

INCREASING MINORITY PARTICIPATION

Office of Minority Business Development
And Department of Procurement Services

August 20, 2020

| Background | Current Collaboration of the Office of Minority Business Development and Department of Procurement Services |
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| Regular meeting of the Director of Procurement Services and Director of the Office of Minority Business Development | Initially met once a week to address issues and develop solutions. Particularly since COVID19 mitigation measures were enacted, now collaborate on an “as needed basis”. |
| OMBD scores vendors on a 30% scale | On a 100% scale vendors must score at least 15% of the MBE 30% score to qualify for points. We would like to increase the 30% to 50% which requires a change in the O&R. |
| OMBD sets goals on solicitations | Goals are based on scope of work and availability of MBEs that provide the requested goods or services. |
| OMBD & DPS monitor goals | Monitor compliance monthly and DPS Director sends email to responsible City Project Managers asking them to communicate with the contractor our expectations of the contractor’s compliance with agreed upon utilization goals. |
| OMBD & DPS create outreach activities | Setting up opportunities to get procurement liaisons to network with MBEs via highlighting MBEs with procurement liaisons sessions. Planned sessions for April were canceled due to COVID19. |
| OMBD & DPS worked to develop bi-weekly payments | Vendors can request to be paid every two weeks versus every 30 days to improve their cash flow. |
| OMBD & DPS working together to prepare a comprehensive Disparity Study RFP | Scope of Work is being reviewed. Solicitation should be published before August 31, 2020. |

| Low Hanging Fruit | Recommendations requiring no or low cost to implement and/or no or low barriers |
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| Departmental Goals | All departments mandated to meet annual MBE goals or provide documented explanation why goals haven't been met. Goals must be reported quarterly . Performance should be part of the annual review of Procurement staffer, Director, DCAO and CAO. |
| Mandatory educational classes on systemic racism and conscience/unconscious biases | All City employees should be required to participate in training to get a better understanding as to why goals are necessary and equitable. City needs to give additional scoring points to vendors who also take the class during a solicitation. |
| Tracing MBE statistics | Add an optional section on business licensing and permit applications for vendors to provide MBE information, so we can track the progress or lack of progress for minority business (i.e. number of business, revenue, and number of employees. |
| Implementation of B2GNOW | B2GNow is a nationally utilized software that collects data for organizations to register and track MBEs, solicitation opportunities, pricing data, marketing opportunities, goal-setting assistance. |
| MBE Goals for Construction Managers | Construction Managers should be held accountable for meeting MBE goals, and performance should be a part of their evaluation. |
| Pool of Construction Managers | City should rotate construction managers. City should try not to use the same construction manager on all projects. (There should be a minority firm participating in the pool.) |
| Sub-vendor payment | All prime contractors must pay subs within 7 days after receiving payment from the City. There should be a prompt payment clause in the City's contract with the prime that overrides any payment clause in the prime's contract relating to sub payments. |
| Prime Evaluation and project debriefing | Subcontractors should have the opportunity to evaluate the primes and have a debriefing session with all pertinent parties at the conclusion of all major projects. |

| Other Recommendations | Recommendations we are reviewing strategies to implement |
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| Review all contracts with option to renew and put out for rebids | Educating and holding accountable the City's Project Managers (regarding MBE utilization) would help them make better decisions regarding whether a renewal or new solicitation is the appropriate procurement action. |
| Create a Financial Pool | Work with lending institutions to pool money and designate for higher credit -risk businesses. This will reduce the risk on any one institution while increasing funds availability. This could include a self-insurance risk pool for bonding and insurance requirements on construction contracts. |
| Create a Legal Pool | Work with attorney to create a pool of contract attorneys to assist businesses that cannot afford market rate fees and render assistance at affordable pricing. Also serve as mediators in disputes between primes and sub primes in lieu of court. City could also help subsidize fees. |
| Developer Minority Plan template | Require real estate developers to follow a template similar to the North of Broad MBE plan/template. |
| Increase OMBD staffing and operating budget | Staffing should be increased by a minimum of 3 staffers to address the technical assistance needs of MBEs. Operating budget should be a minimum of \$100k. |
| Increase DPS staffing and operating budget | In support of OMBD, DPS needs personnel dedicated to working closely with OMBD to ensure universal success. |
| Anchor Institution MOUs | The City can create MOUs with Anchor institutions and all institutions receiving funding from the City to commit to an agreed upon MBE goal and reporting schedules. The MOU can also identify a sheltered market program for the Anchor Institutions collectively or individually. |
| 2 Checks Issued to Prime | The prime would be issued a check payable to the prime and a different check payable to prime and subprime. This will alleviate the practice of primes holding and/or possible using the sub primes money and paying the subprime at a much later time than necessary. |
| Redistribute CDBG funds to address the needs of MBEs | Use funding to create programs and assistance to MBEs |

