
Commission Meeting

of

Disparity in State Procurement Study Commission

LOCATION: Committee Room 10
State House Annex
Trenton, New Jersey

DATE: May 21, 2019
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

Hester Agudosi, Esq., Chair
Senator Sandra B. Cunningham
Assemblywoman Annette Chaparro
Assemblywoman Nancy F. Muñoz
Assemblywoman Nancy J. Pinkin
Maurice Griffin, Esq.
Rebecca Panitch
(for Senator Chris A. Brown)
Erin Rice
(for Senator Richard J. Codey)
Melanie Walter, Esq.



Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
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AGENDA

Disparity in State Procurement Study Commission Meeting

Tuesday, May 21, 2019

10:00 a.m.

Location: Conference Room - CR - 10, 3rd Floor, Room 358

Statehouse Annex

125 West State Street, Trenton, New Jersey

I. Call to Order – Roll Call

II. Housekeeping Matters

III. Old Business

- Letter to Governor Murphy regarding reporting of state MWBE spend (attached)

IV. New Business

- State Contracting Practices
Division of Property Management and Construction, Department of Treasury
School Development Authority
- Market Place Conditions for Minority and Women Owned Businesses
African American Chamber of Commerce
Hispanic Chamber of Commerce
Asian Indian Chamber of Commerce

V. Open Discussion/Adjournment

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HESTER AGUDOSI, Esq. (Chair): Good morning.

The day is May 21, 2019.

My name is Hester Agudosi; I serve as Chair for the Disparity in State Procurement Study Commission.

And before we begin, I'd like to just take a roll call of all whom are in attendance.

So I'll start to my right, and then we'll get started.

MS. RICE: Erin Rice, from Senator Codey's Office.

MS. AGUDOSI: Thank you.

MR. GRIFFIN: Maurice Griffin, Acting Director of the Division of Purchase and Property.

ASSEMBLYWOMAN MUÑOZ: Nancy Muñoz, District 21, Assembly.

SENATOR CUNNINGHAM: Senator Sandra Cunningham, District 31.

ASSEMBLYWOMAN CHAPARRO: Assemblywoman Annette Chaparro, District 33.

MS. PANITCH: I'm Rebecca Panitch, representative for Chris Brown.

MS. AGUDOSI: Thank you.

So just by way of background, the purpose of the Disparity in State Procurement Study Commission is to assess the procurement of goods and services by State departments and agencies, including State authorities and local government units, to determine disparities, if any, between the availability and utilization of small, disadvantaged, and minority- and women-owned business enterprises in particular market areas.

The Commission shall recommend policies, practices, and programs that further the State's efforts to promote opportunities for small, disadvantaged, and minority- and women-owned business enterprises in purchasing and procurement by State departments and agencies, including independent State authorities and local government units.

As it relates to housekeeping matters -- that is on the agenda -- what was sent to the Commission members previously was a listing of proposed dates for our full Commission meetings. That would be June 25, 2019; August 6, 2019; September 17, 2019; October 29, 2019; and December 3, 2019.

I note that the Commission, from the time in which we had our first meeting, we have a shelf life of one year. So therefore, we have to be active in terms of our meeting and taking in information. And as such, in addition to these meeting dates, if the need arises that we may need to break into committees or subcommittees, that work can be done in the interim, and we'll make some determinations as to how we're going to move forward in that regard.

But what we would like to do today is take in some testimony, and that's indicated, as it relates to new business.

Under old business, I've attached, in the mailing that went to you, the letter that was addressed to Governor Murphy at our last meeting. We talked about the fact that in order for us to determine disparities, we need to have data as to what the utilization of minority- and women-owned businesses is as it relates to State contracting; and that there was some inconsistency in reporting. So this Commission recommended that a letter be sent to the Governor requesting his assistance in requiring the reporting

of data by all of the State departments, agencies, authorities, and commissions.

Not only did the letter go to the Governor, but I separately sent out, through my office, a letter to all of the procurement representatives in the designated State departments requesting that they provide their information, as it relates to Fiscal Year 2019, by the end of this month. So by the time that we have our next Commission meeting in June, it is the goal that we will have the benefit of that data.

We have someone who just joined us; I'm going to ask -- we just started -- if you can just, for roll call purposes, state your name.

MS. WALTER: Good morning.

Melanie Walter, Director of the Division of Local Government Services.

MS. AGUDOSI: Thank you.

So now we're going to begin with new business.

One of the things that, as indicated, this Commission is charged in looking at is State contracting practices, and to get an understanding of not only what our practices are, but also if there are any recommended changes that need to be employed as a result of any type of challenges or disparities that may be caused, as it relates to State contracting practices.

So we have representatives here from the Division of Property Management and Construction, with the Department of Treasury; they are responsible for handling construction procurement for many of the State's departments and agencies.

And I'd like to ask if they can please come forward.

If you can state your name for the record, and we'll ask that you make an opening statement; and that will be followed up by any questions that the Commission members may have.

Good morning.

CHRISTOPHER CHIANESE: Good morning.

I'm Chris Chianese; I'm the Director of the Division of Property Management and Construction in the Department of Treasury.

I've asked Rick Flodmand from the Division -- he's our Procurement Officer -- to join me here today.

Thank you for this opportunity to participate in your procurement study.

I'd like to give you a general idea of DPM&C.

DPM&C is responsible for the procurement and administration of design and construction contracts for the various State departments and agencies, including Human Services, the Department of Corrections, Environmental Protection, the Division of Law and Public Safety, the Building Authority, the Motor Vehicle Commission -- not the roads -- and the Capitol Complex, where we have a little over 30 Treasury State-owned buildings.

The current climate and conditions for small business, including minority- and women-owned firms that seek to participate in the State construction contract opportunities issued by the Department of Treasury, I believe is good.

To give you an idea, to date, in Fiscal Year 2019, SBE awards to prime contractors and subcontractors totals for construction 29.4 percent. So we've made \$41.8 million in awards; \$12.3 million in SBE

contracts; 45.6 percent for consultant services -- that's architects and engineers. So \$7 million in awards, \$3.6 million in SBE contract awards. Our goal is 25 percent, so we're exceeding our goal.

These SBE contract percentages are a result of our concerted effort by the Division's Procurement staff to meet the established set-aside goals for the projects and its awards, and the fact that many of the Division's projects are renovations and improvements to State facilities. Wherein the contract value of the projects are typically under \$500,000.

Consequently, many of the smaller design and construction firms are interested in competing for these projects.

An SBE might have a difficult time competing for a bid for a larger contract. However, as many of the Division's contracts -- as I've indicated -- are smaller in nature, New Jersey's SBEs can compete for the smaller and medium-sized projects as the prime contractor, or as a subcontractor on the larger construction projects.

One barrier to small contractors bidding and interested in public contracts as a prime or subcontractor is the time to prepare a bid. However, the Division tries to ensure that the bidders have sufficient notice and time to prepare a bid on small and larger projects. Firms are notified of bidding opportunities directly by mail, through the Division's website, and newspaper advertisements, giving SBE firms the time to prepare a bid, and giving larger firms sufficient time to find a partner, with SBE subcontractors, to meet the set-aside requirements of the bids.

Also, while the contractor classification is required by State law for bidding on State projects, many outreach events are attended by Division staff with the goal of reaching as many small, minority-, and

women-owned firms as possible to ensure firms are educated on the classification requirements for trades and disciplines. Additionally, since bonding is not required for contracts under \$200,000, firms that have no or little bonding capacity can compete for these contracts. DPM&C is responsible for classifying construction contractors; and once approved, firms may bid on projects within the approved trade and dollar rating. Classification is good for two years, unless they reclassify.

