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# **APPENDIX I.**

## **Anecdotal Report—ITD Summary of Anecdotal Interviews**

### **INTRODUCTION AND BACKGROUND**

This Anecdotal Interview Report (“Report”) sets forth the summaries of 42 personal interviews. These interviews include perceptions and anecdotes regarding ITD’s contracting practices and the ITD DBE Program and general marketplace conditions from the perspective of the interviewees. Attorneys with Holland & Knight conducted all interviews.

Interview participants included prime contractors, subcontractors, suppliers, engineers and other professional service providers. Multiple trade and professional associations, having a membership base of numerous minority-, non-minority-, female- and male-business owners, were also interviewed. In addition, certain non-profit organization and governmental agencies that interact with ITD were interviewed.

Of the businesses interviewed, some work exclusively or primarily as prime contractors or subcontractors, and some work as both. The interviewees include minority-owned businesses, female-owned businesses, and non-minority, male-owned businesses. Interviewees are located in Idaho and in Spokane, Washington. Firms from throughout Idaho participated in the interviews

Interviewees were primarily obtained from a random sample of transportation contracting businesses generated by BBC Research and Consulting. This sample was stratified by type of firm, location, and ethnicity, race and gender. All of the businesses that agreed to participate were interviewed. Most of the interviews were conducted with the owner, president, chief executive officer or other officer of the business, agency or association. The interviewees in this report are identified by their interview number.

The following trade associations, organizations and governmental agencies agreed to be interviewed and report on the experiences, anecdotes and perceptions of their members:

1. Hispanic Cultural Center of Idaho;<sup>1</sup>
2. Hispanic Business Association;<sup>2</sup>
3. Idaho Small Business Development Center—Twin Falls Chapter<sup>3</sup>

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<sup>1</sup> The Hispanic Cultural Center of Idaho (ITA #1) is an organization providing outreach to Hispanic-owned and other businesses. ITA #1 described itself as a non-profit community leader. They hold weekly SBA meetings. A member of their board is at the head of the Hispanic Chamber of Commerce of Idaho. Sixty percent of their members are Hispanic and 40 percent are white. Approximately 65 percent of the businesses they assist are male-owned, 30 percent are prime contractors and 70 percent are subcontractors. These businesses include landscaping contractors, heavy equipment contractors, and personnel contractors. The average size of these businesses is ten to twenty employees. ITA #1 estimated these businesses do 20 percent of their work in the public sector and 80 percent in the private sector. The businesses they assist hold both ITD DBE and SBA Section 8 (a) certifications.

<sup>2</sup> The Hispanic Business Association (ITA #2) is a Hispanic business trade association. One of ITA #2’s members, a Hispanic male-owned business, also participated in the interview. Ninety-five percent of its 63 members are Hispanic and many of their members are family-owned businesses. Only one of ITA #2s members is SBA Section 8 (a) certified; none of their members are DBE certified. Their members include manufacturers, information technology firms, financial businesses, accountants, attorneys, and others. All of ITA #2s members act as subcontractors. Their members have been in business on average for 15 years and the size of their businesses range from five to 125 employees. ITA #2s member participant stated that he does about 20 percent of his work in the public sector.

4. AHANA Business and Professional Association;<sup>4</sup>
5. Idaho Small Business Development Center—Boise Chapter;<sup>5</sup>
6. TERO Office for the Shoshone Bannock Tribe;<sup>6</sup>
7. The Women of Color Alliance;<sup>7</sup>
8. U.S. Small Business Administration, Idaho District Office in Boise;<sup>8</sup> and
9. Associated General Contractors.<sup>9</sup>

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<sup>3</sup> The Idaho Small Business Development Center (ISBDC) is a non-profit organization, funded by the U.S. Small Business Administration and the State of Idaho, whose mission is to provide consulting, training, and technical assistance to small business owners. The ISBDC has six locations throughout Idaho, including Boise, Post Falls, Lewiston, Twin Falls, Pocatello, and Idaho Falls, each affiliated with one of Idaho's colleges or universities. ITA #3 is the ISBDC in Twin Falls. Some of these businesses solicit to or contract with the federal government and are certified DBEs.

<sup>4</sup> AHANA Business and Professional Association (ITA #4) is an African American, Hispanic, Asian American, and Native American trade association and economic development organization focused on improving the economic status and enhance the quality of life of these minority communities through the development of business and employment opportunities.

<sup>5</sup> ITA #5 is the Boise Chapter of the ISBDC. This chapter provides consulting to roughly 1,600 clients per year, and trains roughly 2,000 clients per year. Some 60 percent of ITA #5s clients are existing companies and 40 percent are start-ups. About 45 percent of ITA #5's clients are women, roughly 5 percent are Hispanic with 1 percent other minorities. ITA #5 has three practicing CPAs and two inactive CPAs on staff.

<sup>6</sup> The American Indian Tribal Employment Rights Ordinance (TERO) is a tribally based employment rights initiative created by tribal and federal law. The TERO seeks to maximize opportunities for American Indians by establishing employment preferences and contract compliance programs for private contractors who have construction projects on or near a reservation. More than 300 Indian Tribes nationwide have established TERO offices charged with overseeing compliance with the ordinance, registering Indian-owned businesses, and providing outreach to tribal members such as skills training, job counseling, coaching, complaint investigation, and other services. There are four TERO offices in Idaho. ITA #6 is the TERO Office for the Shoshone-Bannock Tribe. This tribe has roughly 5,000 tribal members.

<sup>7</sup> The Woman of Color Alliance (ITA #7) is an organization based out of Boise dedicated to the issues facing woman of color. The organization has 800-1,000 members. The membership includes African American, Asian American, Native American, Hispanic, Middle Eastern, and white females. Some of the members are certified with ITD as DBEs and some with SBA.

<sup>8</sup> The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small businesses. SBA's District Offices, including the Idaho SBA (ITA #8), are responsible for the delivery of SBA's programs and services throughout the country, including counseling and advice on starting a business, financial aid for new and existing small businesses, and assistance with personnel issues, understanding federal regulations, and business development. The SBA administers what is known as the Section 8 (a) Program, which provides preferences in government contracting to minority-owned small businesses. The program is similar to the U.S. Department of Transportation's DBE Program except the net worth threshold is \$250,000 as opposed to \$750,000. The Section 8 (a) Program does not consider females presumptively disadvantaged, although females can apply for Section 8 (a) certification and show disadvantage. Firms participate in a nine-year program. The SBA accepts contracts on behalf of Section 8 (a)-certified businesses so they must certify that the business has the technical and financial qualifications to handle a particular contract. Fewer than half of its 34 Section 8 (a)-certified businesses are also certified as DBEs.

<sup>9</sup> The Association of General Contractors (AGC) is a national trade association with 33,000 members nationwide. ITA #9 is the Boise office of the Idaho chapter of the AGC with 1,050 members. The Idaho chapter has four offices (Boise, Twin Falls, Idaho Falls, Coeur d'Alene). Members include commercial, but not residential, construction contractors. The Boise office has 15 staff members who provide outreach and assistance to its members. Unlike other chapters, ITA #9 is comprised of mostly subcontractors. More specifically, the membership is composed of 100 general contractors (65 of which are building contractors and 35 of which are highway contractors) with the remaining members being either specialty, i.e. subcontractors, or suppliers. ITA #9 reported that it is the largest specialty contractors association in Idaho. A significant number of ITA #9s members are DBEs, or minority- or female-owned.

This report includes summaries of anecdotes or perceptions regarding:

- Certification;
- Public and private sector work;
- ITD bidding process; prequalification; experience working with ITD; perceived general barriers to participation with ITD;
- Experiences with payment; licensing;
- Experiences regarding DBE utilization after the contract goals were no longer used by ITD;
- Partnerships; anecdotes regarding the existence or non-existence of barriers in the public and private sector; anecdotes regarding race, ethnicity and gender;
- Participation in and awareness of race-, ethnic-, and gender-neutral programs; and
- Recommendations by the interviewees.

BBC also examined oral and written testimony received as part of a public hearing process ITD conducted in November 2007. After publication of a preliminary disparity study report, ITD solicited comments and recommendations concerning future programs. ITD held public hearings in Coeur d'Alene, Boise and Pocatello. BBC attended two hearings and reviewed transcripts of testimony as well as two written comments received.

## **SUMMARY OF ANECDOTES**

### **Certification**

The minority- and female-owned businesses that agreed to be interviewed were certified as DBEs with ITD. Some of these businesses also were certified with other agencies, including the Small Business Administration (SBA) and the Washington Department of Transportation.

**Some interviewees reported that ITD's DBE certification process was both straightforward and fair.** (Interviewees #8, #13, #16, #28, #33). Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that ITD has the best policies and certification process of any state in which he has been certified (Interviewee #8 is certified in multiple other states). Interviewee #8 compared the positive experience with the ITD certification process to the process in another state that was very difficult and required re-certification every year. Interviewee #16, an African American male-owned traffic control subcontractor, stated the certification process is "pretty good" and easy to understand. Interviewee #28, a white female-owned engineering firm, stated the certification process was easy, and that the interview process was pleasant. She did not think the process took too long.

Interviewee #26, a Native American/Hispanic female-owned demolition company, described the DBE certification process as "really good...because...we were certified Section 8 (a); a lot of the same requirements for DBE are similar to Section 8 (a)." Interviewee #9, a Native American male-owned underground utility company, found the ITD certification to be "fairly simple...a lot simpler than [he] thought it was going to be." Interviewee #9 reported that all he had to do was prove "that I had the Indian blood in me," and

demonstrate his financial worth, and that ITD just wanted to make sure that he “knew what [he] was doing.” In sum, he feels that it was “fairly simple.”

Interviewee #33, a Native American female-owned road construction business, described the ITD certification process as “quite reasonable.” She described a process that involved filling out “a long form once every three years,” which she described as “quite lengthy,” and a shorter form in the interim years to maintain certification.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that the DBE certification process is fairly simple. He also does not think the majority of minority-owned businesses know about the DBE Program.

**Some interviewees reported that certification was difficult, but ultimately fair.** Interviewee #29, a white female-owned consulting engineering corporation, stated, it was “time consuming to gather all background information,” but in the end “I thought the information they asked for was fair and that it was an adequate process.” Interviewee #31, an Asian male-owned pavement inspections business, remarked that although ITD’s people were “very nice and professional,” the amount of documentation required was excessive, noting that “three years of tax returns...is a little too much.” Interviewee #31 suggested that ITD not require “as much personal information.” Interviewee #31 found this “intrusive.”

Interviewee #27, a Native American male-owned refractory construction contractor, stated that the Section 8 (a) Certification was “painful.” However, most of that information was transferable to ITD’s certification forms.

Interviewee #23, a Hispanic/Native American male-owned steel erecting company, reported that “going through the SBA was difficult—and then having gone through that process of six months or something like that, I just forwarded everything to the highway district.” Interviewee #23 added, “but it was a difficult process.” Interviewee #23 explained that this was due to “missing forms, time lapse—it was just a time-consuming process...a lot of paperwork.”

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, stated that the certification process “could have been a little more efficient.” He recalls that certification took four to five months. He stated that ITD was not timely in returning paperwork. ITA #7, a trade organization for minority females, stated that certification “can be a little rough—reading all the paperwork, knowing how to fill it out.” He suggested ITD conduct training on how to fill out paperwork and find out about ITD jobs.

ITA #8, the Idaho District Office of the SBA, stated that people perceive working with the government as difficult and administratively burdensome. She has been trying to convince a female-owned trucker to become certified with DBE, but she is reluctant to fill out all the paperwork. “The ITD office here is pretty helpful, but I think a person’s first inclination is paperwork and they don’t want to spend the time to do it.” Also, these businesses feel prime contractors are not interested in using them and no longer required to use them on ITD jobs.

**Two interviewees classified the certification process as unfair.** ITA #2, a Hispanic trade association, stated that obtaining certification is a prolonged process, based on the “good old boy system” and that it has been very difficult for her members to obtain certification. ITA #2 stated that she assisted one of her members four years ago and they were unsuccessful. A member of ITA #2 who participated in the interview stated that ITD

discouraged him from becoming certified as a Section 8 (a) with the SBA. He ceased his efforts to become certified with ITD 15 years ago.

Interviewee #25, a white female-owned flagging and traffic control company, noted that the first time she was certified, the process was simple, but she was decertified in 2000. Interviewee #25 recounted a \$90,000 legal effort to regain her certification, which was pulled from Interviewee #25 when the company was accused of not meeting the qualifications for the DBE Program. Interviewee #25 believes that she was decertified in 2000 originally as a result of making a complaint to ITD about a derogatory comment made about Interviewee #25 as a female businesswoman. She believes that the decertification was in retaliation for speaking up to ITD. Eventually, Interviewee #25 proved that the company performs 80 percent of its work in the summer, and that they did meet the qualifications for the DBE Program.

**Most interviewees certified with ITD described the certification as valuable.** (Interviewees # 7, #8, #9, #10, #16, #20, #22, #24, #25, #27, #32; ITA #1, #3, #5, #8.) Three of these interviewees attributed more than 25 percent of their work to their DBE status. Interviewee #10, a female representative of a Native American male-owned engineering firm, believes there is value in certification and attributes roughly 25 percent of the company's contracts to their DBE status. She stated that sometimes, due to the DBE requirement or for other reasons, prime contractors make an effort to solicit bids from Native American firms. "In some cases a contract is targeted toward small disadvantaged." Nonetheless, Interviewee #10 has not kept up with their DBE certification through ITD because they have not received any work on ITD jobs.

Interviewee #22, a Hispanic male-owned concrete contractor, noted that the company has received work based upon the company having its DBE classification; "[they] ended up getting quite a few of the jobs that they bid on." Interviewee #22 thinks there is a value to certification because it gives the company "an opportunity to compete with bidding...and in getting bigger jobs."

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, believes that certification is valuable. He had not yet received any work due to his certification; however, he believes "it will be valuable" eventually. He stated that he needs to market his certification to the firms he already does business with, as well as new firms. He believes being certified will "lead to more contracts." Similarly, Interviewee #27, a Native American male-owned refractory construction contractor, thinks that eventually his certification will be valuable although it has yet to result in work.

Interviewee #26, a Native American/Hispanic female-owned demolition company, believes there is value to being certified. She reported that "they offer several different programs...if there is a project that comes out we are able to get our plans and stuff through them, and they keep us posted on the upcoming work that is coming out and available...it is a valuable tool—definitely."

Interviewee #24, a Native American heavy construction contractor, thinks that there is a value to certification because the prime contractors that are aware of the DBE Program look in the DBE directory for subcontractors. He has received some solicitations because of the DBE directory that they would not have otherwise received.

Interviewee #20, a Hispanic male-owned rebar installation business, responded "I know it's valuable, I just don't know how to exploit it...we would like to get with somebody that can help us out with that." As an example, Interviewee #20 reported that a prime contractor was looking to have the company do sub-work, but needed them to do certified payroll—but they do not know how. Interviewee #25, a white female-owned

flagging and traffic control company, feels that there is value to being certified, but she wonders if ITD staff are the right people to conduct the certification process.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated there is value to the DBE certification because it opens up another revenue string that would not otherwise exist. ITA #3 and #5, organizations providing outreach to small businesses, feel that certification is valuable and encourage all eligible clients seeking government work to become certified as a DBE with ITD.

**Eight of the interviewees certified with ITD did not perceive value in the certification.** (Interviewees #4, #21, #23, #26, #28, #29, #31, #33.) Interviewee #4, a male representative of a white female-owned construction company, does not feel there is much value in certification, since they no longer bid on public work. He stated that there was too much competition in the public sector, and private sector work he felt is easier to obtain. He believes about 15 percent of this work was a result of DBE certification five years ago.

Interviewee #33, a Native American female-owned road construction business, stated “the only value that it’s ever given us is that we get a flyer once a month...that used to have different jobs coming up for bid.” She also noted that the flyer listed non-ITD jobs, and offered free plans to bid for subcontractors.

Interviewee #21, an Asian male-owned environmental consulting company, does not see value to certification. “ITD does what they can. At times they give away travel money and training money and I was helped by that but that was cut off...I worked so hard to prepare the on-call consultant thing for ITD.” The on-call application took him two to three weeks to complete. He got on the on-call list “but I never hear anything from them.” “There was no opportunity, project-wise from ITD whatsoever. Yet, I know of DBEs who get projects in Boise.” “I was very reluctant to renew my DBE certification.” He commended ITD DBE support services as doing a “fine job, but it goes to the engineers and these guys don’t know what they are talking about.”

**Five interviewees certified with ITD believed that the value of the certification had declined since the contract goals were removed in January of 2006.** (Interviewees #8, #13, #23, #28, #29; ITA #4.)

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that there is a value to certification but the value has declined since the contract goals were removed in January of 2006. He stated that the absence of an incentive for larger companies to use DBE companies creates an obstacle for new DBE firms who were not “in the system” before January of 2006. A DBE company certified before January 2006 may have established connections through the Program and, therefore, has the advantage of prior experience.

Interviewee #13, a white female-owned traffic control subcontractor, stated that there is a value to having the certification at least with respect to those contracts requiring a DBE percentage goal. She stated that since January 2006, the number of these solicitations that she receives has decreased by 40 to 50 percent, and there “is a lot less work.”

Interviewee #28, a white female-owned engineering firm, stated that currently she does not think there is value to her DBE certification. She stated that the value has declined in the past two years, starting in 2005 when people knew the process was going to change in 2006. She stated that because it is no longer a requirement for large companies to use small disadvantaged businesses, the large companies offer the same services in-house. Since these companies save money by doing the work in-house, there is no longer an advantage to using DBE firms.

Interviewee #29, a white female-owned consulting engineering corporation, does not see value to certification “because ITD does not have a DBE requirement after the recent Ninth Circuit decision.” Interviewee #29 stated that certification was “invaluable” to her business at the beginning. She would not have survived as a business if not for the certification and the DBE program. However, without the DBE goals, certification is worthless. “We are not getting any work based on our DBE status.”

Interviewee #23, a Hispanic and Native American male-owned steel erecting company, responded: “At one point in time I did” think there was value to being certified, but not after the “Western States versus the State of Washington” decision which ended the mandatory goals. “There’s all this stigma on it and without the federal government telling them to do what is right, they won’t do it. Because the federal government doesn’t require them to meet goals, they don’t have goals. I find that a waste of time. It was a waste of my time.” Interviewee #23 reported feeling left out of the bidding process. On an airport job the FMC representative told him “give me your card, we’ll make it work.” “He was making an effort.” In the end, a prime contractor received the entire job and Interviewee #23 did not receive any subcontracting work.

ITA #4, a trade association representing minorities, said, “certification has gone down in the last five years because of Initiative 200 in Washington State under the so-called Anti-Discrimination Initiative.” Pursuant to Initiative 200, which passed in 1998, public entities in Washington, including the Washington DOT, are prohibiting from instituting mandatory race- or gender-based participation goals on public contracts. According to ITA #4, in light of this prohibition, “many businesses just didn’t see why they need to get certified. And without that certification they cannot get certification through Idaho because that’s a requirement.” ITA #4 indicated that this is the reason the majority of its members are not certified DBEs. Nonetheless, ITA #4 believes that there is a value to DBE certification. DBEs still receive “support services” in Idaho, which, in his opinion, “are more progressive than the State of Washington.” ITA #4 has heard that it’s easier to get a contracting job in Idaho than in Washington; “they seem to be more supportive of entrepreneurs, the small businesses.”

Although Interviewee #23, a Hispanic and Native American male-owned steel erecting company, had not yet noticed a change he believes the numbers will eventually decline if the goals are not reinstated. He reported generally that the work environment for DBEs in the Idaho transportation industry is hard, but it has improved over the years due to the DBE Program. Interviewee #23 stated, “the DBE Program has backed us and supported us and without the DBE Program we would have a lot more problems.” Interviewee #23 “thinks that the only reason why they’re still being used as this point by some contractors is because the DBE office has suggested that [prime contractors] keep using [DBEs].” “If the DBE goals do not come back we are headed for some hard times.”

**The U.S. Small Business Administration Section 8 (a) certification process and how it relates to the DBE Program.** According to ITA #8, the Idaho District Office of the SBA, fewer than half of the 34 Section 8(a)-certified businesses in their office are also certified as DBEs. The SBA and ITD provide a certain amount of reciprocity in certification. If a company is Section 8(a)-certified, then ITD will only require limited additional paperwork. Since the Section 8(a) requirements are a bit more stringent, SBA requires more from DBE firms seeking Section 8 (a) certification, especially white females, which are not presumptively disadvantaged under Section 8 (a) standards. ITA #8 recommends DBE certification to all qualified firms they counsel. ITA #8 stated that ITD does the same with respect to Section 8 (a) firms.

**The Tribal Employment Rights Ordinance (TERO) certification process and how it relates to DBE Program.** There are 300 TERO offices in the United States; each affiliated with a different Indian tribe. There are four TERO offices in Idaho. ITA #6 represents the TERO office representing the Shoshone-

Bannock tribe. TERO offices issue certifications much like DBE certifications, which offer Native American-owned businesses preferences on construction work conducted on the reservation. Native American-owned businesses must register as a TERO separately with each individual TERO office. There are 37 Native American-owned businesses registered as TEROs with ITA #6. Currently, only one of these businesses is also certified as a DBE with ITD. At one point, there were three businesses registered with ITA #6 and ITD, but two of these businesses outgrew the program.

Three major thoroughfares cross the Shoshone-Bannock reservation. This TERO office, therefore, has significant interaction with ITD and its prime contractors when transportation-related projects are performed on tribal property. Prime contractors can comply with TERO requirements in two different ways. One way is by subcontracting a certain percentage of the work to TERO-registered businesses. Another way is by employing TERO-registered individuals as a certain percentage of the labor force used to perform the project.

ITA #6 estimated that 10 to 20 percent of these 37 businesses are capable of doing ITD work. She attributes the low DBE certification to lack of interest by the Native American-owned businesses or lack of knowledge of the benefits of certification or opportunities to work with ITD.

The TERO registration process is very similar to DBE certification. Native American-owned businesses must register separately with each TERO office or tribe. The business must demonstrate that it is 51 percent Native American-managed or controlled. The Native American owner must possess 51 percent of the skills and receive 51 percent of the profits from the business. Each TERO office maintains an independent Board, consisting of five members. The Board reviews applications on a quarterly basis. There are usually two or three applications considered at each meeting. A TERO officer meets personally with all applicants and reviews documents. The required documents include certification of Native American blood or tribal card, proof that they have registered and complied with Idaho contractor registration license, legal structure documents, organizational flow chart if three or more employees, list of technical qualifications, proof of insurance/bonding coverage, financial statements, tax forms, inventory list, and business profiles.

## **Public and Private Sector Work**

All the interviewees were asked to relate their experiences, perceptions, and anecdotes in connection with public and private sector work opportunities. Roughly, one-third of the minority- and female-owned businesses interviewed did more than 50 percent of their work in the private sector. About two-thirds did more than 50 percent of their work in the public sector. One white female-owned business worked equally in both sectors.

## **DBEs as Prime Contractors**

**The majority of the DBEs interviewed reported working as a prime contractor at least some of the time.** (Interviewees #4, #7, #8, #9, #10, #21, #22, #24, #25, #26, #27, #28, #29, #32, #33.) Some of these DBEs stated they chose to work as prime contractors due to the delay in payment that occurred when they worked as subcontractors. Interviewee #26, a Native American/Hispanic female-owned demolition company, operates exclusively as a prime contractor because she has more control over her choice of work and payment.

Similarly, Interviewee #33, a Native American female-owned road construction business, reported that they prefer to operate as a prime contractor because it takes too long to be paid when operating as a subcontractor. Nonetheless, the business sometimes operates as a subcontractor due to the specialized nature of the work—they perform inspections on ITD projects. Interviewee #33 reported that she has not observed any other DBE prime contractors. She said that “most of the [DBEs] are flaggers.”

Interviewee #24, a Native American heavy construction contractor, reported that the company functions as a prime contractor because they like to control their schedule. “If you’re a subcontractor, you’re at the mercy of the prime contractor.” Similarly, Interviewee #22, a Hispanic male-owned concrete contractor, functions as a prime contractor so that the company has control over everything and generally does all of the work itself.

Another DBE reported her choice to work as a prime contractor is related to the nature of the work and their client relationships. Interviewee #28, a white female-owned engineering firm, reported working as a prime contractor 85 percent of the time. She stated that they act as a prime contractor because they have two of the best project managers in the region specializing in their area. She stated that her project managers have maintained the client relationship from their time working in larger firms. She also said that because many of her employees have in excess of 20 years of experience working at larger firms, they do not want to be a subcontractor because that is not challenging for them. Thus, she stated the two primary reasons that they act as a prime contractor are to keep their project managers challenged and interested in the work they are doing, and to maintain their current client relationships.

**Some interviewees did not know of any DBE prime contractors and could not recall ever having worked with a DBE prime contractor.** (Interviewees #3, #12, #13, #17, #30, #22, #0, #31; ITA #4.) Interviewee #12, a white male-owned paving company has not seen any DBE prime contractors and has never worked with one. However, he knows there are some DBE subcontractors in the Idaho Falls area and they tend to pursue more of the federal work “because they see an opportunity there.” Interviewee #17, a white male-owned landscape architecture firm, stated that the only prime contractors he knew were white male-owned.

Interviewee #20, a Hispanic male-owned rebar installation business, and Interviewee #26, a Native American/Hispanic female-owned demolition company, stated that they had never observed any other DBE prime contractors. Interviewee #31, an Asian/Pacific Islander male-owned pavement inspections business, stated that he did not know of any DBE prime contractors in Idaho nor had he ever worked under a DBE prime contractor. ITA #4, a minority trade association, noted that his members have worked exclusively as subcontractors, and they have not worked under DBE prime contractors.

Interviewee #22, a Hispanic male-owned concrete contractor, does not know whether there are any DBE prime contractors in Idaho, nor has Interviewee #22 worked with or under a DBE prime contractor. Interviewee #30 had no knowledge of any DBE prime contractors and has never worked under a DBE prime contractor.

**Most interviewees reported very limited knowledge of DBE prime contractors.** (Interviewees #4, #5, #6, #7, #8, #9, #10, #16, #18, #23, #25, #27, #28; ITA #1, #9.) Interviewee #28, a white female-owned engineering firm, stated there are “a couple” DBE prime contractors and they are very specialized. Interviewee #7, a Hispanic male-owned biological environmental consulting firm, is aware of DBE prime contractors and believes they are “common.” He has worked under one or two DBE prime environmental consulting firms. Interviewee #7 works mostly as a subcontractor because “the bigger companies just need what I do.”

Interviewee #18, a female representative of a white male-owned architecture firm, knows of only one DBE prime contractor in the Idaho Falls area. Interviewee #18 designed a facility on which the DBE prime contractor was the general contractor on the construction phase. Interviewee #18 solicited bids for the public entity and the public entity awarded the contract to the DBE directly because it was the low bidder.

Interviewee #6, a white male-owned concrete business, reported that his business works for “a number of DBE prime contractors.” He explained that his company bids work to six prime contractors and “there may

be some of them who are DBE, and some of them who are not.” Similarly, Interviewee #3, a white male-owned pre-stress concrete supplier, has worked with or under DBE prime contractors, and those experiences were “fine.” Interviewee #16, an African American male-owned traffic control subcontractor, stated there is a Mexican DBE prime contractor who is doing “outstanding.”

