



December 31, 2020

Denver City Council  
1437 Bannock St rm 451  
Denver, CO 80202

**RE: DEN Flagship Janitorial Contract**

Dear Members of City Council:

The Colorado Hispanic Chamber of Commerce (COHCC) is the State's largest minority chamber, representing over 2,500 members throughout the State and more than 80,000 Hispanic-owned businesses in Colorado. Our goals are centered around building a prosperous community through economic opportunity for minority-owned businesses. We accomplish this by removing barriers for Hispanic-owned business, by supporting entrepreneurship and job creation across the private and public sectors, by addressing the opportunity gap, and by creating awareness of the economic influence and value of the Hispanic market at the National, State and local levels. We partner with other municipalities, non-profits, and corporations so that they can make informed decisions about ways to strategically amplify their impact in the community they serve, based upon data-driven insights about our multicultural presence and market impact. Given the high share of Hispanics in our Nation, State and City, we believe that by removing barriers to economic opportunities and helping Hispanics thrive, our entire community thrives. Addendum B at the end of this letter provides insights into the great economic potential our nation could unlock from supporting and investing in Hispanic-owned companies.

It has come to the attention of the COHCC that despite technical compliance with the Division of Small Business Opportunity (DSBO) ordinance, the \$183 million DEN Flagship Janitorial Contract (bill # 20-1530) does not meet the goals, values and spirit of the DSBO ordinance and Minority and Women-owned Business Enterprise (MWBE) programs. The purpose of Article III and, in part, Article V of the Denver Revised Municipal Code (D.R.M.C.) is to enable the City to undertake specific activities to promote equity, maximize opportunities and prevent discrimination and its effects against business enterprises that have been certified as MWBEs. By not unbundling the contracts, opportunities for different minority groups have not been maximized. This has resulted in the egregiously low Hispanic-owned business participation of only 3%, despite Hispanics representing over 75% of both Denver's and Colorado's minority population, and despite heavy Hispanic concentration in the janitorial industry. These results are not reflective of activities that promote equity. The contract awardee's commitments only meet the goals on paper by

using loopholes that frustrate the goals, spirit and intent of the DSBO. It uses only one local MWBE subcontractor for 38% of the project, an out-of-state Joint Venture with a Texas-based MWBE and leaves insignificant opportunities to undisclosed local MWBE partner(s). The use of these loopholes has significant economic implications to our community.

For this reason, the COHCC respectfully requests that the Denver City Council VOTES NO on this contract (bill # 20-1530) and instruct DEN to re-evaluate its processes and selection criteria without the aforementioned loopholes and to develop a course correction plan so that more local women and minorities can participate in City processes to proportionally reflect the demographics of our community. Our request is based on the following questions that the contract process raised.

**Why did the process allow a large, bundled contract, limiting the number of minority and women-owned businesses that could participate?** This City Council directed DEN to unbundle its contracts; however, the \$183 million bill before Council appears to be inconsistent with this guidance. The effect of DEN's contract bundling is a severe limit on the number of minority and women-owned businesses able to bid. Allowing one single company to fulfill a 38% MWBE representation with a subcontract estimated at \$70 million over 5 years greatly limits participation from other minority groups that could have benefitted from this opportunity, such as women-owned businesses, Asians, Native Americans and many others. Our minority and women-owned businesses need access to unbundled contracts for large projects as this one, so that the bidding process can be more manageable and encourage greater participation in line with the recent DSBO ordinance. The smaller size associated with ethnically diverse firms allows them to more quickly adapt to market changes and to be flexible to overcome obstacles. This grows customers, provides opportunities to reach a broader base and improves our economy. Their success and local support are essential for closing the opportunity gap, creating local jobs and propelling our local and State economy towards a much needed recovery. The ordinance was created to increase participation and the wealth of traditionally marginalized groups, such that our diverse community can holistically benefit. We support opportunities for all groups because diversity drives innovation. If a Hispanic-owned company were provided a sole source contract valued at \$71 million dollars under similar circumstances, locking out other women and minority-owned businesses from participating, there would be legitimate resistance for the same reason. It would violate the spirit and purpose of the ordinance.