| Challenging Recommendations | These recommendations require legal and/or present other major challenges. |
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| Incentive to meet minority participation goals | Include incentives in solicitation that would incentivize vendors to meet and/or exceed goals. |
| 5% Pricing Spread | Allow MBEs to have as much as a 5% higher price when competing and winning bids. |
| Sheltered Market | Remove legal barriers preventing Sheltered Markets for MBEs. (Sheltered Market is a program that sets aside procurement opportunities.) |
| Enforcement Guidelines | Identify penalties for not reaching MBE goals |
| Removal of Disparity Study requirements | Remove the Federal requirements for a disparity study to set and enforce minority participation goals. |
| Create a Reparation Act | Act would include funding to address the needs of minorities created by systemic racism (i.e., capital to fund and grow businesses, free school tuition, funds for buying a house, legal assistance, release of inmates with excessive sentencing and replace with rehabilitation programs, assignment of case workers for low income families, free healthcare for low income families, etc.). |
| Free college tuition | May want to start with Community Colleges. |
| Minority Representation on all procurement solicitation committees (OMBD staffer or designee) | Currently Minority participation is limited to the 30-point scoring. Would like to have at least one minority voting member. This additional scoring member would need to have a broad range of experience and expertise, particularly for construction and other complex procurements. |

FY 2020 MBE and ESB Spending

MBE Sub Spending by Location

| FY 2020 MBE/ESB Sub Spend by Location | | | |
|---------------------------------------|-----------------------|------------------------|----------------|
| | Ethnicity | Dollars Spent | Percentage |
| City of Richmond | African American | \$5,520,674.54 | 16.65% |
| | Asian American | \$167,973.79 | 0.51% |
| | Asian American Indian | \$403,899.61 | 1.22% |
| | ESB | \$26,752.31 | 0.08% |
| | Hispanic American | \$212,224.97 | 0.64% |
| | Native American | \$0.00 | 0.00% |
| Total | | \$6,331,525.22 | 19.10% |
| Chesterfield County | African American | \$7,744,282.08 | 23.36% |
| | Asian American | \$142,070.00 | 0.43% |
| | Asian American Indian | \$0.00 | 0.00% |
| | ESB | \$0.00 | 0.00% |
| | Hispanic American | \$1,523,921.09 | 4.60% |
| | Native American | \$0.00 | 0.00% |
| Total | | \$9,410,273.17 | 28.39% |
| Hanover County | African American | \$4,033,219.01 | 12.16% |
| | Asian American | \$0.00 | 0.00% |
| | Asian American Indian | \$0.00 | 0.00% |
| | ESB | \$0.00 | 0.00% |
| | Hispanic American | \$207,288.72 | 0.63% |
| | Native American | \$0.00 | 0.00% |
| Total | | \$4,240,507.73 | 12.79% |
| Henrico County | African American | \$3,166,095.76 | 9.55% |
| | Asian American | \$13,487.50 | 0.04% |
| | Asian American Indian | \$1,161.50 | 0.00% |
| | ESB | \$0.00 | 0.00% |
| | Hispanic American | \$752,256.20 | 2.27% |
| | Native American | \$28,726.76 | 0.09% |
| Total | | \$3,961,727.72 | 11.95% |
| Petersburg | African American | \$1,398,084.67 | 4.22% |
| | Asian American | \$0.00 | 0.00% |
| | Asian American Indian | \$0.00 | 0.00% |
| | ESB | \$0.00 | 0.00% |
| | Hispanic American | \$0.00 | 0.00% |
| | Native American | \$0.00 | 0.00% |
| Total | | \$1,398,084.67 | 4.22% |
| Virginia | African American | \$5,680,554.56 | 17.13% |
| | Asian American | \$10,400.00 | 0.03% |
| | Asian American Indian | \$72,966.44 | 0.20% |
| | ESB | \$0.00 | 0.00% |
| | Hispanic American | \$1,115,346.63 | 3.36% |
| | Native American | \$0.00 | 0.00% |
| Total | | \$6,879,267.63 | 20.72% |
| Out-of-State | African American | \$780,924.62 | 2.36% |
| | Asian American | \$41,455.86 | 0.13% |
| | Asian American Indian | \$113,619.22 | 0.34% |
| | ESB | \$0.00 | 0.00% |
| | Hispanic American | \$0.00 | 0.00% |
| | Native American | \$0.00 | 0.00% |
| Total | | \$935,999.70 | 2.83% |
| Total Contracts | | \$33,157,385.84 | 100.00% |