Interviewee #23, a Hispanic and Native American male-owned steel erecting company, reported having worked for a DBE prime contractor for ten years. He reported that the DBE was unique in that the female owner “did a lot of the office work, and her husband actually did all of the field work, but she had engineering degrees. She was the backbone of that company. And when things didn’t happen, and she came out, you knew she was the owner.”

Interviewee #10, a female representative of a Native American male-owned engineering firm, stated, “there are not a lot of opportunities for us to be a prime contractor, due to the nature of the work.” “I think in the construction environment” DBE prime contractors “are more common.” She stated that in the engineering area DBEs are not typically prime contractors, due to “technical complexity and depth of experience.” Interviewee #10 has never worked with a DBE prime contractor.

Interviewee #4, a male representative of a white female-owned construction company, does not know of many DBE prime contractors. They bid a job under a DBE prime contractor only once and they were not awarded the work. Interviewee #5, a white male-owned heavy highway and building contractor, has rarely seen DBE prime contractors, and the company has never worked with or under a DBE prime contractor. Interviewee #9, a Native American male-owned underground utility company, stated, “there aren’t very many” DBE prime contractors. Interviewee #9 has never worked with a DBE prime contractor. Interviewee #27, a Native American male-owned refractory construction contractor, has not noticed whether or not there are other DBE prime contractors regionally, but he has seen them at conferences he has attended. Interviewee #27 has never worked with or under another DBE prime contractor.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that there are “some” DBE prime contractors. He knew of one in heavy equipment and also large DBE landscaping firms. He stated that the businesses they assist subcontract under the large DBE landscaping firms.

ITA #9, a trade association representing general and subcontractors, stated that it has 100 members paying general contractor member dues. He knew of only one DBE out of these 100 members. This DBE works as a general contractor but primarily as a subcontractor on ITD jobs. According to ITA #9, in the highway business, it is hard to find a true prime contractor anymore. Most contractors switch back and forth—do some prime contracting and some subcontracting. “Idaho is a small market so you can’t really specialize in a niche area, you have to be a jack of all trades to get work.” Similarly, ITA #2, a Hispanic business trade association, knew of only one female DBE prime contractor.

**Some interviewees reported working primarily as subcontractors due to lack of capital, lack of bonding capacity, or lack of experience.** ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that there are “the big 10” prime contractors in the area and it takes a lot of money to act as a prime contractor; this is why most of the businesses they assist act as subcontractors. ITA #3, an organization providing outreach to small businesses, has not seen many DBE prime contractors and attributes this to the capital required to be a prime contractor. “DBEs are undercapitalized to be prime contractors.” Similarly, the businesses in ITA #4’s membership generally function as subcontractors because of capacity and funding.

Interviewee #15, a white female-owned concrete business, reported that they exclusively operate as a subcontractor because “it’s a lot less hassle...and we don’t have the bonding capability.” Similarly, Interviewee #9, a Native American male-owned underground utility company, reported that they operate mostly as a subcontractor “because of the ease of it.” Interviewee #9 stated that he is associated with a prime contractor that “has enough work that he just hands me work.” The prime contractor “provides everything, all [Interviewee #9 has] to provide is equipment and labor and I get paid once a month, and that works out well for me.” He stated it is “probably not as prosperous, but the headaches are a lot less.”

Interviewee #6, a white male-owned concrete rubblizing business, attributed the fact that the business performs only as a subcontractor, to its being specialized. Interviewee #6 explained that “to expand to do the general contractor’s work, we would have to expand our scope of work and we are strictly specialized to do this, and we are limiting ourselves by choice to do this work.”

Interviewee #13, a white female-owned traffic control subcontractor, stated that she is a subcontractor because she would not know how to do the prime contractor side of the work. Similarly, Interviewee #23, a Hispanic and Native American male-owned steel erecting company, reported that he operates exclusively as a subcontractor because he lacks experience to operate as a prime contractor although he is “learning more.” Interviewee #20, a Hispanic male-owned rebar installation business, explained that his company chooses to act as a subcontractor as opposed to a prime contractor because “we need more experience about the paperwork...we have the knowledge and everything to do the job, but I don’t know if we need to have more money, or...I don’t know how that works exactly.”

### **Experiences of DBEs Regarding Private Sector Work Opportunities**

#### **Most of the minority- and female-owned firms interviewed reported success in the private sector.**

(Interviewees # 7, #8, #10, #13, #15, #16, #20, #21, #22, #24, #25, #27, #28, #29, #33; ITA #1, #2, #3, #4, #9.) Roughly, one-third of the DBEs interviewed reported receiving 50 percent or more of their business from the private sector. Interviewee #21, an Asian male-owned environmental consulting firm, does 98 percent of his business in the private sector and considers himself very successful. He gets most of his business through referrals and his own marketing efforts. “I don’t just wait for the projects to come to me. You must create it and make it happen. However, that’s not easy for everyone.” He participates in community activities to get his name out. He also develops creative marketing plans such as the programs he puts on for real estate agents to teach them about environmental regulations.

Interviewee #28, a white female-owned engineering firm, stated that she has been very successful in the private sector and they have been very fortunate. She explained that her business is a specialized area and there are only a few companies that can compete. She stated that her business does well because they offer the same services as the larger companies. She said that many of her employees came from much larger firms and have large-firm experience that a lot of employees at smaller firms do not have. She stated that she likes to work directly with the clients. She noted that many larger firms keep the work in-house so she does not want to “be at their mercy” in terms of obtaining work.

Interviewee #27, a Native American male-owned refractory construction contractor, has attempted to obtain work in the private sector and most of those attempts have been successful; their competition is limited in the Western United States; its work is very specialized.

Interviewee #22, a Hispanic male-owned concrete contractor, stated that the company has been very successful in the private sector, but noted that the company performs better financially with larger private

sector jobs than with smaller private sector jobs. On the larger jobs, Interviewee #22 bids the whole project. He does 70 percent of his work in the private sector.

Interviewee #15, a white female-owned concrete business, feels they have been successful in the private sector. Although ITD jobs usually “runs pretty smooth,” Interviewee #15 reported that working in the private sector “seems to run a lot smoother, not as much paperwork—the paperwork really bogs you down.” Interviewee #15 does 20 percent of his business in the private sector.

Interviewee #20, a Hispanic male-owned rebar installation business, reported that they “are doing okay” in the private sector. Interviewee #16, an African American male-owned traffic control subcontractor, stated that he has done a lot of work in the private sector and the people in Idaho are “wonderful.”

ITA #3, an organization providing outreach to small businesses, stated that he has seen great success stories from small businesses, including DBEs, which have participated in the College of Southern Idaho Business Incubator and are working in the private sector. This program offers financial assistance and business training to small businesses. ITA #6, a Native American organization, reported that her members are successful in the private sector; however, they tend to work for other tribal members and do not often venture off the reservation for either private or public sector work.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated the businesses they assist have been successful in both the private sector and in the public sector on both ITD and non-ITD projects.

Interviewee #13, a white female-owned traffic control subcontractor, stated that she has been somewhat successful in obtaining work in the private sector. However, she stated the majority of their work is “dog eat dog” and they have to “scratch and bite to get any work.” She stated they have very strong competition.

ITA #9, a trade association representing general and subcontractors, stated that the unemployment rate in Idaho is 2.5 percent. “You can’t find someone to move dirt in this town for a private or an ITD job. Our problem is getting more than one person on a bidders list. If somebody’s not getting work, they’re doing something wrong.” However, ITA #9 stated, “I don’t specifically have knowledge of use of DBEs in private v. state work because it’s not immediately apparent who all the DBEs are.”

**Some interviewees believed it was easier to obtain work in the private sector.** Interviewee #7, a Hispanic male-owned biological environmental consulting firm, believes he has been successful in the private sector stating that it is “a little easier to market with them, more efficient” than the public sector. He markets by making cold calls, taking business contacts out to lunch, and through referrals.

Most of the work undertaken by ITA #4’s members is on construction jobs. Overall, ITA #4, a minority trade association, thinks that its members have been more successful in the private sector. ITA #4 noticed that in the private sector, there has been outreach to minority companies for jobs, and that in the private sector, companies are looking for other qualities, such as saving money.

Interviewee #6, a white male-owned concrete business, reported that “theoretically [private sector jobs] are easier to handle—less permits and less obstacles to overcome, but we approach them the same way as the public work.” Interviewee #14, a white male-owned road construction company, described work in the private sector as simple, saying you just “sign the contract and get to work, and get paid every month, and there’s no paperwork...very, very user friendly.” Interviewee #14 believes that they have been successful in the

private sector: “more successful than in the public sector—percentage of profit to gross has been higher in the private sector.”

Interviewee #29, a white female-owned consulting engineering corporation, stated that she works mostly as a subcontractor in the public sector and mostly as a prime contractor in the private sector. She explained that the public sector jobs are typically larger and, therefore, a smaller, 7-person firm such as her firm cannot get these projects as a prime contractor. Similarly, Interviewee #23, a Hispanic male-owned steel erection and welding business, noted the projects in the private sector are smaller than in the public sector and, therefore, easier to receive.

Conversely, Interviewee #10, a Native American male-owned engineering firm, has chosen to pursue public sector work because she believes it is more profitable and more easily accessible since the opportunities are better publicized.

#### **Some minority- and female-owned companies reported difficulty obtaining work in the private sector.**

For example, Interviewee #24, a Native American heavy construction contractor, stated that the company does not work extensively in the private sector because their bonding and insurance companies do not provide coverage/money for private sector work. ITA #7, a trade organization for minority females, stated that her members have been “somewhat” successful in the public and private sectors. However, as a woman they tend to get the lower paying work.

**Some interviewees reported that payment-related issues discouraged them from pursuing work in the private sector.** Interviewee #29, a white female-owned consulting engineering corporation, stated: “We don’t target the private sector because I feel there is a greater chance of clients that don’t pay their bills and a greater chance of volatility.” Interviewee #29 further explained that the private sector work depends on development, which goes up and down based on the market. The public sector work is more stable. Interviewee #11, a white male-owned construction company, does about 90 percent of its work in the public sector, mostly for the State of Idaho. He explained that the money is better and more guaranteed in public sector and that payment can be difficult in private sector. On the other hand, public sector jobs are “a lot more competitive...because of the public bidding process.”

Interviewee #33, a Native American female-owned road construction business, reported that “for the most part [working for the private sector is] good.” However, Interviewee #33 described working in the private sector as “risky.” She describes experiences where the private entities will complete work and try to leave the contractors with the bills—anticipating that they will not have the resources to hire attorneys. She said “we get very leery when we do something for these bigger out of state [companies].” Nonetheless, Interviewee #33 feels they have been successful in the private sector.

On the contrary, Interviewee #25, a white female-owned flagging and traffic control company, feels like that the private sector pays more promptly.

#### **Experiences of DBEs Regarding Public Sector Work Opportunities**

**Most of the minority- and female-owned firms (DBEs) interviewed reported success in the public sector, although not necessarily with ITD.** (Interviewees #7, #8, #9, #10, #13, #15, #16, #20, #22, #23, #24, #25, #26, #28, #29, #31, #32, #33; ITA #2, #3, #4.) Interviewee #29, a white female-owned consulting engineering corporation, considers the business very successful in the public sector, doing ninety-five of its work with government entities. When the company started out, she chose to target the larger projects. She felt it was “better to build our resume on large multi-million dollar construction projects.” In order to get these

jobs, the company worked as a subcontractor for larger engineering firms. Now that the company is more established “were doing more prime work but it is often smaller type projects. As far as dollar value, we do more as a sub. However, sheer number of contracts we’re higher.”

Interviewee #10, a female representative of a Native American male-owned engineering firm, does 99 percent of its work in the public sector. Interviewee #10 has chosen to pursue public sector work because it is more profitable and more easily accessible since the opportunities are publicized. She considers the company very successful in the public sector, although not with ITD. The company has not worked with ITD in the last five years. Interviewee #10 attributes this to the fact “most of the projects [ITD] sends out are packaged as construction and environmental support and we don’t have a strong relationship with a construction company that also has an ITD Master [Contract]. Most of the construction companies have established relationships with other [environmental] firms. We’ve marketed that and tried to get on teams but they usually have somebody they’ve worked with for years.” Interviewee #10 has only submitted two bids on an ITD project in the last five years.

Interviewee #25, a white female-owned flagging and traffic control business, has performed a small amount of work for local governments, but “it’s minimal; \$5,000—\$6,000 per year.” Interviewee #25’s predominant source of work is ITD. The company feels that it has been successful in the public sector, but that they could have some more experience. Interviewee #25 noted that ITD is “good to work with.” Interviewee #25 noted that “they have some stumbles everyone once and a while, but they work it out...usually when [they] go into a new district...each district is a little different.” Interviewee #25 stated that the business functions primarily as a subcontractor because of bonding, funding, and because of the DBE Program (traffic control is a subcontracted package).

Interviewee #24, a Native American heavy construction contractor, stated that ITD jobs “have been really good jobs.” Interviewee #24 noted that non-ITD, public-sector projects have been generally successful as well, but there have been some instances where the plans were not specific enough, and there were interpretation problems with the plans.

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, believes he has been successful in the public sector and with ITD, stating “I haven’t marketed as much as I could have.” Similarly, Interviewee #11, a white male-owned construction company, felt it had been successful in the public sector but no longer pursued ITD work. He explained that “most ITD work is bridges and to get bridges you have to travel.” His sons, and co-owners, do not want to leave Idaho Falls for work.

Interviewee #3, a white male-owned pre-stress concrete supplier, stated that the company has been successful with ITD construction jobs. “We’ve done quite a bit of work.” “The only real problem that [Interviewee #3] has is that the people who are designing [ITD projects] for the state have not figured out whether the material they design will fit in the product.” Interviewee #3 recounted that, “it just doesn’t seem like the people that are drawing the drawings are doing any checking or taking any responsibility for them.”

Interviewee #8, a Hispanic male-owned environmental consulting firm, does approximately 90 percent of its work in the public sector. Interviewee #8 stated he likes working in the public sector because “you might not get paid quickly but you eventually get paid.” He compared this to the private sector wherein consultants are paid for an answer; he stated that often in his industry, the developer wants a particular answer, but he cannot always give them the answer they want. Interviewee #8 reported success on ITD projects and stated that ITD is very fair.

Interviewee #28, a white female-owned engineering firm, stated that her non-ITD public sector work is mostly with the U.S. Army Corps of Engineers (“Corps”) and the Natural Resource Conservation Service (“NRCS”). She said that she has been very successful in this area because a number of her employees have strong experience in this area. She stated they are successful “not necessarily because we are woman-owned or [a] small business—although they do get points for that,” but because that have the relationships and “we had them when we were at the big firms.” She stated that she has been extremely successful with NRCS and they currently hold four contracts in three states with them. She reported that they just won a contract—three year Indefinite Delivery, Indefinite Quantity (“IDIQ”) with the Corps, after competing against a large firm.

Interviewee #16, an African American male-owned traffic control subcontractor, stated that he has been successful in the public sector and has been able to obtain a number of contracts. He stated that a lot of minorities and women have been able to come into the transportation industry and make a lot of money.

Interviewee #26, a Native American/Hispanic female-owned demolition company, reported that “good experiences” in the public sector, both non-ITD and ITD. Similarly, Interviewee #13, a white female-owned traffic control subcontractor, stated that she has been successful in the public sector on both ITD and non-ITD contracts.

On the other hand, Interviewee #17, a white male-owned landscape architecture firm, reported that it had been very successful in the public sector as a whole, but only somewhat successful with ITD. Interviewee #17 indicated that the issue was in the fee negotiation process. “I seem to have had a hard time getting a fair market fee for my services.” In the professional services arena, ITD does not base its hiring decisions on cost, but quality and then approves a certain rate. A professional’s rate is either approved or rejected by ITD. Interviewee #17’s rate has been denied by ITD. According to Interviewee #17, the market value for landscape architects is “through the roof.” Private sector and other public agencies have recognized this and are willing to pay more. ITD is “not doing their homework” and keeping up with the market. This discourages qualified professionals to bid on ITD jobs since it is more lucrative to work with others.

Interviewee #31, an Asian/Pacific Islander male-owned pavement inspections business, feels the company has been successful in the public sector, and noted that he works exclusively on ITD jobs.

Interviewee #3, a white male-owned pre-stress concrete supplier, noted that the company has been successful in the public sector, and that the volume of the company’s work is growing every year. The work that Interviewee #3 performs in the public sector is different than in the private sector because the work product required of each job is not the same.

A member of ITA #2, a Hispanic trade association, who participated in the interview, stated his non-ITD public sector work has also been successful. ITA #2 stated that obtaining business in the public sector is generally through word of mouth.

**Some interviewees noted receiving public sector work provides experience that may assist DBEs to then pursue work in the private sector.** ITA #5, an organization providing outreach to small businesses, stated that when a small or disadvantaged business receives public sector work this builds their resume and provides them with valuable work experience. This experience may help them receive work in the private sector as well. For example, ITA #5 knew of a company that had a cleaning contract with ITD for many years. Eventually, they lost the contract, but went on to do very well in the private sector.

Interviewee #9, a Native American male-owned underground utility company, has been working in the public sector for 23 years. Interviewee #9 believes they have been successful in the public sector, and reported that “the DBE Program helped [the business] ‘mainstream’ more than just being a subcontractor.” Interviewee #9 further stated that the DBE certification “gave [the business] the opportunity to learn enough to where [they] could go out and be a main contractor.” Interviewee #9 reported that he had “good luck working with the transportation department.” Interviewee #9 said that he has “never had any problems...had to file one claim in 23 years; I only had problems on one job and it was worked out, so I can’t complain about it.”

**Some minority and female-owned companies (DBEs) reported difficulty obtaining work in the public sector.** Interviewee #4, a white female-owned construction company, has shied away from public sector work lately and chosen to focus on the private sector. According to Interviewee #4, the public works arena “has become a lot more competitive. There are a lot of too low of bids coming out. I was bidding a lot of stuff I didn’t get...The number of contractors bidding on jobs has doubled in recent years.”

Interviewee #27, a Native American male-owned refractory construction contractor, has been successful in the public sector, but because work is so specialized, there is often not more to do. “It’s more cumbersome to get in the gate and do what it is we do.” Interviewee #27 has not found that these jobs care about his small business certification, despite being told at conferences that certification would help increase business. Interviewee #27 noted that it is difficult to perform government work as compared to private sector work; on ITD projects, there is a lot of paperwork compared to the private sector work and they are not used to it.

ITA #6, a Native American organization, stated that the predominant minorities in rural Idaho are Native Americans and Hispanics; however, these groups have low participation on ITD contracts. She attributes this to the size of these minority-owned companies. “I think it’s because the businesses can’t be start-ups, they have to have some experience.” ITD requires experience. These businesses are too small and too new. These businesses are getting discouraged so they stop trying. “I think if they actually tried and put together a decent proposal...I feel pretty confident that ITD would give them a chance and try to work with them to some degree.” She has seen some successful non-Native American, women-owned businesses. She attributes their success to developing teams of other experienced individuals.

Interviewee #16, an African American male-owned traffic control subcontractor, stated that he has been pretty successful working on ITD jobs; however, he stated that it became very difficult for him when the definition of DBE was expanded to include women because they were then his direct competitors. He stated that many prime contractors would prefer to work with a white woman than with a African-American man but “that’s life.”

Interviewee #25, a white female-owned flagging and traffic control company, stated that she is confused about what is required of her on ITD projects. It is unclear during the pre-construction meetings what the traffic control personnel are required to do with respect to time keeping, diaries, payment, responsibilities of individual traffic control personnel; ITD is hard to work with. Interviewee #25 noted that “there are too many bosses” within ITD.

ITA #4, a minority trade association, reported that his members have been successful on ITD jobs but not on other public sector jobs.

ITA #7, a trade organization for minority females, reported that very few of her members work in the public sector. Most of her members, particularly those in the rural areas work in factories, on farms, or in restaurants.

She stated that it is difficult for women to realize that they can start their own business and obtain the skills necessary to work with public entities such as ITD.

### **Utilization of DBEs by Prime Contractors in the Public and Private Sector**

#### **Most of the prime contractors interviewed reported using DBEs in the public and/or private sector.**

Interviewee #12, a white male-owned paving company, uses the same subcontractors in the public and private sectors. He uses about five different subcontractors and roughly, three of these are DBE firms (two females, one minority). He estimates that 10 percent of his subcontracting work goes to one of these female DBEs. He subcontracts concrete work, fence work and material supply. About 20 percent of the time, he uses these DBEs to fulfill a DBE requirement. The rest of the time, he uses these DBEs on jobs with no DBE requirement.

Interviewee #29, a white female-owned consulting engineering corporation, uses “a few” minority- and female-owned subcontractors. She does not use them fulfill a requirement since as a DBE subcontractor she meets the DBE requirement herself. “I used them because they were good.” She does not use any subcontractors in the private sector.

Interviewee #25, a white female-owned flagging and traffic control company, indicated that she rarely uses subcontractors, but she has used DBE as subcontractors, including her competition. Interviewee #25 noted that they “hire whoever can do the job,” especially if they are friendly with them. She has sub-subcontracted work on ITD projects roughly four times per year. Interviewee #25 noted that DBEs are listed on the DBE Program website, and they solicit DBEs to help the DBE Program. Interviewee #25 noted that same about using DBEs on small private sector projects.

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, very rarely uses subcontractors; however the subcontractor he uses most often is a female-owned business. She is not certified as a DBE because her company is small and does not target ITD jobs. He uses this company because he knows her work, not because it is female-owned. He uses her in both the public and private sectors.

Interviewee #17, a white male-owned landscape architecture firm, uses the same subcontractors in public and private sectors. One of its subcontractors is a female landscape architect. He has never used her on an ITD project, but he uses her in the public and private sectors. He does not use her because there is a DBE requirement but because of her experience. He finds sub-consultants through word of mouth.

Interviewee #28, a white female-owned engineering firm, stated that she has worked with DBE subcontractors. She was just awarded a project and one of her subcontractors is a DBE. She stated that she also works with another DBE subcontractor. Interviewee #28 stated that she uses some of the same DBE subcontractors in the private sector and in the public sector.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that the prime contractor businesses they assist use DBE subcontractors 40 percent of the time in the public and private sectors. He stated there are just more non-DBE subcontractors in the area. He stated they will solicit work from DBEs and they find DBEs by word of mouth. He stated they will hire DBE landscapers and heavy equipment operators.

ITA #4, a minority trade association, stated that its members use the same subcontractors in the public and private sector because of need and the specialization required by the work of the individual companies.

“Sometimes companies both private and public encourage companies to work with minority contractors, but not very often because there is no enforcement, particular at the state level.”

Interviewee #21, an Asian male-owned environmental consulting firm, stated that the subcontractors he uses in the public sector versus the private sector are “not necessarily the same. I describe the job for them, what I expect, we sign a one-page contract. It’s very simple...it all depends on the client and the geographical location. It’s not fair to the client if I have a job in Boise to use well-drillers from Twin Falls...if it is in this area then it depends on their performance...if they don’t do a good job I will not use them again.” He finds his subcontractors in the phone book or through their advertisements. About 40 percent of his sub-consultants are minority or female owned.

Interviewee #4, a male representative of a white female-owned construction company, has less of a need for subcontractors in the private sector due to the nature of the work he performs. He has about 20 to 30 subcontractors. Two of these subcontractors are female-owned (painter, concrete paver). One is Hispanic (HVAC). “I choose my subcontractors based on quality and price. If given the chance we certainly don’t mind giving it to the minority.”

ITA #4, a minority trade association, stated that prime contractors tend to use the same DBEs on all their projects.

**Some minority- or female-owned (DBE) prime contractors make a point to use other minority- or female-owned businesses as subcontractors.** Interviewee #10, a female representative of a Native American male-owned engineering firm, uses the same sub-consultants in the private and public sectors. They obtain these sub-consultants through word of mouth. About 50 percent of these sub-consultants are minority and female owned. “We try to use disadvantaged companies because we are.” They sometimes use these DBEs to fulfill a DBE requirement.

Interviewee #8, a Hispanic male-owned environmental consulting firm, reported acting as prime contractor 10 percent of the time. When he acts as a prime contractor, Interviewee #8 stated that he utilizes the same subcontractors in the private sector as in the public sector. He explained that he enjoys subcontracting and teaming with other contractors because he wants to “spread the good wealth around” in the community, he prefers to use DBEs and other small businesses. He indicated that his subcontractors are generally experts in a given field like engineering. He stated they would very rarely look for a large company subcontractor.

Interviewee #21, an Asian male-owned environmental consulting firm, makes a special point to give minorities work. “Let’s say this minority owned business is not as competent but willing to work, I hire them to give them an opportunity to be fair and that’s how ITD should operate but they don’t.”

According to Interviewee #23, a Hispanic and Native American male-owned steel erecting company, some of its subcontractors are DBEs, and the company has attempted to use minority and DBE subcontractors in the private sector.

**A few interviewees indicated they have little or no experience working with DBEs in either the public or private sector.** Interviewee #24, a Native American heavy construction contractor, has a few minority- and female-owned subcontractors but does not know if any are DBEs. Interviewee #27, a Native American male-owned refractory construction contractor, rarely uses subcontractors and is not aware that any of these subcontractors are DBEs. He has not specifically attempted to use minority, female or DBE contractors.

Interviewee #30, a white male-owned engineering and plan-surveying firm, had no experience working with DBEs. Interviewee #22, a Hispanic male-owned concrete contractor, also no experience and did not know any DBE subcontractors in his area.

Interviewee #18, a female representative of a white male-owned architecture firm, works with five or six sub-consultants on a regular basis, none of which are minority or female owned. She has worked on probably six projects in the last five years where the general contractor was required to use a certain percentage of DBEs. These projects were overseen by TRPTA or ESIPTA (entities that use federal money on their projects). These entities monitored DBE utilization throughout the project. Interviewee #26, a Native American/Hispanic female-owned demolition company, reported that she uses the same subcontractors in the private sector as in the public sector and that “to [her] knowledge” these are not DBEs: “you establish relationships with these people and are comfortable working with them and know what they’re going to put out.”

Interviewee #27, a Native American male-owned refractory construction contractor, had limited experience with DBEs.” “It’s all been based on merit or someone recommending you...it could have been unknowingly...it wasn’t a factor.”

Some interviewees report experiences relating to using DBEs to fulfill a DBE requirement. Interviewee #14, a white male-owned road construction company, has solicited bids from DBEs but never used them on a project. When asked whether he had ever used DBEs in the private sector, Interviewee #14 responded, “I doubt that because they’re just not around here.” When asked whether he solicits DBEs for price quotes in the public sector he responded “only when they’re required—[ITD] posts it, and you have to get your numbers up, and so forth...‘this is a DBE...contract,’ so you know you’ve got to do it before you bid.”

