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DEPARTMENT OF
GENERAL SERVICES

CITY OF SACRAMENTO
CALIFORNIA

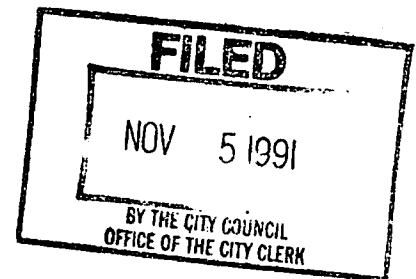
5730 - 24TH STREET
BUILDING FOUR
SACRAMENTO, CA
95822-3699

OFFICE OF MINORITY, WOMEN
AND SMALL BUSINESS

916-449-8505

MWBE92:014:ABC:ms

November 5, 1991



City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: MINORITY/WOMEN BUSINESS ENTERPRISE PROGRAM - FIRST
QUARTER FY92 REPORT - JULY 1, 1991 THROUGH SEPTEMBER 30, 1991.
SUMMARY OF PROGRAM ACTIVITIES AND CITY M/WBE UTILIZATION
STATISTICS.**

LOCATION AND COUNCIL DISTRICT

City

SUMMARY

This is an informational report which summarizes the activities of the Minority/Women Business Enterprise (M/WBE) Program during the First Quarter of Fiscal Year 1991-92 (FY92), and presents cumulative statistical information about the City's utilization of minority/women business enterprises from July 1, 1991 through September 30, 1991.

As of the end of the First Quarter Fiscal Year 1991-92, the City's M/WBE utilization level was **9.5%** of discretionary expenditures made from the **Operating Budget** and **2.1%** of **Capital Improvement Projects (CIP) Budget** expenditures. When combined with other expenditures¹, the City's **overall utilization rate** through the First Quarter FY92 was **6.4%**. The **subcontractor utilization** (by City prime contractors) on City construction projects was **8.8%** for the First Quarter.

The following table provides a comparison of progress statistics since the M/WBE program's inception.

QUARTERLY STATISTICAL COMPARISON

	<u>YEAR END FY90-91</u>	<u>1ST QTR. FY91-92</u>
OPERATING	10.1%	9.5%
CIP	6.3%	2.1%
OVERALL (Excluding subcontractors)	9.1%	6.4%
SUBCONTRACTOR (Utilization by primes)	4.6%	8.8%

STAFF RECOMMENDATION

This report is for Committee information and requires no action.

¹ See explanation of other expenditures on page 10.

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BACKGROUND

The City Council established goals in 1988 to increase the amount of business the City does with minority-owned and women-owned businesses (M/WBEs). The goals set by the Council call for achievement of overall utilization rates of 20% minority and 5% women business enterprises in discretionary business transactions. The Office of Minority, Women and Small Business is responsible for certifying M/WBE businesses and monitoring their utilization by the City. Reports are presented on a quarterly basis to provide the Council with information about program activities and progress towards meeting the established utilization goals.

PROGRAM ACTIVITIES SUMMARY

The Office of Minority, Women and Small Business (OMWSB) staff are engaged in efforts to increase City M/WBE utilization on an ongoing basis. In addition to maintaining the basic vendor certification process and financial monitoring systems, staff is involved in advertising and outreach activities, vendor assistance, and research and analysis related to the M/WBE program. Activities for the first quarter of FY92 included:

M/WBE Utilization Study

The M/WBE Utilization Study Contract was awarded to MGT Consultants on July 2, 1991. MGT began the Study on July 22 with a meeting with representatives from the City, County, Sacramento Housing and Redevelopment Agency (SHRA), and Sacramento Regional Transit District (RT). MGT met with the project coordinators from each agency on September 13 to deliver a progress report detailing their accomplishments through August 31, 1991.

The four agencies hosted a reception on Thursday, September 12, 1991 at SHRA's Riverview Plaza. The purpose of the reception was to inform the M/WBE community about the Minority/Women Business Enterprise Utilization Study and to introduce the staff and consultants who are conducting the study. Approximately 80 people representing community organizations, public officials, representatives from the consulting firms of MGT and the Circle along with staff from each of the four agencies attended the reception.

As of September 30, 1991, MGT submitted a finalized workplan which included a summary description of (a) information sources, (b) legal requirements, and (c) relevant time periods. MGT is currently collecting procurement data regarding purchasing contracts at the City Clerk's office.

Participant Certification

The process of certifying new M/WBE vendors and re-certifying vendors whose two-year period of certification is expiring continues on an on-going basis. The City's list of certified M/WBE firms contained 1066 vendors as of the end of the First Quarter of 1991-92. The staff certified and/or recertified 51 M/WBE vendors during this past quarter.