**Why did the process consider only two local MWBE subcontractors, one of which was listed in four out of five bids?** According to the Small Business Certification and Contract Management System (<https://denver.mwdb.com>), there are 974 MWBE certified companies in Colorado in the janitorial services sector, and 45 Airport Concession Disadvantaged Business Enterprise (ACDBE) certified companies. The fact that only two MWBE subcontractors were considered in the process is a testament of the limiting nature of contract bundling and resulting non-competitive processes. It is also evidence of the lack of outreach and bilingual information that is putting Hispanics at a substantial disadvantage.

**Why did the process allow an out-of-state Joint Venture subcontract?** The process is considering a Joint Venture (JV) Mentor-Protégé pilot project for the janitorial work in the terminal with

Assertive Human Resources Management Development Corporation (AHRMDCO), a Texas-based Black-owned company with no operation presence in the Denver Metro area and without any ties to our community. This minority-owned company was chosen as a 51% partner for a substantial portion of the contract with an estimated \$60 million over 5 years. Although this arrangement might have been presented as a more attractive option for appearing more inclusive on paper, it is in fact detrimental to us locally. By allowing the prime contractor to use this Joint Venture, our State is losing the opportunity Denver City Council wished to promote to generate local economic activity. The Texas group does not bring experience, credentials or skills that would be different from any Colorado local minority or women-owned firm. We need better enforcement and utilization of our tax-payer dollars to support a proper due diligence process that assesses the capabilities, financial status, and track record of a prospective local subcontractors first, before identifying potential out-of-state options. We understand that \$10 million (30% of this portion of the contract) is expected to be passed onto a local MWBE firm, but COHCC is of the opinion that this is not adequate for our local MWBE firms, which have at least the same capacity to enter into a JV agreement with the prime contractor. We believe that the Joint Venture between Flagship and the MWBE firm from Texas should eliminate the out of state portion and exclusively use local MWBE. The COHCC believes there are several additional local MWBE companies that are suitable for performing the types of jobs required and would be happy to identify several of them for you to the extent that it would be helpful. The process has incentivized contractors to merely check boxes, overlooking much needed outreach, education and communication efforts needed to reach a wide spectrum of local MWBE businesses. We need a transparent process that accounts for intentional outreach and targeted education efforts to reach local MWBE firms.

**Why did the process allow for an undisclosed MWBE partner?** The portion of the contract for which an undisclosed local MWBE partner is being considered as part of the Joint Venture with the Texas MWBE accounts for \$10 million. Since the partner has not been identified in a substantial piece of this contract, the COHCC believes it would not be appropriate to approve an arrangement that lacks clarity and solid planning. In fact, this would be a pertinent opportunity to course correct the flaws in the process and to follow an equitable process that maximizes the opportunities for a broader set of local MWBE firms.

**Why did the process allow the prime contractor to count subcontracted MWBE firms that do not proportionately represent the makeup of our community, City or State in its DSBO goals?** Neither DEN nor DSBO places requirements on the prime contractor to provide opportunities to one certified minority group over another, and MWBE participation is met strictly by the certification status of the firm, not the owner's race or gender. COHCC considers the count of any MWBE subcontractors that does not proportionally represent the demographics of our local tax-payers to be a shortcoming. Even if it were not, this approach is tone-deaf to the Hispanic community, which comprises about 75% of the minorities in Colorado. We need to better understand how to promote equity in our City and our State. Despite being more than 30% of the population in Denver, Hispanic-owned firms are being considered for only 3% of the DEN Flagship Janitorial contracts. A mere 3% participation level undermines the integrity and efforts of MWBE programs. Hispanics are by far the largest minority group and one of the fastest-growing groups of workers, consumers, and entrepreneurs in Colorado with more than 1.2 million residents that

account for 22% of the population. African Americans and Asians are the second and third largest minority groups in Colorado with 4% and 3% respectively. In the City of Denver, 1 in every 3 residents is Hispanic and this number will continue to rise as 3 in 5 children enrolled in Denver Public Schools are Hispanic. Considering the local makeup of our community, only 3% representation for Hispanic-owned businesses is neither strategic nor fair and is clearly not representative of the Denver population. The unequitable and unfair distribution of business contracts associated with the DEN Flagship Janitorial contract contradicts the overall interest of the constituents you represent in your District. Addendum A at the end of this letter presents a table with the share of Hispanics in each of the Districts you represent.

