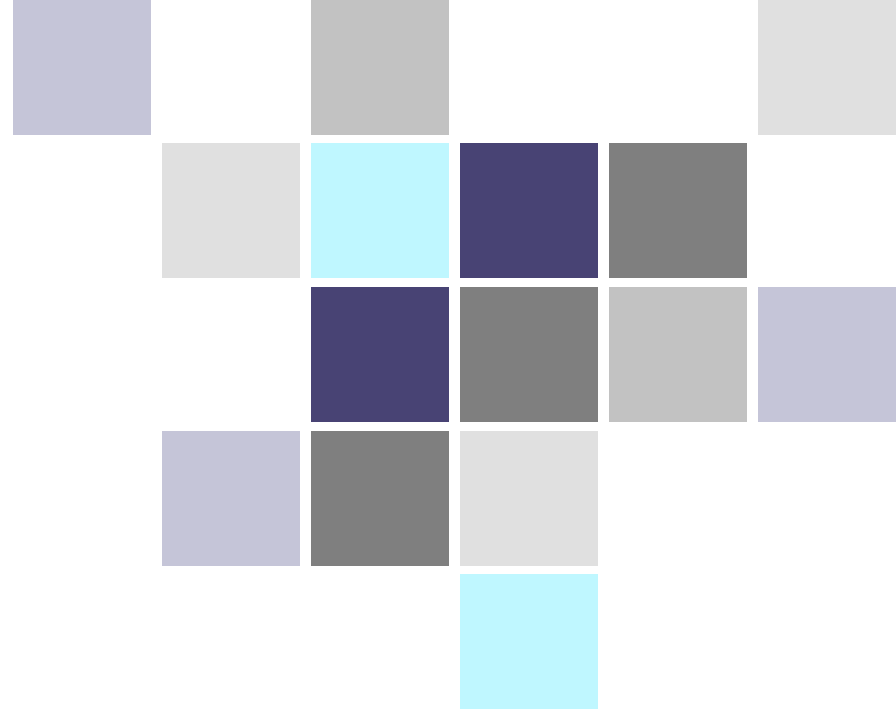




**Winston-Salem**

Disparity Study

CITY OF WINSTON-SALEM



*Final Report Presentation*

January 14, 2020





# Study Objective

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*Determine if a significant statistical disparity exists between the percentages of available, qualified minority- and woman-owned business enterprise (M/WBE) firms and the dollars paid to such firms in the City's procurement and contracting.*



# Study Framework

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1. The study analyzed City expenditures between **July 1, 2013 and June 30, 2018**
2. Business Ownership Classifications
  1. African American
  2. Asian American
  3. Hispanic American
  4. Native American
  5. Nonminority Women
  6. Non-M/WBE firms
3. Procurement Categories (industries analyzed)
  1. Construction
  2. Goods & Supplies
  3. Other Services
  4. Professional Services (includes A&E)



# Study Methodology

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1. Reviewed and established the legal framework for conducting disparity studies.
2. Encompassed tasks to determine the M/WBE utilization, availability, and disparity based on the legal framework established by *Croson* and relevant cases.
3. Used payment data to determine utilization and relevant market area.
4. Used industry accepted “custom census” approach
  - Surveyed firms registered with Dun & Bradstreet:
    - Located in the market area
    - Provide services or goods purchased by the City
    - Confirmed willingness
    - Collected ethnicity/race/gender



# Study Methodology

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5. Used a multi-prong approach to collecting anecdotal input.
  - a. Data collected through:
    - In-Depth interviews with business owners
    - In-Depth interviews with stakeholders
    - Public Meetings
    - Surveys
  - b. Outreach Efforts:
    - Email blasts
    - Press releases
    - TV13 interview
    - Direct calls
    - Trade associations and business organizations
    - Printed and digital ads