Currently the certification staff from the City, County, SHRA and RT are working together on a new certification application and looking into the possibility of jointly certifying M/WBE vendors. The committee members are also examining the feasibility of utilizing standard

certification guidelines, procedures and training programs for their respective staffs.

Mayor's M/WBE Task Force

The Mayor's Special Task Force on M/WBE reviewed and discussed the Fourth Quarter Report (FY91) of M/WBE activities and related issues on July 29, 1991. Minutes of that meeting are attached to this report as Exhibit "A". The Task Force recommended that the City departments with the highest M/WBE utilization rates be acknowledged by the City Council.

Reporting of Subcontractor Utilization on Construction Contracts

Staff from the Office of Minority, Women, & Small Business (OMWSB), Facility Management and Engineering Division worked together to begin formal reporting on subcontractor utilization by prime contractors on City construction jobs. The data now includes a breakdown by ethnicity and gender (tables 7 & 8).

Directory of City-certified M/WBE Vendors

Staff is currently updating its directory of City-certified M/WBE vendors. The updated directory will be available to City departments, local minority chambers of commerce and members of the public in late October.

Outreach Activities

The staff participated in the following outreach activities:

- * Distributed a **List of Current Bids and Requests for Quotation** to the minority chambers of commerce for monthly general membership meetings and to the minority business development center (NEDA) plan room and Sacramento Small Business Development Center on a weekly basis.
- * Participated in the **Sacramento Right Connections Business Forum** on September 26, 1991 at the Hilton Hotel. The forum was sponsored jointly by the **Sacramento Black Chamber, Sacramento Hispanic Chamber, NEDA Business Development Centers, and the Women Construction Owners & Executives.**

- * Participated in the grand opening of **Pacific Bell's Hispanic Center** on August 22, 1991. The staff followed up with meetings with Pacific Bell's Hispanic/Asian Market Group to coordinate future outreach programs.
- * Met with members of the **Bay Area Contract Compliance Officers Association (BACCOA)** regarding the significance of the Ninth Circuit's Coral Construction v. King County court decision.
- * Examined the possibility of placing advertisements in the various ethnic and women's business group publications.
- * Staff also participated in the September **Hispanic Chamber of Commerce** mixer held at the Sacramento Bee. The new M/WBE office staff was introduced to the members of the Chamber.
- * Participated in the **Sacramento Minority Business Opportunity Committee (MBOC)** monthly meetings and activities; primarily focusing on the Minority Enterprise Development (MED Week) Conference scheduled for October 3, 1991 at the Holiday Inn.

FINANCIAL INFORMATION

M/WBE UTILIZATION STATISTICS FOR THE FIRST QUARTER OF FISCAL YEAR 1991-92.

OPERATING BUDGET

In the First Quarter of FY92, the City spent a total of \$6,896,862 in "baseline" (discretionary) purchases for goods and services from the Operating Budget. Of this total, the amount spent with M/WBE firms was \$655,936. This represents 9.5% of the total "baseline" City purchases from the Operating Budget for the First Quarter of FY92. Tables 1 and 2 detail the Operating Budget statistics for the First Quarter FY92.

Table 1

First Quarter, Fiscal Year 1991-92 M/WBE Expenditures

OPERATING BUDGET TOTALS

<u>Classification</u>	<u>Amount</u>	<u>Percentage</u>
Total Baseline Expenditures	\$6,896,862	100.0%
Total M/WBE	655,936	9.5%
Total Minority Male	378,487	5.5%
Total Minority Female	34,989	0.5%
Total Non-Minority Female	242,459	3.5%

Total Minority-Owned*	413,477	6.0%
Total Woman-Owned**	277,448	4.0%

* Includes Minority Male and Female

** Includes Minority and Non-minority Women

The activity detail by Department for the information contained in the above table is attached as Exhibit "B". In addition, departmental detail is on file in the Office of Minority, Women and Small Business.

Table 2

First Quarter, Fiscal Year 1991-92 M/WBE Expenditures

Business Utilization by Ethnicity & Gender - Operating Budget

<u>Business Ethnicity/Gender</u>	<u>No. Utilized</u>	<u>Expenditures</u>
Asian/Pacific Island - Male	11	\$ 108,026
Asian/Pacific Island - Female	7	24,588
Black - Male	8	22,718
Black - Female	0	0
Hispanic - Male	13	247,744
Hispanic - Female	3	10,401
Non-minority - Female	<u>56</u>	<u>242,459</u>
Total M/WBE:	<u>98</u>	<u>\$ 655,936</u>

CAPITAL IMPROVEMENT PROJECTS (CIP) EXPENDITURES

The CIP Budget expenditures are tracked using the same "baseline" object codes utilized in monitoring the Operating Budget. Total "baseline" CIP expenditures for the First Quarter FY92 were **\$8,364,670**. Of that amount, a total of **\$176,947** or **2.1%** was spent with City-certified M/WBE firms. These statistics reflects payments to prime contractors. The payments made by the prime to their subcontractors are found in tables 7 & 8.

