

# SMALL & MINORITY BUSINESS RESOURCES DEPARTMENT

Presentation to the Economic Opportunity Council Committee  
October 12, 2015

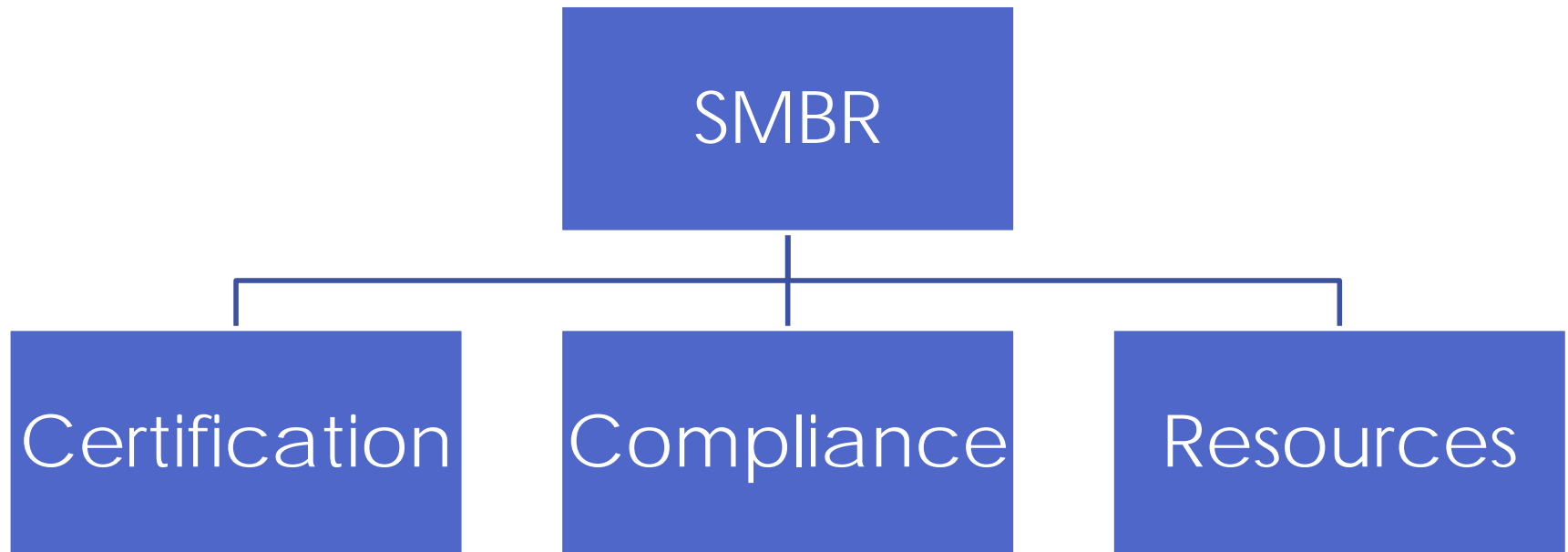
# History of the MBE/WBE Program

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- In 1987, City Council established the Minority-Owned and Women-Owned Business Enterprise (MBE and WBE) Procurement Program
  - ▣ An affirmative action program based upon evidence of disparities in City contracting for minority and women business owners
- The purpose of the Small & Minority Business Resources (SMBR) department is to administer the Program as established by City Council in City Code 2-9A-D

# Organizational Overview

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# Program Administration

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SMBR consists primarily of three divisions designed to facilitate the administration of the Program

- Certification
  - Determines eligibility to participate in the MBE/WBE Program according to guidelines
- Compliance
  - Reviews, monitors and tracks MBE/WBE participation on City procurements throughout all phases of a project
- Resources
  - Plan Room, bonding, outreach, and management of service provider contracts

# Certifications Offered

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	Minority-Owned Business Enterprise (MBE)	Woman-Owned Business Enterprise (WBE)	Disadvantaged Business Enterprise (DBE)	Airport Concession Disadvantaged Business Enterprise (ACDBE)
Project Funding	City		Federal	
Personal Net Worth (PNW) Limit (Economic Disadvantage)	\$1,454,000		\$1,320,000	
<ul style="list-style-type: none"><li>Firms must be small businesses as defined by US Small Business Administration (SBA) guidelines</li><li>Site visits required for all firms</li></ul>				

# Certification Criteria

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- Business must be at least fifty-one percent (51%) **OWNED, MANAGED** and **CONTROLLED** by a socially and economically disadvantaged individual
  - ▣ Social Disadvantage based upon Presumed Groups:
    - Minority
      - Asian-American
      - African-American
      - Native American
      - Hispanic
    - Women
  - ▣ Economic Disadvantage is based upon Personal Net Worth (PNW)
  - ▣ Currently there are about 925 certified vendors