Interviewee #5, a white male-owned heavy highway and building contractor, reported that it sometimes uses the same subcontractors in the private and public sectors, usually because those companies are specialty contractors. Interviewee #5 stated that this experience has been “generally ok,” and that’s it a part of business now—the company is expected to use DBE contractors. Interviewee #5 often solicits for price quotes on ITD projects, using DBE lists and those companies with which Interviewee #5 has past experience. Often times, Interviewee #5 engages in contracts that have DBE requirements, and it specifically solicits for those portions of the contract. Interviewee #5 subcontracts most everything, pursuing DBEs in certain trades to make sure that goals are “covered.” Interviewee #5 subcontracts urban gutter work, painting, landscaping and traffic control.

Interviewee #11, a white male-owned construction company, has roughly 10 subcontractors. He does not know if any are currently minority- or female-owned. In the past, he has used DBEs to fulfill DBE requirements on federal jobs. “I used to have a concrete guy that I used to maintain that 10 percent and he was very easy to work with.”

Interviewee #33, a Native American female-owned road construction business, reported that she does not often solicit DBEs for price quotes “because I am a DBE, I don’t need DBEs.” One fencing company that Interviewee #33 uses is female-owned, but that business does not have a DBE certification.

**Some interviewees indicated that DBEs are utilized more often for certain types of work.** Interviewee #33, a Native American female-owned road construction business, reported, “I don’t solicit out, unless it’s for flagging or something.” The average price range on these contracts is \$2,000 to \$3,000. Interviewee #33 reported that the business uses the same subcontractors in the private as in public sector: “yes, if we use

subs—we don't use very many subs—if we do, it's usually for hauling gravel...other than that, we don't use subs.”

Interviewee #5, a white male-owned heavy highway and building contractor, engages in contracts that have DBE requirements, and it specifically solicits for those portions of the contract. Interviewee #5 subcontracts urban gutter work, painting, landscaping and traffic control. Interviewee #5 subcontracts most everything, but uses DBEs only for these types of work so that the goals are satisfied.

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that many prime contractors in the construction industry only want a DBE flagger or fencer and are not interested in meeting their DBE requirement in any other areas; so, he stopped marketing to construction prime contractors.

ITA #9, a trade association representing general and subcontractors, stated that DBEs tend to specialize and establish niche practices, such as environmental engineering. For this reason, ITA #9 said DBEs end up working as subcontractors to larger, more generalized engineering firms. DBE contractors are concentrated in certain sub-trades: guardrail, flagging, landscaping. “You don't need as much flagging and guard-railing in a downtown office building.” ITA #9 stated it is easy for prime contractors to meet their DBE goals because DBEs tend to specialize in certain areas where they are needed.

### **Perceptions of DBEs Regarding Their Utilization in the Public and Private Sectors**

**Many DBE interviewees reported the same prime contractors that use them in the public sector also use them in the private sector.** (Interviewees #4, #7, #9, #10, #16, #20, #22, #23, #24, #25, #27, #28, #29, #32, #33.) Interviewee #29, a white female-owned consulting engineering corporation, said she is frequently used as a subcontractor on ITD projects. Prime contractors solicit her because they have used her in the past. In the beginning, the DBE program and the project goals were a huge help in getting solicitations. “I used to get calls due to DBE requirements—that was excellent for us because I didn't have experience and I needed a way into the ITD market.” Interviewee #29 explained that the DBE program was “invaluable to us...I couldn't have survived without it. If I were started a firm right now I couldn't do it. I couldn't do it now.” Now that she is well known in her area, prime contractors continue to solicit her in the public and private sectors. She has good relationships with the prime engineering firms in her area. “We know jobs are coming out three to four months ahead of time.” This allows her to contact the prime contractors and negotiate work.

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, stated that the same prime contractors that use him in the public sector also use him in the private sector. About half of his public sector work is a result of prime contractors contacting him. These contacts result in work about half the time. When he contacts the prime, it results in work roughly 10 percent of the time. In the private sector, prime contractors contact him “the majority of the time” and he gets 80 percent of this work. Interviewee #7 does not believe a prime contractor has ever refused to work with him because he is a DBE.

Interviewee #22, a Hispanic male-owned concrete contractor, stated that general contractors that they have worked for in the past “call them all the time” in the public and private sectors.

Interviewee #28, a white female-owned engineering firm, stated that the same prime contractors use her in both the private sector and the public sector. She stated that she often submits qualifications but not on ITD projects. She stated that the larger firms do not have to use them for an ITD job because they can do the work themselves and that makes business sense. In terms of the subcontracting work they do, Interviewee #28 stated it is related to drainage, construction engineering inspections, etc.

Interviewee #16, an African American male-owned traffic control subcontractor, stated that the same contractors will use him in the private sector as in the public sector depending on the job, however, the work is different as between the private sector (masonry work) and the public sector (flagging).

Interviewee #4, a male representative of a white female-owned construction company, stated that the same prime contractors use them in the private as public. “I get a lot of primes contact us for quotes [on ITD jobs] but I haven’t been bidding them in the last few years” because he has been so busy in the private sector. The same contractors who use ITA #4’s members in the public sector use them in the private sector because of prior experience with those contractors.

Interviewee #20, a Hispanic male-owned rebar installation business, stated: “we have one prime that we’re working for now, and he’s the only one that keeps us busy-since we started the business, they’re the only ones that we’ve worked with.” He is used in the public and private sectors.

A member of ITA #2, a Hispanic trade association, who participated in the interview, stated that the same prime contractors use him in the private sector as they do in the public sector.

**Two interviewees stated the prime contractors that use them in the public sector do not use them in the private sector.** Interviewee #8, a Hispanic male-owned environmental consulting firm stated that the same prime contractors do not use him in both the private sector and the public sector. He stated that because there is no DBE requirement in the private sector, “we have to get our own work in the private sector.” He stated that most of this work in the private sector is as a prime contractor. Interviewee #13, a white female-owned traffic control subcontractor, stated that the same prime contractors who use her in the public sector do not use her in the private sector. She stated that she has tried to obtain work with them in the private sector but this has been unsuccessful. She stated that she does not receive solicitations in the private sector very often, possibly, she said, because the private sector projects do not have goals. She stated she submits price quotes on private sector projects but they do not often result in work. Nonetheless, she does 87 percent of her work in the private sector.

**Some DBEs stated that they work exclusively as subcontractors or that they work exclusively in either the public or private sector.** For example, Interviewee #10, a female representative of a Native American male-owned engineering firm, does not work in the private sector. The company feels that public sector jobs better publicized, and therefore pursues them exclusively. Interviewee #21, an Asian male-owned environmental consulting firm, works almost exclusively as a prime contractor.

**A few interviewees reported that prime contractors sometimes do not actually engage in genuine “good faith efforts” to utilize DBEs.** Interviewee #13, a white female-owned traffic control subcontractor, stated that she received a telephone call three months ago from ITD asking if a certain company had ever contacted her to bid on a project. She indicated that she had never heard of the company before. The ITD person indicated that they had received the same response from some of the other subcontractors that they had called (Interviewee #13 said she insinuated that the company was falsifying its good faith efforts).

Similarly, Interviewee #22, a Hispanic male-owned concrete contractor, received a call from the EEO Office asking whether they were performing work for a certain prime contractor. Apparently, the prime contractor had listed them as doing some subcontracting which they were not doing. The prime later offered Interviewee #22 the work, but Interviewee #22 turned it down because he perceived it was a dishonest situation.

Interviewee #21, an Asian male-owned environmental consulting company, reported that he has been asked by prime contractors to submit bids for subcontracting work on ITD projects, but he feels these efforts were insincere. “They’re supposed to have a number percentage, say 10 percent, DBE participation.” He is usually solicited through letters and about once a year by phone. The prime contractors do not tell him the scope of the project and it seems clear they are not interested in using him.

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that he had not heard of falsification of good faith efforts although he would not be surprised if that does happen. He explained that he has some clients who will always put his name on a team submission so he would not be surprised if his name was put on a team but then did not use him. He would have no way of knowing if this had actually occurred. Interviewee #21, an Iranian male-owned environmental consulting firm, stated: “I think there is some of that because I never hear from [prime contractors].”

Interviewee #25, a white female-owned flagging and traffic control company, recalled an incident about 10 years ago when the DBE Program called to ask her about some pricing issues related to a particular bid. A contractor claimed that it had not been able to secure any DBE subcontractors, but Interviewee #25 was able to produce its bid for the job.

ITA #6, a Native American organization, feels that contractors often solicit Native American-owned businesses or individuals with no intention of hiring them or continuing to employ them after the TERO portion of the job is complete. ITA #6 prescreens businesses and individuals and sends lists to the prime contractors containing only those who are qualified. These businesses and individuals are not being utilized, and she believes this indicates “a problem.” She reported that prime contractors sometimes contact her to help them with their audits. They want her paperwork that shows they contact her as part of their recruitment efforts. Although they may recruit Native American-owned businesses and Native American individuals, these are not genuine efforts.

ITA #6 reported that fewer than 5 percent of the 37 businesses registered as TEROs with her office have worked with ITD. She can recall two or three, all of which are professional service providers. “I think that one of the biggest problems is securing real solicitation opportunities and not just extending a good faith effort...I think that’s not necessarily a true solicitation opportunity.”

ITA #9, a trade association representing general and subcontractors, stated that the good faith effort requirement is an added expense to bid on ITD jobs. Prime contractors must put in all the effort up front and might not get the job. The price of the good faith effort is wrapped into the bids. Contractors do not know what ITD is going to settle for—maybe 7 percent or 8 percent. It might be a matter of which contractor spent the most time doing the good faith effort. It is hard to decide how much time to put in—whether to submit a higher bid or a bid with less DBEs. It is a risk. “How many hours can I commit to overhead and still stay in business.”

### **Solicitation of DBEs by Prime Contractors in the Public and Private Sectors**

**Some DBEs stated that they are solicited by prime contractors in the private sector.** Interviewee #27, a Native American male-owned refractory construction contractor, reported that he is solicited for private sector projects a couple times a month. He does not feel the private sector is swayed by certification; “they don’t care; they just want to run their facility economically and efficiently. He does 98 percent of his work in the private sector.

Interviewee #24, a Native American heavy construction contractor, noted that the same prime contractors that use the company in the public sector use the company in the private sector because of their working relationships; “it works both ways.” Nonetheless, Interviewee #24 reported that prime contractors do not often solicit the company for price quotes on private sector projects as often as they solicit in the public sector. He does only 5 percent of his work in the private sector.

Interviewee #10, a female representative of a Native American male-owned engineering firm, stated, “[w]e’re targeted because of the fact that we’re small disadvantaged.” Prime contractors solicit them for bid roughly two times per month. This is how they obtain 20 percent of their work. The remaining 75 percent of the work comes from pursuing opportunities on their own. They do not work in the private sector.

Interviewee #33, a Native American female-owned road construction business, reported that prime contractors solicit them for price quotes on private sector projects “all the time.” Interviewee #33 reported that they submit price quotes in response to solicitations on private sector projects, and these result in work on private sector projects 90 percent of the time.

**Many DBEs stated that they are solicited by prime contractors in the public sector.** Interviewee #24, a Native American heavy construction contractor, recounted that prime contractors solicit the company for price quotes on ITD projects about 80 percent of the time for the jobs in the company’s local area. According to Interviewee #24, these are not projects with DBE goals. Interviewee #24 responds directly to prime contractors with price quotes for ITD work, and this results in work about half of the time.

Interviewee #23, a Hispanic and Native American male-owned steel erecting company, reported that she is solicited for price quotes “quite a bit” in the public sector. Interviewee #23 further reported, “I’ve had one—out of the three years—I’ve had one contractor call me and thank me for submitting bids, and ‘one of these days, I’m getting close,’ that’s what he said, ‘I’m getting close.’ I go ‘well, at least you called.’” Interviewee #23 reported that these solicitations have never resulted in work.

Although Interviewee #27, a Native American male-owned refractory construction contractor, considers itself successful working with ITD, he noted that it is rare for prime contractors to solicit the company for price quotes on ITD projects.

Interviewee #4, a male representative of a white female-owned construction company, stated that prime contractors contact him “weekly” to bid as a subcontractor on an ITD project. He believes he is contacted because he has worked for these prime contractors before in the past. They are “swamped” in the private sector doing subdivisions so they do not have time for public sector work. “Public sector is feast or famine.” He reported that the work in the private sector is steadier.

Interviewee #33, a Native American female-owned road construction business, reported that prime contractors solicit her for price quotes on ITD projects “at least once a day.” Interviewee #33 “sometime” submits price quotes in response to solicitations on ITD projects, but “not often.” She reported that these solicitations “never” result in work on ITD projects, “because they expect you to work...for free.”

Interviewee #26, a Native American/Hispanic female-owned demolition company, reported that she sometimes get solicited for price quotes on ITD projects “not a lot, but we do.” Interviewee #26 further stated “the down side to that is that sometimes it’s a turnaround of not even a week.” When asked whether these were ITD projects with goals, Interviewee #26 responded, “I’d say 9 times out of 10 they are.”

Interviewee #9, a Native American male-owned underground utility company, reported that prime contractors “constantly” solicit him for price quotes. He suspects that these are all in ITD projects with goals. Interviewee #9 used to submit price quotes in response until about 4 years ago—when he “was getting beat-up on bidding...was just getting beat too often.”

### **Experience with DBEs in the Public and Private Sector**

**All but two of the interviewees with experience working with DBEs reported that these experiences were positive.** No interviewees reported refusing to work with a DBE. Interviewee #12, a white male-owned paving company, who uses DBE subcontractors in the public and private sectors, reported that he has had nothing but positive experiences. Interviewee #7, a Hispanic male-owned biological environmental consulting firm, stated that his experience with DBE firms has been “fine” and “competence is not an issue.”

Interviewee #4, a male representative of a white female-owned construction company, has had some negative experiences “but no more so than others. As a matter of fact, percentages wise, the DBEs have their stuff together more, women are way more organized than men.” He has never refused to work with a DBE. Interviewee #15, a white female-owned concrete business, reported that she has worked with DBEs and stated, “they’re the same as everybody else.”

Similarly, Interviewee #8, a Hispanic male-owned environmental consulting firm reported a positive experience overall in working with DBEs and has never refused to work with a DBE. However, he stated he has refused to work with two larger companies because of the way that they do business. He explained that those companies have a system in place wherein “nothing you do is any good” and the subcontractor is blamed for things that are not his fault.

Interviewee #28, a white female-owned engineering firm, stated that on a \$500,000 ITD project, she may subcontract 5 to 10 percent of that work to a DBE. She stated that she has had a positive experience working with DBEs because they are small and therefore extremely responsive. She stated they also provide quality work because she will usually use them for some specialty.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that the prime contractors they assist use DBE subcontractors in both the private and public sectors. He stated these prime contractors have had positive experiences working with DBEs and he was unaware of a prime contractor refusing to work with a DBE because it was a DBE; on occasion, a refusal is due to a personality conflict.

**Only two interviewees reported a negative experience with a DBE.** Interviewee #21, an Iranian male-owned environmental consulting firm, had a bad experience with a female DBE prime. “She was very unqualified.” According to Interviewee #21, he did all the work and she did not pay him. Interviewee #14, a white male-owned road construction company, reported that he had experiences with DBEs who were “incompetent” and “unprepared.”

## **Availability of DBE Subcontractors**

**Some interviewees felt that there was a lack of available DBE subcontractors in their area.** Interviewee #18, a female representative of a white male-owned architecture firm, has seen only a few DBEs on their public sector projects. He stated that there are only a few DBE firms in Idaho Falls but that these firms are well utilized. ITA #3, an organization providing outreach to small businesses, stated that there are not many DBE subcontractors in the Twin Falls area. ITA #5, an organization providing outreach to small businesses, reported: “We probably don’t have enough DBEs to fill the contracts that ITD has.” ITA #5 stated that “many DBEs who are doing very well” and making millions of dollars a year. According to ITA #5, the market is good for DBEs because they are in demand.

Interviewee #14, a white male-owned road construction company, stated that DBEs “are just not around here.” Interviewee #1, a white male-owned corridor planning business, responded that “we try to be diverse about hiring a lot of people...if there were more diverse people in my field [it would be easier]...but, just to be honest, there are very few African American, Asian, Native American...planners or architects, especially here in Idaho...It appears to me that this was a bigger issue a few years ago when small business and women...cause now it doesn’t appear, people aren’t asking me.”

## **ITD Bidding Process**

**Many interviewees reported positive experiences with the ITD bidding process.** (Interviewees #4, #6, #9, #13, #12, #15, #17, #23, #24, #25, #26, #30, #33; ITA #1, #3.) Interviewee #13, a white female-owned traffic control subcontractor, stated she has had a “really good” experience regarding the ITD bidding process. Interviewee #17, a white male-owned landscape architecture firm, believes that the ITD bidding process is “good.” He reported three separate ways he has received ITD projects:

1. Sometimes he receives projects directly from ITD or another entity without submitting a proposal;
2. “[A] community might have a project that is funded by ITD and the community might recommend that we do the job. For small projects they can do this”; and
3. He has also been through the RFP process. The RFP process is for larger jobs that ITD is required to open to the public.

Interviewee #9, a Native American male-owned underground utility company, has had “real good luck” with the ITD bidding process. Interviewee #9 attributes his satisfaction to “unit prices—they pay you for what you do, there’s usually not any grey area unlike some of the stuff [they] do now. I’m very happy with it.”

Interviewee #9 reported that the DBE program “brought an engineer in and helped me go through plans and learn how to read things and read the bids and they were just really helpful in that area.” Interviewee #9 believes “the transportation department has a really good system.”

Interviewee #25, a white female-owned flagging and traffic control business, noted that “overall it’s been OK.” Interviewee #25 stated that for traffic control services, the company would like ITD to require that costs be bid hourly rather than at actual cost of the project; sometimes this pricing structure prevents them from getting and/or submitting bids. Interviewee #25 noted that you can be caught up in the specifications of the particular jobs, but the bidding process is generally fair. For some jobs, Interviewee #25 sees that ITD wants to have all of one particular kind of work completed in one day and “she questions that” because it is very difficult to do.

Interviewee #24, a Native American heavy construction contractor, reported that the bidding process takes two to three weeks, and that is “adequate” time.

Interviewee #4, a male representative of a white female-owned construction company, described the ITD bidding process as “not too bad a process.” Interviewee #26, a Native American/Hispanic female-owned demolition company, reported that they have attended several classes regarding what ITD expects from bidders and has had no problems in the bidding process. Interviewee #33, a Native American female-owned road construction business, described the ITD bidding process as “fairly good,” though they do not have much experience with it. ITA #3, an organization providing outreach to small businesses, feels that the ITD bidding process is fine. He only has experience with the on-line bidding process and stated that “you don’t have to be too strong on computer skills in order to navigate the process.”

Interviewee #30, a white male-owned engineering and plan-surveying firm, has never bid an ITD job directly, always as a subcontractor. “It’s been fine. It’s a little more paperwork intensive than other types of projects the [the company does].”

Interviewee #6, a white male-owned concrete business, reported that ITD’s bidding process “is not any different than any other state’s transportation department—they announce the work, and then there is a date to bid.” Interviewee #6 reported that the process is “pretty well done,” and “easy to follow—not that difficult.” Interviewee #6 also stated he knows and when projects are advertised and he believes ITD provides enough time between the announcement and the bid date. Similarly, Interviewee #23, a Hispanic and Native American male-owned steel erecting company, described the bidding process as “pretty easy, because they [ITD] supply a lot of the stuff—the website, the plans are accessible, paper[work] are downloadable—it’s actually really, really, really easy. And there’s no out of pocket expenses.” He added “it’s just time—it’s just time-consuming.”

Interviewee #12, a white male-owned paving company, and ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated the ITD bidding process itself is straightforward.

Interviewee #15, a white female-owned concrete construction company, stated “I like them [ITD] because everything’s spelled out...I like it that the primes have to list their subs so they can’t go in and shop numbers after the fact—in the private sector a lot of jobs get negotiated out from underneath you.”

**Most interviewees stated they are adequately notified of ITD bidding opportunities and identified multiple sources for this notification.** Interviewee #6, a white male-owned concrete business, reported that the company is adequately notified of opportunities to bid: “we follow the bidding announcements. Plus, because we are known in the area for the work we do, the general contractors call us anyway, even if we don’t.”

Interviewee #9, a Native American male-owned underground utility company, reported that they are adequately notified of opportunities to bid on ITD jobs—they used to receive newsletters, although they no longer receive them. Interviewee #9 stated, “I know that I can get on the computer—but I don’t like doing that.” Interviewee #9 reported that general contractors also send them notices. “I wish they would send me the newsletter back.”

Interviewee #22, a Hispanic male-owned concrete contractor, has no experience bidding directly for ITD work, but he is notified through telephone calls and in the mail. Often Interviewee #22 receives requests to bid that are for areas that are too far away. Interviewee #22 stated that prime contractors often call his house offering a job, telling him that they have sets of plans that they want him to look at to create a bid. Generally, these are companies that Interviewee #22 has performed work for many years.

Interviewee #24 thinks that he is adequately notified of opportunities to bid, including through the website postings, the list of contractors, and a forecast that you can keep up with. Interviewee #24 stated that the DBE Program sends out a prime contractor list when DBEs receive the list of plan holders for a particular project; “you just go down the list and ask who’s bidding prime.”

Interviewee #3, a white male-owned pre-stress concrete supplier, thinks that the company is adequately notified of opportunities on ITD jobs. The opportunities “come out in the AGC plan center and [a] magazine.” Interviewee #3 also indicated that it receives notification of opportunities over the Internet.

Interviewee #25, a white female-owned flagging and traffic control business, is notified of opportunities through the website and notices sent to contractors; Interviewee #25, a white female-owned flagging and traffic control company, thinks that the company is adequately notified of jobs through the website and email notification. Interviewee #25 noted that unlike in the past, the company is responsible for checking online. Many companies will also send letters asking for quotes. Most of the time Interviewee #25 checks the ITD website once a week to see what jobs are out there. The EEO Office provides plans for the company for free and informs that what prime contractors are bidding the jobs. This is mainly how Interviewee #25 uses the DBE Program. Interviewee #25 noted that sometimes subcontractors are not notified of a particular bidding being postponed. She stated that the DBE Program newsletter is very helpful.

Interviewee #12, a white male-owned paving company, stated that ITD projects are advertised in the newspaper, posted at the AGC offices, and on the ITD website. He feels he is adequately notified of opportunities to bid with ITD. Interviewee #12 orders the plans and submits his bid. He reported that ITD calls him for smaller projects that they do not have to advertise. Interviewee #4, a male representative of a white female-owned construction company, feels he is adequately notified of opportunities. Interviewee #4 subscribes to some construction manuals that list all public sector opportunities in the area.

The prime contractors that work with Interviewee #30, a white male-owned engineering and plan-surveying firm, on those projects adequately notify the company of opportunities. Generally, Interviewee #30 receives telephone calls for work—they have worked on a couple ITD bridges and the contractors doing the design work called Interviewee #30 to participate in the projects. “Land surveying is kind of a local thing.” Interviewee #30 has not looked for any kind of listing to know which prime contractors have expressed a particular interest in a given RFP. According to Interviewee #30, “[i]t looks to me like Idaho transportation department, when they advertise for bids, it’s always for large projects that are out of our scope. We are only capable of doing small portions. Looks to me like they generally hire a larger contractor who then turns around and subs the work.” “If there as a better way to see what jobs were out there,” Interviewee #30 might be able to get more work from ITD. “All I see is what’s in the paper.”

Interviewee #22, a Hispanic male-owned concrete contractor, noted that at the Contractor’s Exchange, they have listed all the jobs that come in the area, including the blueprints; if he wants to bid on that particular job or if he is low on work, he will go to the Contractor’s Exchange to obtain that information. Interviewee #22 also noted that the Contractor’s Exchange usually has a list of prime contractors that are bidding a particular job, too, and he’ll call every contractor and give the company’s price for the requested work.

Interviewee #13, a white female-owned traffic control subcontractor, stated that she is adequately notified of bidding opportunities via the ITD website. Interviewee #13 stated that she will review the ITD planholders' list to determine which prime contractors are interested in a particular project.

Interviewee #16, an African American male-owned traffic control subcontractor, stated that he has the "ultimate" opportunity to bid on jobs and in order to find out which prime contractors have expressed interest in a particular RFP, he would just ask for a bidder's list; he also stated that ITD also normally sends out a bidder's list.

As a subcontractor, Interviewee #7, a Hispanic male-owned biological environmental consulting firm, has never bid directly on ITD job but he feels he is adequately notified of opportunities to work with prime contractors on ITD jobs either by contacting the prime contractor or the prime contractor contacting him. ITD also sends him "announcements" in emails about ITD and non-ITD projects. He has not done much ITD work because "after [he] was certified, [he] had so much private sector work" that he did not actively pursue it. Similarly, Interviewee #17, a white male-owned landscape architecture firm stated: "I've been adequately notified of opportunities, but I haven't actively pursued them." He has enough work with other public and private entities.

Interviewee #18, a female representative of a white male-owned architecture firm, receives notices in the mail from ITD informing the company of an RFP. Other times they look on the ITD website for upcoming opportunities. Interviewee #18 also has a personal contact—she is a friend with the district engineer and he sometimes tells her about opportunities. Interviewee #18 responds to RFPs roughly five to six times a year. Interviewee #18 has responded less in the last two years because they are so busy with their private sector work. They generally receive about 50 percent of the projects they bid.

Interviewee #28, a white female-owned engineering firm, stated that she is adequately notified of opportunities but it is up to her to market herself. She stated that if she did not market the ITD project managers, she would not otherwise learn of opportunities. Interviewee #26, a Native American/Hispanic female-owned demolition company, reported that they are adequately notified of opportunities to bid through the DBE program.

Interviewee #11, a white male-owned construction company, stated: "When we were bidding, they would send out a notice of a job in the mail...I think if you bid a few times then they solicit you." Interviewee #11 also found out about jobs in publications.

Interviewee #5 noted that the bidding process is typical, and that bidding is "ok." Interviewee #5 noted positively that ITD holds to its ad dates and times without delays. Interviewee #5 is notified of opportunities to bid from ITD's website, an advance list, and a weekly publication. Interviewee #5 reported that companies learn what prime contractors express an interest in a particular RFP from information at plan/regional book centers and Interviewee publishes a planholders' list on its website. Interviewee #5 "likes to know who they're bidding against."

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated the businesses they assist are adequately notified of bidding opportunities with ITD via the AGC Dobbs Report and public notices. He stated that potential bidders are transmitted on a list via mail and the Internet. ITA #1 also stated an individual can call ITD directly and request the names of the bidders who picked up the packages.

ITA #3, an organization providing outreach to small businesses, stated he is aware that ITD advertises bid opportunities through email, on their website, and in the weekly DBE newsletter. ITA #9, a trade association representing general and subcontractors, stated that DBEs should know where to look for work. The planholders' list is public information. ITA #9 also provides a plan holders list to subcontractors. "If they want to do the work, they would submit bids." The DBE requirements force prime contractors to take additional steps to "woo these firms to work."

**Some interviewees reported unsuccessful and/or negative experiences with the ITD bidding process.**

Interviewee #10, a female representative of a Native American male-owned engineering firm, finds out about opportunities on-line and through the Federal Business Opportunities website ("FedBizOpps"). "We're pretty well tied in with the DOE and DOT systems—some of its word of mouth." She has received some notices through email for ITD projects. "It appears to be a fairly small pool of businesses that are successful with ITD...I think most of them are construction companies." Interviewee #10 has a master contract with ITD and bid roughly two times under this contract but has been unsuccessful. "Since they bid out construction we can't compete." They are solicited a couple times per year from ITD under the master contract. Interviewee #10 has sent representatives to the ITD meetings in an attempt to find a construction company to partner with but has thus far been unsuccessful.

