

# **Economic Development Business & Workforce Inclusion**

**Availability & Disparity Study  
Results and Next Steps**

**Park & Recreation Board Meeting**

**November 5, 2020**



**Zarin D. Gracey  
Assistant Director**

**City of Dallas**



# Outline

- Availability & Disparity Study Overview
- Key Findings
- Key Recommendations
- Next Steps
- Questions

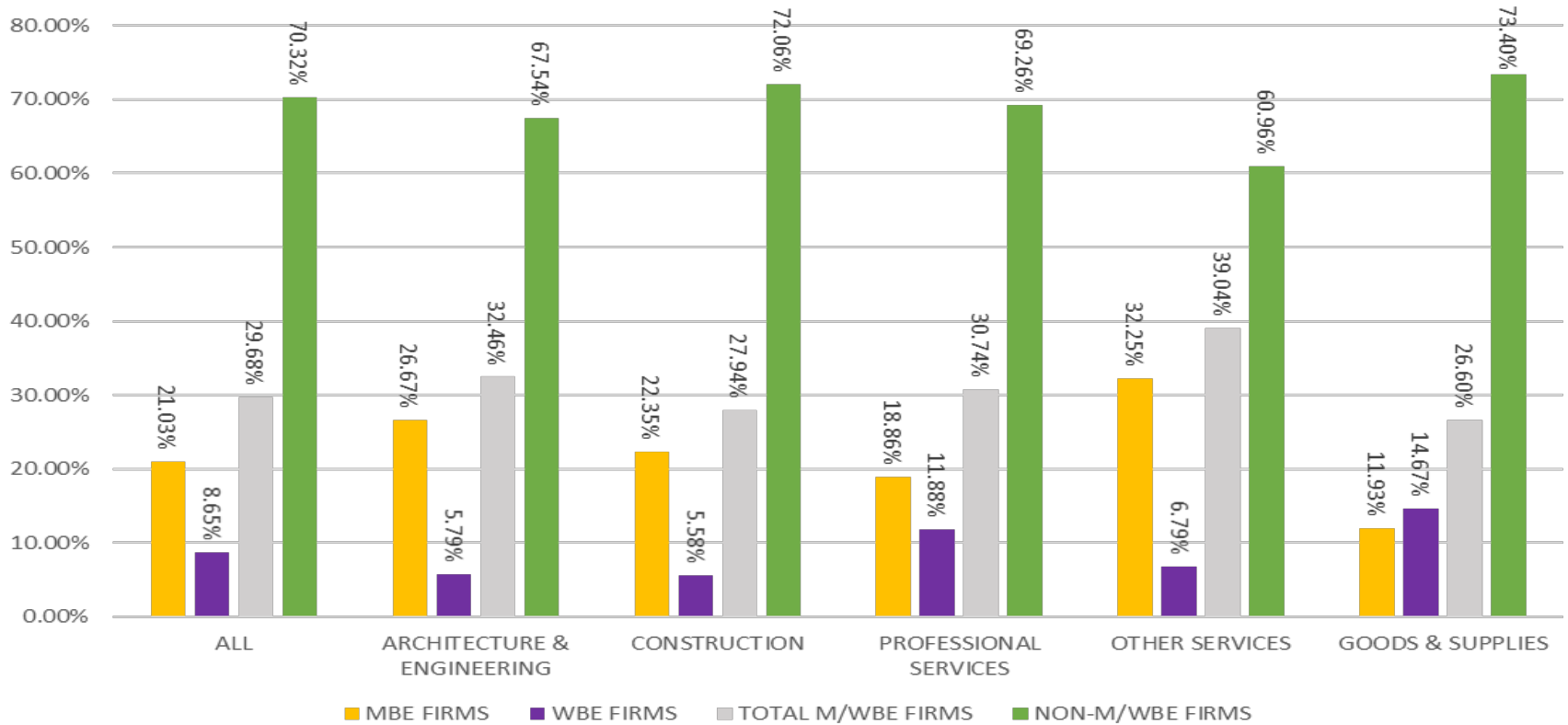
# Availability & Disparity Study

- In September 2018, MGT of America Consulting, LLC retained to conduct an availability & disparity (A&D) study
- In August 2020 City Council was briefed on the A&D study results
- Study period between October 2014 to September 2018
- All five procurement categories: Construction, A&E, Professional Services, Other Services, Goods