MBE Prime Spending by Location

| FY 2020 MBE/ESB Prime Spend by Location | | | |
|---|-----------------------|------------------------|---------------|
| | Ethnicity | Dollars Spent | Percentage |
| City of Richmond | African American | \$ 1,051,540.99 | 25.84% |
| | Asian American | \$ 8,364.31 | 0.21% |
| | Asian American Indian | \$ - | 0% |
| | ESB | \$ 68,445.00 | 1.69% |
| | Hispanic American | \$ - | 0% |
| | Native American | \$ - | 0% |
| Total | | \$ 1,128,350.30 | 27.84% |
| Chesterfield County | African American | \$ 1,931,767.27 | 47.66% |
| | Asian American | \$ - | 0% |
| | Asian American Indian | \$ - | 0% |
| | ESB | \$ - | 0% |
| | Hispanic American | \$ - | 0% |
| | Native American | \$ - | 0% |
| Total | | \$ 1,931,767.27 | 47.66% |
| Hanover County | African American | \$ 41,795.00 | 1.03% |
| | Asian American | \$ - | 0% |
| | Asian American Indian | \$ - | 0% |
| | ESB | \$ - | 0% |
| | Hispanic American | \$ - | 0% |
| | Native American | \$ - | 0% |
| Total | | \$ 41,795.00 | 1.03% |
| Henrico County | African American | \$ 746,180.38 | 18.41% |
| | Asian American | \$ - | 0% |
| | Asian American Indian | \$ 14,736.40 | 0.36% |
| | ESB | \$ - | 0% |
| | Hispanic American | \$ - | 0% |
| | Native American | \$ - | 0% |
| Total | | \$ 760,916.78 | 18.77% |
| Petersburg | African American | \$ 3,650.00 | 0.09% |
| | Asian American | \$ - | 0% |
| | Asian American Indian | \$ - | 0% |
| | ESB | \$ - | 0% |
| | Hispanic American | \$ - | 0% |
| | Native American | \$ - | 0% |
| Total | | \$ 3,650.00 | 0.09% |
| Virginia | African American | \$ 28,686.29 | 0.71% |
| | Asian American | \$ - | 0% |
| | Asian American Indian | \$ - | 0% |
| | ESB | \$ - | 0% |
| | Hispanic American | \$ - | 0% |
| | Native American | \$ - | 0% |
| Total | | \$ 28,686.29 | 1% |
| Out-of-State | African American | \$ 158,363.62 | 3.91% |
| | Asian American | \$ - | 0% |
| | Asian American Indian | \$ - | 0% |
| | ESB | \$ - | 0% |
| | Hispanic American | \$ - | 0% |
| | Native American | \$ - | 0% |
| Total | | \$ 158,363.62 | 3.91% |
| Total Contracts | | \$ 4,053,529.26 | 100% |

MBE Sub Spend by Contract Type

FY 2020 MBE/ESB Sub Spend by Contract Type

| A/E | Ethnicity | Female | | Male | | Dollars Spent | Percentage |
|--------------|-----------------------|---------------|------------|----------------|------------|-----------------------|--------------|
| | | Dollars Spent | Percentage | Dollars Spent | Percentage | | |
| | African American | \$418,283.67 | 1.26% | \$1,999,266.18 | 6.03% | \$2,417,549.85 | 7.29% |
| | Asian American | \$ - | 0.00% | \$82,880.86 | 0.25% | \$82,880.86 | 0.25% |
| | Asian American Indian | \$ - | 0.00% | \$187,747.16 | 0.57% | \$187,747.16 | 0.57% |
| | ESB | \$ - | 0.00% | \$22,852.31 | 0.07% | \$22,852.31 | 0.07% |
| | Hispanic American | \$ - | 0.00% | \$163,298.89 | 0.49% | \$163,298.89 | 0.49% |
| | Native American | \$ - | 0.00% | \$26,007.80 | 0.08% | \$26,007.80 | 0.08% |
| Total | | | | | | \$2,900,336.87 | 8.75% |

