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# ACA Newsletter

## M/WBE Ordinances May Change to Enhance Minority Participation of the Corridor Mobility Program

To tackle the city's growing traffic headaches, late last year, Austin City Council approved a mobility bond program totaling \$720 million.

Exactly one year later, the MBE/WBE outreach consultant hired for this program, Ms. Cloteal Davis Haynes, has mapped out action plans to address low participation by MWBE firms traditionally in massive city projects as such.

A total of eight issues have been identified after a 3-month investigation and focus group discussions. One of the actions proposed in the plan was to change city ordinances in order to speed up certification and renewal process for existing and potential vendors in trades relevant to the project scopes.

On the construction side, typical scopes of work for this program will include: Concrete, Reinforcing Steel, Underground Utilities, Drainage, Asphalt Paving, Manholes, Street Lighting, Hauling, and Landscaping.

On the design front, typical disciplines require: Civil Engineering, Landscape Architect, Urban Design, Electrical Engineering, Traffic Engineering, Geotechnical Engineering, Structural Engineering, Surveying, and Cost Estimating.

The issues and actions are summarized as follows:

**Issue #1:** Community Support—Input from stakeholders is essential for effective MWBE engagement strategies.  
Actions: Meet individually with key stakeholders

**Issue #2:** Quality Outreach to maximize participation  
Actions: 1) Consider making attendance at pre-bid proposal conferences mandatory 2) Launch a pilot program in which SMBR assumes responsibility for Good Faith Efforts notifications.

**Issue #3:** Availability of construction firms— Limited number of MWBE firms of approximately 177 out of 457 certified for horizontal construction codes.  
Actions: Make efforts to expand vendor pool by seeking out capable minority-owned firms to become city certified through advertising and monthly workshops.

**Issue#4:** MBE/WBE Commodity Code Certification— On-

erous and outdated commodity codes can hinder a firm's participation. Proactive steps are necessary to help firms clean up and update their commodity codes to ensure their inclusion in all the solicitations.

Actions: 1) Amend MBE/WBE ordinance to eliminate annual updates and to extend the period of renewal from every three years to every four years. 2) Launch a "Rapid Renewal" pilot program to speed up the process to 10 days for firms relevant to the program. 3) Implement a "Rapid Certification" process to certify firms ready to compete for the program within 30 days. 4) Follow up with those relevant firms whose certifications have lapsed.

**Issue #5:** Increase capacity to succeed— in the areas of securing bonds and insurance, City of Austin permits, sufficient cash flow and working capital and the ability to properly estimate job costs.

Actions: Develop preparation courses to review above-mentioned topics, host semi-annual technical assistance workshops, expedite the permit process for awardees, extend all financial enhancement programs to all construction delivery methods used for the program including partial payment, retainage release, and mobilization pay.

**Issue #6:** Size and scope of bid/proposal packages— packages may exceed the capacity of MWBE subcontractors. Bid packaging may also affect how primes appropriate goals as ceilings rather than floors.

Actions: Corridor program consultant will meet with various departments to assess for smaller packages, encourage primes to sub out to multiple vendors, consider using "rotational" or IDIQ packages separately for both construction and design projects.

**Issue #7:** Facilitate new relationships between primes and subs

Actions: Conduct prime/sub networking sessions during each pre-bid /pre-proposal conference

**Issue #8:** Prime/sub communications— lack of communications to inform subs when a project is awarded and timely communications once job has started.

Actions: Invite subs to attend pre-construction meetings as part of the compliance plan, and require primes to give subs advance notice of project schedule and monthly updates.

# City Supervisor Won Executive Seat at PMI, Austin Chapter



Perhaps the first Asian female to ever take a leadership role in the chapter's history, Ms. Yuegiao Liu will serve as the new Vice President of Education at the Project Management Institute (PMI), Austin Chapter, starting in 2018,

Ms. Liu, Project Manager Supervisor of the City of Austin Department of Public Works, said she ran for the position with a passion for education and a desire to make a difference in her profession.

PMI is the world's largest organization for project management professionals with offices in almost every continent and every state in the US.

Born and raised in Northern China in a family and culture where much expectation was placed on achievements in the fields of math and science, she said she consciously limited her academic choices to those fields and decided to study civil engineering at one of the top-ranking schools in China. She then furthered her study in the US and got her Master's from the Ohio University of Cincinnati.

She began her career at the city as a civil engineer and then became a project manager a few years later wanting to expand her skills and explore new horizons for her career path. Now a supervisor, she said she never stops looking for ways to better herself from inside or outside her work environment.

In 2014, she was selected out of hundreds of applicants from the US and Canada as one of the 35 individuals by the International City/County Management Association (ICMA) to serve on a two-year task force to update the organization's strategic plan. Most of the members were city managers, and she was among a handful of people chosen to represent rank and file public employees to work directly with city managers from all over the country. This is the same association that recruited former Austin City Manager Marc Ott to be the current Executive Director of the association.

