

Goals Calculation Overview

The City of Austin's Small and Minority Business Resources Department (SMBR) manages Minority-Owned and Women-Owned Business Enterprise (M/WBE) participation goals on City contracts. A "goal" is the percentage of a contract's projected expenditure that the City would expect certified MBE and WBE firms to receive in the absence of discrimination. The Department determines whether a City contract will have no goals, utilize standard "annual" goals, or utilize project-specific goals. This overview provides a simplified view of how annual goals and project-specific goals are set. An example follows on the attached page.

Calculating Annual Goals

Step 1: Calculate the number of available MBE and WBE enterprises. Legal guidelines require that minority-related contracting goals correlate with the level of minority contractors in the City's marketplace. The City commissions a marketplace assessment every few years to ensure it has up-to-date contractor availability information. The study counts the number of companies in the marketplace and assesses overall minority availability.

Step 2: Weight the availability. Availability is then weighted to reflect City spending. Industries receiving relatively more dollars in the past few years receive relatively more weight in the estimation of M/WBE availability.

Calculating Project-Specific Goals

Step 1: Identifying firms and their work. SMBR certifies firms to participate in the City's Program; these are "certified firms". Every firm wishing to do business with the City, however – certified and non-certified – uses the Vendor Self Service (VSS) System to identify the Commodity Codes it can perform. Every day, the number of certified firms and firms' Codes change.

Step 2: A Project Manager initiates the Solicitation. A Project Manager first inputs a Solicitation request and proposed Trade Summary into the City's contract software, eCAPRIS. A Trade Summary reflects the Commodity Codes that make up the project and the Project Manager's estimates of the percentage each Code makes up of the project's total price. eCAPRIS (the City of Austin Project Reporting and Information System) informs City staff including SMBR that a Solicitation is about to go out.

Step 3: SMBR assesses whether a contract will have goals. At SMBR, staff reviews the Solicitation request and determines whether the project will have no goals, utilize annual goals, or utilize project-specific goals. SMBR assigns no goals when there are no subcontracting opportunities, or when there is insufficient MBE and WBE firm availability (less than 3). SMBR assigns annual goals when subcontracting opportunities are present but unclear. This is the end of the goals calculation for no-goals and annual goals determinations.

Step 4: A Project Manager finalizes the Trade Summary.

Step 5: eCAPRI calculates project-specific goals. eCAPRIS generates project-specific goals for the Commodity Codes in the Trade Summary. eCAPRIS calculates the project-specific goals using the following formula:

$$\frac{\text{Number of (e.g., AA) Vendors Total for the Commodity Code} * \text{Commodity Code's Trade Summary \%age}}{\text{Number of Vendors Total for that Commodity Code}}$$

Step 6: SMBR reviews and confirms project-specific goals. This final goals assessment becomes part of the Solicitation.

Final Step 7: Bidder submits Compliance Plan. The final step is the Bidder's Compliance Plan. As a Bidder reviews a City Solicitation and its goals, the Bidder completes a Compliance Plan as part of their bid, showing which firms it will subcontract with if awarded the contract, whether the percentage of the total project costs MBE and WBE firms will earn achieves the project's goals, and a showing of Good Faith Effort if the percentage MBE and WBE firms will receive does *not* meet the project's goals. If the bidder does not meet the goals or demonstrate Good Faith Efforts, the bidder is deemed "non-compliant" and is not eligible for award unless a waiver is granted. This requirement to either meet the goals or show Good Faith Efforts to meet the goals is monitored through the life of the contract.

Goals Calculation Overview

Example: Annual Goals

Assume the marketplace assessment finds there are only ten Construction firms in Austin, and they do three types of work: plumbing, topsoil, and framing:

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|--|---------------------------------|
| 1. Plumbing AA (African American firm) | 6. Topsoil B (Anglo Male firm) |
| 2. Plumbing B (Anglo Male firm) | 7. Topsoil C (Anglo Male firm) |
| 3. Plumbing C (Anglo Male firm) | 8. Framing A (Anglo Male firm) |
| 4. Plumbing D (Anglo Male firm) | 9. Framing B (Anglo Male firm) |
| 5. Topsoil AA (African American firm) | 10. Framing C (Anglo Male firm) |

Based on this marketplace assessment, Construction contractor availability generally and African American Construction contractor availability specifically is:

Number of Vendors Total: 10

Number of African American Vendors: 2

African American Construction Availability: **20%** (2 of 10)

Also assume the assessment identified that **50%** of City expenditures are on Construction. To weight African American Construction availability, multiply African American Construction availability by City spending:

$$20\% \times 50\% = 10\%$$

The weighted African American Construction Availability is **10%**.

In other words, if the City spends \$100, spending patterns tell us \$50 will be spent on Construction. If the City spends \$50 on Construction, and African Americans are **20%** of the City's Construction firms, then African Americans statistically would earn 20% of the City's \$50.00 Construction expenditure, or \$10.00.

Example: Project-Specific Goals

Assume all four plumbing companies identified by the study log on to the City's vendor registration system and are the only companies that state they are available to do work under Commodity Code 12345 Plumbing Pipes. There are now four vendors total available to do work on Commodity Code 12345, one of which is a certified African American vendor. All three topsoil companies log in to VSS and identify Code 45601 (one certified), and all three framing companies log in and identify Code 78901 (none are certified).

Next, assume a Project Manager determines a new project encompasses three scopes of work – plumbing, topsoil, and framing, and that 40% of the project's expenses will be plumbing, 9% of the project's expense will be topsoil, and 51% of the project's expenses will be framing. This is the Trade Summary.

12345 Plumbing Pipes	40%	45601 Topsoil and Dirt	9%
78901 Framing Prep	51%		

As mentioned above, the project-specific goal formula is:

$$\frac{\text{Number of (e.g., AA) Vendors Total for the Commodity Code}}{\text{Number of Vendors Total for that Commodity Code}} \times \text{Commodity Code's Trade Summary \%age}$$

eCAPRIS takes the projected scopes of work in the Trade Summary and information from the vendor registration system, and plugs them into the project-specific goal formula.

- For purposes of this project, the African American plumbing goal would be run as follows: $\frac{1}{4} \times 40\% = 10\%$
- For purposes of this project, the African American topsoil goal would be run as follows: $\frac{1}{3} \times 9\% = 3\%$
- For purposes of this project, the African American framing goal would be run as follows: $\frac{0}{3} \times 51\% = 0\%$

Although overall weighted African American construction availability is 10%, the African American availability assessment (and hence the overall African American goal) for this specific project is 13% (10% + 3% + 0%).