

# Memorandum



CITY OF DALLAS

DATE September 25, 2017

Honorable Members of the Government Performance & Financial Management  
TO Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,  
Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Office of Business Diversity Overview and Action Plan**

On Monday, October 2, 2017, Zarin Gracey, Interim Managing Director of the Office of Business Diversity, will brief the Government Performance & Financial Management Committee on the Office of Business Diversity Overview and Action Plan. I have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich  
Chief Financial Officer

Attachment

Honorable Mayor and Members of City Council  
T.C. Broadnax, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Billerae Johnson, City Secretary (Interim)  
Daniel F. Solis, Administrative Judge  
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jo M. (Jody) Puckett, Assistant City Manager (Interim)  
Nadia Chandler Hardy, Chief of Community Services  
Raquel Favela, Chief of Economic Development & Neighborhood Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors

# Office of Business Diversity

## Overview and Action Plan

Government Performance and  
Financial Management  
Committee Briefing

October 2, 2017

Zarin D. Gracey  
Interim Managing Director



**City of Dallas**

# Outline

- Legal Framework for M/WBE Programs
- M/WBE Program Evolution
- Challenges and Opportunities
- Interim Recommendations
- Overview of New Office of Business Diversity Action Plan
- Next Steps

# Legal Framework For M/WBE Programs

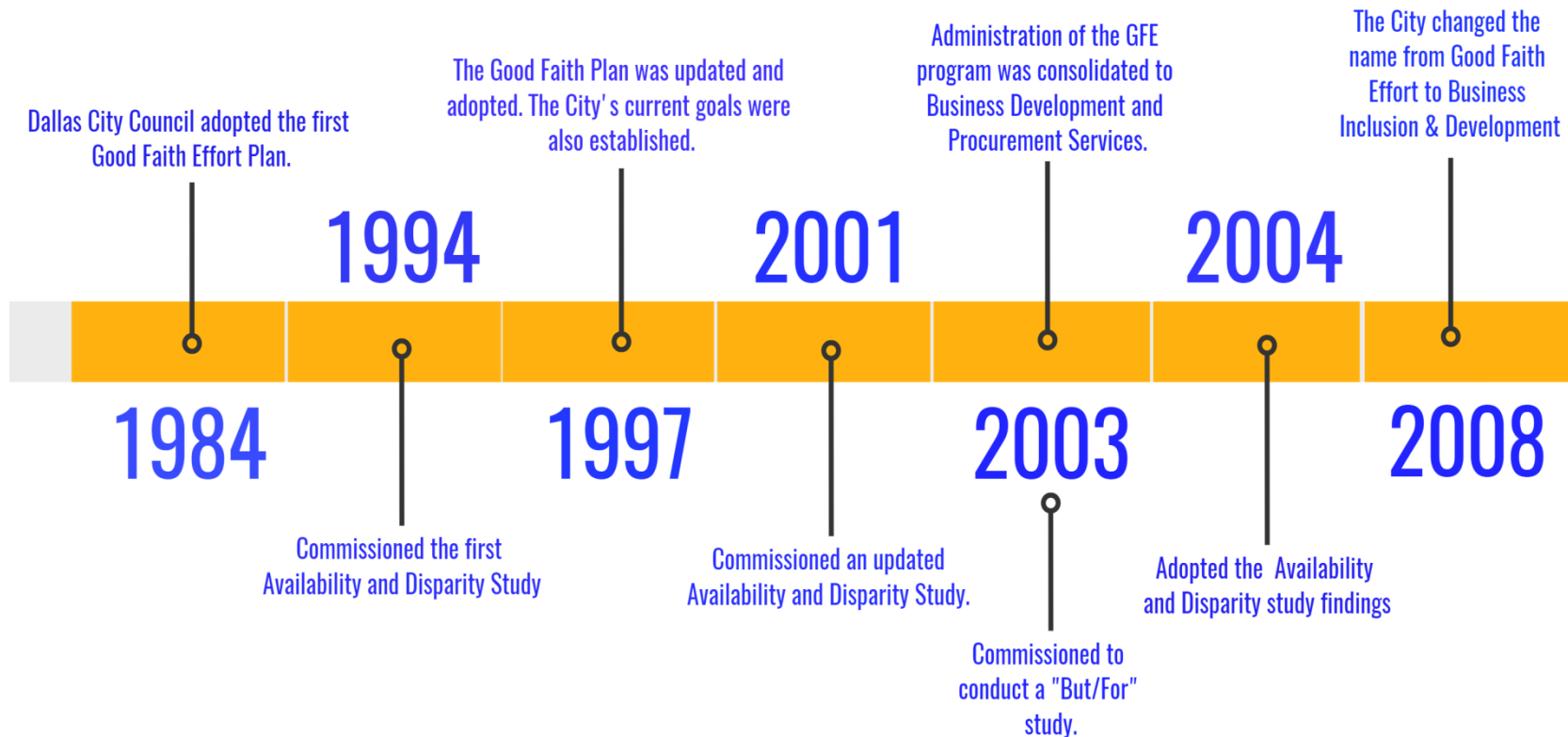
- In 1989, Supreme Court review of M/WBE programs in public contracting determined:
  - Adoption of race-conscious goal programs can only remedy identified discrimination
  - M/WBE participation goals must be narrowly-tailored to remedy past discrimination
  - Availability and disparity study is needed to justify a race-conscious based program
  - The program cannot be perpetual: a periodic review is necessary

