



City of Richmond

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Richmond, VA 23219
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Legislation Text

File #: RES. 2025-R040, **Version:** 1

To express the Council's acceptance of the findings of the MGT Performance, City of Richmond, Virginia Minority Business Enterprise, 2023 Disparity Study and to request that the Chief Administrative Officer cause the Office of Minority Business Development to (i) develop and implement a comprehensive plan of action based on the recommendations of such disparity study to promote equity in the City's procurement practices and (ii) conduct a comprehensive minority business enterprise disparity study every five years beginning in Fiscal Year 2026-2027.

WHEREAS, the City of Richmond retained MGT of America Consulting, LLC to conduct a comprehensive minority business enterprise disparity study (hereinafter "the disparity study,") to assess whether minority-owned businesses face disparities in City procurement opportunities and whether those disparities are reflective of broader market discrimination or systemic barriers; and

WHEREAS, the disparity study examined procurement activities from July 1, 2016, through June 30, 2021, across construction, architecture and engineering, professional services, other services, and goods; and

WHEREAS, the disparity study employed quantitative data analysis, qualitative interviews, and legal frameworks consistent with constitutional and statutory requirements to determine the presence and extent of disparities and potential discriminatory impacts in City procurement practices; and

WHEREAS, the findings of the disparity study concluded that disparities exist between the availability of qualified minority business enterprises and actual utilization in City contracting, suggesting the presence of barriers that impede full and fair participation by minority business enterprises in City contracting opportunities; and

WHEREAS, the disparity study establishes a compelling governmental interest and a legal basis for continuing and strengthening the City's minority business enterprise program in accordance with the constitutional standards set forth in *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989); and

WHEREAS, the disparity study recommends specific measures to enhance minority business enterprise participation, promote data transparency, ensure accountability, and provide technical and financial assistance to minority business enterprise firms; and

WHEREAS, the recommendations, among other things, include adopting an anti-discrimination ordinance, improving data systems that monitor and track City contracts, establishing aspirational goals for minority business enterprise participation, expanding outreach and technical assistance to minority business enterprises, and instituting performance review and audit mechanisms;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the Council hereby accepts the findings of the MGT Performance, City of Richmond, Virginia Minority Business Enterprise, 2023 Disparity Study conducted by MGT of America Consulting, LLC.

BE IT FURTHER RESOLVED:

That the Council hereby affirms the existence of a compelling governmental interest in addressing the disparities identified and recommendations made by MGT of America Consulting, LLC in the disparity study and, in accordance therewith, supports the continuation and enhancement of the City's minority business enterprise program in a manner that is constitutionally compliant and narrowly tailored.

BE IT FURTHER RESOLVED:

That the Council hereby requests that the Chief Administrative Officer cause the Office of Minority Business Development to develop and implement a comprehensive action plan based on the disparity study's recommendations, including, but not limited to, the following priorities, to the extent permitted by law:

1. Adopt an anti-discrimination ordinance;
2. Expand data collection and management systems;

3. Develop a formal strategy for business relationships with organizations that promote minority business enterprises;

4. Establish performance review metrics;
5. Establish an audit clause for contracts;
6. Narrowly tailor the minority business enterprise program;
7. Expand contract-specific subcontracting goals;
8. Establish annual aspirational minority business enterprise goals;

9. Increase Office of Minority Business Development staff and implement a departmental liaison system; and

10. Implement a minority business enterprise program sunset.

BE IT FURTHER RESOLVED:

That the Council hereby requests that the Chief Administrative Officer cause the Office of Minority Business Development to conduct a comprehensive minority business enterprise disparity study to assess whether minority-owned businesses face disparities in City procurement opportunities every five years, beginning in the fiscal year commencing July 1, 2026, and ending June 30, 2027.

BE IT FURTHER RESOLVED:

That the Council hereby requests that the Chief Administrative Officer, within 90 days following adoption of this resolution, present to Council a proposed timeline and budget for phased implementation of the disparity study recommendations, draft ordinances, and a written report of the administrative actions necessary to carry out such recommendations.

