

# Inclusive Procurement Working Group Final Recommendations

Audit and Finance Committee  
April 26, 2023

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## Background

- March 2020, City Council approved Resolution No. 20200326-053, establishing the Inclusive Procurement Working Group (IPWG) to review and perform an assessment of programmatic and administrative issues related to the 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
- 11 key areas were categorized for the IPWG's review:
  - Certification Process
  - Resources to MBE/WBEs and Payment Policies
  - Communications & Transparency, and Local Prioritization
  - MBE/WBE Ordinance and Best Practices
- Additional topics covered:
  - Goal Setting and Good Faith Efforts
  - 2022 Disparity Study

# Inclusive Procurement Working Group

- **Aletta Sung**, Executive Director, Asian Contractor Association
- **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)
- **Brittney S. Rodriguez**, CEO, Greater Austin Hispanic Chamber
- **Cloteal Haynes**, Haynes-Eaglin-Waters, LLC (HEW), representing Austin Area Black Contractors Association, Inc.
- **Crystal Smith**, President, Associated Builders and Contractors of Central Texas
- **Darrell Pierce**, President, SNAP Management Group (Certified MBE/WBE firm)
- **Diana Maldonado**, President, Greater Austin Hispanic Chamber (replaced by Ms. Rodriguez)
- **Fang Fang**, President, Greater Austin Asian Chamber of Commerce
  - **Mark Hanson**, Operations Manager, Greater Austin Asian Chamber of Commerce
  - **Moin Baig**, Chief of Staff, Greater Austin Asian Chamber of Commerce
- **Gino Macias**, Macias & Associates LP (Representing Austin Minority and Women Alliance)
- **Paul Saldaña**, Principal, Saldaña Public Relations (Community Advocate and representing U.S. Hispanic Contractor's Association de Austin)
- **Phil Thoden**, President, Associated General Contractors of America – Austin Chapter (Building Branch), representing prime contractor community
- **Reginald Worlds**, Trini Construction Builder, representing MBE/WBE and Small Business Enterprise Procurement Program Advisory Committee
- **Rick Garrett**, CEO, TES Careers (Certified MBE/WBE firm)
- **Tam Hawkins**, President, Greater Austin Black Chamber
- **Usha Boddapu**, President, eSolvit (Certified MBE/WBE firm and MBE/WBE Advisory Committee member)

# Review Process & Final Recommendations

- August 2021 – February 2023
  - 30 working group meetings covering areas of focus
  - January 19, 2022, SMBR provided update on Disparity Study and IPWG progress at Audit and Finance Committee meeting
  - February 15, 2022, SMBR and IPWG provided progress update at City Council Work Session meeting
- IPWG initially proposed 43 preliminary recommendations, that staff performed analysis and provided follow-up responses to the working group
- The IPWG was guided by the Community Engagement Division through a secondary review process and decided to retain **20 recommendations**
- Each of the **20 recommendations** are assigned one of the following specifications:
  - **Current Practice, Minor Modification, Major Modification**

# Specifications

- **Current Practice:** The recommendation is currently a practice of the City; however, additional communications and/or outreach may be needed to ensure stakeholders are aware of the service/practice.
- **Minor Modification:** Implementation of the recommendation may be easily accomplished by slightly modifying administrative operations (policies/procedures) and does not require an administrative rule change of the MBE/WBE Procurement Program nor changes to the MBE/WBE Procurement Program Ordinances (City Code 2-9AD).
- **Major Modification:** Implementation of the recommendations would require an administrative rule change of the MBE/WBE Procurement Program and/or changes to the MBE/WBE Procurement Program Ordinances (City Code 2-9AD). In addition, these recommendations may require Council action for additional funding and/or full-time employees (FTEs) for implementation.

## IPWG Recommendations - Current Practice (5)

Recommendation	Category
<i>Recommendation 1: Reciprocity should only occur if other entities match the City's MBE/WBE certification process and requirements.</i>	Certification
<i>Recommendation 2: If the City is going to have reciprocity, it should be with agencies that match City programs.</i>	Certification
<i>Recommendation 5: The City should not get rid of Personal Net Worth (PNW) limitations.</i>	Certification
<i>Recommendation 11: Provide a list of City spend by work code. This information would help SMBR recruit firms in those areas that don't have a lot of spending. This information would also help the chambers and SMBR identify areas of need and where spend is going; therefore, helping them be more effective in targeting those areas.</i>	Resources to MBE/WBEs and Local Businesses
<i>Recommendation 16: Utilize social media to connect primes and sub primes, such as highlighting a prime contractor, so that subs know who they could work with.</i>	Communication & Transparency