Interviewee #3, a white male-owned pre-stress concrete supplier, stated, "[i]f it was a real sealed bid it would be OK, but I think that there's an awful lot going on after the bid, an awful lot. As a matter of fact, I could almost prove it for you. You have contractors who tell your competition your numbers."

Interviewee #27, a Native American male-owned refractory construction contractor, sees announcements for jobs, but they do not know if their scope of work is covered or not; "it's pretty tough to locate the work." Interviewee #27 noted that sometimes their work is difficult to define and in working with prime contractors, it's difficult to work off a square foot unit price; it's tough to get general contractors off the unit price.

ITA #6, a Native American organization, reported that her members have not been successful bidding with ITD. "Maybe they don't know how to respond to RFPs...they might be submitting non-responsive bids because they don't know the requirements. ITD has recently gone to electronic bidding—Bid X—we invited a lady to one of our workshops for a hands on training session and how it should be used." "If our people can't afford the software or have the technical savvy to understand how to use it that is again a missed opportunity." There is a number they can call for technical support. "I don't think many of our companies ordered the software." She is aware that ITD offers a software credit to DBEs, but only one of her members is certified as a DBE.

ITA #7, a trade organization for minority females, reported that very few of its members currently do business with ITD even though some of them are capable of this work. ITA #7 attributes this to a lack of knowledge of ITD opportunities. ITA #7 stated that the "average individual doesn't know how to bid, how to do paperwork, everybody needs to be mentored...The bidding process can be overwhelming for the average small business." She would like ITD to offer more assistance to DBEs in preparing bids. However, ITA #7 believes that ITD does an adequate job notifying businesses and organizations of work. ITD has contacted ITA #7 on several occasions.

Once ITD called ITA #7 to solicit help in finding minority females to bid on a small tree-cutting job. Other times ITD has called asking questions about the organization and the services they provide and requesting ITA #7 send ITD information on its membership. She stated that ITD also sends out mass emails notifying business of opportunities to bid. ITA #7 stated that bids are also in the BlueBook.

Interviewee #1, a white male-owned corridor planning business, described the ITD bidding process as “cumbersome—in the amount of paperwork.” Interviewee #1 went on to explain, “for government work I keep two files: an admin. file and my work file. There is so much admin.” However, Interviewee #1 reported that he is adequately notified of opportunities to bid—namely, by mail. Similarly, Interviewee #14, a white male-owned road construction company, described the ITD bidding process as involving “a lot of paperwork—everything is too much paperwork.” Interviewee #14 reported this has dissuaded him from doing ITD work. He added that on his last project for ITD, “the paperwork bureaucracy almost required another employee full-time to deal with the payrolls, [etc.]”

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated the ITD bidding process is straightforward, but he stated that ITD projects tend to be very large and many of the bidders are large out-of-state companies; it is difficult and often expensive for the DBE subcontractor to market themselves to a large out-of-state company. However, Interviewee #13, a white female-owned traffic control subcontractor, stated that ITD’s practice of providing free bid packages to DBEs “helps a lot.”

**Some interviewees reported problems with receiving notification of bid opportunities.** ITA #6, a Native American organization, does not feel she is adequately notified of ITD work opportunities. ITA #6 would like ITD to send the RFPs to her office so she could then call the TERO registered businesses or other tribal businesses and pass along the information. That way, businesses could get a “tangible invitation to bid.” ITA #6’s office often finds out about ITD opportunities after the fact or so close to the deadline that contractors cannot prepare the best bid. She knows that DBE certified contractors and professional service providers get on a list and ITD solicits directly from that list. She is also aware that ITD publishes a weekly DBE newsletter and she receives this newsletter electronically. She does not know, however, whether the businesses receive this newsletter or whether they have access to the Internet. She used to notify her members of bid opportunities in the newsletter, but she stopped doing this a couple years ago because she did not receive any feedback from her contractors.

Interviewee #27, a Native American male-owned refractory construction contractor, does not believe that he is adequately notified of opportunities to bid on ITD job even though he looks at the website. Interviewee #33, a Native American female-owned road construction business, feels that the company is “not as well [notified of opportunities to bid] as we used to be.” When asked how they find out about bidding opportunities, Interviewee #33 responded, “we don’t—at all.” Interviewee #33 explained that they are available online, but she is not comfortable with using the Internet, and tries to avoid it. Interviewee #23, a Hispanic and Native American male-owned steel erecting company, sometimes does not receive adequate notice and “sometimes [notice] come[s] in a little late.”

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that he is adequately notified of ITD projects coming into the pipeline because they are in the State Transportation Improvement Plan which you can review and find out what projects are coming into the pipeline and then market your company. However, he stated that if you are a DBE without a marketing background, you would not necessarily know what is going on. Interviewee #8 stated that he has not seen a readily available bidder’s list for ITD to show which prime contractors have picked up a bidder’s package, although he can always see who was awarded the contract after the fact.

Interviewee #21, an Iranian male-owned environmental consulting firm, does not feel he is adequately notified of bidding opportunities with ITD. He feels the public sector does not provide much advertising for its bidding. Interviewee #21 stated that his name is on a databank as a contractor with the Department of Environmental Quality (DEQ). Whenever there is a request for proposal from the DEQ, he receives it.

Interviewee #21 has participated and received many of these jobs. “They have a lot of respect for my work” and “I have been very successful with them.” ITD advertises opportunities in its monthly DBE newsletter. “Unfortunately, ITD has a low regard for the type of work I do.” “I don’t know if they do it or if they do who is getting the work.” ITD “is not very skilled” in the environmental consulting industry. He would like ITD to advertise contract opportunities via mail. “Send me the request for proposal. Maybe they do things on their website but I don’t have time for their website.” “ITD has a number of projects that have environmental work and I would like a chance to participate.”

**Only one interviewee reported having been denied the opportunity to submit a bid on an ITD project.** Interviewee #27, a Native American male-owned refractory construction contractor, felt he been denied the opportunity to bid or submit a quote, because he found out about the job too late.

## **Prequalification**

**Very few interviewees reported experience with ITD’s prequalification process.** According to ITA #9, a trade association representing general and subcontractors, prequalification generally comes up with particularly specialized jobs. For example, if the work was near a river, and ITD wanted to make sure the contractor complied with all environmental regulation, ITD might pre-qualify subcontractors and tell the prime contractor he had to use one of these subcontractors. There might also be a special job where ITD only allows certain general contractors to bid. According to ITA #9, this can slow down the process, because it is easy for companies that were not pre-qualified to challenge the decision.

When the company first started up, Interviewee #3, a white male-owned pre-stress concrete supplier, remembers that there were no problems with pre-qualification, only that an inspection had to be completed. Interviewee #25, a white female-owned flagging and traffic control company, expressed some concern regarding workers’ compensation and general insurance requirements; the limits for prequalification have been increased, and smaller companies have taken notice.

**Some interviewees reported a positive experience with the Term Agreement List.** The purpose of Term Agreement is for ITD to pre-qualify consultants who will be available to perform services as the need arises. The “term” of a Term Agreement is usually two years. Should ITD decide to utilize a consultant under the Term Agreement, a Work Task Agreement will be negotiated and written. A list of consultants with a current Term Agreement is maintained by ITD to select consulting firms for professional services (the “Term Agreement List” also referred to as the “on-call list”).

Interviewee #29, a white female-owned consulting engineering corporation, stated it is “not very difficult” to get on ITD’s Term Agreement List; a consultant fills out a form and is placed on the list. According to Interviewee #29, the on-call list maintained by the Idaho Department of Public Works (IDPW) is similar but much more difficult to get on. “You just have to put in the time to get them a marketing brochure...They rank submittals, interview five businesses, and will only qualify two firms in each of the four regions in Idaho.” On the plus side, “we have gotten more work off DPW’s list because [the] number of providers is smaller.”

Interviewee #8, a Hispanic male-owned environmental consulting firm stated he believes the pre-qualification process is fair. He stated ITD was doing the Term Agreement List every two years, and when he first started his business, he had just missed getting on the Term Agreements List and that was difficult. However, he has not experienced a problem since then. Interviewee #8 stated the Term Agreement List is a good mechanism to get a subcontractor pre-approved but it has “been somewhat of a disappointment” as a mechanism to obtain work directly with ITD as a prime contractor. He stated that a prime contractor will look to the Term Agreements List to find a pre-approved subcontractor.

Interviewee #17, a white male-owned landscape architecture firm, has been on ITD’s Term Agreement List three or four years; Interviewee #17 has received requests from ITD through this list. He stated it was not difficult to get on the list. He has to renew it every two or three years. Similarly, Interviewee #18, a female representative of a white male-owned architecture firm, reported that it was not difficult to get on the ITD on-call list due to their “good working relationship” with ITD.

**Some professional service providers expressed frustration on not being on a Term Agreement List or not receiving work from being on the list.** Interviewee #7, a Hispanic male-owned biological environmental consulting firm, is on ITD’s Term Agreement List. He had not received any work as a result of being on this list, but hopes it will lead to work in the future. Interviewee #7 recalls the prequalification process as “a lot of paperwork to submit, questions, qualifications, and references.”

Interviewee #28, a white female-owned engineering firm, stated that it is difficult to get on the Term Agreements List. She stated they look at your firm experience, but this creates a “catch-22” situation. You cannot get on the list if you do not have the experience but you cannot get the experience if you are not on the list. Interviewee #28 stated that it would help “if they would at least give you even small projects that were just testing projects, say ‘okay, you’re starting out, let’s see what you can do.’” She stated it would be helpful for them to rank staff experience (as opposed to firm experience).

Interviewee #29, a white female-owned consulting engineering firm, is on the on-call list for consulting engineers. Interviewee #29 stated that you do not receive solicitations simply because you are on the on-call list, but rather being on this list opens the door to opportunities. It used to be that you could apply for the on-call list every two years, but now it is “open solicitation.” “I don’t get a call out of the blue from the on-call list to get a project. I have to work relationships with heads of various departments. You have to do your homework.”

## **Experiences Working With ITD**

### **ITD Officials and Staff**

**Most of the interviewees that had experience working and interacting with ITD officials and staff reported a favorable impression.** Interviewee #18, a female representative of a white male-owned architecture firm, stated that ITD staff members are “very professional. I enjoy working with them because they know their process.” Interviewee #18 was very impressed that ITD’s District Engineers are aware of projects throughout the state and not just in their districts. One of Interviewee #18’s female partners served with ITD officials and staff of various committees and has always been impressed with their professionalism and their integrity. She thinks it is great that ITD has an architectural historian on staff.

Interviewee #21, an Iranian male-owned environmental consulting firm, stated: “[Support Services with the EEO Office are] good. I have talked to [Support Services in the EEO Office] on the phone, I have emailed with [Support Services in the EEO Office], I like [them]. [Support Services in the EEO Office] are good

[people]. [Support Services in the EEO Office] does [its] job. As far as it goes with engineers, they lack communication skills.” Interviewee #21 spoke with Support Services in the EEO Office regarding certification and marketing allowances, but said, “we don’t get that anymore. It was cut off two years ago for whatever reason. If they do provide it, it is unknown to me.”

Interviewee #28, a white female-owned engineering firm, stated that she has had a “very, very good” experience with ITD officials and staff. She stated the Director of the DBE Program has been “extremely responsive.” She stated Director of the DBE Program was under a lot of political pressure regarding the Connecting Idaho Program, and it was a very busy time, but Interviewee #28 requested and received interview with her. She stated that she has called the Director of the DBE Program and she returned her phone call that same day; “I think that is unusual.”

Interviewee #4, a male representative of a white female-owned construction company, has only had experience with ITD inspectors, and stated that these experiences have been “mainly good.” Similarly, Interviewee #11, a white male-owned construction company, noted that his experiences with inspectors and engineers have been “good.”

Interviewee #25, a white female-owned traffic control business, recalls very good communications with staff; the DBE program has worked hard to keep communications open and to partner with Interviewee #25. Interviewee #30’s, a white male-owned engineering and plan-surveying firm, experience has been positive with officials and staff. Most DBEs know what they’re doing and the DBE Program office is very, very responsive.

Interviewee #26, a Native American/Hispanic female-owned demolition company, reported that her experiences with ITD officials and staff has been “good.”

ITA #5, an organization providing outreach to small businesses, stated: “I’ve never heard anything negative about ITD from businesses or anyone else.” ITA #5 characterized ITD officials as “professional,” “responsive,” and “thorough.” ITA #5 referenced multiple interactions with Support Services in the EEO Office.

ITA #6, a Native American organization, stated that “[Support Services in the EEO Office] are great.” They are “completely knowledgeable and resourceful within their scopes of work and outwardly outgoing.” There is a “free share in information between TERO office and ITD.” ITA #6’s only complaint is that lately the resident engineers in her area have forgotten to invite her to the pre-bid and pre-construction meetings. She believes it is important for her to attend these meetings so she can explain the TERO requirements to the prime and subcontractors. By excluding her from these meetings, the resident engineers are potentially delaying the project because the contractors must comply with the TERO requirements before the project can proceed. She believes the resident engineers are new and do not understand the process. She has called the resident engineers and explained that it is imperative for her to attend; however, they keep forgetting her. She does not believe this is intentional; she has not yet contacted ITD.

Interviewee #5, a white male-owned heavy highway and building contractor, noted that the experience with ITD personnel has been “very positive,” but that it also depends on the office. Interviewee #17, a white male-owned landscape architecture firm has had “good” experiences with ITD officials and staff. ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated ITD staff is helpful.

Interviewee #27, a Native American male-owned refractory construction contractor, has had neutral experiences with ITD staff. According to Interviewee #24, a Native American heavy construction contractor, the DBE staff in Boise is very helpful with plans and workshops. Interviewee #25, a white female-owned flagging and traffic control company, noted that the EEO Office support services staff are generally “pleasant.”

**Several of the interviewees indicated mixed and/or less favorable experiences and interactions with ITD officials and staff.** Interviewee #8, a Hispanic male-owned environmental consulting firm, stated overall: “I really like working for ITD and I like the people a lot...[They] have been very good to work with and they have always been really fair with me.” However, Interviewee #8 expressed frustration “that for some reason, and I don’t understand it because we are small, it seems to me...when we send out to negotiate on projects [with ITD] we get hammered a lot more than the big guys do...[I]t’s almost like we are so small they can beat us up more and I see that on the Fed[eral] side too.” He stated that it seems like “we get negotiated a lot tougher for our projects.” He stated that this is upsetting because they are faster and more cost effective than the larger contractors.

Interviewee #13, a white female-owned traffic control subcontractor, stated that she has had a very positive experience with ITD staff and that everyone at ITD is “just wonderful.” However, she did report a negative experience with a “new ITD inspector.” She stated that she had one ITD inspector who was particularly “hard on [her],” and even the prime contractor commented to her that he did not know why the ITD inspector was being so hard on her. She stated that at times the ITD inspectors told her flaggers to do things that are illegal in terms of flagging and that she is liable for that. She stated that on an ITD federal contract, the ITD inspector was “fine with all the men” but was “real hard on her.”

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, described his experience with ITD staff as “mixed...some are professional, some are not.” He used to work at ITD.

Interviewee #25, a white female-owned flagging and traffic control company, noted that sometimes ITD staff easily becomes “irate,” and that she thinks they are taught to bully younger individuals in the field. A member of ITA #2, a Hispanic trade association, who participated in the interview, stated that he did not have a good experience with ITD officials and staff, but did not provide details.

Interviewee #3, a white male-owned pre-stress concrete supplier, noted a bad experience with a particular inspector on a previous project. That inspector’s problem is that the only way he could solve anything was to get on the phone and “call everybody.”

### **ITD Online Website**

**Many of the interviewees indicated that the ITD online website is user friendly, helpful, and contains readily available information.** Interviewee #4, a white female-owned construction company, described the website as containing helpful information. Interviewee #12, a white male-owned paving company, uses the ITD website to find ITD projects to bid on. Interviewee #25, a white female-owned traffic control business, stated that the website is very easy to use and is user-friendly.

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, visited the ITD website a few times during the certification process and viewed it as helpful. Interviewee #13, a white female-owned traffic control subcontractor stated that she likes the ITD website and it is easy to use. Interviewee #17, a white male-owned landscape architecture firm, visited the ITD website to research technical issues related to the project he was working on and found the website helpful. Interviewee #15, a white female-owned concrete business, reported that she can find out which prime contractors have expressed an interest in a particular RFP on the ITD website.

Interviewee #28, a white female-owned engineering firm, stated the ITD website is good and serves its purpose. Interviewee #26, a Native American/Hispanic female-owned demolition company, also feels that ITD's website "is fine." ITA #4 was impressed with ITD's monthly DBE Newsletter that is available on ITD's online website. She was particularly impressed because the Washington DOT does not have a similar newsletter. ("Idaho has a lot going for them through their newsletter...").

According to Interviewee #24, a Native American heavy construction contractor, and Interviewee #27, a Native American male-owned refractory construction contractor, the website is "helpful." Interviewee #25, a white female-owned flagging and traffic control company, finds that the website is helpful and easy to navigate. Interviewee #14, a white male-owned road construction company, stated "whoever's running [ITD's] information technology has done a good job because you can see open bids and within two days you can get the abstracts and see who's bid what. So their website is, I think, very, very, very effective."

**Other interviewees described mixed experiences with the ITD online website.** Interviewee #5, a white male-owned heavy highway and building contractor, indicated that the website is slow, and that it would be helpful if Interviewee would publish engineers' estimates on the website. Interviewee #8, a Hispanic male-owned environmental consulting firm, stated the ITD website is "okay," but it would be nice to open it up so that you can see who the bidders are on a given project; he stated you need a special password to do this now. He stated that it would be nice to know what discrete projects are coming up. Interviewee #18, a female representative of a white male-owned architecture firm, stated that the nomenclature on the website is sometimes confusing. It is not always intuitive what things are called. ITA #2, a Hispanic trade association, stated it is difficult to get through the ITD website and eventually you just give up.

### **DBE Directory**

**Most interviewees were familiar with ITD's list of qualified DBEs and the location of the list.**

(Interviewees #5, #8, #11, #12, #17, #18, #24, #25, #29.). Interviewee #18, a female representative of a white male-owned architecture firm, stated that ITD sends them a book of DBEs each year. Interviewee #24, a Native American heavy construction contractor, is aware of and has used the DBE directory. Interviewee #25, a white female-owned traffic control business, is aware of the DBE Program directory, and the company has found the directory to be helpful. Interviewee #25, a white female-owned flagging and traffic control company, uses the DBE directory, but noted that the DBE Program used to send the directory in the mail.

**Some interviewees were aware of how to locate qualified DBEs, but did not rely on the ITD website to do so.** Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that he reviews the DBE directory every once in a while, but it is not very user friendly and it is hard to get to. Interviewee #8 stated that he would find a DBE through the ITD list, but also explained that it is a small state and everyone knows everyone. He stated for example, that if he needed a specific type of subcontractor, he would contact the DBEs that he knows ("You know all the DBEs").

Interviewee #12, a white male-owned paving company, is aware of ITD's DBE directory. He stated that ITD sent him a list of DBEs about two years ago. Roughly, 50 percent of these subcontractors are DBEs, but he discovered these companies through word of mouth, not using ITD's lists.

Interviewee #29, a white female-owned consulting engineering corporation, stated that she has never used the DBE directory to find DBEs. Instead, she relies on word of mouth and reputations in the industry. "It's a small area here and there aren't that many environmental consultants" which is the type of subcontractor she uses most often.

**A few of the interviewees knew of a DBE list, but did not know how to find it.** (Interviewees #4, #7, #13, ITA #3.) For example, Interviewee #7, a Hispanic male-owned biological environmental consulting firm, is aware that ITD maintains a list of DBE firms, but he has never seen this list and is unaware of how to obtain it. Interviewee #13, a white female-owned traffic control subcontractor, stated that she knows there is an ITD DBE directory but she had never seen it. Interviewee #28, a white female-owned engineering firm, stated that she is aware of a DBE Directory but she has not used it. Interviewee #30, a white male-owned engineering and plan-surveying firm, has never seen a directory, but assumes that one exists.

**Several of the interviewees were not familiar with ITD's list of qualified DBEs.** (Interviewees #3, #10, #27; ITA #1.) Interviewee #3, a white male-owned pre-stress concrete supplier, is not personally aware of the directory because "he doesn't do that part." ITA #1, an organization providing outreach to Hispanic-owned and other businesses, was unaware of an ITD directory of DBEs. Interviewee #27, a Native American male-owned refractory construction contractor, is not aware of any DBE directory.

### **Perceived General Barriers to Participation with ITD**

**All the interviewees were asked to relate their experiences, perceptions and anecdotes in connection with performing work on ITD contracts in general.** Much of their responses are documented in other sections of this report. When asked specifically to identify any perceived barriers to their participation in contracting and procurement with ITD, the interviewees provided the anecdotes below. These anecdotes and perceptions are categorized according to the type of perceived reported behavior.

#### **Administrative Expense/Bureaucracy**

**Some interviewees listed the administrative expense and bureaucracy as reasons they avoid ITD work.** Interviewee #18, a female representative of a white male-owned architecture firm, reported that the involvement of the Department of Public Works and the lag time between submitting plans to ITD and the receipt of comments creates barriers to their firm pursuing ITD projects. According to Interviewee #18, an architect is assigned by Department of Public Works to act as a "watch dog" on all the design projects. This architect is usually based in Boise and does not know what is going on with the projects in Idaho Falls. "It's almost like a road block sometimes...it's cumbersome." Interviewee #18 further reported that the time from submittal to comments is often too long. Architects submit their designs and prices for review and comment. The comments come back before the architect submits them to bid. "You don't know if the bottleneck is at Department of Public Works or ITD." Interviewee #18 believes that all public sector projects suffer from these same barriers because they all go through the Department of Public Works.

Interviewee #4, a male representative of a white female-owned construction company, believes the price of submitted bids is a barrier to him pursuing work with ITD. "I put a lot of time and energy into bidding projects and came up second or third. I feel like there was always a group of legitimate contractors bidding. If you get more than eight or ten contractors, whoever forgot something is the one that gets the bid. I'd see me

and the other contractors within \$8,000 or \$10,000 of each other and then one guy would be \$45,000 below.” Interviewee #4 stated that when he was actively pursuing public contracts, he had a full time estimator on staff to prepare the bids, go over the plans, and do the “take-off.” Public bids are much more detailed. Now that he pursues primarily private sector contracts, he does not employ an estimator.

According to ITA #5, an organization providing outreach to small businesses, there are many requirements you have to fulfill to work in the public sector. Small contractors may be able to handle smaller contractors, but “when you scale up into larger contracts a certain level of professionalism has to come with that” and small contractors “don’t always understand what that is.” Marketing may also be a barrier to smaller contractors. “It’s all marketing. Getting on the list is the first step, but this is not where this begins and ends.” DBEs need to take the initiative to continue marketing after becoming certified. There are some DBEs that do this and they are very successful.

Interviewee #25, a white female-owned flagging and traffic control company, noted a lack of consistency in ITD’s operation from district to district that has led to barriers and obstacles in pursuing work with ITD.

ITA #9, a trade association representing general and subcontractors, stated that the good faith effort requirement is an added expense to bid on ITD jobs. Prime contractors must put in all the effort up front and might not get the job. The price of the good faith effort is wrapped into the bids. Contractors do not know what ITD is going to settle for—maybe 7 percent or 8 percent. It might be a matter of which contractor spent the most time doing the good faith effort. It is hard to decide how much time to put in—whether to submit a higher bid or a bid with less DBEs. It is a risk. “How many hours can I commit to overhead and still stay in business.”

### **Lack of Experience**

**Some interviewees expressed a lack of experience necessary to work on ITD jobs or serve as a prime contractor.** Interviewee #13, a white female-owned traffic control subcontractor, stated that she is a subcontractor because she would not know how to do the prime contractor side of the work. Similarly, Interviewee #23, a Hispanic and Native American male-owned steel erecting company, reported that he operates exclusively as a subcontractor because he lacks experience to operate as a prime contractor although he is “learning more.” Interviewee #20, a Hispanic male-owned rebar installation business, explained that his company chooses to act as a subcontractor as opposed to a prime contractor because “we need more experience about the paperwork...we have the knowledge and everything to do the job, but I don’t know if we need to have more money, or...I don’t know how that works exactly.”

ITA #6, a Native American organization, attributes the low participation of minorities on ITD contracts to the size of these companies. “I think it’s because the businesses can’t be start-ups, they have to have some experience.” ITD requires experience and according to ITA #6, minority-owned businesses are often too small and too new. She said these businesses are getting discouraged so they stop trying. “I think if they actually tried and put together a decent proposal...I feel pretty confident that ITD would give them a chance and try to work with them to some degree.” She has seen some successful non-Native American, woman-owned businesses. She attributes their success to their developing teams of other experienced individuals.

## **Selection Criteria and Specifications**

**Many interviewees noted ITD’s selection criteria and specifications as a barrier to pursuing or receiving ITD jobs.** Interviewee #12, a white male-owned paving company, stated the specifications on ITD projects are too rigid and ITD is not flexible enough with contractors regarding changes. He has not received any of the projects he has bid for ITD because he has to “pad” his prices. “I’ve seen other prime contractors get beat up bad by the state of Idaho. ITD is hard to work for. I think their specifications are too rigid and their attitude is autocratic.” He stated that the specifications on ITD asphalt projects are “asinine.” The requirements related to segregation and aggregates on concrete work mandate costs three times higher than necessary. Interviewee #12 stated that other public entities are easier to work with. “I see too much of the attitude, sorry contractor this is the law and you can’t get it right, I don’t care, do it again.” He stated that there is a lack of flexibility by ITD. He recalls one time an inspector on an ITD project had him rip out a portion of the road and redo it. At the end of the project, another inspector told him to put back to the way it was. The original inspector lied and said he had not instructed Interviewee #12 to redo the road. Interviewee #12 was able to document the first inspector’s request, but ITD still had him redo the road at his cost. He did not feel that this was fair and this discourages him from working with ITD.

ITA #3, an organization providing outreach to small businesses, agreed that sometimes the specifications on ITD projects are not in line with the scope of the work. According to ITA #3, ITD should make sure its boilerplate requirements are appropriate.

Interviewee #24 a Native American heavy construction contractor, noted that on non-ITD, public-sector projects it has been generally successful, but there have been some instances where the plans were not specific enough, and there were interpretation problems with the plans. Interviewee #24, a Native American heavy construction contractor, also took issue with the way ITD’s “specs” are written with respect to traffic control and flagging. According to Interviewee #24, ITD will not pay for all their hours worked and for their breaks.

Interviewee #29, a white female-owned consulting engineering corporation, explained that ITD employs a 5-person selection team that reviews the proposals. A large part of these proposals is the marketing material. “We are a seven man firm competing against big firms that have full time marketing staff so it’s hard for us to compete against larger firms with marketing machines.” She stated that she has been able to leverage her status as DBE to obtain experience with ITD, which is another part of the selection criteria. ITD officials evaluate their contractors and issue report cards when projects are completed. Interviewee #29 has always received favorable reports. She would like these report cards to become part of the selection criteria. She stated that large firms with poor report cards often beat her out because they have impressive marketing materials. A positive report card should count for more than mere marketing. She has spoken with her district head about this issue and hopes that something will be done.