Additionally, there are affirmative action requirements on all construction contracts. Each contractor and subcontractor must meet the State's affirmative action requirements; these requirements are set forth in the bid and contract. The requirements are established by the county of the project. Minority affirmative action percentages are established by county range, and they range from 60 percent in Hudson County, to 30 percent in Mercer County, to 3 percent in Hunterdon County. The women affirmative action percentage is 6.9 percent statewide.

The affirmative action requirements also increased the amount of participation by minorities and women tradesmen and tradeswomen actively working on State construction projects.

The Department of Labor and Workforce Development monitors legal compliance for all construction contracts.

I hope this information is beneficial in explaining how the Division strives to reduce disparities in construction contracting for small, minority-, and women-owned business enterprises, and to increase their participation in State construction contracts awarded by the Division of Property Management and Construction.

If you have any questions, we would be happy to answer them.

MS. AGUDOSI: Thank you; thank you, Mr. Chianese.

I just have some questions.

I wanted to go back to the figures, because you went a little fast, and I wanted -- I was trying to take notes.

Can you go over again-- In the beginning, you gave the breakdown of what the percentage was as it relates to goals and actual contract values.

MR. CHIANESE: Sure; thank you.

Our goal is 25 percent for construction contracts; we've issued 29.4 percent to SBEs. So in dollars we've made \$41.8 million in awards, and \$12.3 million to SBE contractors.

For the consulting services -- which is the A&Es, the architects, and the engineers -- we have issued \$7 million in awards and \$3.6 million to SBEs. So that's \$45.6 percent.

MS. AGUDOSI: Okay.

Now, you say *SBEs* -- which are Small Business Enterprises; and I'm familiar with that because the State does have a set-aside for small businesses, as you referenced, which is that 25 percent of contracts; and you're meeting and exceeding that.

This Commission is looking in a more granular level, and specifically as it relates to the spend of minority business enterprises, as well as women-owned business enterprises. Because of the fact that the set-aside for MWBEs was struck down previously, the SBE was envisioned to, kind of, cover those businesses as well.

Would you be able to give us a breakdown of what the spend is in those two categories as it relates to MBEs and WBEs?

MR. CHIANESE: We haven't been capturing that, since we weren't required to -- with the women and minority, on our part of the SBEs, as you have said. But we have not been capturing that information.

MS. AGUDOSI: Are you able to go back and get that information? When you say you're not *capturing* it, does it mean that you have it but you just haven't been monitoring it? Or do you have a way to go back and look and extract that data?

MR. CHIANESE: It's going to be difficult for us to do that. And I think when the contractors submit their forms, since there are not minority- and women-owned set-aside goals, we're afraid that sometimes they may not be checking their boxes, so I'm not sure the information that we would provide would be good. And it would be difficult for us to compile that.

MS. AGUDOSI: Now, we set -- and I spoke about that in the beginning -- that there is an Executive Order, through former Governor Corzine, that requires the State departments to capture that data. And if you don't know what I'm talking about, it's actually -- I think it's attached to the agenda. (refers to notes)

Yes, it is; so it would be Executive Order No. 34.

Were you aware of that, and was there ever a time that your office-- Well, let me back up. How long have you been with DPM&C?

MR. CHIANESE: I've been the Director for two-and-a-half years.

MS. AGUDOSI: To your knowledge -- or you, Mr. Flodmand -- has your office ever captured and provided data consistent with this Executive Order?

RICHARD FLODMAND: From time to time, over the last several years of the Administration, that information was not requested from the agencies. So when we captured it-- But it was not reported to the Administration; it was not asked for. So there were times where we got an indication, after Executive Order 34 was passed or issued in the Corzine Administration, that that information was gathered. But during the past Administration, it was not.

MS. AGUDOSI: So when you say the *past Administration*, are you referring to the Christie Administration?

MR. FLODMAND: Yes.

MS. AGUDOSI: But prior to the Christie Administration, under the Corzine Administration -- just to be clear -- you were capturing that data?

MR. FLODMAND: I believe so.

MS. AGUDOSI: So can you tell us how you were able to capture the data and report it out then?

MR. FLODMAND: We had to specifically strip the data from the contract awards, because it wasn't really -- we weren't able to advertise it as an MBE or a WBE set-aside. So it could have been awarded as an SBE, and then had to strip out of that the amount of minority- and women-owned projects.

MS. AGUDOSI: So I guess what I'm trying to get at is, to the extent that you did capture and provide that data, I'm just trying to get an understanding of what process you employed, and whether or not you are able to, as we sit here today, utilize that same process.

MR. FLODMAND: Yes, I think we would have to go back-- Most of the information that we gathered at that time was after the award was completed; and we pulled out, of the award information, firms that were, indeed, approved as MBEs and WBEs. And a lot of firms don't report that information on their contract awards because they're really focused on the SBE, because that was required by the statute and the regulations over the last several years.

So we'd have to go back and, by hand, basically pull that information out from the data on each firm that was awarded a contract.

MS. AGUDOSI: And, in essence, to do that you would be looking -- you would be contrasting the firms to the list of certified minority- and women-owned businesses in the state, and then doing that comparison.

MR. FLODMAND: Correct.

MS. AGUDOSI: Did you want to say something?

SENATOR CUNNINGHAM: May I say something?

Good morning.

You know, I'm a little confused, I guess because this is my first meeting, so I'm trying to figure out what it is that we're actually supposed to be finding here.

And I'm really confused because when you said that there's -- what? -- 29 percent, 29 -- is that right? -- 29.4 percent of small businesses that have projects.

MR. CHIANESE: That's correct; 29.4 percent of our construction projects have been awarded to SBEs.

SENATOR CUNNINGHAM: Well, where? Because I'm from Hudson County, and we have a lot of building, and I don't know of any small business that has a current project right now. I know most of all of the minority developers in Jersey City, for instance, and in Bayonne, and not one of them is doing anything.

So I'm just wondering where these projects are; if there are any in Hudson County. Through the Chair, I would like to see a list of the projects; and through the Chair, I would like to see a list of the names of the owners of these businesses, and when they received their projects, and how much money was involved in that -- if that's okay.

MR. CHIANESE: We can provide that.

SENATOR CUNNINGHAM: Thank you.

MR. GRIFFIN: Rick, can you tell me whether or not in your, sort of, awarding of contracts or after the fact, you are getting any sense or any comments from women- and minority-owned business about the fee that is charged to them to register as a woman- or minority-owned business? Do you know if that, sort of, is one of the things that is sort of hampering them from being able to be registered as a woman-owned or minority-owned business, and therefore be counted when they are awarded a contract? That maybe they may register as a small business, but they may also be a woman- or minority-owned business, and I believe you have to pay a fee for each one.

So are you sensing that that is sort of something that's hampering businesses?

MR. FLODMAND: Maurice, I can't say that I have heard that; but I have heard firms complain to us about all the different fees that they

have to pay for, you know, especially more difficult for the smaller firms. And I haven't necessarily heard that specifically from minority- and women-owned firms. But I have heard it across the board from firms that have to be classified, so they have to pay for a classification, and they have to pay a fee for the SBE and the WBE certifications, and then also for a public works contractor registration. So it adds up, so I'm sure that that is an issue; but I haven't necessarily heard it specifically from MBE and WBE firms.

MR. GRIFFIN: Thank you.

SENATOR CUNNINGHAM: Can I just, maybe, answer his question?

MS. AGUDOSI: I'm sorry?

SENATOR CUNNINGHAM: May I address his question?

MS. AGUDOSI: Sure.

SENATOR CUNNINGHAM: Usually, the complaints that I've heard, or that come into my office all the time, are not necessarily for those fees; but it's usually the bonding -- that small businesses particularly cannot get the money for, or cannot do.

