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DEPARTMENT OF
GENERAL SERVICES

MINORITY AND WOMEN
BUSINESS ENTERPRISE PROGRAM

CITY OF SACRAMENTO
CALIFORNIA
October 6, 1989
MWBE90:024: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: First Quarter (FY90) Minority/Women Business Enterprise
(M/WBE) Program Progress Report

SUMMARY

The attached report is the First Quarter Progress Report for the Minority/Women Business Enterprise (M/WBE) Program for the period from July 1, 1989 through September 30, 1989. It provides information on program activities and statistical totals for the First Quarter FY90.

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

October 17, 1989
All Districts

Contact Person: Bob Holbrook
Admin. Asst. II
449-8505



DEPARTMENT OF
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MINORITY AND WOMEN
BUSINESS ENTERPRISE PROGRAM

CITY OF SACRAMENTO
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5730 - 24TH STREET
BUILDING FOUR
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City Council
Sacramento, California

Honorable Members in Session:

Subject: 1989-90 Minority/Women Business Enterprise Program -
First Quarter Report

SUMMARY

The attached report summarizes activities of the City's Minority/Women Business Enterprise (M/WBE) Program during the first quarter of fiscal year 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 participation of minority and women owned firms to be 7.6% of the total discretionary transactions in the operating budget. This report was provided to the Joint Committees (Budget & Finance and Transportation & Community Development) for review at their meeting of October 17, 1989.

BACKGROUND

The beginning of the 1990 fiscal year marks the start of the second year of operation for the formal M/WBE Program that was established by the Council in August 1988. At the time the Program was created, staff was directed to prepare reports on a quarterly basis in order to keep the Council apprised of progress toward meeting established M/WBE goals. The City's current M/WBE goals are to achieve 20% minority and 5% woman business enterprise participation in City operating budget transactions. This report covers work activities conducted during the period from July 1, 1989 through September 29, 1989.

ANALYSIS

A. SPECIAL ACTIVITIES

1. Supreme Court Decision - "City of Richmond v. J.A. Croson Co."

Response to the United States Supreme Court's Croson decision continued to require a major amount of staff time for study of its implications and development of a response. A report offering a strategy for responding to the Croson decision was presented to the Joint Committees (Budget & Finance and Transportation & Community Development) on September 19, 1989, and the full Council adopted staff's recommendations at its meeting on September 27, 1989.

The strategy proposed by staff, and adopted by Council, has three basic elements. Those are:

- ◆ Work with the County of Sacramento and the Sacramento Housing & Redevelopment Agency (SHRA) on a joint-venture Request for Proposals for a consultant to conduct a study to determine a factual predicate for a preferential M/WBE program; and
- ◆ Reaffirm City M/WBE participation goals of 20% (MBE) and 5% (WBE) for the period during which the factual predicate study is being undertaken; and
- ◆ Establish a Small Business Economic Opportunity Program.

The process of developing this response involved meeting with several other agencies and with various community groups, as well as consultation with the City Attorney's Office.

2. Capital Improvement Projects M/WBE Reporting

Prior to issuance of the Supreme Court's Croson decision, staff was working on development of procedures for monitoring of M/WBE utilization in Capital Improvement Projects (CIP's). That effort was suspended pending a determination of the effect of the Court decision on the M/WBE Program. Staff has now resumed work on procedures for tracking expenditures on CIP projects, and expects to begin reporting on CIP activity in the next quarterly progress report.

3. Fifth Annual Minority Enterprise Development Week Conference

The Minority Business Opportunity Committee (MBOC) of Sacramento annually sponsors the Minority Enterprise Development Week (MED Week) Conference in the fall of each year. This year, City M/WBE staff handled the registration for the Fifth Annual MED Week Conference, which was held on September 28, 1989 at the

Holiday Inn Downtown Plaza. The Conference was attended by 215 registered participants. In addition to M/WBE staff, City staff from the Fleet Management and Procurement Services Divisions of General Services and from Public Works participated in various Conference activities, including a day-long "Automotive Fleet Management Vendor Fair & Vehicle Exhibit", several workshops, and a "Procurement Marketplace" where attendees were offered assistance in learning how to do business with the City. Several awards for outstanding service in the field of minority business enterprise were presented at an evening banquet.