# Legal Framework For M/WBE Programs

## - Continued

- Availability and Disparity Study
  - Determines if there is a need to establish M/WBE programs and goals
  - Helps to develop effective diversity programs for procuring goods and services from M/WBEs
  - Identifies the availability of ready, willing, and able vendors in specific industries
  - Identifies whether there is a disparity in the utilization of M/WBEs

# Program Evolution



## Challenges/Opportunities to the existing program

- Lack of an updated availability and disparity study
- Lack incentives and opportunities to move M/WBE sub contractors to prime contractors
- Opportunity to enhance the compliance system
  - Lack a system to track M/WBE attempts to respond to City solicitations
  - Lack the ability to measure M/WBE vendor success after trainings
  - Need a system to quickly analyze spend by industry classification
- Opportunity to unify efforts and resources to better serve the M/WBE

# Interim Recommendations

- Set a sunset date of September 30, 2020 for the current program
- Prepare specifications to identify a firm to perform an A&D study
- Implement new A&D study
- Incorporate a commercial non-discrimination policy into the new policy
- Identify additional race-neutral program opportunities
- Update the existing Policy



# New Office of Business Diversity Action Plan

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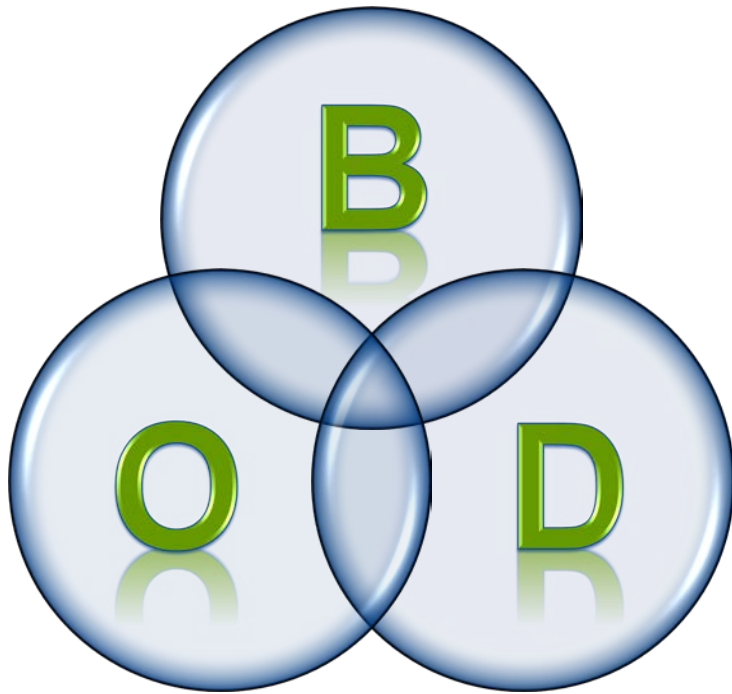


# Office of Business Diversity

## Mission Statement

*To ensure non-discriminatory practices and eliminate barriers while resourcing businesses to the next step in their business life cycle.*

# New Program Objectives



## **O**PPORTUNITY CREATION

Provide conditions for growth and development through training, communication, and resource connections.

