



## **MEMORANDUM**

**TO:** Mayor and Council

**FROM:** Edward Campos, Interim Director,   
Small and Minority Business Resources (SMBR) Department

**DATE:** November 4, 2020

**SUBJECT:** Update on Disparity Study and City Council Resolution No. 20200326-053

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This memo serves to update Mayor and Council regarding City Council Resolution No. 20200326-053 and the development of the Inclusive Procurement Working Group. At the March 26, 2020 Austin City Council meeting, Council passed this resolution which directed the City Manager to create an *Inclusive Procurement Working Group* (working group). The working group is tasked with the review and assessment of programmatic and administrative issues related to the minority business enterprise/woman business enterprise (MBE/WBE) procurement ordinance and recommend ways that the City could improve the function of the program to better meet the needs of the community while remaining within the legal bounds of the City's authority.

The working group will be made up of City staff and a diverse group of stakeholders.

### **City Staff – Resource and Information Providers/Gathers:**

- Edward Campos, Interim Director, SMBR
- James Scarboro, Purchasing Officer, Purchasing Office
- Rolando Fernandez, Capital Contracting Officer, Capital Contracting Office
- Brion Oaks, Chief Equity Officer, Equity Office
- Diana Thomas, City Controller, Controller's Office
- Kimberly Olivares, Officer, Office of Performance Management
- Ron Pigott, Assistant City Attorney IV, City Attorney's Office

### **MBE/WBE Stakeholders – Recommendation Generators:**

I have met with each of the following individuals, and they have agreed to directly participate or have their organizations participate in the working group.

- Reginald Worlds, Owner, Trini Construction, representing the MBE/WBE and Small Business Advisory Committee
- Paul Saldaña, Principal, Saldaña Public Relations (Community Advocate)
- Carol Hadnot, Program Manager, Austin Area Black Contractors Association
- Aletta Sung, Executive Director, Asian Contractor Association

- Frank Fuentes, Executive Director, U.S. Hispanic Contractors Association de Austin
- Tam Hawkins, President, Greater Austin Black Chamber
- Fang Fang, President, Greater Austin Asian Chamber
- Diana Maldonado, President, Greater Austin Hispanic Chamber
- Rick Garrett, CEO, TES Careers (Certified MBE/WBE firm)
- Usha Boddapu, President, eSolvit (Certified MBE/WBE firm and MBE/WBE Advisory Committee member)
- Ali Khataw, CEO, Encotech Engineering (Certified MBE firm)
- Barbra Boeta, Executive Director, Economic Growth Business Incubator (MBE/WBE Advisory Committee member and small business advocate)
- Crystal Smith – ABC Central Texas – Representing prime contractor community
- Phil Thoden, President, AGC Austin (Building Branch) – Representing prime contractor community
- Darrell Pierce, President, Snap Management (Certified MBE/WBE firm)
- Gino Macias – Representing the Austin Minority and Women Alliance (AMWA)

The working group is a diverse group which will bring unique perspectives and provide the City Council with recommendations that could enhance the MBE/WBE Program. City Council identified eleven issues, to be reviewed by the working group. These issues have been categorized into four major areas as follows:

#### **Certification Issues**

- City's certification process to include reciprocity with the State's Historically Underutilized Business (HUB) certification or other regional certifications;
- Eligibility criteria for certification, including economic disadvantage criteria such as limit on personal wealth;
- Whether existing certification types are sufficient for gender- and race-conscious remedies to the disparities identified within the disparity study;

#### **Best Practice Issues**

- Whether the four sections of the City's MBE/WBE Ordinance reflect the procurement methods used by the City;
- Best practices of other Texas Cities and other city's with similar MBE/WBE programs that are similar in size to Austin;

#### **Communication/Transparency Issues**

- Review methods to improve transparency on procurement policies and goals on projects;
- Communications and functions between SMBR and Financial Services can be improved;
- Effective methods of outreach to improve participation among the MBE/WBE business communities, as well as to improve knowledge and information among the larger business community;

#### **Resources to MBE/WBEs and Local Businesses**

- What additional resources and services may be helpful for the City to offer to certified firms;
- Payment policies to primes and subs; and
- Prioritization of local businesses

This robust set of issues involves a great deal of information to be reviewed by the working group as well as time for the working group to digest the information and develop suitable recommendations for each section identified. The final draft of the Disparity Study is not expected to be received from the disparity

study consultant – Colette Holt and Associates, until August 2021. Based on this anticipated date, a tentative schedule and action plan has been created to meet the timeline provided for in the resolution and allow for the crafting of a proposed changes to the City’s MBE/WBE Ordinance and Rules:

**Tentative Schedule/Action Plan – Inclusive Procurement Working Group**

**August 2021:**

- First Meeting – August 2021 - Briefing to Working Group on Draft Disparity Study and Findings
- Second Meeting – August 2021 - Briefing to Working Group on Certification Process and Reciprocity

**September 2021:**

- City Council Disparity Study Briefing – September 2021
- Third Meeting – Briefing to Working Group on Best Practices – September 2021
- Fourth Meeting – Briefing to Working Group on Outreach & Communications – September 2021

**October 2021:**

- City Council Disparity Study Adoption – October 2021
- Sixth Meeting – Briefing to Working Group on Resources – October 2021
- Fifth Meeting – Working Group to draft initial recommendations – October 2021
- Fifth Meeting – Working Group to draft initial recommendations – October 2021

**November 2021:**

- City Council receives update from Working Group - 3 months from first meeting – November 2021
- Seventh Meeting – Working Group continues to draft Recommendations – November 2021
- Eighth Meeting – Draft Final Recommendations –November/December 2021

**January 2022:**

- Presentation to City Council 2 months from Initial Council briefing – January 2022

**February 2022:**

- Final Presentation to Council (if necessary) – February 2022

**March 2022:**

- City Council adopts new MBE/WBE Ordinance – March 2022

In anticipation of the official adoption and acceptance of the Disparity Study by City Council, SMBR and the Law Department will be revising the City’s MBE/WBE Ordinance which expires March 2022, to include updates from the study as well as incorporating any of the recommendations for City Council consideration and adoption in February 2022. Staff is excited about the possibilities to improve the MBE/WBE Program and looks forward to further developing the working relationship with our stakeholders. Please contact me if you have any questions.

cc: Spencer Cronk, City Manager  
Rodney Gonzales, Assistant City Manager  
Anne Morgan, City Attorney