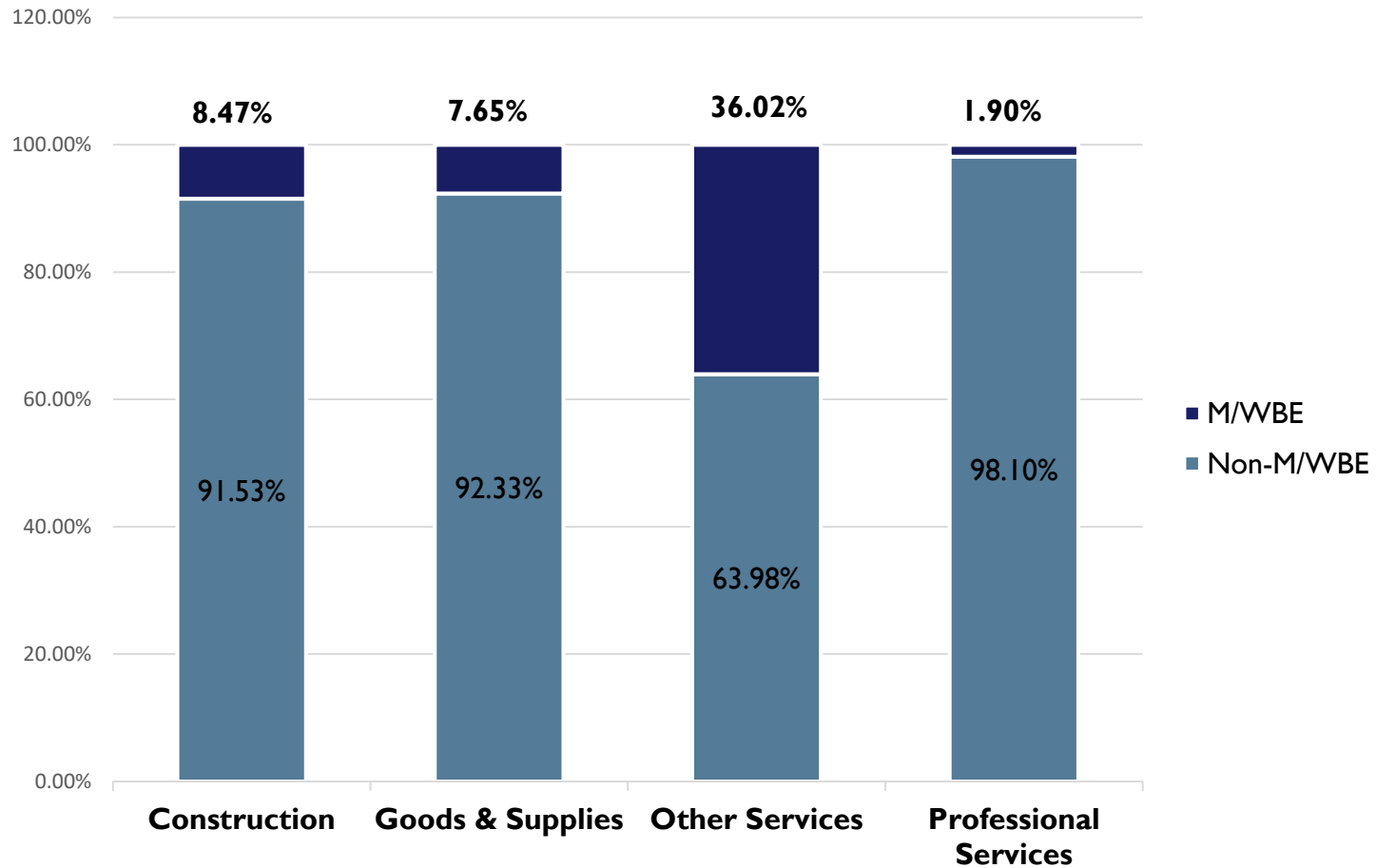


# Relevant Market Area

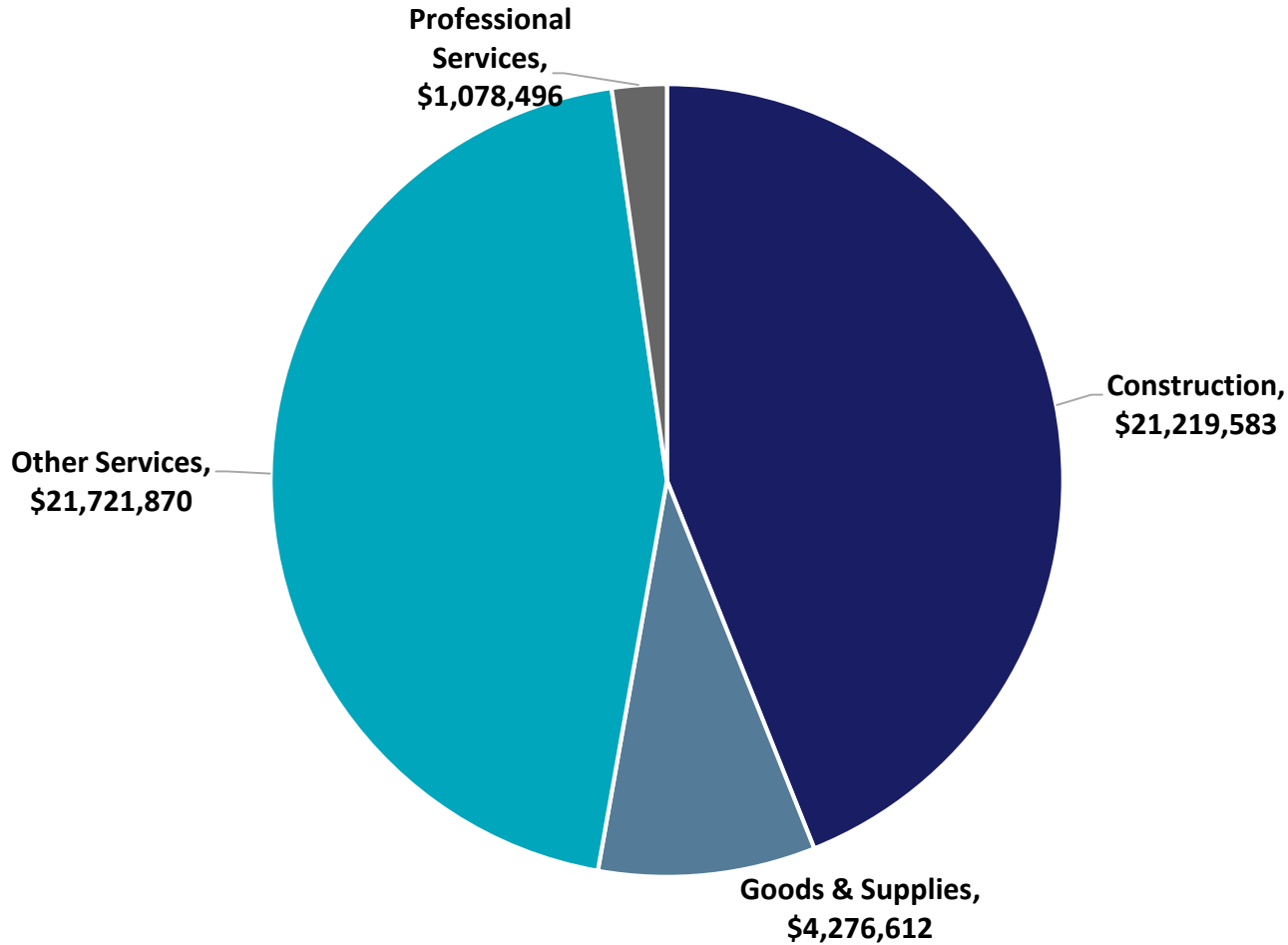
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1. Relevant Geographic Market Area: Greensboro-Winston-Salem-High Point, NC Combined Statistical Area (CSA)
  - Alamance County, Davidson County, Davie County, Forsyth County, Guilford County, Randolph County, Rockingham County, Stokes County, Surry County, and Yadkin County
2. Relevant market area established the framework for utilization, availability, disparity, private sector, and anecdotal analyses
3. Future MWBE outreach and reporting using the relevant market area established

