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DEPARTMENT OF
GENERAL SERVICES

OFFICE OF MINORITY, WOMEN
AND SMALL BUSINESS
February 26, 1991

CITY OF SACRAMENTO
CALIFORNIA
MWBE91:030:RDR:RH:rh

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

916-449-8505

Budget and Finance Committee
Transportation and Community Development Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: MINORITY/WOMEN BUSINESS ENTERPRISE PROGRAM - SECOND
QUARTER FY91 REPORT - OCTOBER 1, 1990 THROUGH DECEMBER
31, 1990. SUMMARY OF PROGRAM ACTIVITIES AND CITY M/WBE
UTILIZATION STATISTICS.

SUMMARY

This is an informational report which summarizes the activities of the Minority/Women Business Enterprise (M/WBE) Program during the Second Quarter of Fiscal Year 1990-91 (FY91), and presents cumulative statistical information about the City's utilization of minority/women business enterprises from July 1, 1990 through December 31, 1990.

At the end of the Second Quarter FY91, the City's M/WBE utilization level was 11.0% of discretionary expenditures made from the Operating Budget, compared with the 7.7% level of one year ago. In Capital Improvement Projects (CIP) Budget expenditures, 5.7% were with M/WBE firms, compared with 4.5% a year ago. When combined with additional expenditures¹, the City's overall utilization rate through the Second Quarter FY91 was 9.2%. Comparative statistics for the "additional expenditures" category are not available from the Second Quarter of last fiscal year.

BACKGROUND

In 1988, the City Council established goals for the City to increase the amount of business it does with minority-owned and women-owned businesses. The goals set by the Council are for achievement of overall utilization rates of 20% minority and 5% women business enterprises in discretionary business transactions. The Office of Minority, Women and Small Business has been tasked with certifying M/WBE businesses and monitoring their utilization by the City. Reports are presented on a quarterly basis to provide the Council with

¹ See explanation of additional expenditures on page 6.



information about progress towards meeting the established utilization goals.

PROGRAM ACTIVITIES SUMMARY

Staff of the Office of Minority, Women and Small Business (OMWSB) are engaged in efforts to increase City M/WBE utilization on an ongoing basis. In addition to maintaining the basic vendor certification process and financial monitoring systems, staff is involved in advertising and outreach activities, vendor assistance, and research and analysis related to the M/WBE Program. Such activities during the Second Quarter of FY91 included:

M/WBE Utilization Study

As part of the City's response to the U.S. Supreme Court's decision in the case of the City of Richmond v. J.A. Croson Co., staff has been working with representatives from the County of Sacramento and the Sacramento Housing and Redevelopment Agency (SHRA) to develop a Request for Proposals (RFP) for use in selecting a consultant to perform a study of the business demographics and overall M/WBE utilization in the Sacramento market area. In October, the Sacramento Regional Transit District (RT) joined the effort, making it a four-agency project. The RFP was issued in early December, with proposals due February 1, 1991. The selection process will continue in the coming weeks, with final recommendation of a consultant and contract award anticipated for the Spring of 1991.

Participant Certification

The process of certifying new M/WBE vendors and re-certifying vendors whose two-year period of certification is expiring continues on an on-going basis. The City's list of certified M/WBE firms contained 929 vendors as of the end of the Second Quarter, including 214 vendors who were re-certified during the quarter.

Mayor's M/WBE Task Force

The Mayor's Special Task Force on M/WBE met to review the First Quarter Report (FY91) of M/WBE activities and to discuss related issues on November 19, 1990. Minutes of that meeting are attached to this report as Exhibit "A".

Reporting of Subcontractor Utilization on Capital Improvement Project (CIP) Contracts

Work on development of procedures to facilitate the reporting of subcontractor utilization on Capital Improvement Projects has been delayed due to a combination of the need to devote greater resources to the RFP process and a shift in responsibilities of Departmental personnel that has left the Administrative Analyst II position temporarily staffed at less than a full-time rate. The

appointment of an OMWSB Coordinator (position approved by Council in FY91 Budget) will facilitate finalization of the subcontractor utilization reporting system.

Directory of City-certified M/WBE Vendors

Data Management Department staff has completed the computer programming needed to produce an M/WBE vendor directory, and the directory has been run. Final production work is now being completed, and copies of the Directory will soon be available.