What we've tried to do in Jersey City with them is try to partner people together to combat that issue; but it has not worked as successfully as we wanted. But not the application fees.

ASSEMBLYWOMAN MUÑOZ: Can you give us a sense of how much the fees are for both SBE and the WMBEs? Are they \$100, is it \$1,000? The people in back are nodding -- but just to give us a sense.

MR. GRIFFIN: I can probably address that a little better.

ASSEMBLYWOMAN MUÑOZ: Okay, thank you.

MR. GRIFFIN: So it ranges, depending upon the category you're in.

I believe small businesses, maybe \$120 to \$150; women-owned businesses are probably about that same. Disabled veterans' businesses I think is a little higher at \$160. But you have to pay the fee for each category you want to be in. There's not like, "Here's the fee; I'm checking all these boxes." It is each one -- it's cumulative. So it was just--

ASSEMBLYWOMAN MUÑOZ: Right. It gets to be a large number.

MR. GRIFFIN: It can be; it can add up, especially -- probably not as much on construction contracts. But on goods and services contracts where the margins are small, it can add up. And you may not be willing to pay all those fees to be registered in those categories, when you can just pick "Small Business" and be awarded a goods and services contract.

MS. AGUDOSI: So today the U.S. Department of Commerce Minority Business Development Agency is sponsoring a forum in New York. Unfortunately, I was not able to be there, but I have someone from my office who is there.

But I bring that up because they did a study in 2016; and the study was to look at trends in disparities. And one of the things that they noted is that typically MBEs receive a lower number dollar value of contracts in proportion to the number of contracts available. And their report also revealed that the industry groups experiencing the highest ratio of disparities include, and I quote, "Construction, professional services, architecture, engineering services, as well as goods and supplies."

So I note that because a lot of that is under your shop. And I know that you're saying right now you don't have what that data is for the utilization of minority- and women-owned businesses across those categories; but that would be particularly important for us to see whether or not in New Jersey our numbers are consistent with that.

But I did want to follow up on a couple of things.

As it relates to bonding -- which Senator Cunningham noted -- you said that \$200,000 is the threshold amount in which a business would be able to bid on a contract and not have a bonding requirement. Is that correct?

MR. FLODMAND: Yes, that's correct. We can waive bonding for projects under \$200,000 by statute.

MS. AGUDOSI: Can you give us an understanding of how do you determine what that threshold level would be; why \$200,000 as opposed to \$500,000 or \$1 million?

MR. FLODMAND: It's actually set by statute, and we're able to review projects under \$200,000 and waive the bonding. So it's -- we only look at projects that are under \$200,000, because that's what the statute requires. Above \$200,000 there's no-- There has been legislation that they tried to pass that is in for raising the limit to, like, \$300,000; but it has not passed over the last several years.

MS. AGUDOSI: Are you aware whether or not Treasury has taken a position with respect to raising the threshold amount higher?

MR. FLODMAND: I can't remember what our response was. It was several years ago when this came up; they tried to increase it. A lot of the public agencies were not in favor of it because it limits the financial

capability; \$300,000 from \$200,000 would not make that much of a difference, because we would still be able to review it. So typically we would be in favor of an increase from \$200,000 to \$300,000. When you get to larger projects, I think we would be cautious to increase it further than that.

MS. AGUDOSI: And what would be the considerations that you would be concerned about if it was increased to a larger amount?

MR. FLODMAND: Well, the biggest concern is the financial capability of the firm, and whether or not they can handle the project. The worst thing that can happen, you know, with a public project is we get in the middle of construction and, for whatever reason, the firm is not able to handle the financial capabilities of the project. And then we would have to start over with a bonding company; or, if there's no bond involved, start over to try and get the project completed.

MS. AGUDOSI: And in terms of the threshold as it is now, \$200,000, have you ever run into any instances where the vendor was not able to complete the project--

MR. FLODMAND: No.

MS. AGUDOSI: --that triggered any of those concerns?

MR. FLODMAND: No, not at that level.

MS. AGUDOSI: I'm sorry; I have additional questions. Just give me one second.

(refers to notes)

Now, when it comes to -- again, just for clarification -- the amount that you were saying your total spend on construction projects for 2019 was \$29.4 -- no; I'm sorry -- \$41.8 million.

MR. CHIANESE: For construction projects, \$41.8 million in awards; for architects and engineers it was \$7 million in awards.

MS. AGUDOSI: And how many construction projects approximately does that \$41.8 million represent?

MR. FLODMAND: It appears to be 68 projects; that's to date, as of yesterday, from July 1.

MS. AGUDOSI: Thank you.

And for the professional services, would you be able to give us-- Again, that amount was \$7 million. Would you be able to give us what that would be, in terms of projects associated with that figure?

MR. FLODMAND: Yes; just-- Could you give me a minute; I'll pull it out.

MS. AGUDOSI: Thank you.

(refers to notes)

MR. FLODMAND: Yes, I don't seem to have the exact number on this report. I would estimate it; it's around 50 projects.

MS. AGUDOSI: Thank you.

Now, in addition to bonding-- And we have, seated in the audience, representatives from different minority Chambers and professional organizations; and they will speak subsequent to our State representatives, and you're invited to stay if you'd like to.

One of the things that we've asked them to do is share with us, just anecdotally, what they believe the market conditions are for their respective membership. But one of the things that I can tell you that I have come across when I've been out doing external engagements is that some of

the business owners have expressed challenges or concerns with the ratings -- right? -- that who can qualify to actually bid on some of these projects.

Can you give the Commission an understanding of what that is, and how you make the determination as to the ratings, and who's eligible to participate based upon the rating level?

Am I saying that correctly; do you understand what my question is?

MR. FLODMAND: Yes. The rating is-- Even though the firms have to have project experience in order to get classified with the DPM&C, there's also a financial rating, which is -- there's a calculation, it's in the regulations, that primarily follows the net quick assets formula. And that's pretty much how the firms are determined -- through that formula -- what their rating would be.

MS. AGUDOSI: And is that a criterion that's imposed in order for them to even respond to the solicitation?

MR. FLODMAND: Yes, each firm has to have a rating in order to bid with the DPM&C, and with local school boards, and any other agency that requires a DPM&C classification for the contractor. So that rating is their limit on what they can bid on.

MS. AGUDOSI: Do you have any sense of where minority- and women-owned businesses fall, in terms of their representation at the different rating levels?

MR. FLODMAND: I'm sorry, I do not.

MS. AGUDOSI: Okay.

And then, lastly, you mentioned doing some external engagements; and I'm familiar with the two that were recently done for the Department of Health building and Department of Taxation building.

Can you please just talk a little bit more about the intent, and what that was designed to do? And if you can also make us aware -- if that type of activity is something that you intend to do ongoing, or was that just specific to those two projects?

MR. CHIANESE: It's an ongoing process; and the effort for the Health and the Tax buildings is a good example. We also have it coming up for veterans, the Veterans Chamber of Commerce.

So what it allows us to do is to communicate and hear the challenges that any contractor may have, and then help them get through the process. I mean, they may have questions about the forms that they fill out, or which forms to be properly classified they need to fill out, or disclosure forms to complete the financial forms.

And then, you know, we listen, and we hear a challenge, and we make ourselves available. Not just at these events, but they're welcome to reach out to DPM&C at any time, and we'll walk them through the process so that they could be properly classified.

MS. AGUDOSI: Thank you.

Are there any other questions?

Yes, Senator Cunningham.

SENATOR CUNNINGHAM: I'm sorry, I stepped out of the room, so I'm not sure if you already discussed this.

What is the *rating*, and how do you determine what the rating is, and what does it mean? Could you just be a little bit more specific about how that works?

