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DEPARTMENT OF
GENERAL SERVICES

CITY OF SACRAMENTO
CALIFORNIA

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

OFFICE OF MINORITY, WOMEN
AND SMALL BUSINESS

916-449-8505

MWBE91:042:RDR:RH:rh

April 30, 1991

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

Honorable Members in Session:

SUBJECT: MINORITY/WOMEN BUSINESS ENTERPRISE PROGRAM - THIRD
QUARTER FY91 REPORT - JANUARY 1, 1991 THROUGH MARCH 31,
1991. 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 Third 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 March 31, 1991.

At the end of the Third Quarter FY91, the City's M/WBE utilization level was 9.8% of discretionary expenditures made from the Operating Budget, compared with the 7.5% level for the Third Quarter of FY90. In Capital Improvement Projects (CIP) Budget expenditures, 7.2% were made with M/WBE firms, compared with 3.1% a year ago. When combined with additional expenditures¹, the City's overall utilization rate through the Third Quarter FY91 was 9.3%. Comparative statistics for the "additional expenditures" category are not available from the Third Quarter of last fiscal year. The following chart shows statistics for the first three quarters of this fiscal year, with the total rates for last fiscal year shown for purposes of comparison.

¹ See explanation of additional expenditures on page 6.

QUARTERLY STATISTICAL COMPARISON

	<u>1ST</u> <u>QUARTER</u>	<u>2ND</u> <u>QUARTER</u>	<u>3RD</u> <u>QUARTER</u>	<u>LAST</u> <u>YEAR</u>
OPERATING	10.7%	11.0%	9.8%	7.4%
CIP	6.0%	5.7%	7.2%	3.6%
OVERALL	10.1%	9.2%	9.3%	6.8%

BACKGROUND

The City Council established goals in 1988 to increase the amount of business the City does with minority-owned and women-owned businesses. The goals set by the Council call 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 is responsible for certifying M/WBE businesses and monitoring their utilization by the City. Reports are presented on a quarterly basis to provide the Council with information about program activities and progress towards meeting the established utilization goals.

PROGRAM ACTIVITIES SUMMARY

The Office of Minority, Women and Small Business (OMWSB) staff 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. Activities during the Third Quarter of FY91 included:

M/WBE Utilization Study

Staff has continued to work with representatives from the County of Sacramento, the Sacramento Housing and Redevelopment Agency (SHRA), and Sacramento Regional Transit District in the Request for Proposals (RFP) process to select a consultant to perform a study of the business demographics and overall M/WBE utilization in the Sacramento market area. This effort has been undertaken in response to the U.S. Supreme Court's decision in the case of the City of Richmond v. J.A. Croson Co. During the Third Quarter, proposals were received and the evaluation process began. Consultant interviews have been scheduled for early April. A recommendation for contract award is anticipated before the end of the fiscal year.

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 998 vendors as of the end of the Third Quarter, including 128 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 Second Quarter Report (FY91) of M/WBE activities and discuss related issues on February 25, 1991. Minutes of that meeting are attached to this report as Exhibit "A".

Directory of City-certified M/WBE Vendors

The City's first directory of City-certified M/WBE vendors was published in January, 1991. Copies have been provided to all City departments in an effort to make vendor identification and selection easier. Copies of the Directory are also being provided to members of the Mayor's Special M/WBE Task Force and to the local minority chambers of commerce and business development organizations. Additional copies are available to City staff through Central Stores, and have been made available to members of the public for the cost of reproduction (\$20.00, plus tax).

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 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.

Outreach Activities

- * 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 and Sacramento Small Business Development Center on a weekly basis.
- * M/WBE Program advertisements placed in Minority Business Development Center (NEDA) Directory, and in Black Business

Expo '91 Program.

- * Staffed outreach table at Black Business Expo '91 to provide information about the M/WBE Program and opportunities for doing business with the City.
- * Participation in Sacramento Minority Business Opportunity Committee (MBOC) monthly meetings and activities;
- * Working with the Sacramento Regional Purchasing Council;
- * Attending Capital City Purchasing Association meetings;

FINANCIAL INFORMATION

M/WBE UTILIZATION STATISTICS FOR THE THIRD QUARTER, FY91

Operating Budget

As of the end of the Third Quarter of FY91, the City had spent a total of \$24,953,696 in "baseline" (discretionary) purchases for goods and services from the Operating Budget. Of this total, the amount spent with M/WBE firms was \$2,434,318. This represents 9.8% of the total "baseline" City purchases from the Operating Budget through the Third Quarter of FY91. The Operating Budget statistics through the Third Quarter FY91 are as follows:

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

<u>Classification</u>	<u>Amount</u>	<u>Percentage</u>
Total Baseline Expenditures	\$24,953,696	100.0%
Total M/WBE	2,434,318	9.8%
Total Minority Male	1,291,097	5.2%
Total Minority Female	173,850	0.7%
Total Non-Minority Female	969,371	3.9%
- - - - -	- - - - -	- - - - -
Total Minority-Owned*	1,464,947	5.9%
Total Woman-Owned**	1,143,221	4.6%

* 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
Third 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	18	\$ 338,765
Asian/Pacific Island - Female	11	33,882
Black - Male	6	197,391
Black - Female	1	640
Hispanic - Male	11	754,751
Hispanic - Female	4	139,328
Nat. Am./Aleut/Alaskan Native - Male	1	190
Nat. Am./Aleut/Alaskan Native - Female	0	0
Non-minority - Female	<u>107</u>	<u>969,371</u>
Total M/WBE:	<u>159</u>	<u>\$2,434,318</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 Third Quarter FY91 were \$23,691,359. Of that amount, a total of \$1,705,282 or 7.2% 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 Third Quarter of Fiscal Year 1990-91 are presented in Table 3 and Table 4.

Table 3
 Third Quarter, Fiscal Year 1990-91 M/WBE Expenditures
CIP BUDGET TOTALS

<u>Classification</u>	<u>Amount</u>	<u>Percentage</u>
Total Baseline Expenditures	\$23,691,359	100.0%
Total M/WBE	1,705,282	7.2%
Total Minority Male	833,822	3.5%
Total Minority Female	693,018	2.9%
Total Non-Minority Female	178,422	0.8%
- - - - -	- - - - -	- - - - -
Total Minority-Owned*	1,526,840	6.4%
Total Woman-Owned**	871,460	3.7%

* 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
 Third 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	\$ 25,211
Asian/Pacific Island - Female	3	693,018
Black - Male	2	76,099
Black - Female	0	0
Hispanic - Male	5	732,512
Hispanic - Female	0	0
Non-minority - Female	<u>19</u>	<u>178,442</u>
Total M/WBE:	<u>32</u>	<u>\$1,705,282</u>

Other M/WBE Expenditure Information

Some expenditures with M/WBE firms are made using non-M/WBE vendor codes. A computer program has been developed to track these expenditures, though the department/budget source of the expenditures cannot be identified. The additional M/WBE expenditures identified through this process totaled \$404,209

through the Third Quarter of FY91. When combined with the Operating Budget and CIP Budget figures, the City's overall M/WBE figures are:

Table 5
Third Quarter, Fiscal Year 1990-91
Total City M/WBE Expenditures

	<u>Total</u>	<u>M/WBE</u>	<u>Percentage</u>
Operating Budget	\$24,953,696	\$2,434,318	9.8%
CIP Budget	23,691,359	1,705,282	7.2%
Additional M/WBE	---	404,209	---
<u>Total</u>	<u>\$48,645,055</u>	<u>\$4,543,809</u>	<u>9.3%</u>

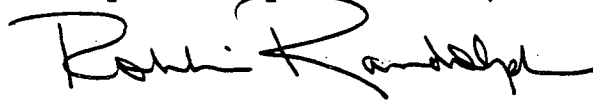
POLICY CONSIDERATIONS

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

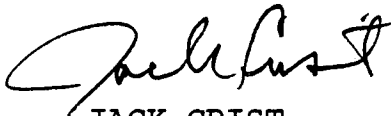
This report is for Committee information and requires no action.

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

April 30, 1991
All Districts

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

MEETING DATE: February 25, 1991

MEETING TIME: 5:30 P.M.

LOCATION: City Hall - Accounting Conference Room

PRESENT:

TASK FORCE MEMBERS:

Gene Fong, Aerojet

Sheila Martin, Sacramento Housing Redevelopment Agency

Bud Rodgers, Associated General Contractors

STAFF:

Robert Holbrook, Acting Procurement Services Manager

Robbin Randolph, Assistant Director of General Services

Mietta Smallwood, Typist Clerk II

CALL TO ORDER AND APPROVAL OF MINUTES OF NOVEMBER 19, 1990

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

Before the approval of the November 19, 1990 meeting minnutes, Bud Rodgers asked that his comments from the last meeting regarding preferential set-aside programs be added to the minutes. He reiterated that the Associated General Contractors is on record as being opposed to all preferential quota systems that incorporate either geographically or racially preferential set-asides. The November 19, 1990 minutes were approved as corrected.

REVIEW OF SECOND QUARTER FY 90-91 PROGRESS REPORT

Following approval of the minutes, the Second Quarter Progress Report for Fiscal Year 1990-91 (FY91) was reviewed by Robbin. The Second Quarter Report summarizes the M/WBE utilization and activities of the Program for the period from October 1, 1990 through December 31, 1990.

Robbin noted the the M/WBE utilization rate for baseline Operating Budget expenditures was 11.0% as of the end of the Second Quarter of FY91, compared with a rate of 7.7% for the same period last year. In the Capital Improvement Projects (CIP) Budget, the utilization rate was 5.7%, compared with a rate of 4.5% for last year.