## IPWG Recommendations - Minor Modifications (6)

Recommendation	Category
<i>Recommendation 10(a): Offer hands-on assistance to help MBE/WBEs understand the bidding process.</i>	Resources to MBE/WBE and Local Businesses
<i>Recommendation 13: SMBR should feature successful MBE/WBE businesses at events and presentations so that they may share their achievements, experiences, and knowledge.</i>	Communications & Transparency
<i>Recommendation 14: The City should have more mandatory pre-bids to assist MBE/WBE firms with networking.</i>	Communication & Transparency



## IPWG Recommendations - Minor Modifications (6) cont.

Recommendation	Category
<i>Recommendation 15: The City should do more to identify primes and subcontractors at pre-bids and networking events.</i>	Communications & Transparency
<i>Recommendation 18: The following content should be included in a prime's initial invitations to the subs, so they understand their options in the bidding process.</i> <i>§ 2-9A-21(3)(a) A MBE/WBE that has submitted a response or Bid to a Prospective Offeror may contact SMBR to request a meeting with the Prospective Offeror to determine if their response (bid) will be used on the project. SMBR will schedule a meeting between the MBE/WBE and the Prospective Offeror. If such a meeting does not occur and the MBE/WBE submitting the response (Bid) to the Prospective Offeror is not selected, the Prospective Offeror must explain the reason for not selecting the MBE/WBE and provide written documentation supporting the stated reason. As a reminder, bid shopping is prohibited.</i>	Communications & Transparency
<i>Recommendation 19: Evaluate existing processes to ensure checks and balances are in place to assess projects over \$50k being submitted to Council with appropriate goals.</i>	Goal Setting



# IPWG Recommendations - Major Modifications (10)

Recommendation	Category
<i>Recommendation 3: Keep Personal Net Worth (PNW) but modify/revisit the structure. PNW might be low for Austin area. What is included or excluded should be reviewed.</i>	Certification
<i>Recommendation 4: The City should review its use of the South Region Consumer Price Index (CPI) in establishing its PNW, to determine if this index accurately reflects the unique Austin economic marketplace. In addition, the City should review the calculation of assets used to determine the PNW of an applicant.</i>	Certification
<i>Recommendation 6: City needs to consider cohorts and training overall for certified firms.</i>	Resources to MBE/WBEs and Local Businesses
<i>Recommendation 7: Equip and provide resources/tools for smaller businesses that will take them to the next level.</i>	Resources to MBE/WBEs and Local Businesses
<i>Recommendation 8: Assistance needs to be provided to MBE/WBEs in developing a creative loan funds contract. Begin utilizing existing CDFIs with a history of success to work closely with local, minority-owned, and small businesses. The City shouldn't have to contribute funding because CDFIs have the loan funds.</i>	Resources to MBE/WBEs and Local Businesses

## IPWG Recommendations - Major Modifications (10) cont.

Recommendation	Category
<i>Recommendation 9: There needs to be continued technical assistance offered and looking to nonprofit lenders for help.</i>	Resources to MBE/WBE and Local Businesses
<i>Recommendation 10 (b): Provide a program to help them understand what they're getting into and then provide a mentor protégé program.</i>	Resources to MBE/WBE and Local Businesses
<i>Recommendation 12: The local ordinance should be stronger. There should be preference for local firms first, as opposed to larger national firms.</i>	Resources to MBE/WBE and Local Businesses
<i>Recommendation 17: A prime should provide bid notifications ten business days in advance from the due date to the prime.</i>	Communications & Transparency
Recommendation 20: On non-construction services projects over \$50k, with availability, review the procedures used to establish an overall MBE/WBE goal. The goal is to allow availability to be the driving factor versus number of scopes. Number of scopes is not always the best indicator for subcontracting opportunities. Size of project, availability, and the prime's capacity are equally important factors.	Goal Setting

## Next Steps

### **August 31, 2023 - MBE/WBE Procurement Program Ordinance sunsets**

- April 4, 2023 – Draft ordinance revisions presented to MBE/WBE Small Business Enterprise Procurement Program Advisory Committee
- May 2023 - Draft ordinance posted online
- May-June 2023 - Public comment period
- July 20th - Council consideration of new revised ordinance
- Summer/Early Fall 2023 – Administrative Program Rules revision process



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# Questions

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