MR. CHIANESE: The rating that I was speaking of is the classification level rating for a construction contractor. DPM&C, by statute, is required to issue a rating to a firm. They submit an application; it's \$100 for a two-year period. And they list the trades that they want to be classified in, whether it's electrical contractor, plumbing contractor, mechanical, or GC. And there are probably another 50 different trades, and that rating is the rating, which is a financial -- the limit of the projects that they can handle under the classification rating. And what I had stated is that there is a formula in the regulations that is based on the net quick assets formula; it's pretty much the basis of the rating.

SENATOR CUNNINGHAM: Okay, thank you.

MS. AGUDOSI: Just for the record, we had another member join us.

If you can just please state your name for the record.

ASSEMBLYWOMAN PINKIN: Assemblywoman Pinkin.

MS. AGUDOSI: Good morning.

ASSEMBLYWOMAN PINKIN: Thank you.

MS. AGUDOSI: Are there any other questions for our representatives from DPM&C? (no response)

Thank you very much, gentlemen. Again, you are welcome to stay if you like; and I'll follow up with you directly regarding some of the information that was requested by Senator Cunningham for the Commission's consideration.

Thank you.

MR. CHIANESE: Thank you for this opportunity to participate in your procurement study.

MR. FLODMAND: Thank you.

MS. AGUDOSI: I'd like to ask the representatives from the Schools Development Authority -- if they can please come forward -- if you would please introduce yourselves. And you are free to provide an opening statement.

R A F A E L M A T A: I'm Rafael Mata, Managing Director of External Affairs; and I'm here with--

C O L L E E N C O N N E L L Y: Hello, I'm Colleen Connelly; I'm Managing Director of Program Development for the Authority.

MS. AGUDOSI: Good morning.

MR. MATA: First of all, it's really a pleasure to be here presenting today. I am with the Schools Development Authority only a little over four-and-a-half months; and I wanted to just speak very briefly about what External Affairs encompasses at the New Jersey Schools Development Authority, which includes the diversity piece.

But it is community partnerships, business compliance and capacity building, and business and workforce diversity, as it relates to construction and other goods and services at the New Jersey Schools Development Authority.

I'll save everyone a lot of time and say that a lot of the ways that we conduct business is the same way as DPM&C has already listed out: primarily construction, things like design build, and things of that sort, are bid out. Other goods and services are purchased through the State

contracting process. These are both things that, internally, we're looking at under my new role here at the New Jersey Schools Development Authority.

As of the last Fiscal Year, 2018, the New Jersey Schools Development Authority procured \$336 million, of which \$255,588,103 went to design, design build, general construction, construction management, and demolition, all done via a competitive bid process.

Our participation rates for minority firms, women firms, and veteran firms continue to be low for much of the similar issues that were raised before. Everyone here knows that a 25 percent SBE set-aside exists. Because that set-aside is in place and because of the GEOD decision, many of the operations at the SDA -- and I will assume many Authorities and other State entities follow that restriction. So I'll go ahead and also say that we do capture the information. We do have the MBE, VE, and WBE designations, but only recently did we start to actually compile -- aggregate that information separately.

What I have found from reviewing some of the statistical information is that although we have the information on reports that we are collecting in our databases, it is not connected to any procedures within the SDA; or there is no, sort of, purposeful spending done with these other designations. So in essence, we are recording it, but they have to go through the same bidding process as anyone else. So there's really no set-aside, right?

Percentagewise -- again, Fiscal Year 2018, Minority Business Enterprises, off that construction -- the \$255 million -- represents only 0.26 percent; less than 1 percent. For women-owned businesses, we're at 3.9 percent, and for veteran-owned businesses we are not spending any dollars.

I also want to highlight that we are aware of the Disadvantaged Veteran-Owned Business set-aside, which I believe is at 2 or 3 percent. There are also no key initiatives right now happening at the NJSDA that could increase usage or contracting opportunities for veterans. So what I have done for the Schools Development Authority is, together with the executive team, we've identified some practices that we are either in the process of implementing or would look for some assistance from the State to help implement that would change this diversity picture by a lot.

So just give me a minute to present that.

So underrepresented businesses -- which, to be more specific, I'm referring to minority, women, veteran, disadvantaged or disabled veteran -- could be better represented if we had more information for training and navigation assistance in regards to certifications and its benefits to their business. And what I mean by that is, with the GEOD ruling, what I found in my prior experience is that certifications are usually -- they usually go in tandem, but they're tied together with funding. So you have folks, like New Jersey Transit and Port Authority, that have their own certification processes, and they've created those processes because that certification grants you access to that funding.

What it looks like occurred at New Jersey State is that these set-asides were in place when these certification processes were put in place; and once the set-asides were removed, you didn't have any real -- there was no money tied to the certifications, and so a lot of businesses got discouraged with getting these certifications because they didn't see any sort of opportunity in the near future.

Underrepresented businesses should require more training and technical assistance resources related to bid readiness. So we're working on trying to develop more bid readiness workshops at the SDA because we find that a lot of businesses, especially the smaller ones that are not getting awarded, just don't know how to put these bids together at this level. They would benefit from a higher level of coordination between State entities, like the School's Development Authority, and local business service offices that have set-asides.

So as mentioned earlier, in my prior career prior to coming to New Jersey Schools Development Authority, I was the Director of the Office of Business Opportunity in Hudson County. I implemented the first county set-aside, which was eventually replicated in Bergen, Essex, and Mercer counties. By coordinating with these offices that do have set-asides, these certifications grant businesses the ability to, kind of, scale up slowly.

So they mentioned earlier that some of these businesses may not have administrative capacity or financial capacity. Working with these local areas might provide smaller projects or opportunities to scale up to these much bigger projects. And they are big projects -- \$50 million and up.

Many of them believe they must be unionized, and are afraid of becoming unionized when bidding on NJSDA projects.

They would benefit from a concerted and coordinated effort to increase the number of SBEs that could also apply to be MBE, WBE, and VBEs to increase the overall pool at the NJSDA and the State.

And also, as mentioned before this -- and this is very accurate -- the SBE certification -- and I happen to know, because this is what I was doing for about two-and-a-half years -- is the easiest certification to obtain.

Many times businesses -- that are disadvantaged, and businesses that are not quite so disadvantaged, can get that certification. I've seen businesses secure that certification in as little as two days; as compared to minority, women, and veterans certifications which can take anywhere from three to six months, cost the same amount of money, and no one is instructing these businesses on them having to have these multiple certifications and what even the benefits are. So a lot of them do stop at SBE because that's where the money is, that's where the set-aside is.

So again, some sort of incentive for businesses to get these certifications would help.

They would benefit from a shorter certification process under the Department of Treasury. They would benefit from Meet the Prime networking events, where potential subcontractors could foster relationships prior to the bids. A lot of them are rushing to try to make these connections and establish these relationships once the bid has been announced, and that's not really enough time; not for the prime and not for the sub. No one would be comfortable having less-experienced subcontractors working on these projects, or not having an opportunity to build that relationship with them.

They would definitely benefit from a mentor-protégé program, something that I know that the executive team at the SDA has been discussing for some time now. We're not sure what would be the best model, but a mentor-protégé program is something we would look to try to develop.

They would benefit from a State database of minority, women, and veteran businesses that was accessible by State agencies and political

subdivisions -- like counties, municipalities, districts -- for the identification of qualified certified businesses and the tracking of statewide spending with diverse companies. This web-based solution, as I would recommend, could also track capacity indicators, like job size history, surety bond levels, company size. It must have more functionality than the State's NJSAVI portal. So the NJSAVI portal really is a very robust list of certified businesses; it does show how many minority, women, and veteran businesses we have. What I've noted is that it doesn't really show the capacity or the job history, and this is really what an Authority, like Schools Development Authority, really needs to know and understand to try to identify opportunities on our end.