Interviewee #17, a white male-owned landscape architecture firm, indicated that he had an issue with the fee negotiation process. “I seem to have had a hard time getting a fair market fee for my services.” According to Interviewee #17, in the professional services arena, ITD does not base its hiring decisions on cost but quality and then approves a certain rate. A professional’s rate is either approved or rejected by ITD. Interviewee #17’s rate has been denied by ITD. According to Interviewee #17, the market value for landscape architects is “through the roof.” Private sector and other public agencies have recognized this and are willing to pay more. ITD is “not doing their homework” and keeping up with the market. This discourages qualified professionals from bidding on ITD jobs since it is more lucrative to work with others.

Interviewee #28, a white female-owned engineering firm, stated the requirement in the qualification packages for firm experience is a problem. She noted that her firm is only two years old although most of her employees have extensive experience from working at large, national firms. She stated the request for experience does not accurately reflect her employees' experience. She said that many of the larger firms will list projects under their experience that were actually completed by her employees.

### **Contracts Too Large**

**Several interviewees identified the size of ITD projects as a barrier to receiving or pursuing work with ITD.** Interviewee #12, a white male-owned paving company, stated that the size of ITD contracts serves as a barrier to him bidding the work. Interviewee #12 is not capable of doing 10-30 million dollar jobs. He stated that several years ago ITD broke up the projects into 1 to 5 million-dollar pieces. They do not do this anymore. As a result, the same large contractors get the large projects. These contractors do not subcontract out the work, he said, but rather keep it for themselves to increase their profit.

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that ITD needs to unbundle contracts and attempt to work directly with DBE or other minority businesses in order to develop them. He stated that aside from the Grant Anticipation Revenue Vehicles ("GARVEE") Project, ITD is fairly slow so the "little guys" just get blown away.

Interviewee #30, a white male-owned engineering and plan-surveying firm, stated that, in general, ITD's contracts are too large for his company. "We don't bid on that much work because we're able to pick up enough by [non-ITD] walk-ins; we're busy. The only time I ever bid stuff is if we're slow or need something to do." Interviewee #30 noted that the company only works on public sector jobs when it needs work because they tend to take up more time administratively.

Interviewee #28, a white female-owned engineering firm, stated that she does not feel she has been successful in obtaining work on ITD projects. She stated that the shift with the GARVEE Project and the Connecting Idaho Program have been problematic. She stated that Connecting Idaho Program now controls the bulk of the transportation work in the state, whereas ITD used to control that work. She explained that Connecting Idaho Program is basically a program manager. She stated that due to the fast-track nature of the projects and Connecting Idaho Program's "belief in how the program should be run..." the packages have been really substantial and large. She stated, for example, if a given project needs to be completed in six months with 50 people, they are unable to act as a prime contractor on that project.

ITD #29 stated that ITD jobs are very large. "It's hard for us to compete with the larger firms in town." "The ITD project administrator debriefs us after we turn in proposals. We have a good reputation but we're smaller and some of the clients within ITD feel that we don't have the horse power" to compete as a prime.

Interviewee #3, a white male-owned pre-stress concrete supplier, believes the company has not received certain ITD jobs because prime contractors thought Interviewee #3 was too small to handle the projects.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated the ITD projects tend to be very large and many of the bidders are large out-of-state companies; it is difficult and often expensive for the DBE subcontractor to market themselves to a large out-of-state company.

### **Same Contractors Receiving the Work**

**Some interviewees reported that they feel that the same contractors receive all the ITD work.** ITA #6, a Native American organization, stated that “the same handful of seven to ten contractors get the same jobs year after year with ITD.” Other businesses see this, and it discourages them from bidding ITD work. ITA #6 does not know if this is the “good old boy network” or whether this is the “entire pool” of qualified contractors.” If there are more qualified contractors, then ITD “needs to try harder” to include these businesses. She understands that ITD knows these contractors, knows their work and knows they are good to work with. “In this regard, it’s positive.”

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, similarly referred to “the big 10” prime contractors in the area as receiving all ITD work. ITA #4, a minority trade association, said that companies take “the easy way out” by working with the same DBEs with whom they are familiar with and they do not like to venture out and give new firms a chance.

### **Location**

**Some interviewees feel the location of their business puts them at a disadvantage in pursuing ITD work.**

Interviewee #10, a female representative of a Native American male-owned engineering firm, felt that Boise-based companies have an advantage when it comes to receiving ITD work. “If it’s a Boise-based company, they’re going to use Boise-based [engineering] firm...[I] think a lot of the ITD stuff is Boise-based...I’m not aware of a lot of ITD stuff that’s being done by companies [in Idaho Falls].” ITA #4, a minority trade association, noted positively that ITD does a better job of using local contractors than in Washington State. ITD jobs have been successful for ITA #4’s membership. ITA #4s members indicate, “it is easy to do work with Idaho.”

ITA #6, a Native American organization, reported that one of the main obstacles to Native American-owned businesses pursuing public and private sector work is their residence on the reservation. These businesses prefer to live and work on or near their reservations. It is rare that Native American-owned businesses go off the reservation to look for work. The businesses that pursue this work are usually larger general or mechanical and electrical contractors. The smaller “mom and pop” well, sewer, and excavation companies do not venture off the reservation. She explained that “there are certain rights and privileges extended to those who maintain a residence on a reservation,” including hunting, fishing, housing, and healthcare. If these businesses moved off the reservation, even to an adjacent town, then some of those privileges are lost. ITA #6 believes that most of the ITD work is in the Boise Area, from Twin Falls to Boise (the “Treasure Valley”). This is where there is the largest concentration of highway, road and bridgework. Native American-owned businesses would lose their privileges if they relocated to these areas.

Interviewee #21, an Iranian male-owned environmental consulting firm, believes that less qualified consultants from Boise receive a larger portion of the ITD work in the Twin Falls area. “I know there are consultants in Boise that are not 10 percent as qualified as me and they receive ITD work.” He believes there is favoritism toward Boise-based firms, but he does not know why. He said that many of the prime contractors working for ITD in the environmental consulting field are not located in Idaho but rather many are international firms. He stated that no one in the Twin Falls area is being utilized but he is capable of doing work in Boise. “I know there were some ITD yards in this area that were polluted. I never had a chance to look at them. In 2006, I saw a firm working, which was not a DBE and was not a local business. Those projects are here. Why wasn’t I informed?”

## **Lack of Information**

**Only a few interviewees felt that lack of adequate notification of bid opportunities and information on how to do business with ITD was the primary barrier in their pursuing work with ITD.** ITA #5, an organization providing outreach to small businesses, believes that ITD does an adequate job notifying small businesses of opportunities. However, ITA #5 listed communication as a barrier to becoming certified as a DBE. He reported that minority- or female-owned businesses might not think to look to ITD for the DBE Program since the relationship between ITD and the DBE Program is not intuitive. According to ITA #5, the DBE Program might make more sense being administered by another federal entity.

ITA #2, a Hispanic trade association, believes that ITD should do workshops for people who want to be considered for the DBE Program and announce those programs. A member of ITA #2, a Hispanic trade association, who participated in the interview, stated there are people who want to work with ITD but do not know how to do this.

Interviewee #27, a Native American male-owned refractory construction contractor, knows that ITD regularly puts on meetings about obtaining work with ITD, but the people that run those meetings do not know specifically about the kind of work they are speaking about. Interviewee #27 has not attended any of these workshops.

## **Experiences with Payment**

### **Payment in the Public Sector and/or by ITD**

**Most interviewees reported late payment in the public sector, from either ITD or the prime contractor on an ITD job.** (Interviewees #3, #4, #5, #6, #7, #8, #9, #13, #15, #17, #23, #25, #26, #29, #30, #33; ITA #2, ITA #2's member participant.) Only one interviewee felt that race or ethnicity affected his ability to obtain payment. For example, Interviewee #5, a white male-owned heavy highway and building contractor, noted that transportation departments typically pay slowly, and ITD is "typical." Interviewee #5 said, however, that payment has been "very reasonable." Interviewee #5 noted that when it's a subcontractor for work on ITD projects, the company can expect to "add another 10 to 30 days for payment." Interviewee #5 pointed out that usually payment is faster in the private sector because there is "less paperwork" or less "hurdles to justify money." The change order process is a barrier to prompt payment for Interviewee #5. Once a change order is involved obtaining payment is "always the hardest."

Interviewee #17, a white male-owned landscape architecture firm, stated that payment takes longer in the public sector due to the administrative process. ITA #2, a Hispanic business trade association, stated there is a 60 to 90 day lag on federal money, whereas a member of ITA #2 who participated in the interview stated it is a 45 day lag at the state level.

Interviewee #30, a white male-owned engineering and plan-surveying firm, said that "they don't get paid until the [general contractor] gets paid" on ITD projects." "There's a lag...the last ITD job that Interviewee #30 completed took at least two months before the completion of payment."

**Other interviewees stated that late payment is not a significant issue in the public sector and/or with ITD.** Interviewee #18, a female representative of a white male-owned architecture firm, reported that payment in the public sector, including on ITD projects, has been good. Interviewee #10, a female representative of a Native American male-owned engineering firm, has had no problems with payment in public or private sector. Interviewee #10 feels that the owner's ethnicity actually "helps us get paid."

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that being paid by ITD directly is fast—less than 30 days—and they offer direct deposit. However, Interviewee #8 stated that ITD “has the most onerous invoicing system that I have dealt with.” Interviewee #8 stated that his company is okay because his wife does all of the invoicing and is very detail-oriented, but if you were a “micro company” doing a working invoice, “it would just bump you out.”

Interviewee #24, a Native American heavy construction contractor, noted that it is easy and fast to receive money because of electronic payment and transfers. Interviewee #26, a Native American/Hispanic female-owned demolition company, reported that they have had no problems being paid for ITD projects. She reported the only payment issues are “if your work’s not done to their requirements, or there’s a problem.”

Interviewee #33, a Native American female-owned road construction business, reported that in her experiences receiving payments from ITD directly was “fine.” Likewise, Interviewee #21, an Iranian male-owned environmental consulting firm, reported that payment was not an issue in either the public or private sectors.

Interviewee #11, a white male-owned construction company, stated: “I think the state kind of watches and if you have a complaint, they’ll take care of it.” One time, he had trouble with payment, he told the inspector who took care of it, and they were paid. ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that his members have a good experience being paid by ITD. He stated ITD is not what is holding up payment, but rather issues related to final completion and related performance matters.

Interviewee #15, a white female-owned concrete business, reported when she is working on a state project, “you know you’re getting paid, but a lot of time there’s a huge lag-time between doing the work and getting paid.” She compared payment in 30 to 60 days in the private sector with 30 to 60 days on a federal project. She stated the “state pays every 30 days—or I think they’ll pay twice-a-month if you request it—but the generals only pay you once-a-month, and then that’s only as good as what the inspector turns in.”

### **Payment by Prime Contractors.**

**Some interviewees reported no problems with payment by prime contractors on projects, including ITD projects.** Interviewee #28, a white female-owned engineering firm, stated that she has had a good experience being paid by ITD and payment is generally within two months. She stated that she did have one experience last year as a subcontractor receiving slow payment (six months out). The problem was not ITD, but the prime contractor. She stated that at one point, she had to “carry” a couple hundred thousand dollars, and that was problematic although she was able to do so because she had lots of other work. She stated that ITD makes a point to tell the prime contractor that when they pay them the prime contractor must turn it around quickly to the subcontractor. She stated ITD is a “stickler” on that.

Interviewee #16, a African-American male-owned traffic control subcontractor, stated that he has always been paid on time by prime contractors on ITD projects. According to Interviewee #22, a Hispanic male-owned concrete contractor, “usually you’ll have a date in your contract for payment, and contractors are usually pretty good with that.” Interviewee #22 noted that payment usually occurs within 20 to 60 days of completion, and they have only had two payment issues since the inception of the company.

Interviewee #27, a Native American male-owned refractory construction contractor, noted that being paid by prime contractors on ITD projects was fine. ITA #2, a Hispanic business trade association, stated that payment by private prime contractors is fine.

**Other interviewees reported that prime contractors frequently pay slowly.** Interviewee #4, a male representative of a white female-owned construction company, stated that sometimes public entities retain a certain amount of payment until the end, but he has never had any disputes over money. He has had issues being timely paid by prime contractors on ITD projects. There is no way for him to know whether the prime contractor has been paid.

When Interviewee #25, a white female-owned flagging and traffic control company, functions as a supplier, the company is paid more quickly. Interviewee #25 noted that general contractors usually pay within 20 days because they are required to pay promptly. She stated that it takes a long time to receive payments by prime contractors on ITD projects (usually 60 to 90 days for payment). She believes ITD “needs to shorten that up.”

Interviewee #26, a Native American/Hispanic female-owned demolition company, stated that when she started her business slow payment by prime contractors was a problem. However, she reported that payment is now smoother due to the Prompt Payment Act, and the subcontracting plan where prime contractors are required to state who their subcontractor is and the amount of the subcontract.

Interviewee #29, a white female-owned consulting engineering corporation, stated that ITD pays prime contractors promptly. However, “when we are a subcontractor on an ITD project, I have no control when the prime puts in their bills to ITD. So often there is a lag.” She explained that it takes two weeks for the prime contractor to process her invoice, two weeks for ITD to process the prime contractor’s invoice, and one week for the payment to go through. Prime contractors are typically paid by ITD within 30 days of receiving their invoice. However, with all the processing, it can take up to eight weeks to receive payment as a subcontractor. “Cash flow is an issue where we are a sub. We don’t know when ITD pays the primes so we don’t know when the clock starts ticking. If ITD could tell us that would give us more leverage to know when to start calling the prime.”

According to Interviewee #29, prime contractors are supposed to submit an affidavit of payment to subcontractors with each invoice. “As a sub, I don’t have any input into that affidavit. Primes could say they are paying me. It’s just the primes word. Nothing I have to sign off on.” She stated that is difficult for her to go directly to ITD because she needs to maintain pleasant relationships with the prime contractors. She stated that ITD is, however, responsive to her payment concerns. She recalled a situation where the prime contractor on her job went bankrupt and ITD helped her obtain payment.

Interviewee #33, a Native American female-owned road construction business, stated “by the time the [prime] gets paid, they take another two weeks, or three weeks, or a month to pay...you’re two months down the road.” She added “it just takes too long to get paid from them, and [prime contractors] don’t really care whether they pay you or not in a timely manner.”

Interviewee #3, a white male-owned pre-stress concrete supplier, has no experience being paid directly by ITD. Being paid by prime contractors, according to Interviewee #3, is “pretty slow.” Interviewee #3 recalled that it seems like at different times of the year, payment is slower than at other times. Interviewee #3 noted that when projects are two-phased, payment is even slower, even “quite a bit.” Interviewee #3 stated that the average time to be paid on a public sector project is probably 90 days.

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, stated that his experience being paid by prime contractors on ITD projects is that payment is “a little slow, but it could have been the contractor.” He stated that there is no way to know when ITD pays the prime contractor. He is not aware

that prime contractors have to certify that they paid their subcontractors and he has never signed such certification himself. Nonetheless, he stated that payment “is not a major concern.” In the private sector, payment is “good 90 percent of the time.” He does not believe there are any barriers to him receiving payment.

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that payment is slow from the prime contractors. Interviewee #8 reported an experience where a prime contractor held the check in one hand and pushed a contract across the table with the other hand and required him to sign the contract requiring more work before they would get paid.

Interviewee #13, a white female-owned traffic control subcontractor, stated that she has no experience being paid by ITD directly, but her experience being paid by prime contractors in the public sector is pretty bad and once took six months. In that case she threatened to file a lawsuit before they paid her. She stated that receiving the retainage “takes forever,” and she does not understand why they hold out retainage on a traffic control subcontract. She identified the prime contractor as the biggest barrier to receiving payment. She stated that at one time ITD called her and needed her to pay the fringe wage to her employees, but she had not yet received payment from the prime contractor.

Interviewee #33, a Native American female-owned road construction business, reported bad experiences being paid by prime contractors. She stated the prime contractors will generally “wait 30 days before they pay you even if they do get paid...then they’ll give you the excuse, ‘well, it was 30 days before we got paid, and I have 30 days to pay you.’” She reported “it takes forever” to receive payment from prime contractors on ITD projects. Interviewee #9, a Native American male-owned underground utility company, reported that payment by prime contractors on ITD work is “too slow.” Interviewee #9 further stated “I know that they’ve made improvements...but the last time I worked on a job it took too long to get your money.”

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, identified miscommunication between the prime contractor and subcontractor as to the scope of work and completion thereof as a barrier to receiving payment; but he stated that the prime contractors who are notoriously slow at paying have a difficult time finding subcontractors to work for them.

### **Payment in the Private Sector**

**Most interviewees reported positive experiences with payment in the private sector.** Interviewee #18, a female representative of a white male-owned architecture firm, reported that 99 percent of their private sector clients make timely payments. Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that payment in the private sector is usually pretty good, although he has had occasional problems.

On private sector projects, Interviewee #3 is usually paid per its contracts, which provide that the company must be paid within 10 days of delivery. For Interviewee #27, a Native American male-owned refractory construction contractor, 90 days out is pretty old for receivables on private sector projects. Interviewee #27 noted that most contractors pay within 60 days.

Interviewee #13, a white female-owned traffic control subcontractor, stated she has had a “pretty good” experience being paid by prime contractors in the private sector—approximately 30 to 45 days. Similarly, a member of ITA #2, a Hispanic trade association, who participated in the interview stated he is usually paid by the prime contractor within 30 days in the private sector.

According to Interviewee #25, a white female-owned flagging and traffic control company, payment in the private sector is usually faster. Interviewee #28, a white female-owned engineering firm, stated that she is paid within two to three weeks on private sector projects. ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated the businesses they assist generally report having a positive experience being paid in the private sector.

**Other interviewees reported that payment in the private sector is an issue.** Interviewee #4, a white female-owned construction company, stated that payment in the private sector is much worse than the public sector. “This is the one downside to focusing on the private sector. The contracts aren’t as clear cut...It’s always tough to get paid in private sector.” This is due to discrepancies over what was done. Unlike the public sector, there is no inspector watching the work as it is completed. Interviewee #12, a white male-owned paving company, has had positive experiences being paid in the public and private sectors, although the private sector is a “little bit slow sometimes. It might take an attorney.” “In the private sector, if you get paid, it’s quickly,” reported Interviewee #30, a white male-owned engineering and plan-surveying firm. However, “there is a pretty high default rate on private jobs,” according to Interviewee #30.

### **Payment as Affected by Race, Gender, or Ethnicity**

**Only one interviewee reported payment being affected by race, gender or ethnicity.** All other interviewees felt that race, ethnicity, and gender did not negatively affect payment. Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that he has heard of race, ethnicity, and gender affecting payment to other small businesses. He stated there was an African American subcontractor who was a great guy and related instances in which people just would not pay him.

### **Licensing**

**Interviewees were asked to relate their experiences with licensing through the Idaho State Contractor’s Licensing Board.** The vast majority of interviewees stated that the licensing process was straightforward and fair. Interviewee #4, a white female-owned construction company, stated that licensing is “not a problem.” According to Interviewee #4, the process is tough but should be tough to keep unqualified contractors out. Interviewee #20, a Hispanic male-owned rebar installation business, reported no problems with the state contractor’s licensing board, and described the process as “good.” Similarly, Interviewee #33, a Native American female-owned road construction business, described the State Contractor’s Licensing Board process as “pretty simple—no problems”

Interviewee #30, a white male-owned engineering and plan-surveying firm, works with a lot of general contractors who use him as a reference before the State Contractor’s Licensing Board. Interviewee #30 said the licensing process has been painless. Interviewee #30 has an engineering and surveying license, not a contracting license.

Interviewee #26, a Native American/Hispanic female-owned demolition company, reported “we just filled out that [licensing] application and it seems to me that they don’t have everything they need in place.” She explained that “it’s an application process, but is it not effectively working.” Interviewee #13, a white female-owned traffic control subcontractor, stated the State Contractor’s Licensing Board is “okay,” but they recently doubled their rates, and she does not understand that cost.

Interviewee #25, a white female-owned flagging and traffic control company, recounted positive experiences dealing with the State Contractor’s Licensing Board, but Interviewee #25 does not like their new elongated license number scheme.

Interviewee #16, a African-American male-owned traffic control subcontractor, stated that you have to have a license and sometimes “that is where you have the biggest problem;” however, often one can operate under the umbrella of the prime contractor.

**A few interviewees reported negative experiences with licensing.** Interviewee #12, a white male-owned paving company, stated “[t]here was a lot of paperwork involved” in becoming licensed. He attempted to expand his license into a new area a few years ago and was denied. The State Contractor’s Licensing Board told him that he did not have the experience. He expressed frustration as to how he can get experience if he is not licensed to do these projects.

Interviewee #9, a Native American male-owned underground utility company, described the State Contractor’s Licensing Board as “unreasonable.” Interviewee #9 believes that they asked for too much background financial information. Interviewee #9 stated “to me if I can go to the bank and borrow money to do a job...and I can get the financing to do it, I don’t think it’s the [State Contractor’s] Licensing Board’s responsibility to stop me from doing that because my financial statement is not quite up to that level...That’s really the only thing I would disagree with.” Interviewee #9 further said, “On the other hand, I think there’s a lot of people that need to go through the licensing process and don’t. They’re out here working and...making a lot of money and not going through the same process that we have to.”

ITA #9, a trade association representing general and subcontractors, indicated that the public works license can be a barrier. ITA #9 reported that contractors must have a financial statement and assets to get a public works license. He believes that compared to the surrounding states it is easy to obtain. However, what the state requires is if you are going to work with any public entity state or local you have to have a public works license. On federal jobs, federal law states that you have 30 days to obtain the license after bid award. On state and local projects, you have to have the license to bid. ITA #9 stated you have to apply and fill out a background statement that you have the requisite experience. Construction business are licensed as either building, heavy, or highway. You have to pay a CPA to get a certified financial statement. The board then issues a license up to a certain value. A landscape firm might want to bid on a \$1 million highway job but only be licensed up to 100K. “The thought behind it is they don’t want you to bid jobs you can’t handle.” They consider experience and financials. Most people move up the dollar amount scale if they are successful over time.

**Many interviewees did not have experience with licensing due to their area of work.** For example, Interviewee #17, a white male-owned landscape architecture firm, explained that professional service providers such as architects and engineers are not licensed by the State Contractor’s Licensing Board, but rather through professional organizations. Similarly, Interviewee #31, an Asian/Pacific Islander male-owned pavement inspections business, reported that due to the nature of their work, they are not required to be licensed with the State.

ITA #6, a Native American organization, explained that Indian reservations are not subject to state laws and therefore Native American-owned contractors do not have to obtain a license to work on the Reservation. These businesses must be licensed to work off the Reservation. This requirement, he said, is another potential reason Native American-owned businesses prefer to work on the Reservation.

## **Experiences Regarding DBE Utilization after ITD Removed DBE Contract Utilization Goals in January 2006**

The only interviewees that expressed a difference in the DBE Program after ITD removed the contract goals in January 2006 reported a decline in their utilization as DBEs by prime contractors. (Interviewees #8, #13, #22, #23, #28, #29.) Interviewee #8, a Hispanic male-owned environmental consulting firm, reported that the number of prime contractors soliciting him for price quotes has “dropped off” since ITD moved to a race- and gender-neutral implementation of the DBE Program. He stated that even when ITD had “hard [DBE] goals...you could always tell when [the prime contractor] hit [their] percentage.” He stated that post-January of 2006, he is still receiving work that he believes is due to his contacts from before. He stated that he is participating in the GARVEE Program and they still have work in the pipeline from before 2006, “but there is nothing in the pipeline now.” He stated that the absence of an incentive for larger companies to use DBE companies creates an obstacle for new DBE firms who were not “in the system” before January of 2006. A DBE company certified before January 2006 may have established connections through the Program and, therefore, have the advantage of prior experience.

Interviewee #13, a white female-owned traffic control subcontractor, stated that since January 2006, the number of solicitations that she receives from prime contractors has decreased by 40 to 50 percent and there “is a lot less work.” Before she was solicited on all ITD projects in Treasure Valley and all of these projects had DBE goals. She stated that she submits price quotes on all of the federal ITD projects and on 30 percent of the state ITD projects. She also stated that these solicitations used to result in a lot more work. She stated she has never received a state ITD project, and she receives five out of 10 of the federal funded ITD projects. She does not know why she does not receive the state ITD projects, but she suspects that it is because they do not have DBE requirements.

Interviewee #28, a white female-owned engineering firm, stated that, starting in 2005 when people knew the process was going to change in 2006, utilization of DBEs began to drop. She has been utilized less. Now that here is no longer a requirement for large companies to use small disadvantaged businesses, the large companies offer the same services in-house. Since these companies save money by doing the work in-house, there is no longer an advantage to using DBE firms. She stated that the goals before January of 2006 allowed her company to be utilized on an ITD project and build their resume. She said they will never compete with the companies that have 8,000—10,000 employees, but the DBE Program at least gave them an opportunity to participate. She also stated that now because the larger firms are not required to subcontract work to a DBE, her company is forced to go “head-to-head” against a firm that may have more experience with ITD as a firm. She said that this result has affected her business in the transportation market and she has shifted her business away from the transportation market, although she continues to pursue certain projects.

Interviewee #29, a white female-owned consulting engineering corporation, stated that certification was “invaluable” to her business at the beginning. She would not have survived as a business if not for the certification and the DBE program. Since January 2006 utilization has declined: “We are not getting any work based on our DBE status.”

Interviewee #23, a Hispanic and Native American male-owned steel erecting company, reported that he used to receive work due to his DBE status, but this is no longer the case due to the “Western States versus the State of Washington” decision that resulted in the removal of ITD contract goals. “There’s all this stigma on it and without the federal government telling them to do what is right, they won’t do it. Because the federal government doesn’t require them to meet goals, they don’t have goals.” Although he had not yet noticed a change, he believes the numbers will eventually decline if the goals are not reinstated. Interviewee #23 “thinks

that the only reason why they're still being used as this point by some contractors is because ITD has suggested that [prime contractors] keep using [DBEs]." "If the DBE goals do not come back we are headed for some hard times."

Interviewee #22, a Hispanic male-owned concrete contractor, noted that he was solicited for price quotes more often before 2006. According to Interviewee #22, prime contractors do not offer information regarding DBE goals and requirements; "they'll just tell you that a job requires a DBE licensed contractor and that prime contractors need my bid." At the public hearing ITD held in Coeur d'Alene, an owner of a certified DBE minority and woman-owned business testified that the DBE project goals have benefited her company. She recommended that the DBE project goals should remain in effect to "prevent a decline in the use of DBEs." She also suggested that, without the DBE goals, there may be an influx in new contractors "who would bring their own subcontractors."