# Key Findings –Prime Utilization

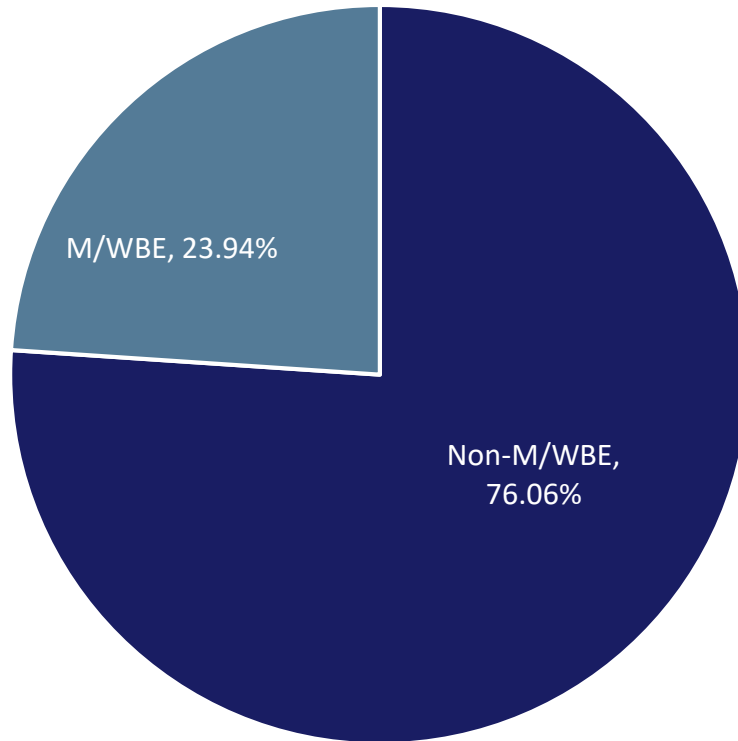


# Key Findings – M/WBE Prime Utilization

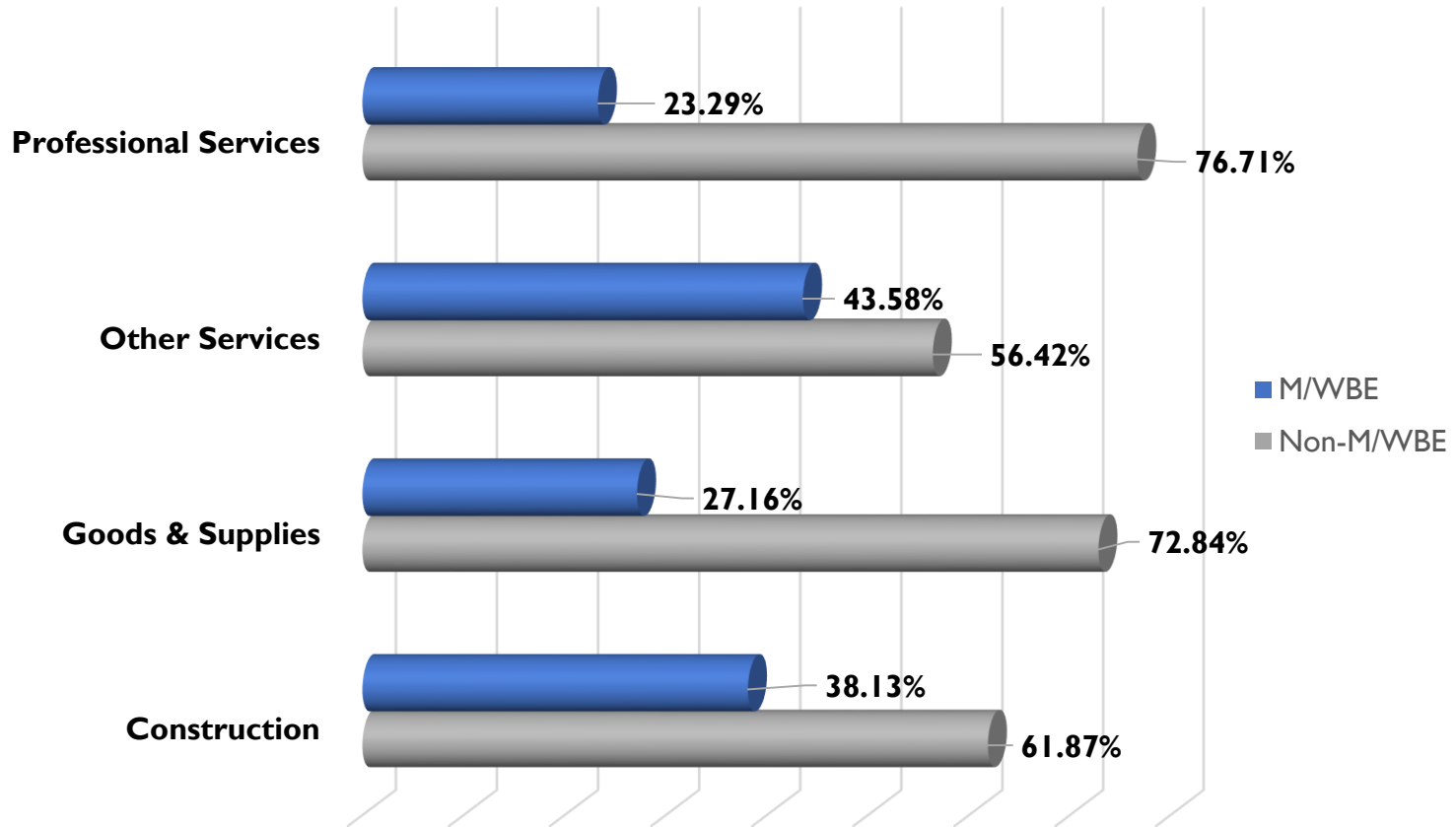




# Key Findings – M/WBE Subcontract Utilization – Construction Only



# Key Findings – M/WBE Availability



# Key Findings – M/WBE Disparity

PROCUREMENT CATEGORY	AFRICAN AMERICAN	ASIAN AMERICAN	HISPANIC AMERICAN	NATIVE AMERICAN	NONMINORITY WOMEN	M/WBE Firms
CONSTRUCTION	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity
PROFESSIONAL SERVICES	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity
OTHER SERVICES	Disparity	Disparity	Disparity	Disparity	No Disparity	Disparity
GOODS & SUPPLIES	Disparity	Disparity	Disparity	*	Disparity	Disparity
CONSTRUCTION SUBCONTRACTORS	Disparity	No Disparity	Disparity	*	Disparity	Disparity



# Key Findings – Anecdotal Analysis

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1. Data Collection
  - 38 attendees at three Public Meetings
    - 22 gave testimonies
  - 40 In-Depth Interviews
  - 146 Completed Vendor Surveys
    - Made 33,305 attempts
  - One Online Comment
  
2. Suggested Remedies by Business Owners/Stakeholders
  - Establish goals base on size of project.
  - Target smaller projects for M/WBEs
  - Focus on discretionary spending in all departments
  - Advertise upcoming or future procurements