# Availability & Disparity Study

<b>Business Ownership Classifications</b>		
African American	<b>MBE</b> Minority Owned Business Enterprise	<b>M/WBE</b>
Asian American		
Hispanic American		
Native American		
Non-minority Woman	<b>WBE</b> Women Owned Business Enterprise	
Non-minority Male	<b>Non-M/WBE</b>	

# Key Findings – M/WBE Utilization by Contract Type



Study Period: October 2014 – September 2018

# Key Findings – M/WBE Utilization vs. Availability



Study Period: October 2014 – September 2018

# Key Findings – M/WBE Availability vs. Utilization by Ethnicity/Contract Type

	A&E		Construction		Professional Services		Other Services		Goods		All	
	Utilized	Available	Utilized	Available	Utilized	Available	Utilized	Available	Utilized	Available	Utilized	Available
African American	7.43%	6.04%	4.94%	3.45%	7.90%	16.05%	6.01%	8.99%	0.64%	2.25%	4.36%	5.72%
Asian American	9.19%	5.98%	0.91%	1.77%	6.94%	6.14%	7.05%	3.37%	1.79%	9.55%	3.15%	4.92%
Hispanic American	9.82%	11.71%	15.26%	16.54%	4.02%	5.05%	19.14%	7.87%	9.46%	7.86%	12.93%	11.81%
Native American	0.23%	0.71%	1.24%	1.15%	0.00%	0.00%	0.06%	1.12%	0.04%	0.56%	0.58%	0.87%
Non-Minority Women	5.79%	12.42%	5.58%	15.39%	11.88%	21.50%	6.79%	10.83%	14.67%	17.97%	8.65%	15.61%
Non-Minority Male	67.54	63.13%	72.06%	61.69%	69.26%	67.81%	60.96%	67.81%	73.40%	59.00%	70.32%	61.07%

# Key Findings – M/WBE Availability vs. Utilization by Ethnicity/Contract Type

Procurement Category	All	Architecture & Engineering	Construction	Professional Services	Other Services	Goods & Supplies
MBE	Disparity*	No Disparity*	Disparity	<b>Disparity*</b>	No Disparity*	<b>Disparity*</b>
WBE	<b>Disparity*</b>	<b>Disparity*</b>	<b>Disparity*</b>	<b>Disparity*</b>	<b>Disparity*</b>	<b>Disparity*</b>
M/WBE	<b>Disparity*</b>	Disparity*	Disparity*	<b>Disparity*</b>	No Disparity*	Disparity*

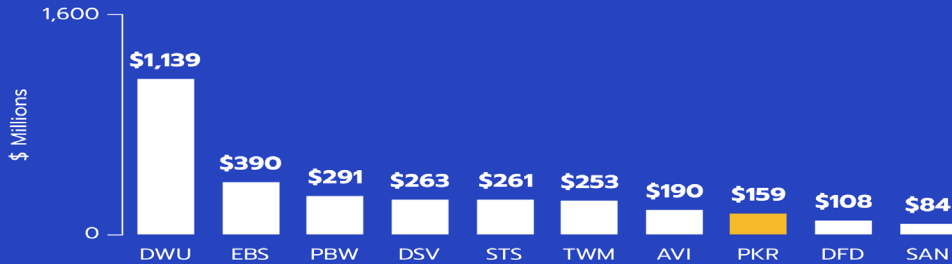
\* Indicates statistical significance.

**BOLD** Indicates a substantial level of disparity, which is a disparity index below 80.00.

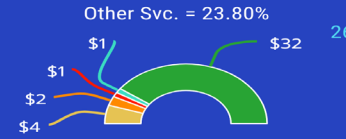
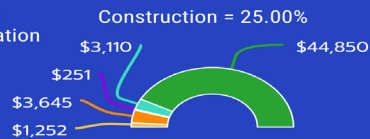
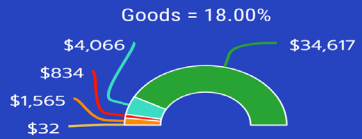
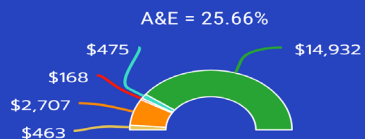
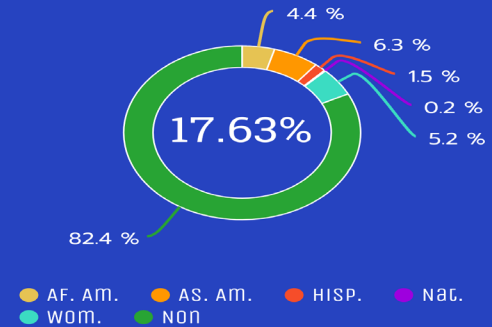


