



①

DEPARTMENT OF
GENERAL SERVICES

MINORITY AND WOMEN
BUSINESS ENTERPRISE PROGRAM

CITY OF SACRAMENTO
CALIFORNIA
May 9, 1990
MWBE90:055:RDR:rh

5730 - 24TH STREET
BUILDING FOUR
SACRAMENTO, CA
95822-3699

916-449-8505

Budget and Finance Committee
Transportation and Community Development Committee

Honorable Members in Session:

SUBJECT: Third Quarter (FY90) Minority/Women Business Enterprise
(M/WBE) Program Progress Report

SUMMARY

The attached report summarizes activities of the City's Minority/Women Business Enterprise (M/WBE) Program during the Third Quarter of Fiscal Year 1990 - January 1, 1990 through April 30, 1990. It provides information on Third Quarter activities and fiscal year-to-date statistical totals for M/WBE utilization.

RECOMMENDATION

It is requested that the Joint Committees review this report and forward it to the full Council for its information.

Respectfully submitted,

ROBBIN DESHIELDS RANDOLPH
Procurement Services Manager/
M/WBE Program Manager

Approved:

SOLON WISHAM, JR.,
Assistant City Manager



DEPARTMENT OF
GENERAL SERVICES

MINORITY AND WOMEN
BUSINESS ENTERPRISE PROGRAM

CITY OF SACRAMENTO
CALIFORNIA

May 7, 1990

MWBE90:056:RDR:rh

5730 - 24TH STREET
BUILDING FOUR
SACRAMENTO, CA
95822-3699

916-449-8505

City Council
Sacramento, California

Honorable Members in Session:

Subject: 1989-90 Minority/Women Business Enterprise Program -
Third Quarter Report - January 1, 1990 through March 31,
1990

SUMMARY

The attached report summarizes activities of the City's Minority/Women Business Enterprise (M/WBE) Program during the Third Quarter of Fiscal Year 1989-90 - January 1, 1990 through March 31, 1990. It provides a review of special, continuing, and planned future activities of the M/WBE Program. It also provides a statistical breakdown of City Operating Budget expenditure activity which shows overall utilization of minority and women owned firms to be 7.5% of the total discretionary transactions in the operating budget. Additionally, it contains statistics on M/WBE expenditures from the Capital Improvement Projects (CIP) Budget, which had a M/WBE utilization rate of 3.1%. This report was provided to the Joint Committees (Budget & Finance and Transportation & Community Development) for review at their meeting of May 22, 1990.

BACKGROUND

As directed by the Council, the Office of Minority, Women and Small Business (OMWSB) prepares reports on a quarterly basis to provide information on progress towards meeting the Council-established M/WBE utilization goals of 20% minority business and 5% women business utilization in discretionary City business transactions. This report covers work activities conducted during the period from January 1, 1990 through March 31, 1990, and provides cumulative expenditure data for the fiscal year, from July 1, 1989 through March 31, 1990.

ANALYSIS

A. SPECIAL ACTIVITIES

1. M/WBE Utilization Study

Staff has been working with the County of Sacramento and the Sacramento Housing and Redevelopment Agency (SHRA) on development of a Request for Proposals (RFP) for use in selecting a consultant to perform a study of minority and women business utilization in our market area. This study is required in order to meet the guidelines set forth by the U.S. Supreme Court decision in the case of the City of Richmond v. J.A. Croson Co. as a part of the process of justifying preferential minority business programs.

The working committee has met several times to review drafts and to formulate a scope of work that will be suitable for all three agencies. This has proven to be a formidable task, and has taken more time than was originally anticipated. Currently, RFP documents from other agencies are being reviewed and guidance is being obtained from the Minority Business Education and Legal Defense Fund (a Washington, D.C. based non-profit organization that has been monitoring and reviewing such RFP's from around the nation). When the RFP document is completed, it will be brought to the Council for approval of content prior to issuance.

After a consultant is selected and the study is completed, the results will be reviewed and analyzed by staff. Based upon that review and analysis, staff will provide Council with policy recommendations.