And lastly, they would benefit -- underrepresented businesses would benefit from an analysis of NJSDA spending with certified businesses, versus certified businesses that provide those goods and services. Based on those findings, we could coordinate with other State and local programs and encourage the development or increased capacity of businesses where underrepresented businesses are not certified or bidding.

So basically looking at the data -- which is something that we're already doing at the SDA -- looking at where we spend money, looking at our *pre-qualified pool* -- which is what we call it at the SDA -- and trying to see where we're not spending and figure out how to encourage more businesses to either get certified in those areas, or to start businesses in those areas.

That's all I have at this time.

MS. AGUDOSI: Thank you.

A couple of things, just for clarification; and then I have some questions and comments.

The figure that you gave us is \$336 million in your total contract spend. Is that correct?

MR. MATA: That's correct.

MS. AGUDOSI: And that is for approximately how many contracts?

MR. MATA: I'm afraid we don't have that data here. We didn't come here prepared with how many contracts, but we can provide it when we go back.

MS. AGUDOSI: Okay, if you can.

And my understanding of the program -- and you can correct me if I'm wrong -- is that the SDA, as it relates to the construction projects that it's involved in -- they're primarily doing construction projects in underserved communities. Is that correct?

MR. MATA: That's correct; the 31 Abbott districts throughout New Jersey.

MS. AGUDOSI: So it would be correct to say that almost \$336 million are spent in school districts, underserved school districts; and out of that your breakdown of MBE participation is less than 1 percent.

MR. MATA: That is correct.

MS. AGUDOSI: And your spend for WBEs is at 3.9 percent?

MR. MATA: Also correct.

MS. AGUDOSI: And your spend for veteran-owned businesses or disabled veteran-owned businesses is zero percent.

MR. MATA: That is correct.

MS. AGUDOSI: So that we can all agree that your numbers are deportable.

MR. MATA: Yes.

MS. AGUDOSI: So--

MR. GRIFFIN: Sorry, I just have a-- On your thing, I thought -- and maybe I put it down wrong -- I thought you said that for veterans it was zero and for disabled veterans you had a number. Did I write that down incorrectly?

MR. MATA: No, at this time we're not tracking disabled veterans.

MR. GRIFFIN: You're not tracking disabled; okay, thank you.

MS. CONNELLY: I'm sorry to correct.

The disabled veteran-owned business number-- It's very small; it was \$162,000 in that same reporting period. So it was under 1 percent.

MS. AGUDOSI: Okay, so if I understood what you were saying, you gave the Commission an understanding that you believe that the certification process and making some changes to the certification process may in fact assist in increasing your MWBE participation. Is that accurate?

MR. MATA: It could. Things like combining it all into one fee, or allowing someone to select multiple designations under one certification process could help.

MS. AGUDOSI: So I just -- again, from the benefit of what I do in my office, and being involved in outreach not only to businesses, but also looking at best practices in other states. So what I would share, in

terms of a comment, is that DASNY-- Are you familiar with them; the Dormitory Authority of the State of New York?

MR. MATA: Yes.

MS. CONNELLY: Yes.

MS. AGUDOSI: And so they serve the same purpose in New York that you do in New Jersey; you're aware of that?

MS. CONNELLY: Yes.

MS. AGUDOSI: And are you aware that their MWBE participation is at 30 percent?

MS. CONNELLY: Yes.

MS. AGUDOSI: Many of the businesses that I understand that do business in New York -- particularly for DASNY -- also do business in New Jersey. So I think to suggest that certification is an issue or a challenge is misplaced, to the extent that these businesses are doing business in an adjacent state to the level of 30 percent, and we're less than 1 percent.

Has your agency done any outreach, in terms of looking at other agencies with the same type of function to see what it is that they're doing and how they're successful?

MR. MATA: We began that when I started; but due to the current changes in leadership, that's paused for now.

But yes, we have started reaching out; and we did have some communications with DASNY about reaching out to them, figuring out best practices, and what we can implement.

We've also met with a number of minority- and women-owned firms -- again, based in New Jersey, doing business in adjacent states -- that

have expressed interest in doing work with the SDA. I don't have any of that data at this time, but we are making some headway with that.

MS. AGUDOSI: Yet you also noted some of the efforts, in terms of certification with New Jersey Transit and the Port Authority, as well. Both of them are large Authorities with spend in similar areas like SDA. I'm aware of the fact that both of those Authorities conducted disparity studies and engaged in strong efforts to increase their supplier diversity. Is that anything that the SDA has considered or is planning to do as it relates to *a)* a disparity study, particular to your spend; and *b)* increasing your supplier diversity in much greater ways in light of your numbers?

MR. MATA: I'm not aware of any disparity studies that we're currently undertaking. But I have been authorized to look at our policies and procedures, and figure out how to include diversity and inclusion in the absence of a set-aside. So we're reviewing how we purchase everything, how we collect data, and creating kind of an on-ground assessment of what we're really looking at.

I wouldn't say that there's any sort of disparity study or anything being looked at, at this point, outside of the SBE set-aside and the disadvantage veteran set-aside.

MS. CONNELLY: I would concur with that.

I do want to highlight that this is certainly an issue; that the Authority has, for many years -- understanding the constraints of GEOD -- attempted to cultivate more contractor engagement, especially considering the communities we serve.

MR. MATA: Right.

MS. CONNELLY: And certainly, not seeing the full benefits of it as yet; but an SMWBE training program -- for contractors specifically, in terms of how to conduct work with the SDA -- started in 2011 with just 16 contractors completing the program that year. Last year there were 31. So we are attempting to grow our *external mentorship program*, for lack of a better word. We encourage joint ventures whenever possible. Because in addition to the certification issue, really it can come down to sometimes a bonding issue, as you heard from our predecessors who were at the table. And so we do encourage joint ventures on projects.

SBE set-asides that we do -- we recently did one for Orange Cleveland Street School. This was a successful set-aside; it had a healthy bidder pool. And I think if we look at our bidding models -- and you talked about mentor-protégé -- it could be in those kinds of set-asides for SBE that we could cultivate and do a better job.

MS. AGUDOSI: I'm going to pause for right now, because there may be other questions. And I'll defer my questions.

Any other questions from the Commission?

ASSEMBLYWOMAN PINKIN: One, I wanted to see if we could get a copy of your comments; and the second thing is, if it's possible to get, through the Commission, some of the reports that we're talking about -- you know, the minority reports that have already been done?

And just in listening I heard the comment about looking at minority vendors from out of state; but I would hope that we're focusing on in-state.

And also in the training program -- some of the unions have begun doing training programs for their minority members, whether it's

women, or veterans, or minorities. And it would be good to include them in the training program. So if you're trying to get unions and you're trying to get new bidders, you could do that, include that in the process as well.

SENATOR CUNNINGHAM: I think your comments were about what I wanted to say.

First of all, unfortunately SDA has had a history for much longer than 2011. However, you know, when you were talking, you were given some of the things that need to be done. So my question is, why aren't you doing them? You know, most minorities -- when you ask them, "Well, why didn't you bid on this contract or this project, or why don't you do this?" The answer is always, "Well, how did I know about it? I don't know about it. How do I get information about it -- what the process is?"

So it's clear -- and in some of your conversation you talked about some of this -- it's clear that we need to start educating people. How do people sign up? Is there some sort of sign-up procedure? Is there -- how often do you put bids out? So people will know, "Not this month, but next month I have to remember to go online and figure this out."

It's that kind of step-by-step; and, I don't mind saying it, *hand-holding* to some degree. And there is nothing wrong with hand-holding to get the job done in a fair manner. And I think this is what we're missing.