**Why did the process overlook the most vulnerable group in the State during this current economic and public health crisis?** It is bad policy to grant the bundled contract to a single prime contractor because it allows for an unequitable and unfair distribution of business contracts at a time when Hispanics are the most vulnerable population to the current public health and economic crisis. Hispanic businesses face many challenges, which have been amplified by COVID-19. Hispanics have the highest number of COVID-19 cases in proportion to their population within the State. Small businesses owned by Hispanic entrepreneurs are more likely to be in industries impacted by COVID-19. Failure to break down barriers that prevent the economic inclusion of Hispanics results in wider inequalities. Whereas improving economic opportunities for our City's largest minority group, positively impacts outcomes in education and health for all. Prioritizing diversity, equity and inclusion is not just the right thing to do, but the smart thing to do, and doing so in a manner that more closely mirrors the Denver population is an economic imperative. Now more than ever, when COVID-19 has uncovered the systemic barriers minorities face, it is essential to enact change.

For these reasons, COHCC respectfully requests that the Denver City Council votes no on this contract (bill # 20-1530) and then immediately begins to re-evaluate its processes and selection criteria through an equitable lens in line with the values and makeup of our community. **We ask that you direct DEN to review the original Request for Proposal (RFP) and related proposals, keep taxpayer's dollars circulating in our local economy, maximize opportunities for MWBE firms, and make sure that our taxpayers' dollars are used in a way that proportionally represent the demographics of our community.** We further request you instruct DEN to identify flaws and develop a course correction plan so that more women and minorities can participate in City processes. We want to clarify that our request is centered on the process, not on specific outcomes. This is also an opportunity to use the power our community entrusted to you with their vote on ballot initiative 2C. Time is of the essence, since once contracts are approved, they will not expire for another 7 years (3-year initial term with a 4-year option). This would be too long to wait to provide the required course correction. It is time to press a much-needed pause to make sure that this and subsequent contracts uphold the promise of a more equitable process. We ask for a serious and intentional commitment to closing the disparities and opportunity gaps so that there can be more representation from all women and minority-owned businesses throughout the City of Denver.

COHCC is here to be a resource and a partner in these efforts. We could help the City of Denver and DEN lead a more inclusive contract process by working together on a pro-bono basis to:

- 1) Evaluate communication strategies and make suggestions on ways to effectively lead outreach efforts to make sure more minority-owned businesses are aware of the City of Denver's RFPs.
- 2) Create communication channels, including the promotion of RFPs in Spanish.
- 3) Create an ad-hoc communication committee to oversee goals and measures that are race and gender conscious for contracting with small, minority and women-owned local businesses.
- 4) Promote citywide mentorship and technical assistance programs to help minority businesses learn about city contracting and bid opportunities.

There is ample local talent to perform the important tasks required by the DEN Flagship Janitorial Contract. It is incumbent upon you to take necessary steps to realize our potential by prioritizing the local economy in a manner that is more reflective of the demographics of our community. We look forward to working with you in this endeavor.

Sincerely,



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cc. Mayor's Office, City and County of Denver  
Denver International Airport

**Addendum A**  
**Share of Hispanics in each of the Districts represented by the Denver City Council**

<b>District</b>	<b>City Council Member</b>	<b>Hispanic population</b>	<b>Spanish Speakers</b>	<b>Poverty Level</b>	<b>Are Hispanics the largest Minority in the district ?</b>
1	Amanda Sandoval	33%	18%	14%	Yes
2	Kevin Flynn	38%	19%	11%	Yes
3	Jamie Torres	65%	46%	34%	Yes
4	Kendra Black	13%	7%	9%	Yes
5	Amanda Sawyer	15%	9%	13%	yes
6	Paul Kashmann	11%	5%	12%	Yes
7	Jolon Clark	41%	29%	16%	Yes
8	Christopher Herndon	23%	19%	14%	Yes
9	Candi CdeBaca	26%	18%	20%	Yes
10	Christopher Hinds	9%	4%	12%	yes
11	Stacie Gilmore	50%	40%	13%	Yes
At-Large	Debbie Ortega				
At-Large	Robin Kniech				