Several owners of DBE businesses testified at the public hearings that they were concerned that prime contractors will self-perform the potential work of subcontractors when no DBE project goals are in place. One written statement sent to ITD noted that "General Contractors, if they do what we do, will ALWAYS self perform the work themselves if there is no DBE goal," and that it is "financially easier for a prime contractor to absorb the sub-contractor portion of their work than it is for the subcontractor to become a prime." They believe that the DBE goals force the general contractors to utilize their sub contractor options instead of self-performing.

A female owner of DBE contracting firm testified that she has seen things change over time and believes that there is still a need for the program. She noted that DBE goals have been gone for only two years and that there is still a lot of work left over from the time when goals were set. "Most of the existing contracts still had goals set," therefore "you're not going to have the evidence that you would need to see what would actually happen [without the DBE goals]."

**Other firms have not noticed a decline in DBE participation since ITD moved to a race- and gender-neutral implementation of the DBE Program.** ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated he believed that DBE utilization on ITD projects was goal-oriented and he believed ITD was trying to "goal-orient" all of their projects now "as they should be." He stated he did not notice a difference as between before and after January of 2006.

Interviewee #24, a Native American heavy construction contractor, noted that the ITD DBE Program was good when it started, but that right now there are no DBE requirements for prime contractors to use DBEs, there are no incentives, and there are no DBE goals. However, Interviewee #24 has not noticed a decline in business with the "lessening" of the DBE goals requirements by ITD.

A representative of a women-owned excavation business testified that the firm has used the DBE program to get their "foot in the door" with big contractors that may not have otherwise given them the opportunity. They try to do a good job to put themselves in a position where the large contractors want to hire them without the DBE program. This representative stated, "We like our relationship with the contracting community here," and has not noticed a decline in opportunities after DBE project goals were discontinued. A manager for a prime contractor in the Idaho area gave testimony concerning the impact he has observed in the past year without DBE project goals. "We've met the [typical] DBE allocation ... we did it because of the relationships that we've had with the contractors in this Valley." "Having the [DBE] goal, from my standpoint, I don't think is a benefit."

## **Partnerships**

**The vast majority of the businesses interviewed have had no involvement with partnerships, either joint venture or mentor/protégé arrangements.** None of the interviewees reported participation in a joint venture on an ITD project. Only one of the interviewees participated in a mentor/protégé program sponsored by ITD. A few interviewees reported participation in a mentor protégé program sponsored by other government organizations and associations.

Interviewee #8, a Hispanic male-owned environmental consulting firm, reported that ITD is thinking about starting a mentor/protégé program and ITD contacted him to be a mentor. He stated he would “love” to be a mentor.

## **Joint Ventures**

**Nine of the businesses interviewed have participated in a joint venture(s) on non-ITD jobs.** (Interviewees #6, #7, #10, #16, #18, #21, #26, #28, #33.) Interviewee #7, a Hispanic male-owned biological environmental consulting firm, participated in a joint venture with another engineering firm. He stated that together they have bid several projects in the public and private sector but none of these jobs were for ITD. They received a couple jobs last year and intend to continue the joint venture to bid more jobs in the future.

Interviewee #28, a white female-owned engineering firm, stated that she has engaged in a number of joint ventures with a non-DBE contractor on projects for the Army Corps. She stated they just completed a design-build joint venture and it was a positive experience.

Interviewee #10, a female representative of a Native American male-owned engineering firm, has participated in numerous joint ventures on public sector, non-ITD, jobs. These have been successful. “When you pair with a bigger company they have the depth of experience to allow you to get into sectors of work that you wouldn’t be able to otherwise as a small disadvantaged company.” Likewise, Interviewee #18, a female representative of a white male-owned architecture firm, has worked in joint ventures on non-ITD, public sector projects and reported that these arrangements were successful. They usually pair up with an engineering firm.

Interviewee #21, an Iranian male-owned environmental consulting firm, had experience bidding as a joint venture on a public, non-ITD, project but his team was not successful. Interviewee #26, a Native American/Hispanic female-owned demolition company, participated in a non-ITD joint venture. She reported that “it went okay, but it was kind of similar to subcontracting...you’re kind of tied at the hip together, and if they’re bigger and more powerful than you, it can be quite difficult.”

Interviewee #6, a white male-owned concrete business, reported that they have worked on projects that were being run by a joint venture—“we don’t see any difference.” Interviewee #6 went on to explain “the bid process may be a little complicated.”

Interviewee #33, a Native American female-owned road construction business, said that she has participated in a joint venture through the Bureau of Land Management. Interviewee #16, a African-American male-owned traffic control subcontractor, stated that a joint venture is a good way to “get in” with the bigger contactors who are already bondable. He stated that joint ventures are good opportunities and when a prime contractor is required to team with a DBE, they will do so because they want to make money.

Interviewee #25, a white female-owned flagging and traffic control company, is aware of joint ventures with ITD, and Interviewee #25 has seen this program at work in Boise. ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated he was aware of a joint venture in the private sector, but not in the public sector.

### **Mentor/Protégé**

**Only one interviewee had participated in a mentor protégé program sponsored by ITD.** Four interviewees had participated in a mentor-protégé programs with other organizations. (Interviewee #8, #10, #26; ITA #7.) Interviewee #25, a white female-owned flagging and traffic control company, participated in the mentor/protégé program (partnering) with ITD. She did not find it helpful.

Interviewee #8, a Hispanic male-owned environmental consulting firm, reported participating in a mentor/protégé program with the Air Force. Interviewee #8 stated the other business helped him with his employee manual and offered some other expertise, but otherwise it was a big waste of time and money. He stated it was also hard because the mentor offered him expertise, but would not give him any work because they did not have enough work for their own people. He stated that he spent a lot of time traveling for the mentor-protégé program, which was time that he could have spent on billable work. He also stated that at one point the mentor asked him to train one of their people, which was problematic.

Interviewee #10, a female representative of a Native American male-owned engineering firm, is involved in the SBA mentor program. “Some of our joint venture stuff has come out of” the SBA mentor program. “Large businesses team with small businesses for their own purposes. You have to go into it knowing that they aren’t really interested in how well you do.” “It helps us to get the qualifications and experience, but it’s not very altruistic in my view.” They had a DOE mentor that “absolutely nothing came out of.” She stated that they received a new mentor this year and “I do believe that this will be a much more advantageous pairing.” She was paired with this company after the company sent out solicitations for protégés. They submitted a proposal and were selected. She is not aware of whether ITD has a mentor protégé program. Interviewee #26, a Native American/Hispanic female-owned demolition company, is currently trying to mentor someone through the Section 8 (a) program.

ITA #7, a trade organization for minority females, is participating in a mentor protégé relationship with another larger non-profit organization dedicated to women of color that is called Accion Texas. ITA #7 was not aware of any mentor protégé programs for her members.

Interviewee #5, a white male-owned heavy highway and building contractor, stated he is engaged in “informal” mentor-protégé relationships.

Interviewee #16, a African-American male-owned traffic control subcontractor, stated that he had heard of mentor-protégé relationships, but he has never participated in one. Interviewee #27, a Native American male-owned refractory construction contractor, has not participated in a mentor/protégé program, but he has heard of them through the National Center for Indian Enterprises. Interviewee #27 has also looked at mentoring programs on the SBA website.

ITA #3, an organization providing outreach to small businesses, was not aware of any businesses that have gone through a mentor protégé program nor was he aware of ITD or SBA’s mentor-protégé programs. However, he is aware of one program whereby retired consultants mentor newer consultants.

The female owner of a traffic control firm testified that she has developed mentor-type relationships with several prime contractors. She appreciates their knowledge and guidance in developing her small company, stating, “I feel like at this point most of the prime contractors try to teach us ... they don’t try to tell us what to do. Their knowledge is like having five peoples brain instead of one!”

## **Anecdotes Regarding the Existence or Non-Existence of Barriers in the Public and Private Sector**

### **Financing, Bonding, Insurance, and Licensing**

**Some interviewees reported that bonding, financing and insurance is a barrier to pursuing work in the public and private sectors.** Interviewee #24, a Native American heavy construction contractor, stated that the company does not work extensively in the private sector because their bonding and insurance companies do not provide coverage/money for private sector work. Interviewee #14, a white male-owned road construction company, said “it’s tough—and it’s getting tougher.”

Interviewee #28, a white female-owned engineering firm, stated that bonding is difficult because they look at your financial history, and her company does not have a long financial history. She said that she was fortunate to have the financial credit to obtain a bond. ITA #2, a Hispanic business trade association, stated that her members have not had problems with financing in general, but it depends on the age of the business. She said that entrepreneurs in general have a difficult time in obtaining financing when they are starting out. A member of ITA #2 who participated in the interview stated that a company cannot get bonding if it is not financially fit. Interviewee #14, a white male-owned road construction company, said the ability to obtain financing depends on “whether you have the financial capability to pay it back...those who understand interest, receive it, and those who don’t, pay it. If you’re income’s less than your out-go, your upkeep’s going to be your downfall.”

ITA #6, a Native American organization, stated it is “very difficult” for her members to receive financing and bonding. This is particularly true for Native American-owned businesses whose principal place of business is on a reservation. ITA #6 believes this is largely due to the misconception that residents of Indian reservations are entitled to sovereign immunity. If the businesses default, the sureties worry that they will not be able to collect against them. This is not the case. It is true however that in order to put liens on property on a reservation or garnish wages from a Native American residing on a reservation, the surety must go before the tribal court. The lack of accurate information regarding collecting against such a firm is a barrier. ITA #6 holds workshops to explain to sureties and other financial institutions the nuances of working with tribal businesses. “We just need to explain those differences. We don’t ever want tribal laws to be a hindrance to a business receiving work...it’s not a problem as long as we show them there are remedies.” ITA #6 stated that sometimes a smaller firm would then pair with larger Native American firm to “work the system” and get a bond.

Similarly, Interviewee #24, a Native American heavy construction contractor, recounted a negative experience with obtaining bonding noting that there are often sovereign immunity issues on reservations. To overcome these barriers, Interviewee #24 has worked closely with the bonding companies to resolve issues and “prove their track record.”

ITA #9, a trade association representing general and subcontractors, reported that to work with ITD a business needs bonding and a public works license. In general, prime contractors cover the bond for their subcontractors. However, when they do not, it can be a barrier for a smaller firm.

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that he has had a positive experience obtaining financing now. However, he stated that in the Section 8 (a) Program 12 years ago, you were required to show three instances of discrimination and two of his experiences were related to obtaining financing from a bank. He stated that he had some difficulty obtaining insurance because he was a small business. Interviewee #8 stated that he would think race would affect one's ability to obtain financing, bonding, and/or insurance, especially if you were African-American, Hispanic American, or Native American. Interviewee #13, a white female-owned traffic control subcontractor, identified obtaining financing from banks as a barrier to obtaining work.

Interviewee #15, a white female-owned concrete business, reported that financing “has been a piece of cake” but that getting bonded “is a pain—a royal pain.” She went on to explain “they want everything.” She does not believe that gender has ever affected her ability to get bonding or financing.

Interviewee #33, a Native American female-owned road construction business, has had experience obtaining both financing and bonding, and reported that the greatest difficulty was in getting bonding. Interviewee #33 reported that this was due to the bonding company's unwillingness to have faith in her company's ability to handle large projects.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated the businesses they assist have had a positive experience obtaining financing. He stated that the Hispanic Chamber of Commerce has a micro loan program to assist new businesses. Nonetheless, he identified a lack of understanding as to the process as a barrier to obtaining financing. He explained a lot of the smaller subcontractors have never written a business plan, which is required by most banks to obtain financing. He stated their organization as well as the AGC and ITD assist these businesses in teaching them how to prepare a business plan.

Written Statement #2, a small male owned DBE has difficulties completing orders without prepayment for the project because of his lack of working capital. Government entities payment is received after an order is complete and this poses a barrier making it as he suggests “impossible for me” to succeed.

**Some interviewees reported that difficulty receiving bonding and financing prevents them from working as prime contractors.** Interviewee #15, a white female-owned concrete business, said that they exclusively operate as a subcontractor because “it’s a lot less hassle...and we don’t have the bonding capability.” Interviewee #25, a white female-owned flagging and traffic control company, stated that the business functions primarily as a subcontractor because of bonding and funding. Interviewee #25, noted that the company had a negative experience with one bank, so they changed banks in order to facilitate the company's payroll processes. The bank could not process her payroll fast enough. She believed that the bank did not want her business, either because she was a female or because of her area of work. ITA #1, an organization providing outreach to Hispanic-owned and other businesses, noted that it takes a lot of money to act as a prime contractor and this is why most of the businesses they assist act as subcontractors. He was unaware of anyone being denied the opportunity to submit a bid or price quote, but he identified the inability to bond as a barrier to bidding. ITA #3, an organization providing outreach to small businesses, attributes the lack of DBE prime contractors to the capital required to bid as a prime. “DBEs are undercapitalized to be prime contractors.” ITA #3 stated that small business sometimes experience barriers obtaining financing and bonding because they do not have enough money or assets to put up as collateral. ITA #3 does not feel that race or gender affects a business' ability to obtain bonding. ITA #4, a minority trade association, believes DBEs generally function as subcontractors because of capacity and funding.

**Other interviewees stated that bonding and financing was not a problem.** Interviewee #4, a white female-owned construction company, stated that they had been successful in obtaining bonding and financing. Interviewee #25, a white female-owned flagging and traffic control business, indicated that financing is often easy to obtain, and bonding has also “been fairly easy to come across.” Interviewee #26, a Native American/Hispanic female-owned demolition company, reported a “smooth” experience obtaining financing.

**Only three interviewees and one public commenter reported that they felt race, ethnicity or gender affected a businesses’ ability to obtain financing or bonding.** (Interviewees #13, #26, ITA #1, ITA #2.)

Interviewee #13, a white female-owned traffic control subcontractor, stated that it took her five years to obtain financing and she had good credit, whereas it took her male friend only three months to obtain financing. She stated she has encountered barriers to obtaining financing except with SBA with whom she did not encounter the same barriers. She has not ever had to obtain bonding.

Interviewee #26, a Native American/Hispanic female-owned demolition company, said that barriers to obtaining bonding are that “it takes a long time to build.” Interviewee #26 reported that her ethnicity and gender affected her ability to obtain bonding “in the beginning—definitely.” She did not give specific examples.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that statistically on a national level, race, ethnicity, or gender of the business owner affects its ability to obtain financing or bonding. However, he had not observed this locally nor did he know of any specific instances of this happening.

A member of ITA #2, a Hispanic trade association, who participated in the interview stated that he had a hard time obtaining financing when he started his business, but that was not due to his race or ethnicity. However, he stated that “if a white guy walks in [to a bank], his chance of getting financing is better than me walking in.” ITA #2 stated she would hope that in this day and age race and ethnicity would not affect ability to obtain bonding. ITA #2 said that part of the problem is that an individual must have a detailed business plan, which is difficult for some people to prepare. However, she stated it might be “a different story” if you just handed the bank the business plan without them knowing the race, ethnicity, or gender of the business owner.

A Hispanic male who owns a cabling and fiber optics company testified about being a minority contractor and how one’s ethnic background, darker skin, and language barriers can push away business when working in Idaho. He stated that “we’ve had numerous, besides myself, Hispanic people work with us and they just don’t get quite the opportunity.”

**Some interviewees reported that capital and experience are the most important factors in obtaining financing and bonding.** Interviewee #9, a Native American male-owned underground utility company, said that he does not have a problem obtaining financing or bonding and stated that race or ethnicity is not a factor; rather, “it is always financial.”

Interviewee #10, a female representative of a Native American male-owned engineering firm, stated: “Most of the bonding issues come from whether or not you have enough experience so that the bonding company feels comfortable...if you don’t have experience in an area it is hard to get bonding...we have been able to get bonding.” Interviewee #10 reported that race is not a factor. Interviewee #11, a white male-owned

construction company, noted that in the beginning his company had difficulty receiving bonding: “[Y]ou have to have a certain amount of capital, equipment, and experience.” Interviewee #11 stated that bonding is no longer a problem since he is not trying to increase his capacity.

### **Good Old Boy Network**

**Some interviewees reported the existence of a “good old boy” network in the Idaho transportation industry.** Interviewee #5, a white male-owned heavy highway and building contractor, believes a good old boy network exists depending upon where you are located. Interviewee #5 noted that people do tend to work with preferred subcontractors and suppliers, but noted that this is not because of the status of WBE or MBE. He stated it is typical to work with people that they have worked with for a long time. Similarly, Interviewee #30, a white male-owned engineering and plan-surveying firm, thinks that there is a good old boy network in the industry.

Interviewee #13, a white female-owned traffic control subcontractor, stated that several years ago there was a large company that owned another company and they only used each other for their subcontracting needs. She said that they routinely solicited price quotes from her, and she would ask them why they were doing so. They would assure her the bidding was open but they always used the same subcontractors. She stated that there is a good old boy network and indicated there are certain companies that will not hire a female owned business to subcontract.

Interviewee #21, an Iranian male-owned environmental consulting firm, feels that you have to be a member of the good old boy network to receive work from a city in Idaho that he has worked with. He stated that the city used to do a poor job of advertising opportunities, but the lead city engineer has changed and this has helped. Interviewee #21 said he asked the city Attorney why all the contracts were going to the same engineering firm, and the Attorney informed him that by law they do not have to advertise engineering projects. He stated that last year the city asked him to do an environmental assessment on some property; he wrote a proposal and beat another engineering firm. He said that things seem to have changed since then and he also spoke with the city engineer. “I am sure they will contact me from now on to submit RFPs.”

Interviewee #23, a Hispanic and Native American male-owned steel erecting company, believes there is a good old boy network and stated “that’s one of my goals, is to be a part of that.” Interviewee #23 later added “they’re all inter-married or relatives, and it’s just getting into those type of groups of people.” Interviewee #23 further stated: “It’s almost like the AGC association...ITD goes to the AGC. They submit their plans there. The AGC all sticks together...it’s almost like a union; union people stick together and they trade information, and so is the AGC. And a lot of those types of...clubs, they call them clubs—until you’re established and you make enough money you can’t afford their annual tuition, and dues, and stuff like that.”

Interviewee #25, a white female-owned flagging and traffic control business, stated that she believes that there is a good old boy network in the Idaho transportation industry. Interviewee #25 stated that the company has had some experience being closed out of an opportunity to subcontract. She noted that there are favorite companies in the industry, but things are better than they used to be and that the good old boy network has changed for the “good.”

Interviewee #27, a Native American male-owned refractory construction contractor, said that he felt there was a good old boy network in the transportation industry, noting that “people they get comfortable” working with other people and they socialize outside of the work environment on hunting trips for example. Similarly, a member of ITA #2, a Hispanic trade association, who participated in the interview stated that there is a

good old boy network and there is “prevalent cronyism.” ITA #2 said there are two restaurants that the prime contractors in the transportation industry go to discuss business and being at one of these restaurants is better than any bidders’ list.

A Hispanic male who owns a cabling and fiber optics company testified that he could not bid on larger contracts “without feeling like you have the good old boy network looking you straight in the eye, and no matter what you do, you’re not going to really get a fair shake at it.” Whether he submitted similar pricing or outbid his competitor, he noted feeling that the good old boy network is still very prominent, “white guys that have been running around with the same white guys that have controlled the money in the valley for some hundreds of years.”

Interviewee #16, a African American male-owned traffic control subcontractor, stated that he believes the good old boy network is fading away because “a lot of it is coming to light.” He said that people will always try to do what is right.

**Some interviewees reported the existence of a “network” within ITD.** Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that he has seen the good old boy network in ITD itself in certain districts. He stated the good old boy network is cultural and includes people who have been in Idaho for a very long time. He stated that he believes he has been closed out of an opportunity to subcontract because he was not in the particular network, although he could not recall a specific example. Interviewee #12, a white male-owned paving company, believes that “ITD has some of their favorite contractors, who are favored by their inspections people and administrative people. They’ve worked with them in the past—acquaintances.”

Interviewee #4, a male representative of a white female-owned construction company, stated: “A lot of people have subcontractors who they work with. There’s been cases where I know I was lower than another guy’s bid.” He sympathizes with the prime contractors, however, stating: “if bids are close and you’re familiar with somebody and you know the quality of their work and you know they can be there on time, it’s tough to take a chance on someone else.” With respect to a “good old boy” system, Interviewee #4 recalls that he once tried to obtain a piece of land from ITD. He approached ITD and they promised him that they would contact him when they were ready to exchange the land. He was never contacted and ITD exchanged the land with someone else. This person, he said, had personal connections with the ITD officials. He would have offered much more money for the land. He feels that ITD needs to evaluate their system as to how they disperse ITD-owned properties.

Interviewee #18, a female representative for a white male-owned architecture firm, feels that a few times other architecture firms have beaten them out due to personal connections with the architect on staff with ITD in Boise. She recalled a time when they went into the bidding process as the number one bidder, but ended up as the number three bidder. “They’re nice people, we work with them, but they have favorites.” Nevertheless, Interviewee #18 did not feel there was a “good old boy” network in the Idaho transportation industry.

ITA #4, a minority trade association, indicated that ITD project selection committees need to be diversified. Typically the selections committee is all “the good old boys.” “They’re gonna use their friends and the people they know; they have the same thought process, and they don’t see the importance of really being fair and looking at the future. They’re not visionary people, typically.”

**Other interviewees reported that ITD is not part of the good old boy network.** Interviewee #28, a white female-owned engineering firm, stated there is a good old boy network in the industry but not with ITD but

“that is human nature, to go where you are comfortable.” She stated her comfort level is to go with the people that she knows although it is probably viewed as a negative.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that people are not closed out of opportunities with ITD. However, he stated there is a good old boy network everywhere although it is less pronounced in the public sector due to bidding rules and open meeting laws. He said that ITD is doing an extremely good job of not politicizing their projects but the legislature is trying to politicize them. He explained that generally ITD staff chooses the transportation projects on the basis of need. However, the legislature is attempting to evenly divide transportation monies across the state regardless of the need and population of the different regions.

Some interviewees reported feeling “closed out” of an opportunity because the prime contractor used a subcontractor within its own “network.” Interviewee #3, a white male-owned pre-stress concrete supplier, felt that it has been closed out of opportunities to bid because prime contractors use subcontractors within their own networks; he said, “with certain contractors it happens often.” Interviewee #3 does not think that there is a good old boy network in the industry, but some of the contractors who have been around for a long time do have certain people they are willing to work with.

Interviewee #30, a white male-owned engineering and plan-surveying firm, said that because his company is a small business, for projects that are packaged as large jobs, his company is able only to do a subcontract for small pieces. Interviewee #30 stated that the company has been closed out of business opportunities because a prime contractor used a subcontractor within its own network. There are environmental projects that Interviewee #30 has not been able to obtain because agencies have their “favorites,” and “there is no way to get in.” Interviewee #30 also said that people are being brought in from out of state to perform work even though there are local companies to do the work.

Interviewee #10, a female representative of a Native American male-owned engineering firm, stated that being closed out of opportunities “happens all the time. Companies work with people they are comfortable with or people they have experience with. If you’re new or you haven’t done work...it’s harder to get an opportunity.”

Interviewee #17, a white male-owned landscape architecture firm, said it has been closed out of certain subcontracting opportunities. If there are landscape architects on the large engineering firm’s own staff “they are going to use them instead of a sub-consultant, like me. However, that’s business.”

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, recalled that he has been closed out of certain opportunities due to a prime contractor using a subcontractor within his “network.” He stated that the work “tends to be on a basis of professional relationships” and that this is “not a bad thing.” He stated that there “used to be” a good old boy network but he does not feel it now.

Interviewee #11, a white male-owned construction company, reported that he had not personally experienced being closed out of an opportunity, but stated “[t]here might be some of that. It’s kind of human nature. If someone has worked with a certain contractor forever they might try to see if he’ll do it. I wouldn’t say it’s illegal, but sometimes helpful.”

ITA #3, an organization providing outreach to small businesses, stated that it is difficult for a subcontractor to get a prime contractor to use him because many prime contractors already have the subcontractors that they prefer to use. However, once a subcontractor is used, the prime contractor will usually use him again.

## **Bid Shopping**

**Some interviewees reported the knowledge of or experience with bid shopping by prime contractors.** (Interviewees #3, #5, #8, #12; ITA #1, ITA #2's member participant.) Interviewee #3, a white male-owned pre-stress concrete supplier, noted that he knows of multiple occasions where companies/prime contractors have shared bids of subcontractors in order to get lower bids and/or better pricing from preferred subcontractors.

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that bid shopping happens a lot in the construction industry, but he does not think that it happens on the technical side because that is all based on qualifications.

Interviewee #12, a white male-owned paving company, felt that “[b]id shopping is prevalent in the building contracting industry” and that this practice is “inappropriate.”

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, said both prime contractors and subcontractors have experienced bid shopping in both the private and public sectors. A member of ITA #2, a Hispanic trade association, who participated in the interview stated that bid shopping is a common practice.

Interviewee #5, a white male-owned heavy highway and building contractor, has heard of bid shopping, but stated that his company does not engage in that practice.

Interviewee #13, a white female-owned traffic control subcontractor, stated that when she first started her business in 1996, a person at ITD told her to hold her bid until the day before in order to avoid bid manipulation or bid shopping.

## **Bid Manipulation/Different Bid Criteria**

**Very few interviewees reported experiencing bid manipulation.** Interviewee #27, a Native American male-owned refractory construction contractor, noted that bid manipulation happens in larger corporations. Interviewee #3, a white male-owned pre-stress concrete supplier, recounted an experience where another contractor manipulated its bid by stating it had a standing discount with a particular company, and that company was able to obtain work using such a manipulative bidding rationale.

**Some interviewees reported that they felt certain bids were “tailored” or “written” for certain contractors.** Interviewee #10, a female representative of a Native American male-owned engineering firm, stated: “You can tell if something is targeted for somebody. If it’s way, way, way [too] specific. That doesn’t mean you know who it is, but you know it isn’t you.” She stated that this happens from time to time, but was not sure whether she had seen this on an ITD contract.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated the state just had an instance of bid manipulation—these were ITD projects in northern Idaho and they tried to ensure that local contractors received the projects instead of the out-of-state bidder.

ITA #3, an organization providing outreach to small businesses, stated he has seen other public entities, not ITD, tailor bids for certain contractors. “I think it’s a matter of efficiency and streamlining the bidding process.” These entities create specifications specific to a vendor—“size, experience, actual features, software.”

## **Fronts**

**Some interviewees reported knowledge of “DBE fronts.”** Interviewee #23, a Hispanic and Native American male-owned steel erecting company, said “I’m dealing with a minority company right now...they’re a sub and I’m a sub of them, but they’re also a DBE through the highway district...His wife is the...the figurehead, but he does all the work, and he’s always done all the work, and that gets into a whole different thing. You get a lot of these companies where they’re women-owned, and their wife answers the phone.” Interviewee #23 reported that DBE fronts occur “all the time.”

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that he is aware of sham DBEs where the husband owns the company, but it is in his wife’s name. Interviewee #13, a white female-owned traffic control subcontractor, stated that she “frequently” sees male-owned companies put the business in their wife’s name but the wife will do no work or only occasional bookkeeping. She stated the sham DBEs are “out there and have always been there.”

Interviewee #5, a white male-owned heavy highway and building contractor, stated that he had heard of DBE fronts. Interviewee #21, an Iranian male-owned consulting firm, suspects some firms in Boise are DBE fronts, but he has “no proof.” These are both minority and female fronts.