I'd like to see, you know, a list of what you -- who you have, as minorities, who are in business to do something. Because I see a void; I see a void all over the state when it comes to veterans and minorities out there. I don't see them on projects. So if they're working, I always want to know; I want to know where they are.

But I think that you have the answers in what you said; it's just a matter now of, "Let's be serious and get it done," because this is a serious situation.

One of the problems that we have in Trenton -- and I don't mind saying it as a Legislator -- we come up with wonderful legislation. The problem is, no one ever knows about it. You know, no one does know, you know? We sit there, and we sign off on bill after bill, and we vote; and we count on the newspapers to do a story, or we might do one press release, and that's it. But if we don't follow through on the things that we're concerned about and call groups ourselves and tell them that this is the law that we have now in effect, no one knows. And then we sit back and say, "It was zero percent or 1 percent" -- we should be humiliated and embarrassed to say that's the best that we're doing. We're better than that, or we should be.

So I think you should just take your own advice.

And when were you in Hudson County?

MR. MATA: *When*, you said; or *where*?

SENATOR CUNNINGHAM: When.

MR. MATA: I just finished my tenure there December of 2018; but I've been -- I was working for Hudson County for close to 12, 13 years in different capacities.

SENATOR CUNNINGHAM: Okay; were you there when my husband was Mayor?

MR. MATA: I was, yes.

SENATOR CUNNINGHAM: Okay.

MR. MATA: I was just coming on.

SENATOR CUNNINGHAM: Great; thank you.

MS. AGUDOSI: Any other questions?

ASSEMBLYWOMAN PINKIN: I think the other thing we need to do-- And again, rather than creating new resources, there are so many resources that we have already. Our minority Chambers are getting much stronger; we have the Indian Chamber, we have the Hispanic Chamber, we have lots of different Chambers. And we have a lot of small business development agencies through the universities. So are we connecting all of those together? Because we have pods of things happening; they just seemed to be disconnected.

MR. MATA: I'd just like to speak to that for a minute.

I realize that I'm way too new to talk about any successes of what I implemented; four-and-a-half months is not a long time.

However, in the time that I have been here already, the executive team has supported me in joining the Statewide Hispanic Chamber, which the NJSDA is now a part of; the African American Chamber, the Asian Indian Chamber, and the Veterans Chamber. One of the strategies that we're proposing -- and we're still working it out, because we do need to manage the dollars and try to focus on construction -- but one of the strategies is to figure out who's providing services and trainings best, and leverage those services. We don't want to become a training institution; we're not. We do construction. So we want to identify who's doing what well, where the gaps are, and then we'll create trainings based on those gaps.

So one of the things we've identified already is the bid readiness, because there's a very specific way to put these bids together so

that they're successful bids. Of course, you know, doing the training doesn't mean that you will get the opportunity; but we see a lot of weaknesses in that, and there are many years of historical information on what is done wrong on these bids.

So I just want to speak to-- That is a great idea, and we are making some headway already. We participate in a lot of their networking events, and we know that they have training resources. We want to leverage that; we don't want to reinvent that, we don't have the resources to reinvent that. And we can't cover the whole state; they do it better than we do.

So that's all I'd like to say on that.

MS. CONNELLY: If I could offer -- because I think it speaks to a couple of points raised most recently, specifically to Senator Cunningham -- you know, on our website we try to make it approachable to do business with the SDA. And we include a project forecast that shows our anticipated release of anything from a pre-site development package that could \$5 million to a high school design-build procurement for \$220 million. And so we stack that out by quarter so that contractors can look ahead and anticipate; not just contractors, but design professionals. We include a step-by-step guide on how to get pre-qualified and how to get certified with us.

But to your point, ma'am, it's almost not enough, right? It needs hand-holding to go with it.

SENATOR CUNNINGHAM: Right.

MS. CONNELLY: And I think that, you know, we can put information on our website till the cows come home, but if it's not helping

people navigate that-- And I think that's some of what Rafael is speaking about, in terms of engagement with local Chambers of Commerce, and really getting to know the communities that we're working in to try to help connect those dots for them.

MS. AGUDOSI: So I'd like to piggyback on that, in terms of things that can be done.

So I touched upon the fact that DASNY is knocking the ball out of the park; and I would urge you to reach out -- and I can facilitate that -- to get an understanding of their strategy and how they were able to move their numbers in the span of eight years.

Beyond that, I wanted to get an understanding of how much of a priority is this for the SDA; in light of the numbers that you just provided to us, how much of a priority is supply diversity and increasing the utilization of minority- and women-owned businesses, veteran and disabled-owned businesses, for the Authority?

MR. MATA: I can't really speak to the past. I can tell you that, since I've come on board, it is a huge, huge, huge -- there's a huge emphasis, I should say, on diversity inclusion. They've allowed me to look at all these different systems and how we purchase things. And I'm able to bring my experience in implementing these sorts of programs before.

The challenge, again, is what the law and statutes support of GEOD; what requirements are, versus what we can actually do with the funding. So they are looking for me to make some creative recommendations on how to do more, but not spend more, necessarily, in this direction.

I know it's an emphasis now, because I'm here; and one of my roles is to push the envelope with that. I can't really speak to what they're -- you know, what the emphasis was prior to me coming onboard to the SDA. But it doesn't look like there were any procedures or protocols that really pushed for more inclusion outside of SBE and PBE.

MS. AGUDOSI: So one of the things to your point about making some changes without necessarily having to put dollars in -- and I know that I was in discussions with the SDA about that -- it was just your qualitative evaluative criteria on your bids, right? So what I mean by that is, if SDA considers diversity and inclusion to be a priority, then that's something that gets translated into your bid documents as well. And that is also something that can actually be factored into assessing the prime contractors that are going to be bidding on these projects to see whether or not they have a history of utilizing MWBEs in subcontracting opportunities. That's a best practice.

My understanding was that the SDA was looking at that, and I'd like for you to give us an update as to where things are. Does the Authority intend to actually embed diversity and inclusion as a value, whereby that is calculated in your bid documents in assessing these firms?

MR. MATA: I'm afraid I can't provide any updates on that at this time, since I've taken on the diversity role here a relatively short time ago.

I was included in some of the conversations about the inclusion of diversity language. I couldn't really speak to the attendees about why it didn't really move forward, but I can bring it back and get you an answer in writing on why that didn't move forward and what activities

we're doing. It's just too new of an activity; I haven't begun to engage around diversity language in bids or diversity efforts in construction.

MS. AGUDOSI: Okay, I'm not -- just to be clear, I'm not interested in why it didn't happen; I want to know whether or not that is something that the Authority is considering to utilize in making those modifications to do bids, going forward. That's the question.

MS. CONNELLY: Yes, my understanding is that the Authority is looking to proceed with that, as it could be supported by regulation or as part of a statewide effort. So that's where it is right now.

MS. AGUDOSI: Thank you.

Any further questions? (no response)

Thank you very much.

MS. CONNELLY: Thank you for having us.

MR. MATA: Thank you.

MS. AGUDOSI: And again, you are welcome to stay. We have representatives from the different minority Chambers who are here. You may find information that they share with us to be of value or benefit to the work that you're doing there.

Thank you.

MR. MATA: Thank you very much.

MS. AGUDOSI: I believe we have a representative from the African American Chamber of Commerce.

Please state your name, and then provide the Commission with just a brief statement.

Just by way of background, I've asked the representatives of the different minority Chambers and professional organizations to provide

us with a five-minute summary of what they believe are considerations that this Commission should take into consideration as it relates to any perceived barriers, challenges, or marketplace conditions in the State of New Jersey.

H O S E A J O H N S O N: Chairwoman Agudosi, and all distinguished members of this Commission, good morning.