**Addendum B**  
**The Strength and Economic Potential of the U.S. Hispanic Market**

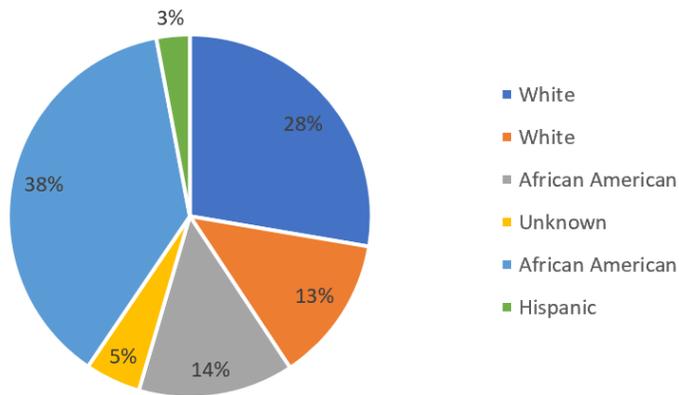
We are at the crossroads of an unprecedented multicultural economic revolution with Hispanics at the vanguard. We believe our path to economic recovery must be marked by bold change that intentionally and strategically reaches Hispanics in order to strengthen our State's economy. Nationwide the Hispanic population surpassed 62 million people and represents over \$1.7 trillion in buying power, which is larger than the entire Canadian economy. If the US Hispanic market were its own country, its GDP would be \$2.6 trillion, making it the eighth largest economy in the world. Hispanics believe that the American dream is accessible through business ownership. This helps to drive the over 4 million Hispanic-owned businesses in the US that are starting at a rate of 2-3 times the national average. According to the Kaufman foundation, Hispanic entrepreneurship is the fastest growing segment of the economy over the last 20 years. The Stanford Latino Entrepreneurship Initiative, indicates that between 2009-2019, the number of Latino business owners grew 34%, compared to 1% for all business owners in the United States. Between 2018-2019, Latino-owned businesses reported an average revenue growth of 14%, outpacing the growth of the U.S. economy.

The Stanford Latino Entrepreneurship Initiative also indicated that if the current number of Latino-owned businesses were to grow to match the size of their non-Latino counterparts, it would add 5.3 million new jobs and \$1.5 trillion to the U.S. economy. Due to the dramatic growth of this demographic group, there is much local economic potential to be untapped from supporting and investing in Hispanic-owned companies if we make strategic decisions based on data.