# Commendations & Recommendations

- **RECOMMENDATION A: ASPIRATIONAL M/WBE GOALS**

<b>BUSINESS CATEGORY</b>	<b>ASPIRATIONAL MWBE GOALS</b>
<b>Construction</b>	11.44%
<b>Construction Subs</b>	25.74%
<b>Professional Services</b>	4.04%
<b>Other Services</b>	36.78%
<b>Goods and Supplies</b>	9.60%



# Commendations & Recommendations

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- **COMMENDATION: M/WBE PROGRAM IMPROVEMENTS**
  - In recent years and prior to the conclusion of the disparity study, the City has adopted and implemented processes to increase outreach, business development, and reporting
- **RECOMMENDATION B: NARROWLY TAILORED M/WBE PROGRAM**
  - Any new M/WBE Program modifications implemented to address the findings of this report should be narrowly tailored to specifically address identified disparity in accordance with guidance from case law regarding race- and gender-based procurement programs



# Commendations & Recommendations

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- **RECOMMENDATION C: SUBCONTRACTOR PROJECT GOALS**
  - Project specific subcontracting goals should continue to be established where there is availability for specific scopes of work across all procurement categories and based on the historical participation of M/WBE on identical or similar projects.
- **RECOMMENDATION D: EXPANDED DATA COLLECTION AND MANAGEMENT**
  - The City should implement data systems and processes to monitor and track progress on key performance measures and establish solid processes to collect and analyze M/WBE utilization data by race, ethnicity, and gender to monitor goal attainment.



# Commendations & Recommendations

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- **COMMENDATION AND RECOMMENDATION E: M/WBE OUTREACH FOR INFORMAL PURCHASES**
  - The City should be commended the City’s Upcoming Purchase Opportunity Form for all departments making a purchase between \$1,000 (p-card max) - \$19,999.99 (discretionary spend max). Departments that have purchasing authority should document and report their outreach efforts to M/WBEs to encourage and solicit bids and quotes.
- **RECOMMENDATION F: RIGHT TO AUDIT LANGUAGE IN CONTRACTS**
  - The City should consider incorporating language in all contracts that primes must maintain subcontract/supplier documentation for M/WBE and non-M/WBE firms; usually the time will match the City’s record retention policy.





# Commendations & Recommendations

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- **RECOMMENDATION G: ON-CALL SERVICES**
  - The City should consider utilizing a vendor rotation system for on-call contracts. Implementing a vendor rotation model on contracts of this nature will maintain a diverse pool of available services providers instead of “locking-in” one vendor for a multi-year contract.
- **RECOMMENDATION H: HISTORICALLY UNDERUTILIZED BUSINESSES (HUB)**
  - The City should define minority and woman-owned enterprises as businesses approved and certified by the Department of Administration’s Office for Historically Underutilized Businesses under the Statewide Uniform Certification Program (SWUC).



# Commendations & Recommendations

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- **RECOMMENDATION I: M/WBE STAFF AND DEPARTMENTAL LIAISONS**
  - The M/WBE Division has a significant role in education, compliance, and advocacy of staff as well as for the M/WBE community.
    1. Partnerships with City departments and area trade associations increases the outreach and education
    2. There should be enough staff to monitor, track, report, and coordinate all the efforts and policies of the M/WBE Program
    3. City should consider increasing the budget of the M/WBE Division to support additional outreach, workshops, marketing materials, professional development, and overall capacity building of M/WBE firms



# Commendations & Recommendations

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## RECOMMENDATION I: M/WBE STAFF AND DEPARTMENTAL LIAISONS – *CONT.*

4. City should consider allocating resources to support a staff member whose responsibilities include inspecting the work performed on the site of construction and repair projects
5. The Office of Performance and Accountability should conduct a desk audit to determine the purpose and function of additional staff necessary to meet program's objectives
6. Staff within departments with purchasing authority and seek out bidders for discretionary purchasing should act as a liaison between the department and the M/WBE Division



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