My name is Hosea Johnson; I'm the Chairman of the Board of Directors of the African American Chamber of Commerce. It certainly is a privilege and a pleasure to come before you this morning to talk about some of the issues that we see from the perspective of the African American Chamber of Commerce.

And I do have a brief statement I'd like to share with you, so please bear with me.

In representing the American Chamber of Commerce in New Jersey, I would like to present a brief summary of information which describes the state of the African American community in New Jersey and supports the case of improving the process, as well as providing incentives to expand a level of participation in awarding of more public contracts to African American businesses.

Specifically, according to NJBIA, there are approximately 1.1 million African American residents and over 80,000 African American-owned businesses in New Jersey.

African Americans have the highest level of poverty, unemployment, and incarceration rates in the State of New Jersey. The average net worth of the African American community is as low as \$6,000, as compared to whites, which is as high as \$275,000.

Although there are numerous African American officials at municipal, county, and State levels, there's not a focused strategy to ensure that more African American-owned businesses are competing for public sector opportunities.

It is our opinion that if there was a level playing field to compete for professional service and goods and services opportunities, and were awarded some of those contracts, they would be in a better position to hire more African American employees; thus reducing the unemployment levels, poverty levels, and improving their capacity and sustainability over time.

According to the 2010 U.S. Economic Census, 93 percent of New Jersey African American-owned businesses are sole proprietors. Ironically, although a number of New Jersey corporations have supplier diversity goals, when pressed you discover contract levels with African-American-owned firms tend to be lower than women- and other minority-owned business groups.

One of the reasons for this, as some have concluded, is given that the State does not have a similar supplier diversity program in place, which lessens or disincentivizes the private sector to be accountable to diversity and inclusion.

Having provided a foundation for our support of establishing women and minority procurement goals, with accountability for the State of New Jersey, I would like to recommend a few areas that the State can review and consider modifications to ensure a greater level of inclusion and fairness to obtain an improved threshold of participation. And I'd like to point out that a number of these came from our members; we did prepare

prior to -- well, I did prepare prior to coming here by getting some information from our membership as well.

Number one: Currently to perform municipal or school district audits there is a specialized certification in addition to the requirement to be a Certified Public Accountant, which provides for the financial reporting in another format other than Generally Accepted Principles and Practices, or *GAPP*. Our recommendation is that this should be changed to allow *GAPP* to be the standard, because by doing so you would expand the number of CPAs to compete for public sector opportunities. It is my understanding that this would not adversely impact the integrity of the industry's financial standing.

Number two: It is not clearly defined what the process is to be included on the State procurement contract; and therefore, this is a barrier to inclusion while affording a monopolistic opportunity for a select group of major corporations and large companies.

Number three: Review the access to compete for professional services opportunities with the State of New Jersey and municipal governments. These opportunities are generally procured through an RFP process, which is often written directly by or through the advisement of the firm that usually is awarded the contract. This is a significant problem because the current process gives an advantage to political donors.

Number four: Former Governor McGreevey issued, in his first Executive Order, a requirement that all public contracts be subject to Project Labor Agreements, which resulted in preference for unions. Although the threshold was later changed from all public contracts to those

over \$5 million, the language in many State, county, and municipal contract opportunities do not reflect that distinction.

Number five: The State of New Jersey should invest in a procurement monitoring system that would substantiate the outreach for women and minority participation on public contracts. The evaluation data should be verifiable in real time, and its implementation should be uniform and included on all appropriate public procurements. This would reduce the number of waivers granted, and sanctions for violations should be severe. There are a number of companies awarded contracts from the New Jersey Department of Transportation, that then send out announcements of their award and request for women and minorities seeking work or contract opportunities to apply. This is after-the-fact. However, there is no process in place to substantiate the validity of their outreach efforts.

Number six: The business registration application should be expanded to allow importation into other government agency registrations so that a business' information can be accessed when that agency is sourcing for women and minority participation. This would make the registration process more expansive, while improving the number of vendors available for public sector opportunities. An opt-out option should be included.

Number seven: In our opinion, the purpose of instituting a diversity and inclusion strategy for the State of New Jersey is to realize savings to taxpayers through innovation, efficiency, best practices; all of which can be achieved with the expansion of the pool of participants. We encourage increased public investment in technical assistance, mentor-protégé and bonding programming, more accountability in the procurement process with a correlation to performance standards and ratings.

And number eight, and finally: We recommend the establishment of the Office of Administration and Oversight that would be charged with creating accountability assessment procedures, including cost-benefit reviews. The oversight organization can serve an important and effective role in evaluating the systems and procedures for ultimate fairness in the State's procurement process.

Thank you so much.

MS. AGUDOSI: Thank you.

Any members have any questions or comments?

Senator Cunningham.

SENATOR CUNNINGHAM: Good morning.

MR. JOHNSON: Good morning, Senator.

SENATOR CUNNINGHAM: You know, it reminded me, when we were doing the Transportation Trust Fund legislation, one of the things that Senator Rice and I did was to ensure that there were set-asides for minorities -- not a specific minority; you couldn't do that federally -- but set-asides for minorities. But we also asked that there be an office created that will actually oversee who's getting those contracts, and who's not getting them, and where it's going, and how much money.

And I'm reminded, as you're saying that, because we have not done that; that has not been-- It hasn't happened. But that was part of what was supposed to have happened.

MR. JOHNSON: If I may respond, very quickly.

I think that is absolutely imperative--

SENATOR CUNNINGHAM: Yes.

MR. JOHNSON: --and certainly, as you pointed out, we can't provide these opportunities for specific groups.

SENATOR CUNNINGHAM: Right.

MR. JOHNSON: But nonetheless, we can do the MBE program--

SENATOR CUNNINGHAM: Right.

MR. JOHNSON: --and I think based on what I've heard so far this morning, certainly there is a tremendous need to improve the procurement process for minority- and women-owned businesses in this state. And I think it's abhorrent, as compared to our sister states -- and I'm talking about New York and Pennsylvania -- in terms of the types of contracting opportunities they have available.

But the bottom line on all of this -- and I want to emphasize, and that's why I started out my conversation by talking about understanding the impact that this has on the overall community -- it's critical and important to understand when you have 96 percent of 80,000 businesses that are sole proprietorships that you don't have a significant impact on the overall community in terms of employment opportunities, and in terms of equity -- in terms of equity, in terms of monetary equity.

So it's critical and important that we provide an opportunity for these businesses to grow; these small businesses to grow and develop so that they can hire people who live in their communities. And I think it's important if we really want to expand the opportunities, that we have in place are not only the incentives for the agencies, the State agencies, but also incentives for the prime contractors to support this program -- any type of MBE and WBE program.

But the bottom line is basically what you just said. Not only should you have the incentive, but you also have to have the oversight.

SENATOR CUNNINGHAM: Yes.

MR. JOHNSON: It's critical to make sure that people are following through with what they say. It's one thing to have -- as we saw, in this document-- We have a bill here that says that there are certain regulations you're supposed to adhere to. But if there's no oversight, then it's just a piece of paper; and I'm sure you understand.

MS. AGUDOSI: Seeing no more questions, thank you very much.

MR. JOHNSON: Thank you.

MS. AGUDOSI: And lastly, we have a representative from the Asian Indian Chamber of Commerce.

Again, if you can please state your name; and provide us with a statement that you would like to present to the Commission for consideration, specifically as it relates to your membership, outlining the market conditions, any disparities or challenges that you believe they currently face in State contracting.

Thank you.

P R I T I P A N D Y A - P A T E L: Sure.

Hi, my name is Priti Pandya-Patel; I'm the President of the Asian Indian Chamber of Commerce. We're a 25-year-old organization.