# Park & Recreation Utilization

## TOP 10 SPEND BY DEPT. \$4.5B spent during FY14 - FY18



Parks spent \$159M from FY14 - FY18 with \$28M or 17.63% going to M/WBES



# Key Recommendations

- **RECOMMENDATION: SET ANNUAL ASPIRATIONAL GOALS**
- **RECOMMENDATION: SET PROJECT SPECIFIC GOALS**
- **RECOMMENDATION: ENHANCE M/WBE COMPLIANCE EFFORTS**
- **RECOMMENDATION: DIVERSIFY SUPPLIER UTILIZATION**
- **RECOMMENDATION: INCREASED OUTREACH**
- **RECOMMENDATION: DEVELOP RELATIONSHIPS WITH BUSINESS ORGANIZATIONS**

# Key Recommendations

MGT found sufficient evidence of disparity to recommend the continuation of the Business Inclusion program to address identified disparities.

CONTRACT CATEGORY	CURRENT M/WBE GOALS	UTILIZATION	AVALABILITY	PROPOSED M/WBE GOALS
A&E	25.60%	32.46%	36.86%	<b>34.00%</b>
Construction	<b>25.00%</b>	27.94%	38.30%	<b>32.00%</b>
Professional Services	36.30%	30.74%	50.92%	<b>38.00%</b>
Other Services	23.80%	39.04%	32.18%	<b>N/A</b>
Goods and Supplies	18.00%	26.60%	41.00%	<b>32.00%</b>

# Key Recommendations

## Continue narrowly tailored M/WBE program with new goals

### Set annual aspirational M/WBE Goals

Establishes annual overall M/WBE targets across all procurement types (Architecture & Engineering, Construction, Professional Services, and Goods) to address identified disparities. This will continue to be included in Business Diversity performance measures

#### STATUS

- Update new Business inclusion policy to reflect new goals
- The current Dallas 365 performance goals is:
  - The annual M/WBE spend will increase from 25.0% to 30.0%
- Staff will work with CAO to develop the new policy and bring back to Council for approval in September
- Effective 10/01/2020

### Set project specific goals

Establishes M/WBE goals by contract category with an option to waive the M/WBE goal where there is no, or limited availability

#### STATUS

- Staff currently reviews over 400 contracts on an annual basis
- Goals are sometimes waived or lowered where there is a lack of availability
- This will be formally documented in the M/WBE admin. guide
- Effective 10/01/2020

### Develop departmental M/WBE performance review metric

Includes M/WBE utilization into the performance review process for department heads and other employees with procurement authority

- Staff will work with the City Manager's office to develop M/WBE utilization performance metrics for key departments that align with new M/WBE goals
- Effective 10/01/2020

# Key Recommendations

Enhance M/WBE Compliance Efforts	
Develop a specification review team	
Encourages equity and competition by ensuring barriers are removed and creates opportunities for new competitors	<ul style="list-style-type: none"> <li>• Business Diversity and Procurement Services are working to establish a specification review team and procedures to ensure competition, opportunity, and efficiency</li> <li>• Business Diversity will work with DWU, Aviation, Public Works, Building Services, and Parks to develop a specification review team for architecture &amp; engineering and construction contracts</li> <li>• Effective 10/01/2020</li> </ul>
Perform regular project site visit audits	
Ensures compliance with the business inclusion program while being proactive instead of reactive	<ul style="list-style-type: none"> <li>• In the process of developing a bi-weekly site visit schedule based on contract size or subcontractor concerns</li> <li>• Effective 10/01/2020</li> </ul>
Clearer definition and expectations of good faith efforts	
Strengthens good-faith effort criteria	<ul style="list-style-type: none"> <li>• Includes outreach to the ethnic contractors associations, chambers, and/or ethnic newspapers</li> <li>• Will be included in specification language</li> <li>• Effective 10/01/2020</li> </ul>

# Key Recommendations

## Enhance M/WBE Compliance Process – Continued

### Develop non-compliance penalties

Enforces prime and subcontractor accountability

- Tier I – Placed on a 1 year non-compliance probation which includes notifications to project managers and department directors
- Tier II – Brought before City Council to consider being sanctioned for up to 2 years
- Violations include (but not limited to): Changing subcontractors without properly notifying the Office of Business Diversity and subcontractor; Closing out projects without fulfilling the M/WBE good faith process; or Self-performing scopes of work that was committed to an M/WBE subcontractor
- Effective 10/01/2020