B. CONTINUING ACTIVITIES

1. Participant Certification

M/WBE certification under the enhanced program began on October 10, 1988. During the period from July 1, 1989 through September 29, 1989 more than 56 new vendors have been added to the City's list of certified M/WBE vendors. The City's centralized LGFS computer system now contains a total of 757 certified M/WBE vendors.

2. Mayor's M/WBE Task Force

The Mayor's Special Task Force on M/WBE met to review the Fourth Quarter Report (FY89) of M/WBE activities on July 17, 1989. Minutes of that meeting are attached to this report as Exhibit "B". In addition to reviewing the Fourth Quarter Report, the Task Force was given an update on the Supreme Court Croson decision and an outline of staff's proposed response strategies.

3. Outreach

M/WBE Program staff have been involved in various outreach activities relating to the Program during this reporting period, among which have been the following:

- Participating in Sacramento City Schools' "SED Vendor Seminar"
- Meeting with Sacramento Black Chamber of Commerce
- Meeting with Sacramento Hispanic Chamber of Commerce
- Working with the Sacramento Regional Purchasing Council
- Attending United Minority Business Entrepreneurs (UMBE) meetings

- Assisting in the organization of the U.S. Small Business Administration (SBA) "Meet the Lenders" Conference
- Handling registration for the annual Minority Enterprise Development (MED) Week Conference and Awards Banquet
- Participating in Sacramento Minority Business Opportunity Committee activities
- Capital City Purchasing Association meetings
- Participation in Mayor's Small Business Round Table

4. List of Current Bids

As a new method of providing up-to-date information to M/WBE vendors, the M/WBE Program has started publishing a List of Current Bids that are being solicited by the City's Purchasing Office. The list is sent to the local minority business development center's (NEDA) plan room on a weekly basis and copies are provided to the minority chambers of commerce for their general membership meetings. This new service assists M/WBE firms in receiving the most current information available on opportunities for doing business with the City.

5. Training

In an effort to provide additional service to the M/WBE community, the Program's Administrative Assistant participated in a course sponsored by the National Development Council on the subject of economic development financing. The course provided an overview of economic development finance, study of business credit analysis, real estate finance, and contemporary economic development financing programs. The information received will allow staff to provide more assistance to M/WBE businesses seeking technical help through the M/WBE Office.

6. Sacramento Regional Purchasing Council

M/WBE Program staff has continued to be actively involved with the development of the Sacramento Regional Purchasing Council (SRPC). The SRPC is a not-for-profit organization that has been established to bring the private and public business sectors together with the minority business community in order to help increase minority purchasing opportunities in the greater Sacramento area.

C. FUTURE ACTIVITIES

1. Factual Predicate Study

Council has directed staff to negotiate with the County of Sacramento and with the Sacramento Housing and Redevelopment Agency for their participation in a Request for Proposals (RFP) for the selection of a consultant to perform a study to form the basis for a preferential minority business enterprise element in the Small Business Economic Opportunity Program. Staff anticipates being in a position to report back on this item before the end of the current quarter.

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

Staff was directed by Council to formulate administrative procedures and a timeline for their implementation for a Small Business Economic Opportunity Program. Staff plans to report back to Council on this item during the Second Quarter.

3. Continue Monitoring of Expenditures from the Operating Budget with M/WBE Firms and Develop Reporting System for Capital Improvement Projects (CIP) Budget.

The current reporting system for tracking City expenditures to M/WBE firms from the operating budget will be continued, and staff will develop computer programs needed to begin similar reporting of expenditures to M/WBE firms from the CIP budget.