This is actually a new kind of topic and space for us, in the South Asian community. I think that, for our members, I'm trying to introduce it. And many of the members actually don't even understand what supplier diversity and procurement really is. They don't understand

the value that it could bring to their business, and I think that we're just really at a starting point.

We are actually trying to do a conference, a supply diversity and inclusion conference, on September 20. We're going to be starting with just workshops; and one of the things that I would like to propose is if, maybe, some of the State departments can, maybe, participate and maybe that would be the day that they can do workshops.

I know-- I'm actually a certified State Women Business Enterprise; Minority Business Enterprise, as well as a Small Business. And I think the challenge that I have is just the awareness. I don't have a direction; I don't know the websites where I can go. I've called New Jersey Transit; I mean, I think I've made so many phone calls in the past year-and-a-half to try to figure out how I can get into this space. And myself -- I've had problems and difficulties, so I couldn't imagine how somebody else that is really not, you know, business experienced or has some connections in the state -- how even they can do it when I myself am challenged to do it.

So I think that, for us, it's a big challenge. I think there needs to be a lot more awareness of, as other people had said, the certification process, as well as the bidding process. How to do RFPs; what are RFPs? I think that's really where we need to start.

So I really don't have a statement except that, you know, I think for us, as the South Asian community, I think this is just a really new endeavor that we would love to be part of; but I think it's just challenging because we don't know enough about it.

MS. AGUDOSI: Thank you.

Can you give us some idea, in terms of -- if you know -- data, in terms of the number of your membership; what the number is, in terms of your community and businesses, as well as just spend and what that traction is in the community?

And if you don't have that information readily available, is that information that you would be able to provide at a later date?

MS. PANDYA-PATEL: Yes; I mean, we haven't really done a survey. I mean, if that's something that we need to do, then I think we can do that; it's very easy.

I would tell you that the industry, diversity wise, we were very diverse. I mean, we are anywhere from health care, to construction, to accounting, to legal, to brokers. We also-- Because it's South Asian -- Asian Indian Chamber, we don't just have numbers who are Asian Indian or South Asians in our membership. We have African Americans, we have Chinese, we have Spanish; I mean, we just have a diverse community. But we don't have the number; I don't the number. I think if we took a survey, I could do that.

MS. AGUDOSI: Thank you.

And just a comment. Unfortunately -- and we spoke about that before -- the State is going to be hosting its first ever MWBE Procurement Summit on the same date, September 20.

MS. PANDYA-PATEL: I know, I know.

MS. AGUDOSI: And so all of the State departments, agencies, authorities, and commissions will have representation there.

I will let them know about your event. I don't know how many people they're able to bring between the two. But that's just a conflict right

now that exists, and I think moving forward we'll try to better alleviate that type of conflict.

But I just wanted to make you aware.

MS. PANDYA-PATEL: Yes, we're just planning to do, maybe, a workshop. And we're working with also the New York and New Jersey Minority Supplier Development Council. I don't know if you know Terrence Clark?

MS. AGUDOSI: Yes.

MS. PANDYA-PATEL: So I've also reached out to him to see if they could do a workshop as well.

So I think if we can have some representation of somebody from either the Certification Department, maybe one person can just help people navigate the certification process. And then we also have the New York/New Jersey MSDC; they come because if you want to work with Fortune 500 companies, they're also the right people to work with.

So whatever you guys can do to help us, I think-- I know that you're coming tomorrow to speak; and moving forward we will-- And we're going to have a bigger conference in 2020. So I want you guys to also be a part of it, and I'll let you know ahead of time the exact dates so everybody can participate.

MS. AGUDOSI: Thank you.

Any other questions from members?

MR. GRIFFIN: So I'm glad to see that you're here; I'm glad to see that you are having an event.

I would encourage you -- and I'm also speaking to Mr. Johnson -- that when you have these events -- Chamber events, what have you -- if

you would reach out, at least, to the Office of Diversity and Inclusion. That way, her shop can let State agencies know that they're happening. I think part of the disconnect is, while you're having these events, sometimes we aren't aware that they're happening. And so if we have, sort of, advance notice, we can plan ahead to maybe provide someone to come to speak or to demonstrate.

But as, sort of, day-to-day things happen, it's hard to manage and keep up -- be aware of all the events that are happening. But I know that since we have an Office of Diversity and Inclusion -- at a minimum, if she knows, we'll probably know.

MS. PANDYA-PATEL: Yes; actually, we did connect and we are communicating. So I am actually getting e-mails, and we're forwarding them out to our members as well.

And the State Authority is our member; and so we're excited at least to work with them. And we're looking forward to working with all the State agencies.

I think the more awareness that people have they will be more comfortable with actually being certified and applying for the bids.

So thank you so much; I really appreciate the opportunity.

MS. AGUDOSI: Thank you.

MS. PANDYA-PATEL: Thank you.

Can I just say one more thing?

I have a proposal, or a suggestion. Would you guys be open to, maybe, having an advisory, maybe, a committee, with people -- members of each of the minority Chambers, and maybe having a few MBWBEs as an

Advisory Board so that you guys at the State actually understand what the challenges are from our level?

MS. AGUDOSI: Thank you; we'll take that under advisement.

One of the first steps is to have you come in and to give us some of this information. Because we have a very short timeline, that's something that we're going to have to internally see what will work.

But thank you for that.

MS. PANDYA-PATEL: Okay, thank you.

MS. AGUDOSI: That concludes our new business.

Is there any-- The floor is open for any discussions or comments.

ASSEMBLYWOMAN PINKIN: So the testimony today -- we'll get a copy of that?

MS. AGUDOSI: Yes.

ASSEMBLYWOMAN PINKIN: Not the transcript, but the papers that people are handing in?

MS. AGUDOSI: The information that they're going to provide--

ASSEMBLYWOMAN PINKIN: Their testimony; are they handing copies of their testimony?

MS. AGUDOSI: This is my first rodeo, working with the Office; but I will definitely try and see what I'm able to get.

Generally, what I like to do is, in advance of our meetings, is to provide you with all that supplemental information. So I just have to see how that works. If I can get the transcript, I'm happy to do so. Absolutely I will -- the reports and the information that we requested, I'll also ensure

that that information -- copies are made and available for the Commission as well.

ASSEMBLYWOMAN PINKIN: Thank you.

HEARING REPORTER: Chair, did anybody turn anything into the Commission?

ASSEMBLYWOMAN PINKIN: That's what I was referring to.

HEARING REPORTER: Yes, I got something from Mr. Johnson, because I saw he had a copy here. But I was wondering, like Mr. Chianese -- he was reading. Did he turn anything in?

MS. AGUDOSI: No, I haven't received any-- Okay, so you're talking about what -- their comments that they read?

ASSEMBLYWOMAN PINKIN: Right; their testimony.

MS. AGUDOSI: Oh, okay; I'm sorry. I thought you were talking about what-- I can get that; yes, absolutely, and I will make that available.

Any other questions or comments? (no response)

Are the dates that were slated -- are we all good with those dates for our meetings, going forward, from now until the end of December?

Really, I appreciate you all being here. We are drumming up, just trying to make sure that we have a quorum present in case we need to move forward with anything. I will be moving forward with securing some of the speakers -- that we receive confirmations for, but were not able to come today -- were the Hispanic Chamber of Commerce and Michael Garner from the Metropolitan Transit Authority. They do intend to come and speak before this Commission. I would say that I am very excited about Mr. Garner coming and speaking; they're doing phenomenal things in

the state of New York for the capital projects under the MTA. And I think that in terms of best practices, there's no better "best in class" for us to hear what they're doing and for consideration of possible recommendations that this Commission may have thought.

So thank you all for your patience. Sorry we started a little bit late, which is why we are ending a little bit late.

Thank you.

(MEETING CONCLUDED)