2. Small Business Economic Opportunity Program

In September 1989, the Council also authorized staff to develop a racially neutral **Small Business Economic Opportunity Program** to provide assistance to City-certified small businesses in doing business with the City.

Staff has completed an initial draft of administrative procedures and qualification criteria for the program. Work related to the M/WBE Utilization Study and other ongoing OMWSB operations have precluded further progress on this project. As soon as a final program proposal is ready, it will be brought to the Council for approval.

B. CONTINUING ACTIVITIES

1. Participant Certification

During the period from January 1, 1990 through March 31, 1990,

54 new vendors have been added to the City's list of certified M/WBE vendors. M/WBE certifications are valid for a period of two years. Because the certifications of some vendors are now expiring, the process of re-certification has begun. In some cases the re-certification process reveals change of ownership or vendors that are no longer doing business. Such vendors are removed from the list of certified vendors. Therefore, the total number of certified vendors at the end of a quarter may not increase by the full amount of the number of new certifications. At the end of this quarter, the City's centralized LGFS computer system now contains a net total of 884 certified M/WBE vendors.

2. Mayor's M/WBE Task Force

The Mayor's Special Task Force on M/WBE met to review the Second Quarter Report (FY90) of M/WBE activities on February 5, 1990. Minutes of that meeting are attached to this report as Exhibit "B". In addition to reviewing the Second Quarter Report, the Task Force was advised of Council's authorization for staff to coordinate the joint venture Croson study with the County and SHRA and to develop the small business program. It was also noted that the City M/WBE goals of 20% (MBE) and 5% (WBE) are to remain in place until results of the Croson study are available. Members expressed their feelings that progress towards achievement of the goals was slower than they would hope, and felt that enhanced accountability at the department level of goals achievement might provide a stronger incentive than presently exists. The members were advised that such measures cannot readily be employed until the M/WBE utilization study, which could provide the foundation for such a policy, is completed.

3. Outreach

During the Third Quarter staff was involved in the following outreach activities:

- Participating in the first Vendor Open House, sponsored by the Procurement Services Division to acquaint new vendors with the City's purchasing process - over 80 vendors attended;
- Working with the Sacramento Regional Purchasing Council;
- Participating in Sacramento Minority Business Opportunity Committee activities;
- Attending Capital City Purchasing Association meetings.

C. FUTURE ACTIVITIES

1. M/WBE Utilization Study

Staff will continue to work with the County of Sacramento and SHRA on the Request for Proposals (RFP) for the selection of a consultant to perform the M/WBE Utilization Study. As noted earlier in this report, Council will be kept apprised of progress.

2. Establish Administrative Procedures for Implementation of Small Business Economic Opportunity Program.

Staff plans to continue with development of recommendations for a Small Business Economic Opportunity Program, and to report to Council when a final proposal is completed.

3. Continue Monitoring of Expenditures with M/WBE Firms

The current reporting system for tracking City expenditures with M/WBE firms from the operating and CIP budgets will continue.

4. Expanded Internal Outreach

During the Third Quarter, staff has determined that an increased level of information needs to be provided to City employees about the M/WBE utilization monitoring process. This point was emphasized when it was discovered that many employees are unaware of how they can use the City's computerized Local Government Financial System (LGFS) to locate M/WBE vendors, and how to properly execute payment authorization documents to ensure that expenditures made with M/WBE vendors are "captured" in the reporting process. OMWSB staff intends to visit each City department during the Fourth Quarter to provide updated information about M/WBE monitoring and available resources.

5. Reporting-Process Refinements

The process of tracking and reporting the City's M/WBE utilization has undergone significant refinement since the M/WBE Program was formally established in 1988. The complexity of the computerized (LGFS) financial system, however, requires that review and refinement be an ongoing process. During the coming months, OMWSB staff will continue to work with other City departments to ensure production of the best quality data possible.

D. STATISTICS THROUGH THE THIRD QUARTER, 1989-90 FISCAL YEAR

1. Operating Budget

Through the Third Quarter, the City has spent a total of \$20,869,781 in "baseline" purchases for goods and services from the Operating Budget. Of this total, the amount spent with M/WBE firms was \$1,557,669. This represents 7.5% of the total "baseline" City purchases in the Operating Budget through the Third Quarter of the 1989-90 fiscal year, from July 1, 1989 through March 31, 1990.