She said she first got involved with the association when she was named a professional fellow to help launch a program in Indonesia sponsored by the State Department to promote US city management philosophy

and techniques to Southeastern Asian nations. In her 2-week assignment there, she gave workshops to city officials of Padang on topics specifically addressing inclusiveness in city planning. Within a year of her visit, she said, the city passed its first ordinances to implement measures to help facilitate and protect their disabled residents. It was a rewarding experience, she beamed.

After 11 years with the Department of Public Works, the poised and aplomb engineer has been through numerous project management cycles from managing engineers, contractors, to delivering the final projects, from the planning and designing phase of a project to the bidding, awarding, construction, and warranty phase.

Speaking of the methods the city currently employs to select and award contractors, she said she would like to see more creative ways.

Menlo Park, California, for instance, she said, does not use low bids for any projects, but, rather, it awards their contracts to the most qualified candidates.

Currently, the City of Austin uses IFB (Invitation for Bid) as the default choice for all construction-related projects to seek the lowest bidders. Often times, the end cost to the city may not always be what was quoted at the beginning by the contractor to win the bid since other factors come into play such as design changes, unexpected construction obstacles or incidents, or even mother nature all impacting the final cost.

Besides IFBs, the city also uses what is called "Alternative Project Delivery Methods" to choose the prime contractor or consultant based more on qualifications than the price. These methods are also more favorable to M/WBE utilization.

Ms Liu said however that their experiences with these methods, which are mostly used for vertical projects rather than horizontal projects, have not always been positive, and that they are still going through a learning curve to perfect the process. "These methods have yet to be well defined," she said.

To do without IFBs, she said, there has to be a consensus among the leadership teams at Public Works, Capital Contracting Office, and the City Manager's Office. "It will be a bid decision to have support from all levels of city government to make this change effective."





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Esolvit, Inc. is **WBE/MBE/DBE/ACDBE/HUB** certified by the **City of Austin and the State of Texas** providing modern and progressive solutions to our City, State, Local and Federal Government entities. Our DBE/ACDBE Certifications are valid at any Texas entity that receives **U.S. Department of Transportation (USDOT)** funds and has a DBE program.

Esolvit, Inc was recently awarded the ITSAC (Information Technology Staff Augmentation Contract) contract by DIR (Department of Information Resources, State of Texas) as the Prime Vendor.

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Esolvit founder, Sri Rao Boddapu, (left) receives the 2017 Economic Development Engine of the Year award from GAACC (Greater Austin Asian Chamber of Commerce).



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An Esolvit employee receives a company award.

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# CELEBRATING DIVERSITY IN CONTRACTING

The City of Austin's Small & Minority Business Resources Department (SMBR) is excited to recognize several local business owners, stakeholder groups, and City employees who assist in providing contracting, developmental opportunities and resources for small, minority- and women- owned businesses.

**Diversity in Contracting** is an annual Contractors' and Consultants' Appreciation event in which business owners are invited to network with award winners, local officials, trade associations, and city employees. This year's event will be held on Wednesday, October 25<sup>th</sup> from 6:00 p.m. – 7:30 p.m. at the Asian American Resource Center, 8401 Cameron Road, Austin, TX 78754.

SMBR recognizes two firms as **Primes of the Year**. These companies exhibit high standards in contracting, outreach, and performance in support of the City of Austin's Minority-Owned, Women-Owned, and Disadvantaged Business Enterprise (MBE/WBE & DBE) programs.

This year's recipients are:

- ◆ Austin Underground, Inc. Prime Contractor of the Year
- ◆ Terracon Consultants, Inc., Prime Consultant of the Year

Certified minority- and women-owned firms are the heart of the program, SMBR honors four of them as **Small Businesses of the Year** for their success on City contracts:

- ◆ HVJ Associates, Inc.
- ◆ Encotech Engineering Consultants
- ◆ Environmental Safety Services Inc.
- ◆ MWM Design Group, Inc.

SMBR congratulates our **2017 Graduate**. A company graduates from the MBE/WBE program when the company exceeds the Small Business Administration's (SBA) three-year average gross receipts, or number of employees size limits established for firm's primary industry.

This year's graduate firm:

- ◆ Precision Task Group, Inc.

The Department values **City employees/departments** for their commitment and support of SMBR's mission.

- ◆ MBE/WBE Advocate – Darryl Haba, Public Works
- ◆ Department Advocacy Award - Aviation Department

This year, **two new awards** were created to recognize internal stakeholders who work tirelessly to support the department behind the scenes.

