response:** BDD, PDC, Legal and Finance will work collectively to determine the barriers and challenges for SMWBES and develop a documented process to address the referenced issues as soon as possible.*

Observation and Testing

BDD, PDC, Maintenance, Purchasing, Legal and Finance have work together to identify areas in which bonding and insurance requirements can be adjusted. Adjustments have been made in the following areas: Bid bonds, and payment bonds for SMWBE firms have been eliminated on some projects. Insurance levels have been adjusted downward on some projects. This is a continuing process in which, projects will be reviewed to assess the bonding and insurance requirements to make the appropriate and necessary adjustments.

PDC continues to have preliminary discussions with BDD and outside consultants on ways PDC can encourage Prime/Sub relationships in creative bonding and insurance relationships.

In 2011, PDC has unbundled the Terminal Renovation Phase II project. Instead of awarding a single contract to one Prime Contractor, PDC is managing the project with its staff with several different contactors.

PDC has worked with BDD and their outside consultants to find ways to unbundle future projects, which are in the upper bond level threshold. Several projects in this category have been identified for unbundling in FY 2012

Additional Recommendation

BDD, PDC, Legal, and Finance should continue to review projects on an on-going basis to make appropriate adjustments to its bonding and insurance requirements if necessary. Unbundling projects is also a process that should be on going and applied where feasible.

Management Response

BDD and PDC will utilize The MNAA Emerging Contractor and Mentor Protégé program as a forum to address specific projects appropriate for unbundling and engage Legal and Finance as needed. They will report activity at the quarterly MNAA stake holders meetings beginning June 2011.

D.6 Original Recommendation

SMWBEs should submit copies of monthly invoices or payments verification forms to BDD for verification of participation and prompt payments made by primes to SMWBEs.

Institute a process for dispute resolution similar to 49 CFR.

BDD should conduct field audits on every project where SMWBEs are participating to verify participation of SMWBEs and the performance of a Commercial Useful Function.

BDD should attend all project progress meetings where SMWBEs are participating on the projects. Reports should be kept on all meetings.

Networking and business development workshops should be conducted semi-annually to establish a consistent pool of SMWBEs that can perform emergency and unscheduled project services and purchase orders under \$10,000. BDD and Maintenance should organize targeted, “scope specific” meet and greet events to expand the pool of SMWBEs who can perform on emergency and unscheduled maintenance projects.

***Original Management Response:** BDD does not agree. This recommendation is one that requires more staff time to coordinate. BDD has received very few complaints about prompt pay. Should the number increase, we will review.*

BDD agrees and will coordinate the development of a dispute resolution similar to 49 CFR as soon as possible.

BDD does not agree at this time. Due to a hiring freeze, BDD is staffed with just one compliance officer rather than two. The growth in the number and size of projects requires constant adjustments to the schedule. Once the position is filled again, BDD will strive towards completing field audits on 100% of the projects.

BDD agrees but already attends all project progress meeting where SMWBEs are participating on the projects.

BDD will work with Maintenance to develop a consistent pool of SMWBEs that can perform emergency and unscheduled work. BDD and the Director of Maintenance have agreed to develop a process in which BDD will assist Maintenance staff with the identification of a few SMWBEs to bid work to. Maintenance will assist SMWBEs with some of the technical aspects and expectations of working in the airport environment. Development and implementation of the plan is targeted for November 2010.

Observation and Testing

BDD receives copies of the pay applications once they are received by PDC for verification of payment to SMWBEs.

A process for dispute resolution has been incorporated into MNAA contracts.

BDD is conducting field audits for all projects and compiling field audit forms to track progress and SMWBE participation. BDD is attending all progress meetings and is receiving updates from project managers and PDC. Meeting minutes are prepared and maintained on all meetings.

BDD has hired a Compliance Specialist. Project files are being documented with progress meeting minutes, progress meetings are being attended, and project site visits are being conducted. Other contract compliance functions also have been improved such as organization of records, completeness of records etc.

BDD has developed a process to locate certified and capable SMWBE firms that could compete on opportunities in the MNAA Maintenance Department. The process included sorting the local combined databases according to areas of work specifically used by Maintenance; filtering the sorted list by performance history, business capabilities, bonding and insurance; performing one-on-one assessment of current work availability, work load, mobilization ability, and business status.

The lists of SMWBE firms were invited to a meet and greet informational event with Maintenance staff. This process has work well to increase participation, and to identify larger pool of SMWBE firms willing, able, and ready to compete and perform on Maintenance contracts.

Additional Recommendation

The Maintenance informational event should be repeated at least once or twice a year, based on need.

Management Response

BDD agrees and will incorporate into its calendar of events for each fiscal year beginning July 2011.


For Business Resource Group, LLC
May 5, 2011
Nashville, Tennessee