| Commodity/Services | Ethnicity | Female | | Male | | Dollars Spent | Percentage |
|--------------------|-----------------------|---------------|------------|----------------|------------|-----------------------|---------------|
| | | Dollars Spent | Percentage | Dollars Spent | Percentage | | |
| | African American | \$ 349,577.70 | 1.05% | \$3,264,307.23 | 9.84% | \$3,613,884.93 | 10.89% |
| | Asian American | \$ - | 0.00% | \$3,407.50 | 0.01% | \$3,407.50 | 0.01% |
| | Asian American Indian | \$ - | 0.00% | \$252.00 | 0% | \$252.00 | 0.00% |
| | ESB | \$ - | 0% | \$ - | 0% | \$0.00 | 0.00% |
| | Hispanic American | \$ - | 0% | \$ - | 0% | \$0.00 | 0.00% |
| | Native American | \$ - | 0% | \$ - | 0% | \$0.00 | 0.00% |
| Total | | | | | | \$3,617,544.43 | 10.90% |

| Construction | Ethnicity | Female | | Male | | Dollars Spent | Percentage |
|--------------|-----------------------|----------------|------------|-----------------|------------|------------------------|----------------|
| | | Dollars Spent | Percentage | Dollars Spent | Percentage | | |
| | African American | \$2,647,024.00 | 7.98% | \$19,645,376.46 | 59.25% | \$22,292,400.46 | 67.23% |
| | Asian American | \$ - | 0% | \$289,098.79 | 0.87% | \$289,098.79 | 0.87% |
| | Asian American Indian | \$ - | 0% | \$403,647.61 | 1% | \$403,647.61 | 1.22% |
| | ESB | \$ - | 0% | \$3,900.00 | 0.02% | \$3,900.00 | 0.02% |
| | Hispanic American | \$1,700,454.22 | 5% | \$1,947,284.50 | 5.87% | \$3,647,738.72 | 11.00% |
| | Native American | \$ - | 0% | \$2,718.96 | 0% | \$2,718.96 | 0.01% |
| Total | | | | | | \$26,639,504.54 | 80.35% |
| Total | | | | | | \$33,157,385.84 | 100.00% |

MBE Prime Spend by Contract Type

FY 2020 MBE/ESB Prime Spend by Contract Type

| A/E | Ethnicity | Female | | Male | | Dollars Spent | Percentage |
|--------------|-----------------------|---------------|------------|---------------|------------|---------------------|---------------|
| | | Dollars Spent | Percentage | Dollars Spent | Percentage | | |
| | African American | \$679,781.51 | 16.77% | \$0.00 | 0.00% | \$679,781.51 | 16.77% |
| | Asian American | \$ - | 0.00% | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Asian American Indian | \$ - | 0.00% | \$14,736.40 | 0.36% | \$14,736.40 | 0.36% |
| | ESB | \$ - | 0.00% | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Hispanic American | \$ - | 0.00% | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Native American | \$ - | 0.00% | \$0.00 | 0.00% | \$0.00 | 0.00% |
| Total | | | | | | \$694,517.91 | 17.13% |

| Commodity/Services | Ethnicity | Female | | Male | | Dollars Spent | Percentage |
|--------------------|-----------------------|---------------|------------|----------------|------------|-----------------------|---------------|
| | | Dollars Spent | Percentage | Dollars Spent | Percentage | | |
| | African American | \$ 304,932.16 | 7.52% | \$1,212,726.28 | 29.92% | \$1,517,658.44 | 37.44% |
| | Asian American | \$ 8,364.31 | 0.21% | \$0.00 | 0.00% | \$8,364.31 | 0.21% |
| | Asian American Indian | \$ - | 0% | \$0.00 | 0% | \$0.00 | 0.00% |
| | ESB | \$ 68,445.00 | 1.69% | \$ - | 0% | \$68,445.00 | 1.69% |
| | Hispanic American | | | | | \$0.00 | 0.00% |
| | Native American | | | | | \$0.00 | 0.00% |
| Total | | | | | | \$1,594,467.75 | 39.34% |

| Construction | Ethnicity | Female | | Male | | Dollars Spent | Percentage |
|--------------|-----------------------|---------------|------------|----------------|------------|-----------------------|----------------|
| | | Dollars Spent | Percentage | Dollars Spent | Percentage | | |
| | African American | \$14,884.00 | 0.37% | \$1,749,659.60 | 43.16% | \$1,764,543.60 | 43.53% |
| | Asian American | \$ - | 0% | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Asian American Indian | \$ - | 0% | \$0.00 | 0% | \$0.00 | 0.00% |
| | ESB | \$ - | 0% | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Hispanic American | \$0.00 | 0% | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Native American | \$ - | 0% | \$0.00 | 0% | \$0.00 | 0.00% |
| Total | | | | | | \$1,764,543.60 | 43.53% |
| Total | | | | | | \$4,053,529.26 | 100.00% |