The level of participation by M/WBE firms in City Operating Budget transactions in the Third Quarter FY90 shows a small (0.2%) decrease from that of the Second Quarter FY90 (7.7%). This change may be due to the cyclical nature of purchasing activity, or may be indicative of a "plateau" level beyond which progress will require additional educational/motivational measures to achieve. It should be noted, however, that this figure is higher than the 7.1% reported at the end of the third Quarter of 1988-89.

The Operating Budget year-to-date statistics for fiscal year 1989-90 are:

Year-to-Date FY 1989-90 M/WBE Purchases		
OPERATING BUDGET TOTALS		
<u>Classification</u>	<u>Amount</u>	<u>Percentage</u>
Total Baseline Expenditures	\$ 20,869,781	100.0%
Total M/WBE	1,557,669	7.5%
Total Minority Male	847,519	4.1%
Total Minority Female	221,153	1.1%
Total Non-Minority Female	488,997	2.3%
- - - - - Total Minority-Owned*	1,068,422	5.1%
Total Woman-Owned**	710,150	3.4%

* Includes Minority Male and Female
 ** Includes Minority and Non-minority Women

The activity detail by Department for the information contained in the above table is attached as Exhibit "A". In addition, departmental detail is on file in the Office of Minority, Women and Small Business.

When the Second Quarter FY90 Progress Report was presented, several Council members expressed a desire to have detail about the

composition of the businesses to which the expenditures being reported have been made. In response to that request, the following business demographic information has been compiled covering the expenditures reported above from the City "baseline" Operating Budget.

<u>Business Ethnicity/Gender</u>	<u>No. Utilized</u>	<u>Expenditures</u>
Asian/Pacific Island - Male	15	\$ 302,204
Asian/Pacific Island - Female	6	30,421
Black - Male	6	177,388
Black - Female	0	0
Hispanic - Male	14	367,927
Hispanic - Female	4	190,732
Non-minority - Female	<u>69</u>	<u>488,997</u>
Total M/WBE:	<u>114</u>	<u>\$ 1,557,669</u>

2. Capital Improvement Projects (CIP) Budget

This is the second report in which reporting includes information on expenditures from the Capital Improvement Projects (CIP) Budget. The CIP expenditures have been tracked using the same "baseline" object codes utilized in the monitoring of the Operating Budget. Total baseline CIP expenditures through the end of the Third Quarter were \$19,598,099. Of that amount, a total of \$603,659 or 3.1% was spent with City-certified M/WBE firms. This is lower than the 4.5% reported at the end of the second quarter of fiscal year 1989-90.

It should again be noted that the City's computerized financial system is capable of recording only payments made to prime contractors. The prime contractors in turn pay their sub-contractors with proceeds received. Because payments made to sub-contractors by the prime contractors are not included in the figures reported here, it is possible that the actual level of M/WBE participation is somewhat higher than these numbers indicate. An accurate method for measuring the precise level of M/WBE participation through the tracking of payments to sub-contractors is not available at this time.

The Capital Improvement Projects Budget statistics year-to-date for fiscal year 1989-90 are:

**Year-to-Date FY 1989-90 M/WBE Purchases
 CIP BUDGET TOTALS**

<u>Classification</u>	<u>Amount</u>	<u>Percentage</u>
Total Baseline Expenditures	\$ 19,598,099	100.0%
Total M/WBE	603,659	3.1%
Total Minority Male	307,483	1.6%
Total Minority Female	198,795	1.0%
Total Non-Minority Female	97,381	0.5%
- - - - - Total Minority-Owned*	506,278	2.6%
Total Woman-Owned**	296,176	1.5%

* Includes Minority Male and Female
 ** Includes Minority and Non-minority Women

Note: Because many CIP projects involve multiple City departments, the information cannot be broken down by department at this time.

The CIP Budget expenditures have been examined in the same fashion as were the Operating Budget expenditures to determine ethnicity and gender composition of the firms being utilized. The following business demographic information summarizes the expenditures reported above from the City "baseline" CIP Budget.