Outreach Activities

- * OMWSB staff coordinated participation of City employees in the 1990 Minority Enterprise Development (MED) Conference. The 1990 MED Conference, held on October 2, 1990 at the Capitol Mall Holiday Inn, registered over 250 attendees. OMWSB staff handled advance registration for the event, as well as on-site assistance. The Fleet Management Division displayed City vehicles and answered questions from entrepreneurs about how to do business with the City. The City had representation from several Departments at the Conference. Procurement Services and the Department of Public Works staffed a table at the Vendor Marketplace. General Services, OMWSB, and Office of Economic Development staff made presentations and assisted in various workshops during the Conference. The event culminated in an awards banquet at which outstanding minority entrepreneurs and advocates were honored.
- * Participation in Sacramento Minority Business Opportunity Committee (MBOC) monthly meetings and activities;
- * Working with the Sacramento Regional Purchasing Council;
- * Attending Bay Area Contract Compliance Officers Association workshops to help in understanding and responding to M/WBE issues;
- * Attending Capital City Purchasing Association meetings;
- * Distribution of a List of Current Bids and Requests for Quotation to the minority chambers of commerce for monthly general membership meetings and to the minority business development center (NEDA) plan room on a weekly basis.

FINANCIAL INFORMATION

M/WBE UTILIZATION STATISTICS FOR THE SECOND QUARTER, FY91

Operating Budget

As of the end of the Second Quarter of FY91, the City had spent a

total of \$15,486,570 in "baseline" (discretionary) purchases for goods and services from the Operating Budget. Of this total, the amount spent with M/WBE firms was \$1,703,927. This represents 11.0% of the total "baseline" City purchases from the Operating Budget through the Second Quarter of FY91.

The Operating Budget statistics through the Second Quarter FY91 are:

Table 1
 Second Quarter, Fiscal Year 1990-91 M/WBE Expenditures
OPERATING BUDGET TOTALS

<u>Classification</u>	<u>Amount</u>	<u>Percentage</u>
Total Baseline Expenditures	\$15,486,570	100.0%
Total M/WBE	1,703,927	11.0%
Total Minority Male	950,154	6.1%
Total Minority Female	105,974	0.7%
Total Non-Minority Female	647,799	4.2%
Total Minority-Owned*	1,056,128	6.8%
Total Woman-Owned**	753,773	4.9%

* 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 "B". In addition, departmental detail is on file in the Office of Minority, Women and Small Business.

Table 2
 Second Quarter, Fiscal Year 1990-91 M/WBE Expenditures
Business Utilization by Ethnicity & Gender - Operating Budget

<u>Business Ethnicity/Gender</u>	<u>No. Utilized</u>	<u>Expenditures</u>
Asian/Pacific Island - Male	16	\$ 227,096
Asian/Pacific Island - Female	7	17,877
Black - Male	6	134,804
Black - Female	1	640
Hispanic - Male	9	588,064
Hispanic - Female	3	87,457
Nat. Am./Aleut/Alaskan Native - Male	1	190
Nat. Am./Aleut/Alaskan Native - Female	0	0
Non-minority - Female	<u>75</u>	<u>647,799</u>
Total M/WBE:	<u>118</u>	<u>\$1,703,927</u>

Capital Improvement Projects (CIP) Budget

The CIP Budget expenditures are tracked using the same "baseline" object codes utilized in monitoring the Operating Budget. Total "baseline" CIP expenditures through the Second Quarter FY91 were \$15,321,260. Of that amount, a total of \$877,154 or 5.7% was spent with City-certified M/WBE firms.

As noted in previous reports, these statistics reflect payments made to prime contractors. Prime contractors, in turn, pay their subcontractors with proceeds received. Because payments made to subcontractors 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. Subcontractor participation will be included in the reporting as noted earlier, when the necessary information collection mechanisms are in place.

The Capital Improvement Projects Budget statistics reflecting activity through the Second Quarter of Fiscal Year 1990-91 are presented in Table 3 and Table 4.

Table 3

Second Quarter, Fiscal Year 1990-91 M/WBE Expenditures
CIP BUDGET TOTALS

<u>Classification</u>	<u>Amount</u>	<u>Percentage</u>
Total Baseline Expenditures	\$15,321,260	100.0%
Total M/WBE	877,154	5.7%
Total Minority Male	508,178	3.3%
Total Minority Female	244,719	1.6%
Total Non-Minority Female	124,257	0.8%

Total Minority-Owned*	752,897	4.9%
Total Woman-Owned**	368,976	2.4%

* Includes Minority Male and Female

** Includes Minority and Non-minority Women

Note: Because many CIP projects involve multiple City departments, the expenditure information is not broken down by department.