Discussion ensued about the level of goals achievement. Gene Fong questioned whether certified payrolls are required on CIP projects, since they could be used to determine minority participation. Robbin noted that while such payrolls could be used for determination of minority employee utilization, they do not reflect business ownership, which is what our program tracks. Bud Rodgers said he would venture that 10% of CIP expenditures go to M/WBE subcontractors. Robbin advised the members that we still plan to begin reporting on subcontractor utilization, but that it probably will not begin until after the new Minority Women and Small Business Coordinator is hired.

Gene Fong asked about the level of utilization of those firms that are certified by the City. Bob responded that a rough estimate would be 15% of certified M/WBE vendors are being successful in receiving City business.

M/WBE VENDOR DIRECTORY

Robbin noted that the City's first M/WBE Vendor Directory had been produced, and she provided a copy to each Task Force member present. Copies of the Directory have been provided to all City departments and will be made available to each of the minority Chambers of Commerce. The Directory is available for purchase by members of the public for the cost of its production, which is \$20.00 (plus tax). She noted that plans call for updating the Directory twice a year, in January and July.

M/WBE UTILIZATION STUDY REQUEST FOR PROPOSALS (RFP)

Robbin advised members that seven proposals were received in response to the RFP, and that the Resource Committee is in the process of evaluating them. Interviews with proposers are expected to take place in March or early April. She noted that the cost range was between about \$180,000 and slightly less than \$500,000. The total cost will be shared among the four participating agencies. After a final proposal is selected, contract negotiations will begin, and hopefully a contract can be awarded before the end of the fiscal year.

TASK FORCE MEMBER COMMENTS

Robbin asked if the members had views or concerns that they wanted to have conveyed to

the City Council. The following comments were made:

- * Bud Rodgers noted that the Associated General Contractors (AGC) has been fighting a State of Nevada local-preference program which provides bid preferences to contractors based in Nevada. As part of the AGC's response, they are involved in backing California legislation which would provide preference to California-based contractors. He said that while the AGC remains generally opposed to the use of bid-preferences, they felt this was the best way they could counter such legislation in a neighboring state.
- * Gene Fong suggested that there should be some method to formally recognize departments which achieve M/WBE goals.

ADJOURNMENT

The meeting was adjourned at 6:45 p.m.

**** SUMMARY DEPARTMENTS ****

CITY OF SACRAMENTO

M/WBE EXPENDITURES

Third Quarter - Fiscal Year 1990-91

Responsible Activity	Object Codes	3rd Quarter		3rd Quarter		3rd Quarter FY 1990-91 TOTAL Purchases	THIS YEAR	LAST YEAR
		MBE Purchases	MBE Use Percent	WBE Purchases	WBE Use Percent		3rd QTR M/WBE Use Percent	3rd QTR M/WBE Use Percent
Mayor/Council	Baseline	11,816	9.3%	11,106	8.7%	127,300	18.0%	13.1%
City Manager	Baseline	8,354	4.2%	6,912	3.5%	196,783	7.8%	5.8%
City Attorney	Baseline	0	.0%	34,427	27.4%	125,625	27.4%	1.7%
City Clerk	Baseline	1,174	1.1%	1,912	1.8%	108,295	2.9%	.5%
City Treasurer	Baseline	692	.9%	8,817	11.9%	74,319	12.8%	8.1%
Finance	Baseline	21,454	2.0%	41,057	3.8%	1,073,781	5.8%	4.6%
Data Management	Baseline	36,621	3.9%	2,802	.3%	934,458	4.2%	6.7%
Personnel	Baseline	14,593	2.9%	15,221	3.0%	503,481	5.9%	3.3%
Employee Relations	Baseline	101	.2%	0	.0%	48,002	.2%	9.1%
General Services	Baseline	591,211	9.6%	147,274	2.4%	6,162,889	12.0%	5.9%
Police	Baseline	37,220	2.8%	95,567	7.1%	1,345,134	9.9%	6.4%
Fire	Baseline	27,422	5.6%	35,931	7.4%	485,347	13.1%	21.7%
Public Works	Baseline	223,696	3.1%	396,044	5.5%	7,212,736	8.6%	6.1%
Planning & Development	Baseline	27,451	3.5%	51,761	6.6%	787,475	10.1%	6.7%
Library	Baseline	384	.0%	29,372	2.3%	1,277,023	2.3%	6.6%
Community Center	Baseline	3,246	.6%	12,764	2.3%	555,508	2.9%	6.9%
Parks & Community Svcs	Baseline	285,662	7.3%	252,252	6.4%	3,935,542	13.7%	15.2%
CITY TOTALS:		1,291,097	5.2%	1,143,221	4.6%	24,953,696	9.8%	7.5%