DATE: August 26, 2025

TO: The Honorable Members of City Council

THROUGH: RJ Warren, Council Chief of Staff

THROUGH: Maria Garnett, Council Policy Analyst

FROM: The Honorable Ellen F. Robertson, Councilmember 6th District

The Honorable Nicole Jones, Councilmember 9th District

RE: To express the Council’s acceptance of the findings of the MGT Performance, City of Richmond, Virginia Minority Business Enterprise, 2023 Disparity Study and to request that the Chief Administrative Officer cause the Office of Minority Business Development to (i) develop and implement a comprehensive plan of action based on the recommendations of such disparity study to promote equity in the City’s procurement practices and (ii) conduct a comprehensive minority business enterprise disparity study every five years beginning in Fiscal Year 2026-2027.

CNL-2025-0018

PURPOSE: This resolution formally acknowledges receipt by the Richmond City Council of the findings and recommendations of the Minority Business Enterprise (MBE) Disparity Study (“disparity study,” “study”) conducted by MGT of America Consulting, LLC (MGT) in 2023. In addition, this resolution affirms the existence of a compelling governmental interest in addressing the disparities identified in the study; expresses Council’s support for the continuation and enhancement of the City’s MBE Program in a manner that is constitutionally compliant and narrowly tailored; and requests that the CAO collaborate with OMBD to develop and implement a comprehensive action plan informed by the study’s recommendations, which would be presented to Council within 90 days with a proposed timeline and budget for phased implementation to fulfill the objectives of the resolution, and conduct a comprehensive minority business enterprise disparity study every five years beginning in Fiscal Year 2026-2027.

BACKGROUND: The City first announced the contract with MGT to perform the MBE disparity study in May 2022 and the study was completed in 2023, examining procurement activity from July 1, 2016, through June 30, 2021 (FY2016 - FY2021). The study, which used both quantitative and qualitative research methods, had two key objectives: to “determine whether the city of Richmond, either in the past or currently, engages in discriminatory practices or passively operates in a discriminatory marketplace, in its soliciting and awarding contracts in construction, architecture & and engineering, professional services, and other services, and goods to MBEs” and to “determine if a legally justified need exists for the continuation of the MBE program in accordance with the guidelines set forth by the Supreme Court and relevant subsequent cases” (City of Richmond Disparity Study Report). Although the study was completed in 2023, its findings and

recommendations were not publicly presented until the June 18, 2025 meeting of the Richmond City Council Finance and Economic Development standing committee chaired by Councilmember Ellen Robertson.

The study found that only 3.43 percent of the City's spending on contracts with external vendors was with MBEs during the five-year period subject to its review, with 1.77 percent spent with Hispanic American firms and 1.43 percent with African American firms. In comparison, the market analysis conducted for the study found that MBE firms comprise 17.93 percent of estimated market availability in the relevant market area (i.e., the 14 counties and independent cities where 73 percent of City spending occurs). Further, the study found that MBEs combined had substantial and statistically significant disparities in all contract categories, and that African American firms had substantial and statistically significant disparities in all categories as well. In addition to the findings of disparities in the City's utilization of MBE firms compared to the availability of those firms in the relevant marketplace, the study also documented qualitative and anecdotal evidence of discriminatory behaviors and barriers to MBE firms' success in Richmond's marketplace. OMBD Director Patricia Foster noted that barriers to the City's ability to contract with MBE firms exist because of limited capacity in both OMBD itself as well as within MBE firms, which typically cannot take advantage of economies of scale and may also lack administrative capacity to identify and respond to solicitations from the City.

The study recommendations are articulated in the text of this resolution.

Relevant sections of City Code: Office of Minority Business Development, § 2-647 et seq. and Utilization of Minority Business Enterprises and Emerging Small Businesses, § 21-216 et seq.

COMMUNITY ENGAGEMENT: Councilmember Robertson is concerned about the significant gap between the availability of MBEs in the Richmond marketplace (about 18% of firms) and the rate at which the City of Richmond contracts with those firms (roughly 3% of all contract spending).

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: This resolution is consistent with the City's commitment to equitable economic development and with the Mayor's strategic commitment to support small and minority-owned businesses and employers providing quality, living-wage job opportunities ("Thriving Economy").

FISCAL IMPACT: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: September 8, 2025

CITY COUNCIL PUBLIC HEARING DATE: September 22, 2025

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development Standing Committee

AFFECTED AGENCIES: Office of the Chief Administrative Officer

Deputy CAO for Finance and Administration

Office of Minority Business Development

Department of Procurement Services

RELATIONSHIP TO EXISTING ORD. OR RES.: None

ATTACHMENTS: Draft Resolution

STAFF: Maria Garnett, Council Policy Analyst, (804) 298-5052