<u>Business Ethnicity/Gender</u>	<u>No. Utilized</u>	<u>Expenditures</u>
Asian/Pacific Island - Male	7	\$ 32,748
Asian/Pacific Island - Female	4	198,795
Black - Male	3	53,477
Black - Female	0	0
Hispanic - Male	7	221,258
Hispanic - Female	0	0
Non-minority - Female	<u>12</u>	<u>97,381</u>
Total M/WBE:	<u>33</u>	<u>\$ 603,659</u>

POLICY CONSIDERATIONS

The Council has established policy that the City should increase the level of business transactions with minority-owned and women-owned businesses. As a target, the Council set goals of 20% minority and 5% woman business participation. While M/WBE utilization has grown from that reported a year ago, the rate of growth is slow. A quicker pace of growth could probably be achieved through a higher level of accountability at the department and/or division levels. However, the constraints imposed by the Supreme Court's Crosen decision limit the ability to take such measures without the type of "factual predicate" that is produced from a M/WBE utilization study. After the study is completed, sufficient information should be available on which to base well-founded, pro-active utilization policies. Until that time, the City should continue to encourage diversity in solicitations for goods and services. To that end, staff of the OMWSB will work to expand resources available to facilitate such diversification.

RECOMMENDATION

This report is for Council information and requires no action.

Respectfully submitted,



ROBBIN DESHIELDS RANDOLPH
Procurement Services Manager/
M/WBE Program Manager

FOR CITY COUNCIL INFORMATION:

WALTER J. SLIPE
City Manager

Contact Person:
Robbin DeShields Randolph
Procurement Services Manager
449-5551

All Districts
May 29, 1990

**** SUMMARY by DEPARTMENTS ****
 CITY OF SACRAMENTO
 M/WBE EXPENDITURES
 Third Quarter - Fiscal Year 1989-90

Responsible Activity	Object Codes	3rd QTR	MBE	3rd QTR	WBE	3rd QTR	M/WBE
		Year-to-Date MBE Purchases	Use Percent	Year-to-Date WBE Purchases	Use Percent	Year-to-Date TOTAL Purchases	Use Percent
Mayor/Council	Baseline	1,621	4.70%	2,883	8.35%	34,514	13.05%
City Manager	Baseline	3,102	3.00%	2,906	2.81%	103,254	5.82%
City Attorney	Baseline	1,395	1.24%	536	.48%	112,382	1.72%
City Clerk	Baseline	543	.22%	742	.31%	241,940	.53%
City Treasurer	Baseline	5,299	6.60%	1,227	1.53%	80,291	8.13%
Finance	Baseline	9,109	1.19%	26,375	3.45%	764,380	4.64%
Data Management	Baseline	41,474	6.39%	1,994	.31%	648,988	6.70%
Personnel	Baseline	6,318	2.76%	1,308	.57%	229,270	3.33%
Employee Relations	Baseline	98	1.57%	466	7.51%	6,212	9.08%
General Services	Baseline	348,694	4.59%	104,506	1.38%	7,589,239	5.97%
Police	Baseline	31,496	2.01%	69,142	4.41%	1,567,611	6.42%
Fire	Baseline	4,129	1.10%	77,482	20.61%	375,934	21.71%
Public Works	Baseline	134,388	2.64%	174,685	3.43%	5,092,733	6.07%
Planning & Development	Baseline	22,364	4.84%	8,848	1.92%	461,708	6.76%
Library	Baseline	1,738	.41%	26,371	6.21%	424,461	6.62%
Community Center	Baseline	2,050	.58%	22,415	6.34%	353,631	6.92%
Parks & Community Svcs	Baseline	233,702	8.40%	188,264	6.76%	2,783,235	15.16%
CITY TOTALS:		847,519	4.06%	710,150	3.40%	20,869,781	7.46%

MINORITY WOMEN/BUSINESS ENTERPRISE PROGRAM
MAYOR'S SPECIAL TASK FORCE
MINUTES

MEETING DATE: February 5, 1990

MEETING TIME: 5:30 P.M.

