

SETTING MBE/WBE PARTICIPATION GOALS

BREAKING THE CODE!

What is “Participation Goals”?

- According to the city’s MBE/WBE Program Ordinances, In order to provide subcontracting/subconsulting opportunities, the city may set targeted levels of participation called participation goals.
- There are annual aggregate goals and project specific goals under four procurement categories; namely, construction, professional services, non professional services and commodities.
- These goals do not automatically generate work for M/WBEs, who still have to bid with a prime bidder to be brought on board.
- They do however encourage prime bidders to form partnerships with city M/WBEs.

Chapter 2-9A(B,C,D)-3: Annual Participation Goals

Construction Participation Goals	
African-American	1.7%
Hispanic	9.7%
Asian-American	2.3%
Women	13.8%

Professional Services Participation Goals	
African-American	1.9%
Hispanic	9.0%
Asian-American	4.9%
Women	15.8%

Non-Professional Services Participation Goals	
African-American	2.5%
Hispanic	9.9%
Asian-American	1.7%
Women	15.0%

Commodities Participation Goals	
African-American	0.3%
Hispanic	2.5%
Asian-American	0.7%
Women	6.2%

How are Annual Goals Calculated?

Official Formula

Category: Construction

Ethnic Group: African American

Number of available AA vendors in Construction (divided) by total number of non M/WBEs in the marketplace (times) the percentage of city expenditures on Construction.

Number of AA vendors: 2

Number of total vendors: 10

AA Construction Availability: 20%

City spends 50% on Construction. So $20\% \times 50\% = 10\%$

How are Project-Specific Goals Calculated?

Official Formula

This calculation considers commodity codes specific to the project/solicitation. What is a commodity code? It is a number assigned to the goods and services a vendor provides. For example, if a vendor sells computer monitors, the commodity code is 05568

Number of AA Vendors Total for the commodity code
 \times expenditures on the commodity code / number of
vendor total for this commodity code

Expenditures: 100% AA Vendors: 20 Vendor Total:
600

Project Goal for AA is 3.33%

2-9(A,B,C,D-19) -Guidelines to Establish MBE/WBE Participation Levels For Individual Contracts

- ▣ (A) The city council recognizes that the availability of MBEs and WBEs is not uniformly present across all areas of Contracting. Therefore, the Director, where appropriate, and pursuant to criteria established by rule, may establish project participation Goals and/or Subgoals for individual Contracts, based on:
 - ▣ (2) the availability of at least three certified MBEs or WBEs to perform the functions of those individual Contracts;
 - ▣ (3) the City's utilization of MBEs and WBEs to date, so as to achieve the Annual Participation Goals and Subgoals, if any; and
- ▣ (C) The Director shall rely on the information systems operated and maintained by the Finance and Administrative Services Department for the availability percentages used to establish project participation Goals or Subgoals.

No subcontracting opportunities
usually means
No Goals.



**There are about 1,000 M/WBEs.
Why are there often no goals?**





“Breaking the Code”

- ❑ “Double Standard”? – While a few city departments incorporate the goal calculating formula into their solicitations, most of them do not.
- ❑ Why? Because of another rule in play that says if only one scope of work, or one commodity code, is identified for a whole project or solicitation, no goals will be set.
- ❑ This rule has resulted in more than half of the city solicitations with no goals.

Additional Problems with this Practice Found in An ACA Research in December 2014

1. Not all suitable commodity codes are identified
2. Wrong commodity Codes
3. Single source solicitations
4. Commodities (goods) never have goals
5. Significant amount of city resources appropriated to track GFE compliance plan for no goals projects
6. Continues to generate no or little M/WBE participation

Examples

- ▣ (Closed) RFP 1100 OPJ0112 (Discussed at the May 28th Austin Energy Oversight Committee) for DSM Utility Consulting Services
- ▣ **Although there are 22 certified MBEs and WBEs under the commodity code, no goals were set.**
- (Closed) IFB 6200 GLB 0023 Trucking and Hauling Services
- ▣ **Although there are 39 certified MBEs and WBEs under the commodity code, no goals were set.**
- ▣ RFP 6800 MPM0305 for Professionals to perform a comprehensive survey of historic
- ▣ **Although there are 42 certified MBEs and WBEs under the commodity code, no goals were set.**
- ▣ RFQ 2200 ISR0404 Bio-Monitoring Toxicity Testing Services
- ▣ **Although there are 32 certified MBEs and WBEs under the commodity code, no goals were set.**

Recommendations and Final Thoughts

- ▣ Be Consistent – Let's all use the formula to calculate goals, manually or electronically.
- ▣ Provide training to all procurement personnel so that they can correctly identify all the commodity codes and “actively” look for subcontracting/subconsulting opportunities for available vendors.
- ▣ The city is not a passive participant in an inequitable marketplace. (2-9(A,B,C,D)-2(1))
- ▣ The city does not hire subcontractors/subconsultants directly. Setting goals is the least the city can do to help them participate.

Thank you for your attention!!



Questions?