# Compliance Functions

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Compliance is responsible for program enforcement from project solicitation to completion, including:

- Set and approve MBE/WBE goals
- Educate firms on program requirements
- Review and track MBE/WBE utilization
- Perform audits
- Facilitate prime and subcontractor issues

# Goal Development

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All solicitations over \$58,000 MUST be reviewed by SMBR. Goal determination is based upon MBE/WBE availability and scopes of work. If goals are assigned, either Project Specific or the MBE/WBE Ordinance Goals are assigned.

Annual Participation Goals for The Program				
Ethnic Group	Construction	Commodities	Professional Services	Nonprofessional Services
African-American	1.7%	0.3%	1.9%	2.5%
Hispanic	9.7%	2.5%	9.0%	9.9%
Native/Asian American	2.3%	0.7%	4.9%	1.7%
MBE	13.7%	3.5%	15.8%	14.1%
WBE	13.8%	6.2%	15.8%	15.0%



# Goal Development

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Project Specific Goal Calculation formula:

$$\frac{\text{No. of Certified Vendors (Per Ethnicity)} \times \% \text{ of Scope}}{\text{Total Vendors}}$$

For example, if 40% of a project is plumbing and there are 4 vendors registered in plumbing one of which is African-American, the calculation would be:

$$\frac{1 \times 40\%}{4} = 10\%$$

# Meeting Goals and Good Faith Efforts (GFE)

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Proposers/contractors must meet goals or perform Good Faith Efforts, otherwise bid/proposal will not be considered

- Goals are not a quota
- Goal(s) can only be met by using City of Austin certified firms who are certified for commodities/ services identified in solicitation or approved by Project Manager to use during open solicitation period
- Firms met the goals 88% of the time on Council Awards in FY2015

# Good Faith Efforts Include

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- Justification for not meeting MBE/WBE/DBE goals
- Notifying certified firms (fax, e-mail, mail or phone call)
- Negotiating in good faith with interested MBEs and WBEs
- Publishing notice in a local publication
- Seeking services of minority and women organizations
- Contacting SMBR for assistance
- Selecting portions of work that will increase MBE/WBE opportunities
- Assisting MBE/WBE firms with bonding, lines of credit, and insurance

# Solicitations without Goals

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Even if goals are not established on a solicitation, all primes are required to comply with the MBE/WBE Procurement Program. If any subcontracting opportunities arise the prime must:

- contact SMBR for an availability list
- perform good faith efforts
- receive SMBR approval of addition/deletion/substitution
- submit expenditure report submissions
- submit contract close-out

# Resources

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- Outreach
  - ▣ Monthly workshops
  - ▣ Collaboration with local small businesses
- Bonding
  - ▣ Bonding Financial Consultant on staff to meet with business owners on Bid, Payment, and Performance Bonds
- Plan Room
  - ▣ Free access to McGraw Hill Dodge Online database of plans, news, and specifications for construction projects in over 100 Texas counties
  - ▣ Paper & electronic construction plans and specifications also available
- Service Providers
- MBE/WBE and Small Business Advisory Committee support

# Service Provider Contracts

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SMBR has contracts with the following Service Providers, also known as the Minority Trade Association Alliance:

- Asian Contractor Association (ACA) [Since FY2001]
- Austin Area Black Contractors Association, Inc. (AABCA) [Since FY 1998]
- US Hispanic Contractors Association de Austin (USHCA) [Since FY2007]
  - Hispanic Contractors Association (HCA) was prior contractor from FY1999 to FY2007

ALL current Service Provider contracts were established in FY2014 in the amount of \$100,000 each, with extension options for four years in the amount of \$100,000 per year.

# Service Provider Relationship

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While each contract with Service Providers is unique, each has the following objectives:

- Conducting outreach to increase the number of certified firms
- Assist with the retention of certified firms
  - ▣ Reminders
  - ▣ Surveys
- Provide workshops and technical assistance

# Update from June Economic Opportunity Committee Meeting

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- Customer Service Training
- Staff Liability Coverage
- Communications on Contract Enhancements
- Third Party Mediation



# Disparity Study Update

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- A Disparity Study is currently being conducted for the City
- Recommendations are being finalized.
- SMBR will submit a Request for Council Action in November to extend the Sunset from December 2015 to December 2016 to allow for presentations and stakeholder feedback

# Questions?