## **B**UILDING CAPACITY

Develop strategic partnerships through intentional, coordinated, and mission-driven efforts aimed at strengthening the management and operations of S/M/WBE businesses to improve their performance and economic impact.

## **D**IVERSITY COMPLIANCE

Advocate for the importance of diversity and inclusion in the awarding of City contracts.

# Opportunity Creation

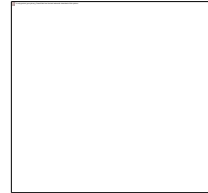


Initiative	Status
Create opportunities for workforce development through job creation and internship programs	<b>Complete</b> July 2017
Create a Diversity Task Force	<b>Complete</b> August 2017
Enhance industry specific outreach	<b>Complete</b> August 2017
Leverage existing staff to become industry subject matter experts	<b>Complete</b> September 2017
Utilize request for competitively sealed proposals (RFCSP) for construction contracts > \$500K	FY 2018
Create opportunities for new businesses to connect with the City and existing businesses to connect with different departments	FY 2018

# Business Diversity Task Force

- Purpose
  - Provide insight into trends affecting their industry
  - Evaluate existing and new OBD program initiatives
  - Review specifications to identify potential barriers to doing business with the City
- Sub-committees include:
  - 2017 Bond Program
  - Financial Inclusion

# STRATEGIC PARTNERS



# Building Capacity



Initiative	Status
Build relationship agreements with key educational institutions and trade organizations to train the business community.	<b>Complete</b> <b>September 2017</b>
Build business-to-business mentor protégé program	<b>Complete</b> <b>September 2017</b>
Create a relationship recognition program	FY 2018
Implement an Emerging Small Business Program	FY 2018
Facilitate business development through civic engagement and C-Suite mentorships	FY 2018
Create e-Learning training modules on how to do business with the City	FY 2018



# Business-to-Business Mentor Protégé ACT Now! Development Program

- A strategic alliance between the Office of Business Diversity (OBD) and Cedar Valley College (CVC)
- Funded through a Texas Workforce Commission Grant managed by CVC
- **A**pply – Registration process for firms and their employees
- **C**ommit – Learn the business requirements of doing business with the City of Dallas and other prime contractors
- **T**rain – Coursework provided to educate owners and their employees (up to 3 employees total)
- Focused on qualifying, developing, and certifying (professionally) existing/new contractors to perform work with the City of Dallas
- A combination mentor/protégé and training
- Business partners will be prime contractors initially
  - Workforce development needs
  - Additional training needs for sub-contractors

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# Diversity Compliance



Initiative	Status
Strengthen good-faith effort criteria to include outreach to the ethnic contractor associations, chambers, and ethnic newspapers	Ongoing
Conduct random project site visits	FY 2018
Revamp existing approval process to include final approval from OBD in the agenda system	FY 2018
Create a non-compliance anonymous hotline	FY 2018
Increase M/WBE evaluation points from 15 to 20	FY 2018
Enhance the M/WBE compliance system	FY 2018

# Proposed Evaluation Points

Current Evaluation Criteria = 15pts	*Proposed Evaluation Criteria = 20pts
BID Affidavit Form = 2	Team Make-Up = 5
Workforce Composition = 2	Mentor Protégé = 5
Historical M/WBE Participation = 4	Formal Jobs Training Program = 5
Team Make-Up = 7	Formal Internship Program = 3
	Legal Joint Venture = 2
	<i>*Used in the Fair Park Management specifications</i>

# Next Steps

- October 2 – SBA Surety Bond Program Briefing
- November 6 – OBD FY16-17 Actual M/WBE performance report
- January 2018 – OBD Update

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Zarin D. Gracey  
Interim Managing  
Director