Table 4

**Second Quarter, Fiscal Year 1990-91 M/WBE Expenditures
 Business Utilization by Ethnicity & Gender - CIP Budget**

<u>Business Ethnicity/Gender</u>	<u>No. Utilized</u>	<u>Expenditures</u>
Asian/Pacific Island - Male	3	\$ 18,486
Asian/Pacific Island - Female	3	244,719
Black - Male	2	39,721
Black - Female	0	0
Hispanic - Male	4	449,971
Hispanic - Female	0	0
Non-minority - Female	<u>13</u>	<u>124,257</u>
Total M/WBE:	<u>25</u>	<u>\$ 877,154</u>

Other M/WBE Expenditure Information

Some expenditures with M/WBE firms continue to be made using non-M/WBE vendor codes. Such expenditures are not picked up by the computerized expenditure tracking system, and therefore the department/budget source of the expenditures is not identified. Working with Data Management, a program has been developed for identifying the total dollar amounts involved. The additional M/WBE expenditures that were identified through this process totaled \$266,071 through the Second Quarter of FY91. When combined with the Operating Budget and CIP Budget figures, the City's overall M/WBE figures are:

Table 5

**Second Quarter, Fiscal Year 1990-91
 Total City M/WBE Expenditures**

	<u>Total</u>	<u>M/WBE</u>	<u>Percentage</u>
Operating Budget	\$15,486,570	\$1,703,927	11.0%
CIP Budget	15,321,260	877,154	5.7%
Additional M/WBE	---	266,071	---
<u>Total</u>	<u>\$30,807,830</u>	<u>\$2,847,152</u>	<u>9.2%</u>

POLICY CONSIDERATIONS

This report is presented to keep the Council apprised of progress toward meeting the established goals of 20% minority and 5% woman

business enterprise participation in discretionary City business transactions. No policy changes or new policies are being recommended at this time.

RECOMMENDATION

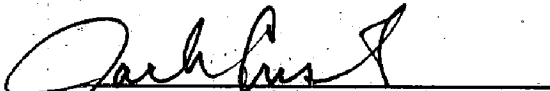
This report is for Committee information and requires no action.

Respectfully submitted,



ROBBIN DESHIELDS RANDOLPH
Assistant Director,
General Services

APPROVED FOR COMMITTEE INFORMATION:



JACK CRIST
Deputy City Manager

Contact Person:
Robbin DeShields Randolph
Assistant Director, General Services
449-5548

February 26, 1991
All Districts

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

MEETING DATE: November 19, 1990

MEETING TIME: 5:30 P.M.

LOCATION: City Hall - Accounting Conference Room

PRESENT:

Task Force Members:

Trudy Evans, Black Chamber of Commerce
Gene Fong, Aerojet
Sheila Martin, Sacramento Housing Redevelopment Agency
Bea Molina, Hispanic Chamber of Commerce
Bud Rodgers, Associated General Contractors
Janet Ruiz-Anderson, Sacramento Regional Purchasing Council
Dennis Tootelian, CSUS Small Business Center

Staff:

Robert Holbrook, Administrative Analyst II, M/WBE Program
Robbin Randolph, Assistant Director, General Services
Mietta Smallwood, Typist Clerk II, M/WBE Program

CALL TO ORDER AND APPROVAL OF MINUTES OF SEPTEMBER 17, 1990

The meeting was called to order by Robbin Randolph at 5:45 P.M. and introductions were made.

The minutes of the meeting of September 17, 1990 were approved as written.

REVIEW OF FIRST QUARTER FY 90-91 PROGRESS REPORT

Following approval of the minutes, the First Quarter Progress Report for Fiscal Year 1990-91 (FY91) was reviewed by Robbin. The First Quarter Report summarizes the City's level of M/WBE utilization and program activities in the period from July 1, 1990 through September 30, 1990.

Robbin noted that the M/WBE utilization rate for baseline Operating Budget expenditures was 10.7% for the First Quarter of FY91, compared with a rate of 7.6% for the same period last year. In the Capital Improvement Projects (CIP) Budget, the utilization rate was 6%, compared with a rate of 3.6% for last year.

Overall, it appears that City employees' awareness about M/WBE utilization has been on the increase. In an effort to maintain

this awareness, the OMWSB now sends utilization reports to the Department Managers, with copies to departmental M/WBE Coordinators. M/WBE utilization tracking is continuing to be complicated by departments using "old" vendor codes instead of the new ones that are assigned when M/WBE certification is obtained. OMWSB staff is working with the Data Management Department to improve this area of the tracking system, and as a result additional M/WBE expenditures are now being found and reported.