Tables 3 and 4 reflect the CIP expenditures statistics through the First Quarter of Fiscal Year 1991-92.

Table 3

First Quarter, Fiscal Year 1991-92 M/WBE Expenditures

CIP EXPENDITURE TOTALS

<u>Classification</u>	<u>Amount</u>	<u>Percentage</u>
Total Baseline Expenditures	\$ 8,364,670	100.0%
Total M/WBE	176,947	2.1%
Total Minority Male	25,665	0.3%
Total Minority Female	38,820	0.5%
Total Non-Minority Female	112,462	1.3%

Total Minority-Owned*	64,485	0.8%
Total Woman-Owned**	151,282	1.8%

* Includes Minority Male and Female

** Includes Minority and Non-minority Women

Table 4

First Quarter, Fiscal Year 1991-92 M/WBE Expenditures

BUSINESS UTILIZATION BY ETHNICITY & GENDER - CIP EXPENDITURES

<u>Business Ethnicity/Gender</u>	<u>No. Utilized</u>	<u>Expenditures</u>
Asian/Pacific Island - Male	2	\$ 2,900
Asian/Pacific Island - Female	2	38,820
Black - Male	1	4,420
Black - Female	0	0
Hispanic - Male	2	18,345
Hispanic - Female	0	0
Non-minority - Female	<u>13</u>	<u>112,462</u>
Total M/WBE:	<u>20</u>	\$ <u>176,947</u>

OTHER M/WBE EXPENDITURE INFORMATION

Some expenditures with M/WBE firms are made using non-M/WBE vendor codes. A computer program has been developed to track these expenditures, though the department/budget source of the expenditures cannot be identified. The additional M/WBE expenditures identified through this process totaled \$137,358 through the First Quarter of FY92.

The break-down by ethnicity and gender of the firms utilized in the "other expenditures" category is shown in Table 5 below:

Table 5

First Quarter, Fiscal Year 1991-92 M/WBE Expenditures

BUSINESS UTILIZATION BY ETHNICITY & GENDER - OTHER EXPENDITURES

<u>Business Ethnicity/Gender</u>	<u>No. Utilized</u>	<u>Expenditures</u>
Asian/Pacific Island - Male	5	\$ 3,307
Asian/Pacific Island - Female	1	80
Black - Male	1	285
Black - Female	0	0
Hispanic - Male	5	25,085
Hispanic - Female	1	1,295
Nat. Am./Aleut/Alaskan Native - Male	0	0
Nat./Am./Aleut/Alaskan Native - Female	0	0
Non-minority - Female	<u>29</u>	<u>107,306</u>
Total M/WBE:	<u>42</u>	<u>\$ 137,358</u>

When the Operating Expenditures, CIP Expenditures and other M/WBE expenditures are combined, the City's overall M/WBE figures are:

Table 6

First Quarter, Fiscal Year 1991-92

OVERALL CITY M/WBE EXPENDITURES

	<u>Total</u>	<u>M/WBE</u>	<u>Percentage</u>
Operating Budget	\$ 6,896,862	\$ 655,936	9.5%
CIP Budget	8,364,670	176,947	2.1%
Other M/WBE Expenditures	---	137,358	---
<u>Total</u>	<u>\$15,261,532</u>	<u>\$ 970,241</u>	<u>6.4%</u>

SUBCONTRACTOR UTILIZATION IN CONSTRUCTION CONTRACTS

Reporting of M/WBE subcontractor utilization information began in FY 1990-91. Staff from the Engineering Division of Public Works and the Facility Management Division of General Services compiled M/WBE subcontractor utilization statistics using information from project files. This information was obtained from contracts with a value of \$25,000 or more (formally bid contracts). The total value of construction contracts let for the First Quarter of Fiscal Year 1991-92 was \$13,826,115. Of that amount, a total of \$1,215,008 or 8.8% was subcontracted out to M/WBE business by the prime contractors. Tables 7 and 8 detail the subcontractor utilization statistics for the First Quarter Fiscal Year 1991-92.

