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DEPARTMENT OF
GENERAL SERVICES

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AND SMALL BUSINESS

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MWBE91:051:RDR:ms

June 11, 1991

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

Honorable Members in Session:

SUBJECT: Status Report On The Proposed Study Of Minority/Women
Business Enterprise Utilization In The Sacramento Market
Area

SUMMARY

This report provides a status report on the budgetary needs and consultant selection process for the proposed study of Minority/Women Business Enterprise Utilization in the Sacramento Market Area. This study will be undertaken to address the requirements for state and local minority/women business enterprise programs outlined in the U.S. Supreme Court Case, City of Richmond v. J.A. Croson.

BACKGROUND

In January, 1989 the U.S. Supreme Court rendered a decision in the case of the City of Richmond v. J.A. Croson Co., which imposed stringent new restrictions on the use of race-based preferences by state and local government procurement programs. The decision specified that before a state or local government could implement race based remedial programs, a factual predicate must be established demonstrating instances of discrimination against specific minority groups. In addition, any remedial programs must be "narrowly

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tailored" to the specific victims of the discrimination. The remedial programs cannot be used to compensate for societal discrimination but must be directed to discrimination in the marketplace.

On September 27, 1989 (Resolution No. 89-747) the City Council authorized staff to enter into negotiations with the County of Sacramento and the Sacramento Housing and Redevelopment Agency (S.H.R.A.) to prepare a request for proposal (RFP) for a study to determine a factual predicate for a remedial M/WBE program. A Resource Committee composed of four representatives from each agency worked to design the RFP, with the City serving as the lead agency. In late 1990, Sacramento Regional Transit District (RT) joined the group. The RFP was issued in December 1990. Seven proposals were received on February 1, 1991. Four firms (two M/WBE and two majority) were selected for interviews and after one firm (an M/WBE) dropped out of competition, three firms were interviewed in April of 1991. The nine (9) member Interview Committee consisted of three (3) representatives from the City and two (2) from each of the other agencies. The Committee selected the firm of MGT Consultants and has started contract negotiations.

MGT Consultants is a majority owned, national firm with offices in Sacramento, California; Tallahassee, Florida; Springfield, Virginia; and Olympia, Washington. The firm has completed three (3) Croson Studies in the state of Florida: Palm Beach County; the City of West Palm Beach, and the City of Tallahassee. MGT Consultants will be subcontracting the minority community outreach efforts with a local minority/woman owned consulting firm.

Listed in the Financial Data Section of this report are two (2) cost options. Option 1 includes the study of construction contracts, professional and technical services (e.g. engineering and architectural) and services other than professional and technical (e.g. landscaping and janitorial). Option 2 will include all of the areas in Option 1 and add the procurement of equipment and supplies. Option 1 will take approximately nine (9) months to complete and Option 2 will take approximately twelve (12) months.

As the lead agency the City will administer the contract and be reimbursed by the other agencies. The City's Minority, Women and

Small Business Coordinator will be responsible for coordinating the study.

FINANCIAL DATA

The Resource Committee has agreed that the costs for the Study should appropriately be divided evenly among the agencies. There are two cost options for the study:

Option 1: The study will include the areas of construction contracts, professional and technical services and services other than professional and technical. The total cost is \$194,845; the City's share is \$48,711.

Option 2: The study will include all of the areas listed in Option 1, plus the procurement of supplies and materials. The total cost is \$294,845; the City's share is \$73,711.

Staff recommends **Option 2**. This option provides a comprehensive study which will cover all areas of City procurement. If the procurement area is studied separately, at a later date, the costs will be substantially higher. However, if Option 2 is not feasible for budgetary reasons, then Option 1 covers the most critical areas in need of study.

The funds for the study have been requested in the 1991-92 Proposed Budget. A request for approval of contract award will be submitted to the City Council as soon as the budget appropriation is approved.

POLICY CONSIDERATIONS

The City Council has established goals of 20% minority business enterprise and 5% women business enterprise utilization for discretionary purchases and contracts issued by the City (Resolutions 88-738 and 89-747). Currently the City's overall utilization is 9.3%. In order to develop programs to promote and increase M/WBE utilization, the proposed study is needed.

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RECOMMENDATION

This report is for Committee information and requires no action.

Respectfully submitted,



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