Interviewee #30, a white male-owned engineering and plan-surveying firm, thinks “there are a lot of DBEs that have management people that fit certain definitions so that they can get certification.” Interviewee #30 thinks that this phenomenon is more prevalent with minority-owned business, particularly those operated by Native Americans. Though he had no direct experience, Interviewee #14, a white male-owned road construction company, reported hearing stories of DBE fronts, “they get other people to organize and use a DBE as the owner, and so forth.”

A member of ITA #2, a Hispanic trade association, who participated in the interview stated that DBE fronts happen all the time.

Interviewee #28, a white female-owned engineering firm, stated that she has heard of DBE fronts (as between a husband and a wife) but she said ITD does a good job of sending someone out to interview the DBEs when they are trying to get certified.

## **Anecdotes Regarding Race, Ethnicity, and Gender**

### **Perceptions Regarding Whether Race-, Ethnicity-, and Gender Affects Ability to Engage in Business in the Idaho Transportation Industry**

**Some trade associations felt that race and ethnicity was a barrier to receiving work.** ITA #3, an organization providing outreach to small businesses, feels that race and ethnicity can affect a business’ ability to get business in the private sector. He attributes this to language barriers and communication issues. He has seen this with some Hispanic as well as Romanian and Serbian clients. He also believes there are some cultural differences and prejudices against certain minority groups. He believes there are stereotypes that certain ethnicities have a lower work ethic. He has also seen religious differences cause issues regarding the workweek. He hears these issues from the DBEs. The DBEs base their information on the fact comparable non-minority businesses beat them out for projects. Some of these DBEs have related specific experiences to ITA #3.

According to ITA #3, a female owner of a welding operation complained that a prime contractor on a private sector project would not give her the specifications or allow her to bid because of her gender. ITA #3 said that a Hispanic post-construction clean-up company complained that it was not allowed an opportunity to provide a proposal on a private contract because of ethnicity. According to the owner, the prime contractor told him that they did not trust his work ethic, and he knew they could not keep up at the pace they needed.

ITA #6, a Native American organization, stated: “There still is discrimination, not as blatant as it once was, could be de facto discrimination where we choose to be separate or it could be discrimination to us. It still exists.” Nonetheless, she does not believe there is discrimination within ITD. “Let’s say we had 10 Indian contractors certified as DBEs. I think that ITD would make the good faith efforts.” “In District 5 we seem to have the best working relationship of all the TEROs in Idaho with ITD.” “ITD has been pretty good” about meeting our goals on projects.

ITA #6 reported several examples, all within the last five years, of how ethnicity and gender has affected her members’ ability to receive work. In one example, a very large prime contractor secured a project on and near the reservation. The contractor was required to comply with TERO and extend recruitment to all protected classes. Her office referred two Native American female rollers. “The foreman either didn’t like Indians or women.” When the women were on the roller, he would travel behind them and “ram his roller into their roller.” Both of the women quit after the project superintendent ignored their complaints. The women came to her office and reported what had happened. She asked whether they wanted to file a complaint. They said no because they had to work with these people in the future and “they didn’t want to rock the boat.” ITA #6 contacted ITD and together they approached the project manager employed by the prime contractor. He was aware of the situation. The foreman was disciplined, but not removed from the project. The manager offered to take the women back, but they chose not to return. ITA #6 stated that this is not the only incident where her female members were assaulted or attacked. She has worked with ITD on these matters. “I think we’re pretty good at collectively trying to nip it in the bud.”

ITA #6 stated that periodically another prime contractor sends out recruitment forms seeking heavy equipment operators. Her office makes referrals every time. The prime contractor interviews these businesses, but never hires them. ITA #6 believes that other contractors would “scoop these businesses up in a heart beat.” ITA #6 sees this as an example of where a “basic extension of good faith effort” is made, but not genuine. ITD officials have contacted this prime contractor and questioned him on his hiring practices. ITA #6 stated that there are also contractors who will only hire Native Americans for the portion of work on the reservation, and then “cut them loose” when that portion of work is complete.

ITA #7, a trade organization for minority females, stated that her members have been “somewhat” successful in the public and private sectors. However, as a woman they tend to get the lower paying work. Most of her members, particularly those in the rural areas work in factories, on farms, or in restaurants. She stated that it is difficult for women to realize that they can start their own business and obtain the skills necessary to work with public entities such as ITD.

**Some minority or female-owned businesses interviewed felt that race, ethnicity, and/or gender negatively affected their ability to obtain or engage in business with non-ITD projects.** No business reported that race, ethnicity, and/or gender negatively affected their ability to obtain work directly with ITD. Interviewee #24, a Native American heavy construction contractor, noted that there have been issues on public sector, non-ITD projects where Interviewee #24 felt that race and ethnicity affected the company’s ability to obtain or engage in business. Interviewee #24 was low bid on a public job. One company turned in

its bid late so the project was re-bid. He believes this occurred so a certain local company would receive the work.

Interviewee #13, a white female-owned traffic control subcontractor, stated that her gender has not affected her ability to obtain business with ITD, but it has on non-ITD projects in the public sector and in the private sector. She stated that some companies have never hired her and never will because she is a female. She stated that when a male enters the traffic control business they will hire him immediately. Interviewee #13 stated that as long as there are DBE goals, there are no barriers or obstacles to obtaining work with ITD. However, if the contracts do not have DBE goals then she does not get the work—she pointed to the fact that she has never received a state ITD project (without goals) as evidence of this. She stated that in the private sector some companies simply will not hire her because she is a female. She stated that she did not believe a prime contractor has ever refused to work with her because she was a DBE but she does believe they may have refused to work with her because she was a woman. Interviewee #13 gave an example of a large road project where her bid was several thousand dollars less than the next subcontractor; the other subcontractor who was a male received the job. She stated that this project did not have a DBE goal. She stated that it is very hard to be in this business as a woman.

Interviewee #26, a Native American/Hispanic female-owned demolition company, felt that race and gender was “sometimes” an obstacle to receiving work. “Until you build a relationship or until people get to know you, it’s a true barrier, because you’re in a so-called ‘man’s field’ ‘man’s world’ and it’s tougher.”

Interviewee #29, a white female-owned consulting engineering corporation, recalled a couple of isolated incidents in which she felt her gender affected her ability to obtain work. With “older gentlemen that have been in construction all their life” it is sometimes “hard to break the ice. However, once we show them what we can do, it’s fine. If I didn’t have the DBE hook to break the ice, I wouldn’t have gotten in.” She stated that it is difficult to get your foot in the door, but once you do and do good work, you are going to be a success.

Interviewee #16, an African American male-owned traffic control subcontractor, stated that he has been fairly successful working on ITD jobs; however, he stated that it became very difficult for him when the definition of DBE was expanded to include women because they were then his direct competitors. He said that many prime contractors would prefer to work with a white woman than with a African-American man but “that’s life.”

Interviewee #25, a white female-owned flagger traffic control business, noted that the company has had issues as a woman-owned company, stating that the male ego often gets in the way. Gender has affected the company’s ability to obtain and engage in business with prime contractors; it’s “really a problem with the general contractors.” “Some contractors think that we should not be, as women, on the project.”

Interviewee #25 noted that offensive comments are the norm and that it is the nature of the business. “Comments and attitudes...wisecracks...can put me in a bad mood, and that affects my bidding and negotiating, and getting the job.”

**Most minority or female-owned businesses interviewed felt that race, ethnicity, and/or gender did not negatively affect their ability to obtain or engage in business.** Interviewee #21, an Iranian male-owned environmental consulting firm, reported that race was “not really” an issue. “I’m pretty popular. These guys in the middle of nowhere in Idaho, once they get to know you they’re really good people.” He thinks his participation in community events helps him in his business. “Actually, I’ve had good experience with Idahoans in this area, contrary to what you hear, I haven’t seen that. In this part of the country, people are

somewhat uninformed, they want to just live their lives...it may be that old cowboy culture, once they get to know you, they'll do anything for you." He has not heard of discrimination or stereotyping. "I've lived in the U.S. for 35 years and with the exception of one time in Lincoln, Nebraska I have not experienced discrimination." He stated that discrimination is a systematic process whereby the industry tries to "squeeze you out." Name calling or talking behind his back does not bother him as long as it does not disturb his business.

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, stated that stereotyping "occurs but I have no direct experience." He recalled that when he worked for ITD over 10 years ago he heard ITD employees make ethnic comments and jokes and use negative terms to refer to certain groups. He does not believe this affected DBE firms' ability to obtain work. Rather, he believes these were the views of certain individuals within ITD. He has not heard such comments in the last 10 years.

Interviewee #10, a female representative of a Native American male-owned engineering firm, believes that its ethnicity works in its favor. "As far as work, there are some companies that target Native Americans." "When you work in the west there's a larger percentage of companies that target Native Americans because it's a larger subgroup of the population." "I think there are some companies that like to give opportunities to minorities."

Similarly, Interviewee #22, a Hispanic male-owned concrete contractor, noted that his race and ethnicity has beneficially affected his ability to obtain or engage in business with ITD in a positive way because of his DBE status. However, Interviewee #22 has not noticed this with prime contractors, in other public sector or private sector work.

Similarly, Interviewee #1, a white male-owned corridor planning business, remarked that race, ethnicity, and gender worked in a businesses' favor. "The only time in which might it come up is in a strategy about how to get a job—you know 'well, gee, if we want this job we should have two more women.'"

Interviewee #12, a white male-owned paving company, said "what I have seen, DBEs in most cases aren't disadvantaged. They are solicited pretty heavily because of the requirements. However, on the same hat, most DBEs are good contractors." He was not aware of any stereotyping or discrimination.

Interviewee #4, a male representative of a white female-owned construction company, stated that gender has not affected their ability to obtain business and described the work environment for DBEs as "good."

Interviewee #9, a Native American male-owned underground utility company, does not believe that race/ethnicity has ever affected his ability to obtain or engage in business. Interviewee #9 describes the work environment for women/minorities/DBEs in the Idaho transportation industry as good, stating "I think they try to do a good job."

ITA #8, the Idaho District Office of the SBA, stated that she does not believe there is discrimination in the Idaho transportation industry, but rather selection is based on "performance and capability."

ITA #9, a trade association representing general and subcontractors, stated: "Everyone will take anyone they can get with a qualified crew. If there is discrimination it is based on somebody who is undercapitalized and can't deliver the job on time and on budget." He stated that he has been in the industry a long time. "If there's anything at all, it's that construction is a male-dominated area and so I would say females have had a bit of a" rough time, "but that is based on perceptions of competence in construction." One of the best

contractors in the state is a female owner of a guardrail company. “She probably had a tough time in the beginning.” He thinks she is too large now to be a DBE, “and she still gets used.”

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that race, ethnicity, or gender does not affect a business’s ability to obtain or engage in business with ITD or on other public sector projects, although he believes that this does happen in the private sector. Race, ethnicity, or gender will assist a business in obtaining work with ITD. ITA #1 stated that most of the barriers that every businesses faces is that they are a new company lacking experience on a larger project, and it is difficult to get in the door. He stated that many businesses are having a hard time finding qualified employees because the unemployment rate is only at 3 percent.

**One interviewee reported that religion affected her ability to obtain work in certain areas of Idaho.**

Interviewee #29, a white female-owned consulting engineering corporation, stated “Idaho has a religious culture and in some areas we can’t compete.” She stated that there is a large concentration of Mormons in the Twin Falls and Idaho Falls regions. She no longer competes for projects “east of Idaho Falls...in districts five and six.” She stated that having gone to a Catholic university and as a woman, she does not have a chance of receiving these jobs. She reported that this barrier exists within ITD and with the prime contractors in these areas. She feels that ITD and prime contractors in that location “only give business to members of their church. Non-Mormon firms can’t compete over there.”

**Perceptions Regarding the Work Environment for Minorities and Females in the Idaho Transportation Industry**

**Most interviewees stated that the work environment is good, fair and open for minorities and females in the Idaho transportation industry.** Interviewee #22, a Hispanic male-owned concrete contractor, stated that the work environment for minorities is “good” and that his experiences and “jobs have been positive.” Interviewee #27, a Native American male-owned refractory construction contractor, recalled no negative experiences in the work environment for women and minorities in the Idaho transportation department. Interviewee #16, a African-American male-owned traffic control subcontractor, stated that the work environment of DBE’s, women, and minorities in the Idaho transportation market is “normal,” and that most people are good people.

Interviewee #5, a white male-owned heavy highway and building contractor, believes there are a lot of opportunities for women, DBEs, and minorities, and they are always looking for competent DBE contractors. Interviewee #17, a white male-owned landscape architecture firm, stated that the work environment for DBEs is “good...as far as I know” and was not aware of any discrimination.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that the work environment for DBEs, women, and minorities is the same as it is for everyone else. He stated there is no special treatment.

Interviewee #31, an Asian/Pacific Islander male-owned pavement inspections business, had not experienced any offensive or discriminatory behavior, noting that people within the industry were very careful not to offend because “everyone’s pretty scared, actually.”

Interviewee #26, a Native American/Hispanic female-owned demolition company, described the work environment for women, DBEs and minorities in the Idaho transportation industry as “pretty good.” Interviewee #26 has heard of stereotyping and offensive comments or behavior “maybe a little bit.”

Interviewee #26 reported “never to your face, but you might here back...like ‘that crazy Indian woman’ or something like that.”

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, was unaware of stereotyping in the Idaho transportation industry. He said the prime contractors are “not known for their p.c. behavior,” but they are not targeting their offensive comments toward any one group. He also stated there are some people out there who are truly professional. He said that people do not complain about offensive behavior because it is the price of doing business in the industry. He was unaware of any of the businesses they assist being subject to discrimination or sexual harassment; but he stated it is a male-dominated industry.

Interviewee #18, a female representative of a white male-owned architecture firm, feels that the work environment for women and minorities is positive. One of the female partners reported that she has worked in almost every district in Idaho and stated: “I got to see a lot of stuff. I am very impressed with the quality of people I encountered...When I first started I was one of the few women in the construction world. Invariably the contractor would walk up to the male draftsman and start talking to him.” This does not happen as often as it once did. Occasionally, people mistake her for the interior designer as opposed to the architectural designer. She feels that stereotyping based on ethnicity is rare because the Idaho Falls area “does not have a lot of diversity.” She does not feel that there is discrimination in the Idaho transportation industry.

Interviewee #2, a white male-owned guardrail construction contractor, stated, “the contracting industry in...the Northwest from his 40 years of experience has always been price (and only price) driven. Thus the ‘low responsible bidder’ was always awarded the work until government mandated discrimination came to the table in 1982 and uprooted and set aside the competitive bidding system.” Interviewee #2 believes that “it is a simple fact that he nor anyone else that he knows in the industry cares a whit about a business owner’s race, color, gender or anything else. Are they the low bid and can they perform the work? That’s what matters. The problem here is the existence of a whole bureaucratic society of professional victim advocacy that simply will never abate the idea of taking from one and giving to another in the name of “remedy.” The jobs and careers of may depend on this “wrong” never going away.

**Some interviewees reported discrimination, stereotyping and a less favorable work environment for minorities and females.** Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that in general there is a certain amount of animosity toward DBEs and other small businesses. He stated that he has never seen overt discrimination, but he could see it occurring covertly. He stated that Idaho is 99 percent white. He stated that the Aryan Brotherhood is in Northern Idaho and there are stories from that area. He believes DBEs are brought in to fill requirements, and it is a bonus if they do a good job. He said that in the environmental field they are looked on with “fear and loathing” because it is an undefined area. He stated that there is a cultural issue both with them being a small DBE firm, coupled with the area of their expertise. Interviewee #8 said he has experienced stereotyping as a subcontractor because “there is a requirement to use you.” He stated that what sometimes happens is that he will be placed on a team, but the prime contractor has hired two different companies to do the same thing, which is inefficient and costly to the client. Sometimes, he said, prime contractors will hire separate companies to do different portions of the project, which is also problematic.

Interviewee #24, a Native American heavy construction contractor, stated that the environment is “improving,” noting “that without the goals it’s kind of hard.” “There are a lot of prime contractors out there that will use a DBE, but then there’s some that if they don’t have to, they aren’t using DBEs as much as they should.”

Interviewee #5, a white male-owned heavy highway and building contractor, has witnessed offensive comments and behavior, which generally come from non-management on-site at projects. Interviewee #5 is aware of race issues in the Idaho transportation industry, but noted that these issues are “not highly prevalent anywhere.” Interviewee #5 noted that sexual harassment is not tolerated, but sometimes it happens.

Interviewee #25, a white female-owned flagging and traffic control company, reported generally that the work environment for DBEs in the Idaho transportation industry is hard, but it has become better over the years. Interviewee #25, stated “the DBE Program has backed us and supported us and without the DBE Program we would have a lot more problems.” Interviewee #25 “thinks that the only reason why they’re still being used at this point by some contractors is because the DBE office has suggested that [prime contractors] keep using [DBEs].” “If the DBE goals do not come back we are headed for some hard times.”

Interviewee #28, a white female-owned engineering firm, stated the work environment for women and minorities in the Idaho transportation industry is “non-existent.” She said that women and minorities have to “scrap” and be more aggressive and come up with creative marketing because the industry favors large, national firms. She stated “it does not play well for small DBEs.” She said the work that does come is in large packages. She stated that the term “non-existent” may be harsh, and that she is getting work, but it is not easy. She felt that the transportation industry has been the toughest market in Idaho for her company to break into.

ITA #2, a Hispanic business trade association, stated that she has observed a lot of women as flaggers but she has not seen them operating heavy equipment. A member of ITA #2 who participated in the interview said that there are a lot of Hispanic men and women working on construction sites; but the supervisors are white. ITA #2’s member stated the white supervisors treat the workers poorly.

**Two interviewees reported that there was a stigma associated with being a DBE.** Interviewee #21, an Iranian male-owned environmental consulting company, believes there is a perception that DBEs are less qualified. “That’s not true in my case. I am too proud to look for a hand out. All I want is an opportunity. I’ve competed with a lot of big firms with no problems.”

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that his ethnicity has affected his ability to obtain or engage in business “a little bit.” He explained that there is a stigma attached to the DBE Program, which attaches to a small business once they enter the DBE Program. He stated the stigma is that “you’re small, you’re in the DBE Program, and therefore you don’t know what you’re doing.” He stated that prime contractors are skeptical that DBEs have the necessary expertise.

**Some interviewees felt that there were still barriers for females due to the male-dominated nature of the construction industry.** Interviewee #25, a white female-owned flagging and traffic control company, noted that sexual harassment still occurs. She stated that on various jobs men talk to and flirt with flaggers more than they should. Interviewee #25 had heard of discrimination, once even leading to a wrongful termination lawsuit. Interviewee #25 has also heard of swearing and offensive comments on worksites. Interviewee #25 recalled the incident where an ITD regional employee called her a derogatory name, which was highly offensive, and Interviewee #25 felt retaliated against when she complained about this incident.

Interviewee #33, a Native American female-owned road construction business, reported one incident in which she was seeking to communicate with a subcontractor regarding work, and the subcontractor refused to communicate with her and wanted to speak to her husband. Interviewee #33 told him “if you don’t speak with me, then you don’t speak with anybody.”

Interviewee #13, a white female-owned traffic control subcontractor, stated the work environment for women and minorities is “pretty good except for some of the ITD inspectors that are new.” Interviewee #13 also stated that 80 percent of the time if she is standing with one of her male employees, the inspector, prime contractor, or whomever else she is speaking with will only speak to her male employee and not to her. She also relayed an experience in the private sector wherein a company with whom she had 90 percent of her work fired her in favor of a male-owned company. She stated that when the owner called her into his office and told her she was fired, she repeated loudly “you’re firing me?,” and he closed the door because he did not want anyone to know. She believes she was fired because the prime contractor preferred to work with men.

ITA #2, a Hispanic trade association, stated “a woman going into the construction industry has to understand what she is going into.” If the woman is going to get offended by the language in this industry then she should not work in that industry. A member of ITA #2 who participated in the interview stated that his wife was offended by some offensive language and simply told the men to stop speaking that way. ITA #2 stated that everybody stereotypes other people.

Interviewee #3, a white male-owned pre-stress concrete supplier, stated, “I think that a lot of the business is pretty good.” Interviewee #3 has had women work for the company, but the women “don’t usually stay very long because it’s such dirty work.”

### **Participation In and Awareness of Race-, Ethnic-, and Gender-Neutral Programs or Measures**

**Most interviewees had participated in or were aware of race-, ethnic, and gender-neutral programs or measures sponsored by ITD.** (Interviewee #1, #4, #5, #8, #10, #11, #12, #13, #16, #17, #18, #21, #22, #24, #25, #26, #27, #28; ITA #1, #2, #3, #4, #5, #6, #7, #8, #9.) For example, Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that Idaho has the best outreach of any state that he has worked in based on the monetary support. He stated that ITD had a bonding company out of Portland and they offer some “really good financing classes.” He stated it would be great if they offered an accounting class. He stated the ITD offers a lot of outreach programs, “as much as I would like to see.” He stated the marketing and technology vouchers are great and he would like to see more of that.

Interviewee #16, a African-American male-owned traffic control subcontractor, stated “there are a lot of good things going on” with respect to programs from ITD. Interviewee #13, a white female-owned traffic control subcontractor, stated that she used to attend a number of classes put out by ITD (four to five years ago) and they were very helpful. She specifically recalled attending a class on bidding and one on non-discrimination. She stated that ITD is very good about reimbursing individuals for class registration fees. She stated that she looked into a class on bonding, but did not pursue it because she did not need bonding.

Interviewee #28, a white female-owned engineering firm, stated that she receives emails “all the time” on training efforts and she thinks the EEO Offices support services staff are doing a good job with the DBE Program. She stated that ITD is good about offering to pay if a DBE wants to attend a conference or training program. She stated that she has not yet participated. Interviewee #22, a Hispanic male-owned concrete contractor, has received information in the mail for classes, but the company has never taken advantage of these opportunities.

Interviewee #1, a white male-owned corridor planning business, noted that he is aware of ITD programs “there are two-day seminars...and I look at them and I go ‘these are for the big projects.’” Interviewee #1

stated “I want more help, but I also don’t want more hassles, so I’m kinda’ talking out of both sides of my mouth.”

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that in the past, ITD has gone out of their way to assist DBEs, but he was unaware of recent efforts. He knows ITD has a number of training programs related to understanding the bidding process and how to do business with ITD.

ITA #4, a minority trade association, stated that the EEO Office has held seminars for the association’s membership regarding Section 8 (a) contracting, particularly for Native American members. The SBA also provides information to the association’s members, but it has not yet provided one-on-one counseling for the association’s members.

### **More anecdotes regarding interviewees’ awareness of ITD programs follow.**

**Some interviewees were aware of programs by others.** Interviewee #12, a white male-owned paving company, has been to programs and workshops sponsored by the Associated General Contractors. The AGC has workshops that relate to ITD and discuss the specification requirements; however, Interviewee #12 has not attended these programs. Interviewee #10, a female representative of a Native American male-owned engineering firm, goes to business workshops a few times a year. They have gone to several sponsored by the Environmental Protection Agency, the Department of Energy and the tribal authorities. Sometimes these programs focus on technical issues and other times include general information about how to work with these entities. According to Interviewee #4, a white female-owned construction company, “USIPTA has some training available and they help you with interface on public works jobs.”

ITA #3, an organization providing outreach to small businesses, stated that he has seen great success stories from small businesses including DBEs that have participated in the College of Southern Idaho Business Incubator. This program offers financial assistance and business training to small businesses.

### **Some trade associations stated that they have teamed up with ITD to offer programs. (ITA #3, #5, #6.)**

ITA #3, an organization providing outreach to small businesses, sponsors training sessions once per year with ITD and SBA. Additionally, ITA #3 puts on sessions every two weeks to educate small business about starting a business, how to market, doing business with the government and other topics. They average 15 attendees per session.

ITA #5, an organization providing outreach to small businesses, also sponsors training sessions, which reach roughly 2,000 clients a year. These trainings vary from three-hour workshops to 40-hour classes. The trainings are typically focused on a particular specific topic, e.g. the 10 to 12 hour class on QuickBooks accounting system. The longer courses include lessons on how to set up business plans. According to ITA #5, this is extremely important. “Without a business plan and without a track record, it’s really hard to get a large contract.” The instructors are typically owners of successful businesses in the area. ITA #5 does not offer special programs specifically for DBEs but rather welcomes all small businesses. “We give our trainings to [the EEO Office] and they put them on the statewide DBE newsletter. All the resource groups get to put their trainings in those newsletters. It’s a great help to our marketing efforts.”

According to ITA #5, if a DBE wants to take a course and cannot afford it, ITD will cover the cost of the training. These training programs have been well-received by DBEs. It costs roughly \$295 for a 10 week business training course, but most other programs cost about \$50. The training courses are not necessarily targeted toward the construction industry. Rather, the businesses receive targeted, industry-specific advice through ITA #5’s consulting services. The consultant might help the business with how to submit a bid, how

to get a bond, how to get a contractors' license, and related matters. The consultants will assist contractors with generic bidding tools and software. "One of the main hardships for contractors is forgetting certain parts of a bid and not knowing how to price things properly." The consultants will refer businesses to professionals, such as attorneys, accountants, or bankers, as needed for more assistance. "If we don't have the expertise internally, we'll find it for the business."

ITA #5 meets with ITD at least once a year to discuss the DBE Program and how to "cross-sell" their services. ITA #5 stated that it frequently refers clients to ITD to discuss certification. In addition, ITA #5 teams up with ITD at least once a year to put on a program. ITD typically picks the place and date and advertises in the local community. They invite representatives from the Air Force base, SCORE, CDC, SBA, Idaho Department of Purchasing, Boise Chamber of Commerce and others to speak at these programs. During the program, ITD gives a "wonderful packet" to the attendees, which "explains thoroughly the DBE program and the requirements, as well as what the services are of those resource groups that are participating." Each entity "takes as much time as they want to discuss their program and let them know we're there to help."

Once a year, ITA #6, a Native American organization, teams up with ITD or SBA to put on a workshop or seminar. These workshops or seminars usually last one day and target the local community, Native American and non-Native American. They discuss how to get certified as a DBE, SBE, or TERO, how to do business with these agencies, how to maximize solicitation opportunities, and how to qualify for contract set-asides. They generally get a "pretty good turn-out." Nonetheless, attendance at these programs does not necessarily translate into increase participation in the work. She does not feel they have been successful in targeting Native Americans. She knows of very few Native American-owned businesses certified with ITD and no Native American-owned businesses certified with SBA. There is "low interest in certifying" with these organizations "and I don't know why." "The opportunities are not being taken advantage of by Indians or even other minorities." "You can lead a horse to water, but you can't make him drink."

ITA #6 is aware of ITD's "supportive services." She stated that when DBEs need assistance, ITD offers small monetary assistance, scholarships, and technical training. ITA #6 recently hosted a trade fair and business exchange for any minority-owned or small business. These businesses were invited to set up booths in order to network with the public and other businesses.

ITA #6 stated: "I know [the staff at the EEO Office]. We've collaborated in the past for the last four years. I think the DBE and TERO programs are doing their best to try to bring the information to the people, but somehow we need to have more follow through, hold their hand and try to get them through the process, whether it is certification, or electronic bidding." "There are more than enough opportunities to capitalize on these initiatives." In the end, "we have to leave it up to the businesses owners to take advantage."