Table 7

First Quarter, Fiscal Year 1991-92 M/WBE Expenditures

M/WBE SUBCONTRACTOR UTILIZATION ON CONSTRUCTION CONTRACTS

<u>Department</u>	<u>Total Project Expenditures</u>	<u>M/WBE Subcontract Expenditures</u>	<u>M/WBE Percent</u>
Public Works	\$10,872,337	\$ 419,253	3.9%
General Servs.	\$ <u>2,953,778</u>	\$ <u>795,755</u>	<u>26.9%</u>
Totals	\$ <u>13,826,115</u>	\$ <u>1,215,008</u>	<u>8.8%</u>

Table 8

First Quarter, Fiscal Year 1991-92 M/WBE Expenditures

CONST. CONTRACTS - SUBCONTRACTOR UTILIZATION BY ETHNICITY & GENDER

<u>Business Ethnicity/Gender</u>	<u>No. Utilized</u>	<u>Expenditures</u>
Asian/Pacific Island - Male	3	\$ 100,075
Asian/Pacific Island - Female	0	0
Black - Male	0	0
Black - Female	0	0
Hispanic - Male	4	780,400
Hispanic - Female	2	15,400
Nat. Am./Aleut/Alaskan Native - Male	3	14,510
Nat./Am./Aleut/Alaskan Native - Female	0	0
Non-minority - Female	<u>10</u>	<u>304,623</u>
Total M/WBE:	<u>22</u>	<u>\$1,215,008</u>

POLICY CONSIDERATIONS

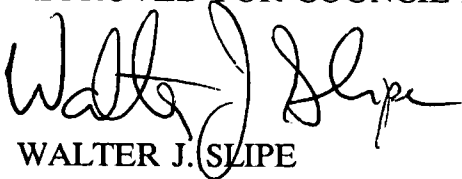
This report is presented to keep the Council apprised of progress toward meeting the established goals of 20% minority and 5% woman business enterprise participation in discretionary City business transactions. No policy changes or new policies are being recommended at this time.

Respectfully submitted,



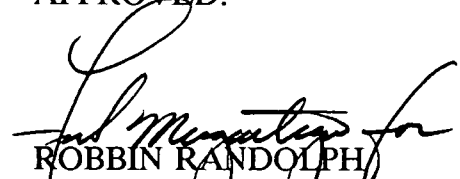
Aaron B. Chong
OMWSB Coordinator

APPROVED FOR COUNCIL INFORMATION:



WALTER J. SLIPE
City Manager

APPROVED:



ROBBIN RANDOLPH
Asst. Director, General Services

Contact Person:
Aaron B. Chong
OMWSB Coordinator
449-8505

November 5, 1991
All Districts

**MINORITY/WOMEN BUSINESS ENTERPRISE PROGRAM
MAYOR'S SPECIAL TASK FORCE
MINUTES**

MEETING DATE: July 29, 1991

MEETING TIME: 5:30 P.M.

LOCATION: City Hall - Accounting Conference Room

PRESENT:

TASK FORCE MEMBERS:

Gene Fong, Aerojet
Sheila Martin, SHRA
Bud Rodgers, AGC
Dennis Tootelian, CSUS Center for Small Business

STAFF:

Aaron B. Chong, M/WBE Coordinator
Robert B. Holbrook, Procurement Services Manager
Robbin DeShields Randolph, Asst. Director, General Services
Mietta Smallwood, Typist Clerk II

CONSULTANTS:

Gerald Jackson, Project Director, MGT
Michael Cunnigham, Vice President, The Circle
Chris Cruz, Consultant, The Circle

ROLL CALL, INTRODUCTIONS & APPROVAL OF APRIL 29TH MINUTES

The meeting was called to order by Robbin Randolph at 5:45. Roll was called and introductions were made. Newly appointed staff members, Mr. Aaron B. Chong, Coordinator and Mr. Louis Myles, Administrative Analyst were introduced to the Task Force. The minutes of the April 29th meeting were approved as written.

INTRODUCTION OF CONSULTANTS - PRESENTATION OF M/WBE UTILIZATION STUDY

Robbin introduced the representatives from MGT Consultants and The Circle who will be conducting the M/WBE Utilization Study.

Gerald Jackson, Project Director, of MGT Consultants stated that his firm had completed three prior utilization studies and was therefore aware of what was actually involved in such studies. He stated that there will be twelve deliverables from the study. Michael Cunningham, Vice President of The Circle is responsible for the community outreach section of the study. He stated that the purpose of the outreach was to identify and encourage participation

of M/WBES in the study.

REVIEW OF FOURTH QUARTER PROGRESS REPORT

The Fourth Quarter Progress Report for Fiscal Year 1990-91 which summarizes the City MWBE utilization statistics and activities of the Program for the period from July 1, 1990 through June 30, 1991 was reviewed by Robbin.