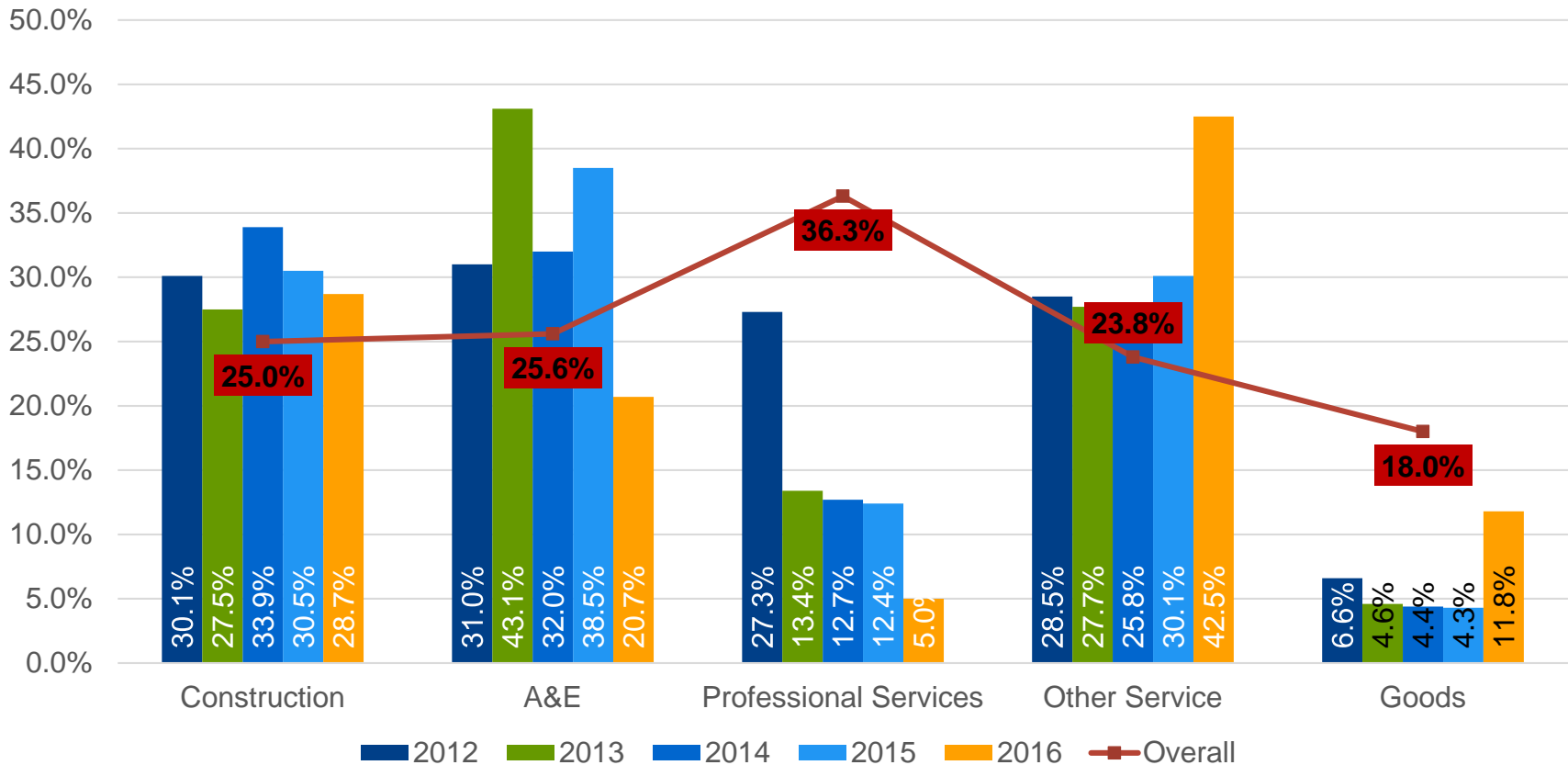


**City of Dallas**

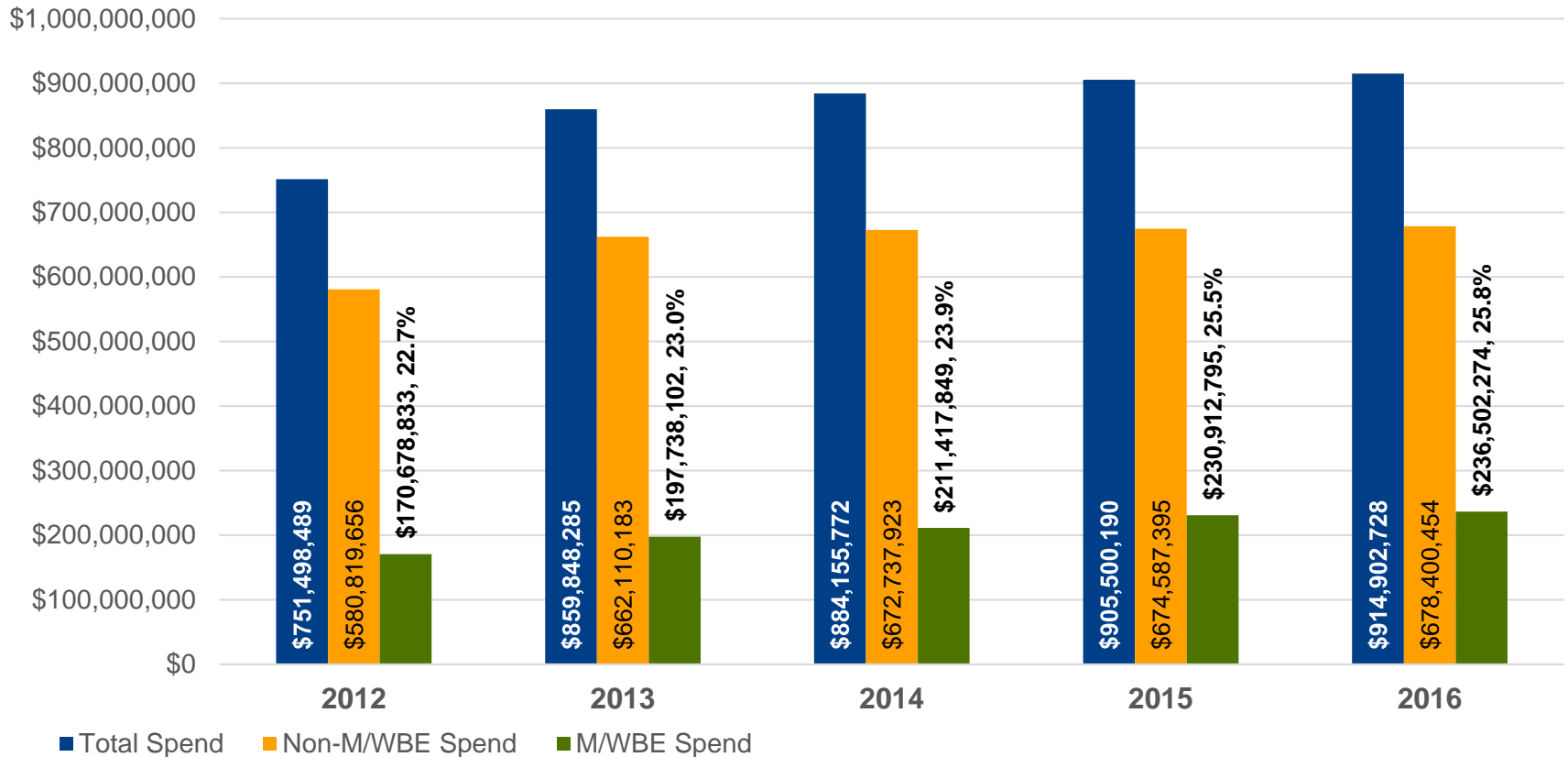
# Office of Business Diversity Performance Measures

Description	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Budget	FY 2016-17 Estimate	FY 2017-18 Proposed	FY 2018-19 Planned
# of awareness events	375	344	120	125	130	175
Change in registered vendors over prior year	198	253	200	200	205	150
% spent with local businesses	52.87%	39.42%	45.00%	48.00%	50.00%	50.00%
% of agenda items reviewed within 10 days	99.00%	99.00%	98.00%	98.00%	98.00%	98.00%
% of contracts reviewed by BID compliance	100%	100%	95.00%	95.00%	95.00%	95.00%
Overall M/WBE participation	25.50%	25.80%	21.00%	23.00%	23.00%	24.00%
Increase in revenue for S/M/WBE firms doing business with the City	N/A	N/A	N/A	N/A	\$250,000	\$300,000
# of new vendors competing on City contracts	N/A	N/A	N/A	N/A	50	38

# M/WBE Participation Performance by Procurement Category



# Historical City of Dallas Spend



# Compliance Process