**Addendum C -1**  
**Contract and Subcontract Participation in the DEN Flagship Janitorial Contract**

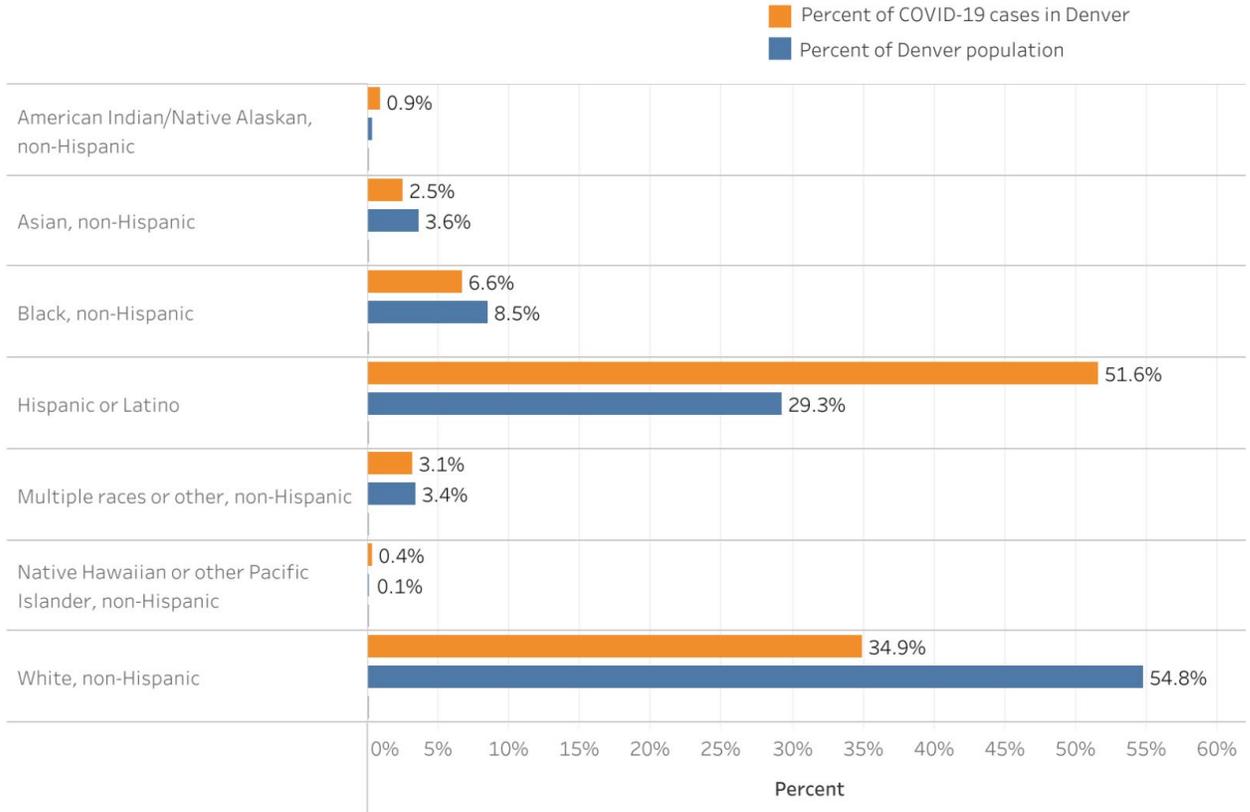
Contractor/Subcontractor	Area	Ethnicity /Race	Estimated % of contract	Estimated Value (in \$million)
Flagship	B Concourse with expansion	White	28%	51
JV - Flagship portion (49)	Main Terminal & Hotel Transit Center	White	13%	24
JV - Texas-based	Main Terminal & Hotel Transit Center	African American	14%	24
JV - Undetermined local MWBE	Main Terminal & Hotel Transit Center	Unknown	5%	10
Wayne & Sons Enterprises	Concourse A and C	African American	38%	70
AFSG	TSA Areas & Food Courts (A,B,C)	Hispanic	3%	4

**Addendum C -2**  
**Contract and Subcontract Participation in the DEN Flagship Janitorial Contract**  
**Pie Chart by Race/Ethnicity**



## Addendum D

### COVID-19 Cases in Denver By Race and Ethnicity Showing the Disproportionate Effect on Hispanics



8,355 (18.5%) cases are missing race/ethnicity

Percentages in the graph are based on population with completed interviews and known demographics. Low counts are suppressed, indicated by an asterisk (\*). Congregate settings include long-term care facilities, jails, and cases in people experiencing homelessness.

Data Sources:

Denver COVID-19 Cases: Denver Public Health Completed COVID-19 Case Investigation Database

Denver Population: U.S. Census Bureau 2019 American Community Survey, 1-year estimates

**Addendum E**  
**Notes**

- Estimates used in this letter were provided by Denver International Airport and additional figures were extrapolated based on the information provided.
  
- The term “Hispanic” refers to “a person of Cuban, Mexican, Puerto Rican, South or Central America, or other Spanish culture or origin regardless of race,” as indicated by the U.S. Census Bureau. We understand that within such diverse community of American and foreign-born individuals, many identify themselves as Latino, Latina, Latinx, Chicano, Chicana, and other terms with slightly different meanings. However, for the purposes of simplicity, we use the term “Hispanic” as a catch-all term that includes these various interpretations.