LOCATION: City Hall, 915 I Street, Accounting Conference
Room

PRESENT:

Task Force Members:

Janet Dallas (for Janet Ruiz-Anderson), NEDA San Joaquin
Valley
Trudy Evans, Sacramento Black Chamber of Commerce
Gene Fong, Aerojet Tech Systems Company (private
corporation)
Sheila Martin, Sacramento Housing & Redevelopment Agency
Beatriz Molina, Sacramento Hispanic Chamber of Commerce

Staff:

Robert Holbrook, Administrative Analyst II, M/WBE Program
Mina Minkler, M/WBE Technician
Robbin Randolph, Procurement Services & M/WBE Program
Manager

CALL TO ORDER AND APPROVAL OF MINUTES OF OCTOBER 16, 1989 MEETING

The meeting was called to order by Robbin Randolph at 5:35 p.m. and introductions were made. Robbin noted that Edmundo Lopez had advised M/WBE Program staff of his intention to resign from the Task Force due to a lack of available time to devote to it.

The minutes of the meeting of October 16, 1989 were approved as written.

REVIEW OF SECOND QUARTER FY90 PROGRAM REPORT

Following approval of the minutes, Robbin reviewed the 1989-90 Second Quarter Report. She noted that the Second Quarter Report summarizes activities undertaken by the program during October 1 - December 31, 1990 and provides year-to-date Operating Budget expenditure information for the period from July 1, 1989 through December 31, 1989. During this period, the M/WBE utilization rate in baseline operating expenditures was 7.7%. This is a significant increase from the 4.2% rate for the same period last year. The Second Quarter Report also includes the first reporting of M/WBE utilization for baseline expenditures from the Capital Improvement Projects (CIP) Budget. A total of

4.5% was spent with M/WBE firms from the CIP Budget. Robbin pointed out that this includes only payments made to prime contractors and does not reflect payments made to subcontractors.

Task Force members commented that there is still room for improvement in M/WBE utilization in most departments. Robbin advised the members that while M/WBE utilization is being encouraged, it is necessary for the City to complete a market area utilization study in response to the Croson decision before any goal requirements can be strictly enforced. Discussion followed about ways the reporting might be improved:

- Beatriz Molina suggested that a count of the number of vendors used be incorporated into the reporting, so that a better picture could be gained about whether percentage increases reflect participation by more vendors or simply more dollars being expended among a relatively constant group.
- Gene Fong and Sheila Martin also pointed to the desirability of reporting on sub-contractor utilization rates where possible.

Robbin acknowledged the value of the suggestions, and noted that such refinements will be incorporated where possible as staff time is available to work on them. Currently the majority of staff time is being devoted to preparation of the Request for Proposals (RFP) for the M/WBE Utilization Study and to development of the Small Business Economic Opportunity Program.

STATUS OF M/WBE UTILIZATION STUDY

Robbin noted that the County and SHRA have agreed to participate with the City in hiring a consultant to perform the Utilization Study. A Working Committee has been formed with representatives from each agency and the committee has reviewed a first draft of the RFP. It is anticipated that the RFP will be issued in late February or early March, and that the study itself will probably take six months or more to complete. Following completion, policy recommendations will be made to the legislative bodies of each agency.

STATUS OF SMALL BUSINESS ECONOMIC OPPORTUNITY PROGRAM

Robbin noted that draft administrative procedures and qualification criteria patterned after the State Department of General Service's Office of Small and Minority Business have been developed. Certification would be based on gross receipts not exceeding specified amounts, based on the industry and type of

business in which a firm is engaged. Plans call for a 5% bid preference to be extended to certified small businesses on certain bids and possibly reserving some contracts exclusively for certified small businesses. The draft has been reviewed by Task Force member Dennis Tootelian, who is Director of the CSUS Center for Small Business. Dennis suggested some refinements to enhance the viability of the program, most significantly in the area of dollar thresholds for qualification. A draft of the qualification thresholds will be provided to Task Force members for review and comment.

NEXT MEETING

A firm date was not set for the next meeting, which will be held following the close of the third quarter.

ADJOURNMENT

The meeting was adjourned at 7:15 p.m.



Robbin DeShields Randolph
Procurement Services Manager/
M/WBE Program Manager

Attest:



Mina Minkler
Secretary