### Prompt payment enforcement – Effective 10/01/2020

Government Code Section 2251.022 requires prime contractors to pay subcontractors within ten (10) days from receipt of payment from the City

- Continue using the M/WBE compliance system to monitor payments to prime contractors from the City and payments from prime contractors to subcontractors on a monthly basis
- Effective 10/01/2020

### Make changes to evaluation criteria

Updates existing criteria to include an evaluation of prime contractor’s utilization of M/WBEs on private sector contracts

- 15 current total business inclusion evaluations points
- Staff will bring recommended breakdown of those 15 points back to council with the September policy update
- Effective 10/01/2020

# Key Recommendations

Diversify Supplier Utilization	
Establish a job order or master agreement task order contracting model	
Creates opportunities for a diverse pool of qualified small and minority vendors while encouraging competition and potentially lowering City costs	<ul style="list-style-type: none"> <li>• Staff will work with Procurement Services and construction departments to develop a pool of qualified vendors on applicable contracts to utilize on a rotating basis for a set period of time</li> <li>• Effective 10/01/2020</li> </ul>
Establish an emerging vendor program	
Allows Small Business Enterprises (SBEs) to compete and self-perform at the prime contracting level.	<ul style="list-style-type: none"> <li>• Staff will work with CAO, departments, and Business Diversity Task Force to determine contract values and bring back to City Council</li> <li>• Effective Q2 FY20-21</li> </ul>
Establish a joint venture program	
Allows M/WBEs to partner with each other or larger companies in order to gain experience as a prime contractor while increasing bonding capacity as one entity.	<ul style="list-style-type: none"> <li>• The City has historically utilized joint ventures on procurements</li> <li>• Staff will formalize the program and consider awarding evaluation points for joint ventures and will bring back to City Council</li> <li>• Effective Q2 FY20-21</li> </ul>
Establish a mentor/protégé program	
Encourages prime contractors to participate in a formal mentor protégé program to increase the number of business ready, willing, and able to do business with the City of Dallas	<ul style="list-style-type: none"> <li>• Currently being developed through the Broadening Urban Investment to Leverage Dallas (B.U.I.L.D.) program</li> <li>• Will be developed across multiple industries</li> <li>• Effective 10/01/2020</li> </ul>



# Key Recommendations

## Diversify Supplier Utilization - Continued

### Establish an owner controlled insurance program

An owner controlled insurance policy owned by the City during on construction projects designed to cover virtually all liability and loss from the construction project  
Creates opportunities for emerging general contractors to work on City projects and increasing competition

- Staff will be exploring this further in consultation with CAO and the Business Diversity Taskforce and will bring a proposed plan back to the City Council
- Effective Q2 FY20-21



# Key Recommendations

Develop a formal strategy for business relationships with organizations	
Develop a public sector council to advise on increased capacity best practices	
Revamp Diversity Taskforce to include key public sector entities to advise on industry best practices, new programs, and opportunities for improvement	<ul style="list-style-type: none"> <li>• The Business Diversity Taskforce was formally established in FY18-19</li> <li>• The taskforce will continue to focus on best practices utilizing the recommendations from the availability and disparity study</li> <li>• Effective 10/01/2020</li> </ul>
Increase outreach	
Creates an opportunity to connect small businesses to resources, M/WBE certification, and contracting opportunities that have historically been overlooked	<ul style="list-style-type: none"> <li>• In addition to businesses located in Dallas County, B.U.I.L.D.'s outreach strategy includes connecting local businesses located in LMI census tracts to the resources within the B.U.I.L.D. ecosystem</li> <li>• Effective Q1 FY20-21</li> </ul>
Increase technical assistance	
Incorporates frequent meetings with local organizations that support M/WBEs to better coordinate available assistance and support to M/WBEs	<ul style="list-style-type: none"> <li>• B.U.I.L.D.'s outreach strategy focuses on the "hand-off" of businesses between business service organizations</li> <li>• Effective Q1 FY20-21</li> </ul>

# Next Steps

- Develop an outreach strategy
  - Host Park & Rec procurement forecast meetings
  - Encourage more M/WBE inclusion
  - Encourage more competition
- Specification Review
  - Remove unintended barriers
  - Identify smaller contracting opportunities
- Diversity Supplier Utilization
  - Establish job order contracting model
  - Encourage joint ventures

# QUESTIONS

19

# **Economic Development Business & Workforce Inclusion**

**Availability & Disparity Study  
Results and Next Steps**

**Park & Recreation Board Meeting**

**November 5, 2020**



**Zarin D. Gracey  
Assistant Director**

**City of Dallas**