

RESOLUTION NO. 87-005

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

JAN 13 1987

THE EXPANSION OF MBE/WBE PROGRAM REQUIREMENTS AND INCREASE OF
MBE/WBE UTILIZATION GOALS

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

Section 1: The Redevelopment Agency hereby approves the expansion of the Minority and Women's Business Enterprise Program Requirements to include all publicly bid projects financed with funds administered by the Agency and to all non-publicly bid projects in accordance with the criteria attached to this resolution.

Section 2: The Redevelopment Agency hereby approves increasing MBE and WBE utilization goals to twenty (20) percent for MBE and five (5) percent for WBE for its projects.

Anne Ruden
CHAIR

ATTEST:

William H. Flynn
SECRETARY

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**SACRAMENTO
HOUSING AND REDEVELOPMENT**

APPROVAL AGENCY
BY THE CITY COUNCIL

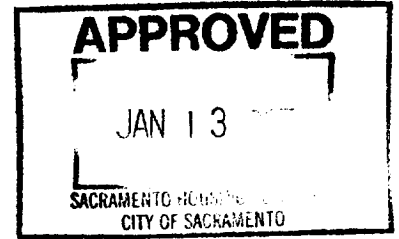
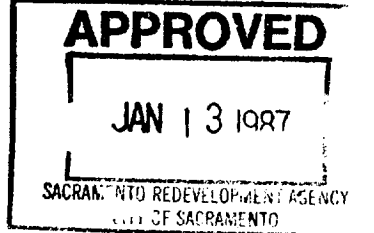


JAN 13 1987

OFFICE OF THE
CITY CLERK

December 29, 1986

Housing Authority of the
City of Sacramento
Redevelopment Agency of the
City of Sacramento, and
Sacramento City Council
Sacramento, California



Honorable Members in Session:

SUBJECT: Approval of Expansion of Minority Business Enterprise (MBE) and Women's Business Enterprise (WBE) Program and Increasing MBE/WBE Utilization Goals

SUMMARY

The attached resolutions (1) approve the expansion of the Minority Business Enterprise/Women's Business Enterprise (MBE/WBE) Program Requirements to include all publicly bid projects financed with Agency funds, and to include non-publicly bid projects according to criteria outlined in this report and (2) approve increasing the MBE/WBE utilization goals as follows:

CURRENT GOALS

PROPOSED GOALS

MBE 10%
WBE 1%

15%
3%

This would not, however, change the public housing goals established by HUD, which are 20 percent for modernization, five (5) percent for new construction, and 10 percent for management services.

1-13-87
All Districts

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BACKGROUND

In 1984, HUD's monitoring of Sacramento Housing and Redevelopment Agency's (SHRA) contracts showed that SHRA was deficient in its utilization of minority and women's businesses as prime and subcontractors. Federal law requires that efforts be made to award a fair share of federal contract dollars to businesses owned by minorities and women. Consequently, a Minority and Women's Business Enterprise Utilization Plan was developed and adopted by the governing boards in April 1985. Thereafter, implementation guidelines, standardized bidding provisions, and a certification program were developed in 1985. In January 1986, the program became fully operational, and, since implementation, approximately 200 MBE/WBEs have been certified by the Agency. In addition, the Agency has exceeded its established goals for MBE/WBE utilization. Prior to implementation of the MBE/WBE program, the level of utilization was about .5% for WBEs and 2.5% for MBEs. Utilization levels as of October 1986 were 1.5% for WBEs and 16% for MBEs (compiled on an average between City bid, County-bid, and Agency-bid projects). The current MBE and WBE goals of 10% and 1%, respectively, are no longer sufficient, in our opinion, based upon these actual utilization levels. Regional Transit, Sacramento Cable Company, and California Housing Finance Agency all have utilization goals of 15% for MBEs and three (3) percent for WBEs. These goals are more reflective of what we should be seeking in the utilization of MBE/WBEs; staff, therefore, recommends them as the next incremental step toward the Agency's optimum future goals of 20% for MBEs and five (5) percent for WBEs.