Robbin noted that the MWBE utilization rate for baseline Operating Budget expenditure was 10.1% as compared with a rate of 7.4% for the same period last year. Robbin stated that part of the increase was possibly the result of City departments feeling more comfortable using MWBE firms. Another reason was that the directory made MWBE listing more accessible. In the Capital Improvement Projects (CIP) Budget, the utilization rate almost double to 6.3% compared with a rate of 3.6% for last year. Robbin noted that the statistics pertain only to prime contractors. She also stated that for the first time subcontractor data was identified. Based on that data, a subcontractor utilization rate was calculated at 4.6%. She noted that we do not have a breakdown by race and gender at this time, but hopefully will have such information as the procedures are formalized.

Following the review of the Report, discussion followed among the Task Force Members, with the following points being addressed:

- * Gene Fong stated that there is a problem with the total minority female number. He noted that non-minority females received more of the contracts. He stated that maybe it was a certification issue and that a tougher look should be taken. Dennis Tootelian suggested that it might be a result of the percentage of population that we are dealing with.

DEPARTMENT M/WBE RECOGNITION PROGRAM

The Task Force Members agreed with the suggested recommendation of the April 29th, 1991 meeting that recognition to City Departments should be awarded according to categories of over and under a million dollars. It was unanimously agreed that recognition be given to the following departments in the following categories:

(1) Highest MBE Utilization

- a. Over a million - Department of General Services
- b. Under a million - Mayor/Council
City Clerk's Offices

(2) Highest WBE Utilization

- a. Over a million - Police Department
- b. Under a million - City Attorney

(3) Highest Utilization over a two year period

- a. Department of Public Works
- b. Department of Parks & Community Services

M/WBE DIRECTORY

Another edition of the M/WBE vendor Directory is being printed. We are currently working on the table of contents. It should be ready by the end of September. At that time, copies will be made available to Task Force Members.

ADJOURNMENT

The meeting was adjourned at 6:30 p.m.

**** SUMMARY by DEPARTMENTS ****

CITY OF SACRAMENTO

M/WBE EXPENDITURES

First Quarter - Fiscal Year 1991-92

Responsible Activity	Object Codes	1st Quarter		1st Quarter		THIS YEAR		LAST YEAR	
		FY 1991-92	MBE Use Percent	FY 1991-92	WBE Use Percent	1st QTR M/WBE Use Percent	1st QTR M/WBE Use Percent	1st QTR M/WBE Use Percent	1st QTR M/WBE Use Percent
Mayor/Council	Baseline	0	.0%	2,054	11.2%	18,327	11.2%	33.7%	
City Manager	Baseline	0	.0%	0	.0%	20,824	.0%	10.7%	
City Attorney	Baseline	0	.0%	3,671	26.3%	13,954	26.3%	57.0%	
City Clerk	Baseline	0	.0%	0	.0%	11,680	.0%	12.7%	
City Treasurer	Baseline	379	2.7%	68	.5%	14,268	3.1%	4.5%	
Finance	Baseline	13,878	4.3%	3,505	1.1%	326,203	5.3%	4.8%	
Data Management	Baseline	4,907	1.9%	6,644	2.5%	261,440	4.4%	9.3%	
Personnel	Baseline	65	.1%	2,659	4.1%	64,217	4.2%	1.6%	
Employee Relations	Baseline	0	.0%	0	.0%	1,971	.0%	.0%	
General Services	Baseline	114,732	6.1%	45,179	2.4%	1,886,074	8.5%	12.7%	
Police	Baseline	8,013	3.4%	22,964	9.8%	233,849	13.2%	4.5%	
Fire	Baseline	1,228	.4%	10,782	3.7%	289,766	4.1%	7.5%	
Public Works	Baseline	116,284	8.0%	90,558	6.2%	1,455,745	14.2%	8.9%	
Water Production	Baseline	16,047	2.1%	35,253	4.6%	771,726	6.6%	.0%	
Planning & Development	Baseline	2,622	1.2%	1,553	.7%	223,644	1.9%	11.9%	
Library	Baseline	366	.4%	10,664	10.2%	104,415	10.6%	4.5%	
Community Center	Baseline	986	.9%	5,349	5.0%	107,379	.0%	3.4%	
Parks & Community Svcs	Baseline	98,981	9.1%	36,545	3.3%	1,091,381	12.4%	12.7%	
CITY TOTALS:		378,488	5.5%	277,448	4.0%	6,896,862	9.5%	10.7%	