D. STATISTICS FOR THE FIRST QUARTER, 1989-90 FISCAL YEAR

During the First Quarter, the City spent a total of \$5,821,511.00 in "baseline" purchases for goods and services from the operating budget. Of this total, the amount spent with M/WBE firms was \$439,998.00. This represents 7.6% of the total "baseline" City purchases in the operating budget for the First Quarter of the 1989-90 fiscal year, from July 1, 1989 through September 29, 1989.

The level of participation by M/WBE firms in City business transactions in the First Quarter FY90 was basically unchanged from that of the previous quarter (7.4%). It should be noted that expenditures for postage, phone, and data line expenses were deleted from the baseline measure of expenditures. The vast majority of these items are paid either to government agencies (e.g., the U.S. Postal Service for postage) or to public utilities, and thus there is no discretionary option for the use of an M/WBE firm as an alternate supplier. The adjustment was made in order to

provide a clearer picture of M/WBE participation in City transactions.

Another change this quarter is the way in which the statistics are presented. In order to make the statistics clearer, the delineation of "centralized" and "decentralized" expenditures has been eliminated. Instead, the expenditures are reported directly against the department from whose budget they are made. As an example of the change, all printing charges were previously reported under "Central Services". In the new system of reporting if, for example, Parks & Community Services (P&CS) has a brochure printed, the expense will report against the P&CS budget, instead of "Central Services". While some purchases are indeed carried out "centrally", the requesting departments are able to, and frequently do, recommend source(s) of supply. The tying of all expenditures directly to the department from whose budget the expense is paid should help the staff better understand the level of M/WBE participation in transactions for which they are responsible. It should also help to increase awareness of the need to provide balanced opportunities to all suppliers on the City's bid lists.

The statistics, year to date, for the First Quarter, FY90 are:

**First Quarter Fiscal Year 1989-90 M/WBE Purchases
OVERALL TOTALS**

<u>Classification</u>	<u>Amount</u>	<u>Percentage</u>
Total Baseline Purchases	\$ 5,821,511	100.0%
Total M/WBE	439,998	7.6%
Total Minority Male	259,764	4.5%
Total Minority Female	79,748	1.4%
Total Non-Minority Female	100,486	1.7%
- - - - -	- - - - -	- - - - -
Total Minority-Owned*	339,512	5.8%
Total Woman-Owned**	180,234	3.1%

* Includes Minority Male and Female

** Includes Minority and Non-minority Women

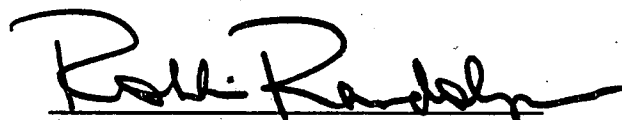
First 1989-90 M/WBE Progress Report
October 2, 1989
Page 7

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 City Clerk's Office.

RECOMMENDATION

This report is for Council information and no action is required.

Respectfully submitted,



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

FOR COUNCIL INFORMATION ONLY:

WALTER J. SLIPE
City Manager

Contact Person:
Bob Holbrook
Admin. Asst. II
449-8505

All Districts
October 24, 1989

**** SUMMARY by DEPARTMENTS ****

CITY OF SACRAMENTO

M/WBE EXPENDITURES

First Quarter - Fiscal Year 1989-90

Responsible Activity	Object Codes	1st QTR Year-to-Date MBE Purchases	1st QTR Year-to-Date WBE Purchases	1st QTR Year-to-Date TOTAL Purchases	M/WBE Use Percent
Mayor/Council	Operating Budget	432	722	3,265	35.35%
City Manager	Operating Budget	0	461	15,462	2.98%
City Attorney	Operating Budget	0	0	13,436	.00%
City Clerk	Operating Budget	0	152	12,581	1.21%
City Treasurer	Operating Budget	0	831	23,321	3.56%
Finance	Operating Budget	2,404	11,213	193,285	7.04%
Data Management	Operating Budget	18,789	2,233	225,315	9.33%
Personnel	Operating Budget	220	51	61,958	.44%
Employee Relations	Operating Budget	0	0	276	.00%
General Services	Operating Budget	116,749	30,775	2,190,191	6.74%
Police	Operating Budget	15,337	18,508	271,741	12.45%
Fire	Operating Budget	223	5,600	127,167	4.58%
Public Works	Operating Budget	23,877	25,582	1,512,521	3.27%
Planning & Development	Operating Budget	10,853	3,456	143,789	9.95%
Library	Operating Budget	1,738	6,001	106,351	7.28%
Community Center	Operating Budget	245	5,038	75,132	7.03%
Parks & Community Svcs	Operating Budget	68,899	69,611	845,721	16.38%
CITY TOTALS:		259,764	180,234	5,821,511	7.56%

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

MEETING DATE: July 17, 1989

MEETING TIME: 5:30 P.M.

LOCATION: City Hall, 915 "I" Street, Finance Conference Room

PRESENT:

Task Force Members:

Gloria Apolinario, Filipino Chamber of Commerce
Trudy Evans, Sacramento Black Chamber of Commerce
Edmundo Lopez, State of California (CalTrans)
Bud Rodgers, Construction (Associated General Contractors)
Maureen White, Sacramento Women's Network

Guests:

Janet Dallas, U.S. Department of Commerce (NEDA)
Sheila Martin, Sacramento Housing & Redevelopment Agency
Mike Martinez, TransAmerica Corporation
Samuel Mullinax, Shiloh Baptist Church
R. C. Pasterski, Aerojet Tech Systems Company
Oscar Starks, Con Chi Tia Enterprises
Joe Stinson, The Observer Newspaper
Rick Wright, Con Chi Tia Enterprises

Staff:

Robbin DeShields Randolph, M/WBE Program Manager
Robert Holbrook, Admin. Assistant, M/WBE Program
Mina Minkler, M/WBE Technician

CALL TO ORDER AND APPROVAL OF MINUTES OF APRIL 10, 1989 MEETING

The meeting was called to order by Robbin Randolph at 5:40 p.m., and introductions were made.

The minutes of the Task Force meeting of April 10, 1989 were approved as written.

REVIEW OF FOURTH PROGRESS REPORT - 1988-89 FISCAL YEAR STATISTICS

Following approval of the minutes, Robbin presented a review of the Fourth Quarterly Progress Report, including the final performance statistics for the 1988-89 fiscal year.

Special Activities

The effect of the U. S. Supreme Court decision in the case of City

Mayor's Special Task Force on M/WBE
Meeting Minutes - 7/17/89 - Page 2

of Richmond v. J. A. Croson Co., on the City's M/WBE Program was noted as a separate agenda item to follow the review of the quarterly progress report. Robbin advised that staff has been meeting with various agencies in Sacramento and other cities to discuss and evaluate M/WBE program changes relating to the Supreme Court decision.

The development of procedures for monitoring of M/WBE utilization in Capital Improvement Projects (CIP) was suspended due to the Supreme Court decision. Robbin noted that although the M/WBE Program is not formally monitoring CIP transactions at this time, M/WBE contractors are participating in City CIP projects.

A new commodity-code system was installed in the City's computerized Local Government Financial System (LGFS) in mid-June. The new system allows staff to better identify the commodities and services provided by M/WBE vendors and therefore, should prove to be of value to both M/WBE vendors and City employees seeking to locate them.

Staff has been actively involved in the formation of the Sacramento Regional Purchasing Council (SRPC), which held its first general membership meeting on June 20th. Richard Shaw, formerly with the Black Chamber of Commerce, is the Executive Director. The objective of SRPC is to facilitate interaction between M/WBE vendors and purchasing agents of major corporations and agencies. SRPC meetings will be held on a regular basis. Task Force member Trudy Evans stated that the SRPC meetings provide an excellent networking opportunity for M/WBE vendors.