Bea Molina inquired as to the percentage of M/WBE businesses being utilized that are based in the City of Sacramento. She expressed concern on behalf of the Sacramento Hispanic Chamber of Commerce that contracts awarded to non-local vendors represent business being taken away from local firms. Discussion ensued on the relative merits of locally-based M/WBE efforts versus those which reach to broader geographic areas. Robbin pointed out that in some cases, it has been necessary to reach into other areas to obtain needed products and services.

Robbin advised Task Force members that the City's first hard copy M/WBE Directory is nearly complete and will be ready for issuance within the next few weeks. Staff hopes that this will be a tool for facilitating still more progress towards achieving the M/WBE utilization goals that have been set by the City Council.

UPDATE ON REQUEST FOR PROPOSALS (RFP) FOR M/WBE UTILIZATION STUDY

Robbin advised Task Force members that progress was continuing on the Request for Proposals (RFP) to select a consultant to conduct an M/WBE utilization study in the Sacramento market area. It should be ready for issuance around the beginning of December. Discussion ensued on the content of the RFP and the anticipated timelines for completion of the study. Robbin noted that the initial study will probably focus on construction contracting and professional services contracts, but that other areas such as commodities purchasing may be included depending on proposals received and their associated costs. Some concerns were expressed that possibly the study should be done for all areas, and not construction alone, because of the potentially high cost of conducting another separate study. Robbin indicated that these factors will be considered when the proposals are reviewed.

COMMENTS

Task Force members were asked for comments on the Quarterly Progress Report and the City's M/WBE Program in general. The

following comments were offered:

- * Vendors don't like dealing with the government in general - largely because the payment process tends to be so slow;
- * An assessment of the number of M/WBE companies in existence is needed;
- * Small and minority businesses should be more aggressive and sell themselves;
- * There is no real motivation to be certified as an M/WBE vendor with the City of Sacramento, since no preferences or set-asides are offered;
- * A local preference program might be preferable to an M/WBE preference program;

ADJOURNMENT

The meeting was adjourned at 7:00 p.m.

**** SUMMARY by DEPARTMENTS ****

EXHIBIT "B"

CITY OF SACRAMENTO

M/WBE EXPENDITURES

Second Quarter - Fiscal Year 1990-91

Responsible Activity	Object Codes	2nd Quarter		2nd Quarter		2nd Quarter FY 1990-91 TOTAL Purchases	THIS YEAR	LAST YEAR
		MBE Purchases	MBE Use Percent	WBE Purchases	WBE Use Percent		2nd QTR M/WBE Use Percent	2nd QTR M/WBE Use Percent
Mayor/Council	Baseline	11,816	12.7%	7,824	8.4%	93,158	21.1%	15.8%
City Manager	Baseline	8,354	5.6%	5,541	3.7%	149,332	9.3%	6.8%
City Attorney	Baseline	0	.0%	34,427	34.1%	100,989	34.1%	3.0%
City Clerk	Baseline	1,174	4.5%	1,545	5.9%	26,347	10.3%	.8%
City Treasurer	Baseline	405	.0%	3,480	8.3%	41,989	9.3%	11.5%
Finance	Baseline	16,433	2.6%	30,088	4.7%	639,866	7.3%	5.2%
Data Management	Baseline	24,651	5.5%	2,056	.5%	445,674	6.0%	7.7%
Personnel	Baseline	7,527	2.4%	8,609	2.7%	313,874	5.1%	1.8%
Employee Relations	Baseline	101	.6%	0	.0%	16,157	.6%	.0%
General Services	Baseline	488,612	10.7%	106,330	2.3%	4,584,493	13.0%	5.7%
Police	Baseline	24,224	3.7%	47,354	7.3%	648,908	11.0%	9.9%
Fire	Baseline	12,708	3.4%	26,041	7.0%	369,628	10.5%	26.6%
Public Works	Baseline	138,330	3.1%	242,851	5.5%	4,409,051	8.6%	5.1%
Planning & Development	Baseline	23,166	3.8%	50,529	8.4%	602,987	12.2%	11.1%
Library	Baseline	384	.1%	17,959	6.7%	268,424	6.8%	8.0%
Community Center	Baseline	217	.1%	9,711	3.5%	277,440	3.6%	7.9%
Parks & Community Svcs	Baseline	192,049	7.7%	159,427	6.4%	2,498,253	14.1%	15.3%
CITY TOTALS:		950,154	6.1%	753,773	4.9%	15,486,570	11.0%	7.7%