To date, the MBE/WBE program has only been applied to CDBG, public housing, and a few projects which have special requirements for MBE/WBE compliance. Since the MBE/WBE program has been effective in achieving and exceeding utilization goals, staff believes it is time that an overall Agency policy be adopted which mandates compliance to the MBE/WBE Program requirements for all Agency financed publicly bid projects.

This policy would advance the Agency's efforts to support economic development within the community of small minority and women owned businesses. Having a uniform policy would also alleviate confusion as to which projects do and do not have to comply with the MBE/WBE Program Requirements.

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Additionally, staff has given considerable thought to the issue of whether or not our MBE/WBE goals should apply to Agency subsidized projects which are not publicly bid "public works type" projects. These would include most privately developed "redevelopment" projects in which the Agency has some financial involvement.

In formulating a recommendation on this matter, it must be remembered that some of the projects for which we solicit developers are not exactly overrun with high quality competing development proposals. It is very difficult to impose additional requirements on developers who may already be attempting a difficult and risky project. This is a particularly difficult problem with small developers and in very depressed neighborhoods.

Further compounding the consideration is the fact that sometimes we may wish to exact other considerations from the developers such as unusual design features, community service accommodations, affordable housing units, or permanent employment agreements.

Therefore, given the above considerations, we are recommending that, as a general rule, the MBE/WBE goals should apply to non-publicly bid projects into which the Agency is infusing subsidy funds (in cash or in kind), or that the Agency is otherwise assisting (e.g., through eminent domain), but that application of the goals be applied in a way which is sensitive to the impact of the goals on the project's feasibility. Additionally, other public benefit aspects of the project may be judged to offset or override the necessity to apply MBE/WBE goals. Finally, non-publicly bid projects in which the Agency subsidy is less than \$200,000 should be exempt from the requirement in order to prevent undue hardship on small developers.

The following matrix outlines the various parameters under which MBE/WBE goals may or may not be applied:

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MBE/WBE APPLICATION MATRIX

PROJECT PARAMETER	GOAL APPLIED	GOAL NOT APPLIED	PROJECT INDIVIDUALLY JUDGED
Publicly bid public works type projects regardless of funding source	X		
Federally subsidized privately bid housing rehabilitation	X		
Federally subsidized privately bid commercial projects	X		
Non-federally subsidized privately bid commerical or residential construction projects in which the Agency subsidy is:			
less than \$200,000		X	
more than 200,000			X
Non-federally subsidized projects which the Agency may assist through eminent domain or other non-monetary action			X
Projects in which the Agency disposes of land at fair market value		X	

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FINANCIAL DATA

The policy recommended by this report will have no direct financial impact on the Agency budget.

ENVIRONMENTAL REVIEW

The MBE/WBE program is exempt from environmental review in accordance with the California Environmental Quality Act and the National Environmental Protection Act; therefore, no assessment is necessary.

POLICY IMPLICATION

The requested action is in conformance with prevailing Federal requirements and in keeping with the locally adopted 1987 CDBG Statement of Objectives which calls for providing expanded employment opportunities by promoting program contracts for small and minority and women owned businesses and by creating new jobs through economic development. Additionally, new policy guidelines are being imposed on non-federally funded publicly bid and privately bid projects which merit substantial policy level consideration.

VOTE AND RECOMMENDATION

At its regular meeting of January 5, 1987, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Glud, Moose, Pettit, Sanchez, Simon, Simpson,
Wiggins, Wooley, Yew, Sheldon, Amundson

NOES: None

ABSENT: None

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RECOMMENDATION

The staff recommends adoption of the attached resolutions which (1) approve expansion of the MBE/WBE Program Requirements to all Agency-financed publicly bid projects, and to non-publicly bid projects in accordance with the above outlined criteria and (2) approve increasing MBE/WBE utilization goals to 15 percent for MBEs and three percent for WBEs (except for the HUD-established exceptions noted in the Summary section of this report).

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL

Walter J. Slape
WALTER J. SLAPE
City Manager

Contact Person: Trish Davey

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