Continuing Activities

Robbin reported that in the fourth quarter more than 109 new M/WBE vendors were certified, bringing the total to 701 certified M/WBE vendors in our LGFS computer system.

Robbin advised that the MED WEEK (Minority Enterprise Development) Conference will be held September 28. Mina Minkler of the City M/WBE Program staff is assisting NEDA in registration for the conference.

In an effort to keep abreast of developments in the Bay Area regarding M/WBE programs and responses to the Croson decision, staff has begun attending monthly meetings of the Bay Area Contract Compliance Officers Association (BACCOA). The City has also decided to join the organization as a public agency member.

On the issue of certification, Robbin pointed out that staff has recommended opposition to Senate Bill SB-737 (Marks), that would require all state and local agencies to use CalTrans certification. Although SB-737 would benefit M/WBE vendors by providing one central certifying agency, it would restrict local agencies in gathering data to meet their particular needs. Robbin noted that staff intends to

Mayor's Special Task Force on M/WBE
Meeting Minutes - 7/17/89 - Page 3

continue to monitor the progress of this legislation as well as other proposals which may be made in the area of "universal certification".

Future Activities

Robbin advised that an M/WBE vendor directory is still being developed, but has not been completed due to City staff time having been largely devoted to work on program revisions.

A new bidders's list application will be printed soon to include the new commodity codes, which will better identify the goods and services vendors want to provide to the City. Also, a new M/WBE Certification Application will be probably be required for the revised program.

Statistics

During the first year (1988-89) of enhanced M/WBE monitoring, staff reported that the City spent 7.4% with M/WBE firms in baseline purchases from the operating budget.

In order to put the City's M/WBE goals in the correct perspective, Robbin noted that in a staff report to the Budget and Finance Committee on June 21, 1988, during which time the City's M/WBE goals were being developed, staff recommended goals of 20% and 5% to be achieved over a five year period. While this does not "excuse" the 7.4% figure, it reflects an understanding that achievement of goals is a building process that occurs over time.

M/WBE PROGRAM RE-DESIGN

Robbin distributed an updated outline for the re-design of the program and encouraged input from task force members and guests on the proposed revisions. The revised program will be "two-pronged", with a racially-neutral small business element and an M/WBE component. Staff is now in the process of establishing qualification criteria for the small business element and examining the requirements, under Croson, for establishing M/WBE preferential features.

Robbin pointed out that in order to establish a viable M/WBE program, a survey of the business community must be conducted to establish a "factual predicate". The survey must be done by ethnic group, industry, and willingness and ability to perform work in the identified market. It must also establish a history of specific instances of past discrimination against clearly identified parties. While that work is being conducted, Robbin suggested that the Small Business Equal Opportunity Program be adopted. She also suggested that the City should contact other agencies such as the County and Sacramento Housing and Redevelopment Agency (SHRA), to participate in the studies needed to establish the factual predicate for an m/wbe preference program.


Mayor's Special Task Force on M/WBE
Meeting Minutes - 7/17/89 - Page 4

Discussion of the proposed revisions involved the Task Force members and members of the public in attendance. While there was no absolute consensus, there was a general preponderance of opinion that efforts should be made to ensure the continuation of m/wbe goals and that, if possible within the context of the Croson decision, m/wbe preferences should be established.

Staff plans to present the proposed program revisions to the Budget & Finance Committee and the Transportation and Community Development Committee (joint committee meeting) in mid August, with the recommendation that it be forwarded to the full Council for adoption. Staff will advise attendees of the dates of these meetings.

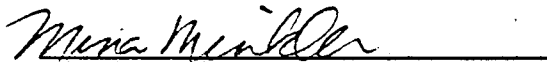
Adjournment

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



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

Attest:


Mina Minkler, Secretary