- ◆ Director's Award – Capital Contracting Office
- ◆ Advocacy Team – Eva Sham & Joseph Esquivel, Financial Services Department

SMBR also appreciates the efforts of our **Service Providers** for their assistance with creating and promoting initiatives to help construction business owners.

- ◆ Asian Contractors Association (ACA)
- ◆ Austin Area Black Contractors Association (ABCA)
- ◆ Hispanic Contractors Association de Austin (USHCA)



Council Member Ora Houston speaking as the Guest of Honor

Small Business of the Year awardee, Ali Khataw, with SMBR Director Veronica Briseno (right), and SMBR Assistant Director Edward Campos (left)

ACA Chairwoman LiLi (left) and Executive Director Aletta Sung receiving Service Provider Appreciation award

# Bonding Workshop

A bonding workshop hosted by the City of Austin was held on November 2nd at the JJ Pickle Research Campus, that brought together dozens of contractors and bonding agents looking for business opportunities with government entities and contractors.

UT Austin and Travis County were also invited to present their latest project opportunities, which are regularly published and accessible on their respective websites.

Bonding insurance is a \$5 billion industry helping contractors secure surety bonds to bid on government projects. For construction projects, surety bond is mandatory. It guarantees the project owner (government agency or prime contractor) that the price submitted will be honored (bid guarantee/bid bond), the project will be completed per the terms of the contract (performance bond), and that all subcontractors and suppliers will be paid (payment bond).

The City of Austin requires that all bidders submit an amount of five percent of the total bid along with the bid documents, or, in lieu of the cash amount, a Bid bond.

A bid bond costs nothing but needs good credit score of at least 675 for all owners and their spouses and some experience, according to Luke Luper, City of Austin Financial Consultant in Surety Bond. Most surety companies utilize express programs often referred to as **Fast Track** applications. *Fast Track preapproval applications are based primarily on one's personal credit score and provide a single project bonding capacity of \$100,000 to \$350,000.*

For subcontractors, a bid bond is not necessary but they may need a performance bond depending on the scopes of work and the prime contractor. It is recommended that subcontractors secure a pre-approval (called a bonding capacity letter) from a surety company, according to Mr. Luper, to show the prime their good standing in credit and work history, and some primes may waive the performance bond, he said. Payment bond is usually 2-3% of the contract.

In a PowerPoint presentation, Mr. Luper noted that "Large bonding corporations sell their policies through agents, just like insurance. Any insurance agent with a General Lines Property and Casualty license can also sell surety bonding policies. Some Agents also sell commercial general liability and workman's compensation insurance, others specialize in only bonding. Bonding can get financially complicated, has several key deadlines and not all insurance agents are familiar with bonding. Best to deal with experienced bonding agent."

For large projects over \$350,000, surety companies will want to see bidders' financial statements using

"percentage of completion accounting" or even certified financial statements, along with their credit history, equipments, and line of credit, summed up in three Cs, namely, Capital, Credit, and Character. The percentage of completion accounting is an accounting method of work-in-progress evaluation for recording long-term contracts. It is to match one's revenues and expenses, not for tax purposes.

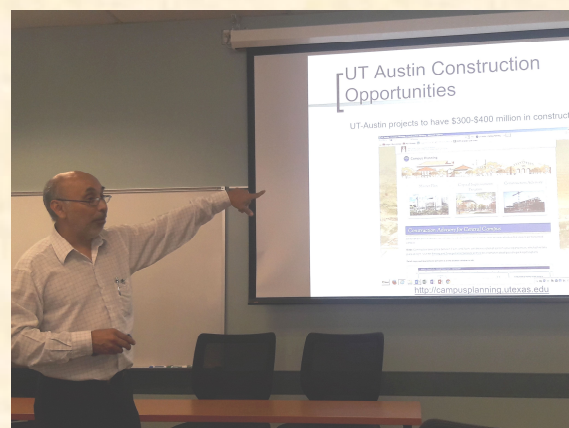
Mr. Lupe also pointed out that bidders should not wait till the last minute to get their insurance. He said to get the pre-approval bonding capacity letter "now" before bidding on any projects.

The city's bonding consultant provides one-on-one confidential meetings to:

1. Educating clients about the bonding requirements
2. Helping firms assess their current eligibility
3. Establishing a plan of action that will lead to eligibility for bonds
4. Distributing Fast Track bonding preapproval applications to qualified firms
5. Providing list of qualified bonding agents in the Austin area to qualified firms
6. Providing referrals to other specialized resources such as book keepers, CPA's and financial institutions that can help the firm grow their bonding capacity.

He can be reached at [512-974-7733](tel:512-974-7733) or email him at [luke.luper@austintexas.gov](mailto:luke.luper@austintexas.gov)

For more resources for your financial management in pursuit of surety bonding, please talk to your CPA or contact Construction Financial Management Association and visit their website at CFMA.ORG.



Mr. Luke Luper during his presentation