### **Assistance With Bonding, Insurance, Financing, and Capital**

**Some interviewees were aware of programs aimed at assisting small businesses to obtain bonding, insurance, or financing.** Interviewee #26, a Native American/Hispanic female-owned demolition company, reported that she has attended classes dealing with bonding, insurance, and financing, education/training programs, and programs on how to do business with ITD. She reported that she became aware of them through the DBE program.

Interviewee #25, a white female-owned traffic control business, is aware of programs to assist businesses with financing. They have taken advantage of those opportunities and find them helpful. Interviewee #9, a Native

American male-owned underground utility company, reported that he has knowledge of outreach efforts/programs assisting with bonding, insurance, and financing/ educational programs through newsletters.

ITA #8, the Idaho District Office of the SBA, stated that the SBA works with sureties in every state and if a business fills out certain paperwork the SBA will guarantee up to \$2 million. This is similar to what they do with their financing programs. The SBA will guarantee up to 80 percent on certain loans. If the loan goes into default the SBA will purchase the loan and take over its servicing. According to ITA #8, only one Idaho firm has taken advantage of the surety bond program in the last two or three years. ITA #8 lets people know about it during the workshops. "It might be the paperwork or they aren't doing jobs big enough."

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, referenced programs offered by ITA #1, the Hispanic Chamber of Commerce, the AGC, and ITD that offer assistance to small businesses to prepare a business plan, and obtain bonding and financing.

### **Educational, Training, Technical Skills**

**Some interviewees are aware of ITD programs aimed at educating, training, or improving the technical skills of small or disadvantaged business owners.** ITA #9, a trade association representing general and subcontractors, stated that "ITD does some seminars. DBEs get a great deal. ITD provides some of the same type of services that we do. They are not an intentional competitor, but they are a competitor because they're providing services to these smaller firms who otherwise would either not know how to do it or they would have to join AGC to learn how. Other firms pay us to do that type of thing."

Interviewee #12, a white male-owned paving company, knows that ITD has some training and educational programs, but he has not attended. "Most of the workshops that I'm aware of do not relate to my industry." For example, ITD has held programs on "super pave" but "this is a technique used on multi-million dollar contracts which I am not capable of bidding."

Interviewee #7, a Hispanic male-owned biological environmental consulting firm, is aware of training and educational programs sponsored by ITD. He has received emails regarding these programs but he has never gone due to timing issues or because he felt he did not need the particular training offered. He is also aware of how-to-do-business-with-ITD workshops.

Interviewee #11, a white male-owned construction company, stated: "Sometimes [ITD] will send information about" programs. "A lot of its safety and a lot of it has to do with DBEs." He has not attended any programs within the last five years.

Interviewee #25, a white female-owned traffic control business, is aware of education programs and financial programs because of the DBE Program newsletter. Interviewee #25 has attended the educational programs and they have been somewhat helpful. Interviewee #25 attends a class each year on the DBE Program sponsored by ITD.

Interviewee #27, a Native American male-owned refractory construction contractor, engaged in some of ITD's online business courses for DBE entities, and they bought estimation software through the DBE assistance program.

Interviewee #5, a white male-owned heavy highway and building contractor, has experience with several of ITD's programs, particularly the programs geared towards education and training.

Interviewee #21, an Iranian male-owned environmental consulting firm, was aware of ITD training programs. “I lot of those I don’t really need, I’ve got my own training.” He was also aware of the marketing reimbursements. “They do advertise here and there, but they cut off some of those fundings” for reimbursement.

Interviewee #24, a Native American heavy construction contractor, noted that ITD partners with the Idaho Business Network, and there is shared knowledge about job opportunities. Interviewee #24 has participated in ITD training and education programs that were successful.

ITA #5, an organization providing training to small businesses, puts on training programs targeted toward a variety of areas including the construction industry. If a DBE wants to take a course and cannot afford it, ITD will cover the cost of the training. ITA #5 sometimes has professors from the state universities teach these programs.

### **How To Do Business With ITD**

**Some interviewees were aware and/or have participated in programs regarding how to do business with ITD.** Interviewee #10, a female representative of a Native American male-owned engineering firm, traveled to Boise once for an ITD workshop. They discussed doing business with ITD and upcoming opportunities. She is not aware of any workshops in Idaho Falls.

Interviewee #18, a female representative of a white male-owned architecture firm, has been sent some notices on “how to do business with ITD” workshops. They did not attend these meetings because they “were at a bad time and I was very busy.”

Interviewee #24, a Native American heavy construction contractor, knows that programs exist regarding how to do business with ITD and DBE workshops. Interviewee #24, a Native American heavy construction contractor, is also aware of efforts by the Idaho Business Network and the SBA to outreach and increase participation of DBEs to do work with ITD. Interviewee #5, a white male-owned heavy highway and building contractor, and Interviewee #27, a Native American male-owned refractory construction contractor, have knowledge of ITD programs on how to do business with ITD.

Interviewee #17, a white male-owned landscape architecture firm, was aware of professional conferences sponsored by ITD. At these conferences, ITD informs attendees of upcoming opportunities to work with ITD. ITD also holds “look-ahead” meetings. In addition, he has seen mailers come out for programs specifically targeted toward DBEs.

Interviewee #25, a white female-owned flagging and traffic control company, is aware of outreach efforts by local airports to promote working with ITD.

### **Efforts to Segment Larger Contracts into Smaller Contracts (Unbundling Large Contracts)**

**Most interviewees were not aware of efforts by ITD to segment larger contracts into smaller pieces to promote opportunities for small and mid-sized firms to act as prime contractors.** Interviewee #4, a male representative of a white female-owned construction company, stated that with respect to ITD segmenting contracts “they don’t do enough of it...There’s only one contractor within 300 miles of here that can handle ITD projects.” This contractor “has no competition.” “There’s pros and cons to that. You want a big contractor that can handle these major jobs timely. If you break it down too far you might get some

questionable people...but there ought to be more competition.” “I see a lot of one bidder, two bidder deals where there used to be 15.”

Interviewee #5 knows of ITD’s efforts to segment its larger contracts, and the company thinks “it’s great,” as it provides “better opportunity for local contractors” and “connecting with Idaho partners.” Interviewee #17, a white male-owned landscape architecture firm, stated: “I’m aware that ITD tries to do that [unbundle large contracts],” but he does not know whether it is working. Interviewee #13, a white female-owned traffic control subcontractor, stated that an effort to unbundle larger contracts would be good, but she had not heard of it happening.

Interviewee #28, a white female-owned engineering firm, stated that she is not aware of any efforts to segment larger contracts into smaller ones. She indicated just the opposite is happening. She stated that under CIP the projects are a lot faster and larger “so you’re 0 for 2 if you’re a small firm.”

### **Simplify and Streamline the Bidding Process**

**Very few interviewees were aware of efforts by ITD to simplify or streamline the bidding process.**

Interviewee #5, a white male-owned heavy highway and building contractor, noted that ITD may be headed towards electronic bidding, which would simplify and streamline the process.

Interviewee #4, a male representative of a white female-owned construction company, stated that “ITD is putting a lot more responsibility on the contractor.” ITD has moved toward “lump sum bidding.” He would like the work to be broken out and itemized to include “quantities” as opposed to requiring the contractor to research the job and do a certain amount of guess work. “You have to do your own take-offs and figure out how many loads will come out of a demolished building.”

### **Monitor DBE Utilization**

**Some interviewees were aware of efforts by ITD to monitor DBE utilization on work sites.** Interviewee #24, a Native American heavy construction contractor, knew of ITD visiting work sites to see what companies are doing as far as compliance with DBE utilization. Interviewee #25, a white female-owned flagging and traffic control company, stated that ITD monitors its worksites for DBE utilization and that they used to “nag” her about not spending enough time on certain jobs.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that ITD does visit work sites to monitor DBE utilization. Interviewee #9, believes ITD visits work sites to monitor DBE utilization.

Interviewee #11, a white male-owned construction company, was not aware of whether ITD still monitors DBE utilization. “It used to be that you couldn’t get the job unless you had 10 percent minorities. You had to give the name of the subcontractor you were using and they would check up.”

Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that ITD tries to do audits and monitor DBE utilization and they are really good at this on the construction side. Interviewee #5, a white male-owned heavy highway and building contractor, has been through an Interviewee DBE compliance audit where an EEO officer completed the audit; “it was a positive process.”

Interviewee #22, a Hispanic male-owned concrete contractor, did not have experience with ITD monitoring DBE utilization, but he recalled an occasion when the state came to check on Davis-Bacon wage payments.

## **Recommendations by Interviewees**

The following is a compilation of recommendations received from the contractors and trade associations interviewed. Each of the interviewees was offered an opportunity to list the recommendations and changes they feel are most needed to improve ITD contracting and procurement procedures and specifically the DBE Program. All of the respondents made at least one suggested recommendation for improving ITD program. The recommendations below are, when possible, presented in the interviewee's own words and grouped by the number of similar responses. This section also provides some general recommendations that are based upon problems or issues identified by the interviewees and suggestions they made to address the problems and issues.

### **Segment, Unbundle, or Breakdown Large Contracts**

Several businesses suggested breaking larger contracts into smaller pieces so that small businesses or DBEs could participate as prime contractors. Interviewee #10, a female representative of a Native American male-owned engineering firm, would like ITD to segment the engineering and construction components of projects. "If they want a diverse number of companies to be able to successfully bid they need to package their work differently. By focusing on the construction element, they put it in the hands of the construction companies to pick and choose who they use. If there is a significant component of it that is engineering or regulatory support, if they could segment it out, then there might be more opportunities for companies like ours." Interviewee #8, a Hispanic male-owned environmental consulting firm, stated that ITD "really, really need[s]" to work on unbundling contracts. He stated they also need to unbundle environmental from engineering. Interviewee #29, a white female-owned consulting engineering corporation, recommended ITD continue to "break out jobs into smaller pieces." "In order for me to compete on projects where I'm a prime, I can't go after multimillion projects." She stated that ITD "used to do a better job of it." She understands that it could cost ITD more money to award contracts this way.

### **Reinstitute Race-, Ethnic-, and Gender-Conscious Goals**

Some businesses suggested reinstating the race- and gender-conscious goals. Interviewee #13, a white female-owned traffic control subcontractor, recommended the implementation of more, and higher, DBE goals. She stated that the pre-January 2006 goals were better than they are now, but still could be higher. She stated the only public or ITD jobs she receives are those with DBE goals. She feels the DBE goals help her tremendously.

Interviewee #29, a white female owned consulting engineering corporation, would like ITD to bring back the mandatory goals. She believes the DBE Program and the goals were "invaluable" to her as a new and emerging female-owned firm. "I couldn't have survived without it." It allowed her to receive experience and build business contacts. Now that she has been in business over nine years, she has a reputation and is frequently solicited by prime contractors that used her to fulfill goals.

Interviewee #25, a white female-owned flagger and traffic control business, recommended that the DBE goals be reinstated on ITD projects. Interviewee #25 noted that the Program has helped the company tremendously and that the company would not have been successful without it, especially given the nature of the construction industry for women. According to Interviewee #25, the DBE Program in Idaho has broken down perceptions about women. She stated that the EEO office is very responsive.

ITA #4, a minority trade association, recommended that ITD not follow suit with Washington's Initiative 200 because that would close the door to Idaho, and they would lose a diverse pool of vendors and suppliers for Idaho Transportation.

ITA #9, a trade association representing general and subcontractors, offered suggestions with regard to the goal-setting process. He noted that before January 2006, ITD established mandatory project DBE goals. The officials setting the goals did not have construction experience and therefore sometimes the goals were unrealistic and out of touch with the industry. He suggested ITD hire retired contractors to assist in goal-setting since these contractors would uniquely understand how a project is built and the true subcontracting opportunities.

ITA #9 further believes ITD's current method of determining availability is not completely accurate. ITD asks that all contractors register online with ITD. He said ITD uses this as the denominator and the DBE certification list as the numerator. However, a lot of the firms do not go on the website and sign up with ITD, but still work for ITD or submit bids. Registering is not a mandatory requirement to receive work with ITD. To be accurate, ITD's list of available DBE and non-DBE firms should include all those that receive work with ITD and "all those that are bidding but never are low." He believes these non-DBEs that are interested and able are not counted so the denominator is low. "I have suggested to them for years, just take that list of 3,000 [contractors with a public works license] pick all the ones that have a highway or heavy license and that number is a lot higher...and of course then the percentage would be different."

**Other interviewees suggested that ITD maintain a race- and gender-neutral program.** Interviewee #12, a white male-owned paving company, believes that ITD should eliminate the mandatory DBE goals. "I have nothing against DBEs but a good contractor is a good contractor regardless of whether they are DBE or woman owned. I think there is some favoritism afforded to the DBEs. And I understand that to a point because they do need some assistance because of the attitudes of the good old boys and the sexism and discrimination that has taken place in the past, but I think that's coming to an end." Interviewee #12 stated that on Section 8 (a) projects with DBE set asides, he is not able to compete. He does not think it is fair that "I compete against some of those contractors in the general business sector but I don't have the opportunity to compete on these federal projects." Interviewee #17, a white male-owned landscape architecture firm, stated: "I don't see that the DBE program is necessary. It should be qualifications based."

Interviewee #30, a white male-owned engineering and plan-surveying firm, believes that DBEs, women, and minorities in the Idaho transportation industry "are given preference. All things being equal, a woman-owned business or disadvantaged business will get the contract before Interviewee #30...Nobody should get an advantage." He believes that the DBE program should be disbanded and the ITD bidding process should be strictly qualifications based. He noted that there are no preferences in other public contracting in which the company engages, and the company has been successful in these other projects. Interviewee #30 thinks that companies should be hired based on their expertise in a given local area. He "finds the DBE program unfair, because it should be a straight up bidding process, which is the way that the Idaho Department of Lands does it—straight up bidding, low-bidder wins."

Of the DBE program specifically, Interviewee #2, a white male-owned guardrail construction contractor, recounts, "[t]he reality result of the...DBE program...has been to create a 'windfall' for well run, successful companies that are still here today and never needed any help in the first place. These successful 'minority' companies have 'crushed' the small minority companies at the bidding table and forced their failure. The on-going pursuit of 'small minority contractors'...has no doubt helped some, but for many it has only set them up for failure. Many have chased the 'DBE dream' created by and promulgated by the government only to find failure at the end of the rainbow."

Interviewee #15, a white female-owned concrete business, stated: “I don’t even know why they have that DBE distinction anymore because I don’t really see the benefit of it—everybody’s in it to make money, nobody’s out there to cut somebody down just because they’re a DBE. I would like to see it dissolved actually.”

### **Improve the Bidding Process**

**Some interviewees recommended that ITD simplify or change the bidding process.** Interviewee #29, a white female-owned consulting engineering firm, would like ITD to provide consultants with a list of upcoming projects. She stated that on the construction side there is a 3 to 6 month look ahead list on the website. On the design side there is “no way to find out what it coming down the pipeline” other than looking at the State Transportation Improvement Plans which are published on ITD’s website. “We have to go through it and try to find out how much design money is out there. It does not tell what the money is budgeted for. We have to call each one of the districts and have a face to face with project development engineer and they will tell us about the projects.” She believes this process is inefficient for everyone. ITD must “sit down with 30 consultants and review the same information” with each one. Interviewee #29 believes posting upcoming design projects on the ITD website would avoid this inefficiency.

Interviewee #33, a Native American female-owned road construction business, recommended that ITD “get the information out. . . not everyone has an Internet.” Interviewee #1, a white male-owned corridor planning business, stated “somehow it would be nice to...streamline...somehow simplify the process...streamline...especially for small projects.” Interviewee #3, a white male-owned pre-stress concrete supplier, recommends that if suppliers were able to submit sealed bids directly to the state, the process would be more open. However, he does not know how they would do that, because you still have to submit your bid to the subcontractor.

**Some interviewees had recommendations related to ITD’s selection criteria.** Interviewee #4, a male representative of a white female-owned construction company, would like ITD to scrutinize the low bidder more carefully. “Bids that are 5 percent or 10 percent below should be thrown out.” “There are people who bid the work for less than what it’s worth” either because they have made a mistake or “because they are desperate for work.”

Interviewee #28, a white female-owned engineering firm, stated that she does not believe that firm experience should be a factor in the review of a proposal because she stated that a list of projects is not helpful if the firm no longer has the people who completed them. She explained that a number of her employees came from larger firms and completed major projects and the larger firms still list the project in their list of qualifications even though they no longer have the employees working for them.

Interviewee #8, a Hispanic male-owned environmental consulting firm, recommended that ITD carve out parts of contracts that they can set-aside for smaller local businesses. He stated, for example, that if ITD needs a surveying company, they could carve out a surveying project from a larger contract, and then help develop that smaller local company and teach them how ITD likes things done. He stated that although this may require more project management on the front end but will result in a “win-win situation” wherein ITD ends up with a small local company that knows exactly what ITD wants, and it will also keep ITD’s costs down. He explained that smaller local companies are very nimble, less expensive, and more responsive than larger companies. He explained that larger companies often “re-trench” meaning they will relocate their employees, so a noise technician that ITD once used may have been relocated to another state, which will cause ITD to incur additional expense having to fly that person back and forth. Interviewee #8 also stated that using non-

local companies can also result in a flawed work product such as a situation he recalled in which an Oregon company prepared a report for ITD using California regulations.

Interviewee #29, a white female-owned consulting engineering corporation, suggested ITD should favor firms native to Idaho. Interviewee #29 also suggested increasing the monetary cap on the use of term agreements limits. Presently, she stated, ITD can only use consultants off the term agreements for contracts less than \$250,000. There are a small number of projects, getting smaller, that can be done under \$250,000 due to increased environmental regulations. If ITD increased the limit, Interviewee #29 believes it would allow them to get more projects done without wasting time with requests for proposal.

### **Streamline and Improve the Certification Process**

ITA #3, an organization providing outreach to small businesses, stated: “I think the filing and the paperwork are possibly considered an obstacle” to becoming certified. ITD should streamline the certification process and expand reciprocity between different agencies. ITA #3 believes that businesses should be certified even if less than 51 percent minority ownership.

ITA #3 stated, “I think how we market [the DBE certification program] is not effective.” ITD needs to be clear that the DBE program is only advantageous to businesses that market to the federal government. There is a large population of minority businesses that could benefit from the DBE program, but do not know about the opportunity. ITD needs to improve its marketing. “I would recommend that they target in bilingual format.” ITA #3 has hired a Hispanic consultant to do marketing and outreach in their area. He suggests that ITD hire a Hispanic consultant to target Hispanic businesses and to assist them in doing business with ITD.

ITA #4, a minority trade association, recommends that companies not be required to have their Washington certification prior to seeking Idaho certification, as that is a deterrent to seeking certification with ITD.

Interviewee #25, a white female-owned flagging and traffic control company, believes that it would be helpful to have an outside firm certifying ITD DBEs so that the process is more objective. Interviewee #25 also recommends a lack of rigidity in the DBE certification process, but noted that ITD really does have to be concerned about which entities are being certified.

Interviewee #31, an Asian/Pacific Islander male-owned pavement inspections business, suggested that ITD not require “as much personal information,” citing, as an example, the three years worth of tax returns he was required to provide. Interviewee #31 found this “intrusive.” Interviewee #7, a Hispanic male-owned biological environmental consulting firm, stated that the certification process “could have been a little more efficient.” He suggested ITD conduct training on how to fill out paperwork and find out about ITD jobs.

### **Increase Outreach Efforts Such as Education, Training Programs, and Job Fairs**

Some interviewees suggested ITD host more training programs and job fairs. ITA #7, a trade organization for minority females, stated that certification “can be a little rough—reading all the paperwork, knowing how to fill it out.” She suggested ITD conduct training on how to fill out paperwork and find out about ITD jobs.

Interviewee #13, a white female-owned traffic control subcontractor, stated that ITD’s practice of providing free bid packages to DBEs “helps a lot.” She would lose a lot of money if she also had to pay for the bid packages since she does not often receive contracts.

Interviewee #29, a white female owned consulting engineering corporation, stressed the importance of continuing the outreach efforts beyond the mandatory goals. She recommended ITD continue the educational programs. “[The ITD support services office] does a good job of putting on seminars. We used to get a pot of money each year maybe 600 to apply to use that money for computer upgrades or software. Now that I’m a DBE for 9 years, I can’t participate in that pot of money and I don’t know why.” She would like ITD to continue to provide free construction plans to DBEs. “Right now we can call and get free plans, where normally they cost thirty-five (\$35.00) to sixty-five (\$65.00) dollars. In ten months that money adds up.”

Interviewee #20, a Hispanic male-owned rebar installation business, stated with respect to his certification: “I know it’s valuable, I just don’t know how to exploit it...we would like to get with somebody that can help us out with that.” As an example, Interviewee #20 reported that a prime contractor was looking to have the company do sub-work, but needed them to do certified payroll—but they do not know how.

ITA #5, an organization providing outreach to small businesses, would like ITD to set up two hour video conference discussions every two weeks at which time DBEs could ask the DBE support services office questions regarding the DBE program or address concerns regarding current bids or projects. In addition, ITA #5 would like ITD to organize more “meet and greet” type activities to facilitate meetings between prime contractors and subcontractors.

ITA #8, the Idaho District Office of the SBA, would like ITD to encourage prime contractors to host their own programs on how to do business with them. Topics could include: how does a DBE approach a large prime, how would you like us to market to you, what do you look for? She thinks ITD would be the best entity to initiate this idea since they have relationships with the large prime contractors. These programs would allow DBEs insight into what to expect and how to craft their presentations and appear more professional. “That’s what we try to do on the federal side.” When she visits the federal agencies each year she asks them these questions, i.e. “what do you want businesses to do to work with you.” Further, ITA #8 recommended that ITD encourage the mentor protégé programs. ITD should explain the benefits of such programs to the prime contractors.

ITA #8 would like ITD to create outreach targeted toward women-owned businesses. She believes women especially tend to be intimidated by working with ITD and assume they do not have the experience to work with ITD. She attributes this to the businesses’ lack of information about the available programs and assistance. Since the SBA believes programs targeted toward females would be better implemented by ITD.

### **Increase Communication, Marketing, and Visibility Regarding the DBE Program**

**Some interviewees suggested ITD better advertise and promote the DBE program.** Interviewee #7, a Hispanic male-owned biological environmental consulting firm, recommended that ITD take a more proactive role in marketing DBE firms to prime contractors. He stated that the Army Corps of Engineers maintains a list of businesses organized by area of work. Prime contractors call the Army Corps of Engineers when they need subcontractors. Interviewee #7 would like ITD to release the names of DBE firms to their prime contractors.

ITA #1, an organization providing outreach to Hispanic-owned and other businesses, stated that the DBE certification process is fairly simple. However, he does not think the majority of minority-owned businesses know about the DBE Program. He stated that ITD needs to be more visible in the minority communities in areas that one would not expect (e.g. at his organization). He stated that a minority summit is being held in

Boise in October of 2007; the purpose of the summit is to give minorities more of a voice in everything from redistricting to business opportunities and it would be great to have an ITD representative present.

ITA #2, a Hispanic trade association, stated that one barrier to minority participation is that ITD does not communicate well. Businesses are forced to interact with ITD's computer system, which is difficult. ITA #2 recommended holding workshops for people who want to be considered for the DBE Program.

ITA #8, the Idaho District Office of the SBA, identified one of the primary obstacles with promoting the DBE and Section 8 (a) programs was reaching the right people. ITA #8 and ITD host numerous programs throughout the year but attendance is often low. She feels people are sometimes confused about the benefits of the programs. She suggests ITD combine efforts with other trade associations and organization. "You're more apt to get something is if you piggy back off something that's doing something with minority groups already...whatever conference or workshop that's already going on." "We did a Veterans one. We invited various agencies but we thought it would be good for DBE to attend...however, only 2 people came up to the ITD representatives afterward."

"There are still a lot of people who don't know these programs are out there." "It's better to piggy back on things that are already in existence. They just did something at the Boise Chamber of Commerce where they compiled all small business organizations to do a small business resource: SBA, SBDC, Commerce, etc. It was an hour and a half program, each entity gives a five minutes speech about what they do." She does not understand why firms do not take greater advantage of training classes with SBDC and the marketing vouchers offered by ITD. She stated that businesses do not utilize the services that are available to them.

ITA #8 pushes the Section 8 (a)'s to go to training and take advantage of the opportunities offered by SBA and others. It is written in to their contract with SBA that they will participate in SBA programs. She strongly encourages them in her individual letters to them, stating that it is not mandatory, but that it is part of their contract with SBA. She believes someone from their team should attend because its going to help them. All SBA workshops are free so she feels there is no reason not to attend.

### **Improve Communication Regarding Payment to Primes**

**Two interviewees recommended that ITD inform the subcontractors when the prime contractor has been paid.** Interviewee #29, a white female-owned consulting engineering corporation, stated that ITD pays prime contractors promptly but the prime contractors do not promptly pay their subcontractors. "We don't know when ITD pays the primes so we don't know when the clock starts ticking. If ITD could tell us that would give us more leverage to know when to start calling the prime."

Likewise, Interviewee #4, a male representative of a white female-owned construction company, reported that he has had issues being timely paid by prime contractors on ITD projects. He stated that there is no way for him to know whether the prime contractor has been paid.

### **Other Recommendations**

Interviewee #12, a white male-owned paving company, would like ITD to "take more responsibility for their projects." He would like ITD to have their own inspectors and their own survey crews instead of relying on the prime contractor for these services. At present, the prime contractors are responsible for designing the projects and monitoring the project.

Interviewee #13, a white female-owned traffic control subcontractor, stated that for federal ITD projects, there are published wage rates and fringe. She stated that several years ago they removed the flagging wage rates and fringe, and this has been very problematic and resulted in an approximate \$10 per hour decrease in wage rates and fringe for her flaggers who are now paid the common laborer wage rate. This, she said, is very problematic for subcontractors.

Interviewee #3, a white male-owned pre-stress concrete supplier, “thinks that the [state’s] engineers should have to work in the field before they are put in the office so that they understand what they’re trying to build, and that goes for draftsmen and engineers.”

Interviewee #24, a Native American heavy construction contractor, noted that when a DBEs receive that free set of plans, the DBE is not listed on the plan holders list (as a DBE plan holding subcontractor), and therefore, a company may miss out on some suppliers sending out quotes. According to Interviewee #24, “[w]hen you’re not listed, the other prime contractors don’t know whether you are bidding prime or as a DBE. You’re not on that plan holders list so you don’t see any suppliers quote coming to you unless you directly call, and there may be several different suppliers for one thing...” Interviewee #24 would change this so that DBE plan holders are listed to receive more direct solicitation from contractors and suppliers.

ITA #9, a trade association representing general and subcontractors, suggested that ITD apply retainage requirements equally to prime contractors and DBEs. He stated that one of the barriers to working with DBEs is that the civil rights office requires the prime contractor to release the retention to the DBEs, while ITD continues to hold the retainage back from the prime. This creates financial strain on the prime and increases the prime contractors risk in utilizing DBE firms. The prime has to do additional paperwork, which distracts it from the project. ITA #9 would like ITD to either eliminate retention or apply it equally to DBE and nonDBE firms.