

CITY OF NEW YORK

**MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE
(M/WBE) PROGRAM**

Annual Report for Fiscal Year 2017

Compliance Report covering July 1, 2016 – June 30, 2017

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Introduction

This report describes the City's efforts to ensure minority and women-owned businesses have greater access to public contracting opportunities. The reporting period covers program accomplishments for Fiscal Year 2017 (July 1, 2016 – June 30, 2017). As per the New York City Administrative Code §6-129(l)1, the Director of the Mayor's Office of Contract Services (MOCS), as City Chief Procurement Officer, and the Commissioner of the Department of Small Business Services (SBS), jointly submit the report.

This report, along with the [Agency Procurement Indicators](#) published by MOCS, summarizes program activity, prime contract, and subcontract utilization data for City-certified Minority and Women-Owned Business Enterprises (M/WBEs) and Emerging Business Enterprises (EBEs), as well as additional data specified in Section 6-129 of the New York City Administrative Code. The report covers both prime contracts that were registered in FY 2017 and subcontracts approved in FY 2017, including procurements that were solicited before LL 1 became effective and are subject to LL 129.¹ The City's M/WBE program is led by the Mayor's Office of M/WBEs and is administered in partnership with SBS and MOCS.

In addition to the requirement that the City find vendors responsible, State law also requires that most contracts be awarded to the lowest responsive bidder or the best proposer. SBS has worked aggressively to expand opportunities for minority and women-owned firms by connecting them to a comprehensive range of programs that provide procurement technical assistance and capacity building support, as well as other resources to help them navigate and compete in the public procurement marketplace. In FY 2017, the City awarded over \$1 billion in combined prime and subcontract awards to City-certified M/WBE vendors. The report demonstrates that the City and its agencies made substantial progress towards achieving citywide goals in FY2017.

Expanding the Base of Certified Firms

SBS continues to increase the participation of M/WBE firms in City contracting by expanding its base of certified businesses. During the certification process, a company's ownership and management structure is thoroughly reviewed to ensure the applicant performs the key functions of the business. Minority and women-owned firms who choose not to certify with the City are neither tracked nor measured in the City's

¹ LL 1 amended the law that created the City's M/WBE program, LL 129 of 2005. The new law took effect on July 1, 2013.

performance reporting. The NYC Online Certification Portal (www.nyc.gov/certifyonline) allows M/WBE firms to certify and recertify online, check the status of applications, and update their business profiles to better promote themselves to buyers. In addition to the regular certification workshops, during the reporting period, SBS continued to hold one-on-one certification application review sessions. These sessions helped ensure that firms submitted complete and quality application packages, reduced back and forth and delays, and increased the chances of obtaining certification. In FY 2017, SBS conducted 31 certification workshops and application review sessions for 294 businesses. In the reporting period, SBS also streamlined the applications for M/WBE certification and recertification to provide a more efficient path to getting certified while maintaining the integrity of the process. The new, user-friendly applications have less paperwork and are simplified and sequenced to expedite the completion process. The City also created a separate, simpler application for small businesses that are sole proprietors to make the application process more accessible and user-friendly.

Various community partners help extend the reach of SBS certification outreach efforts. Businesses receive assistance in applying for certification from these organizations, including the New York City Council-funded community-based groups that comprise the M/WBE Leadership Association, and the SBS network of Business Solutions Centers located throughout the five boroughs. This helps to ensure a higher quality application, making the submission and the certification review process easier and simpler. In FY 2017, SBS certified 1,033 new M/WBEs and recertified 642 M/WBEs, bringing the total number of City-certified companies to 5,122 as of June 30, 2017. Our community partners help support the business growth of M/WBEs with marketing workshops, networking events, and business development services. During the reporting period, SBS collaborated with local development corporations, trade associations, industry membership organizations, and local chambers of commerce on 225 events to spread the word about the benefits of certification and the range of capacity-building services available citywide to help businesses grow.

Emerging Business Enterprise Program

Local Law 12 of 2006 created the Emerging Business Enterprise (“EBE”) program directed at expanding procurement opportunities to disadvantaged businesses. Although similar outreach approaches and capacity-building initiatives were and continue to be undertaken by SBS to successfully implement the

M/WBE and EBE programs (SBS often targets potential M/WBE and EBE groups simultaneously), the outcomes of such measures are quite different. Similar to the federal DBE program, eligibility for EBE certification under the City's program requires that applicants satisfy a two-prong test of economic and social disadvantage. Where social disadvantage is presumed for M/WBEs and further evaluation of social or economic disadvantage criteria is not required for those individuals, the City's EBE program criteria relies on individual and specific determinations of an applicant's disadvantage. As of June 30, 2017, there are 7 certified EBE companies.

Unlike the M/WBE program, limited participation in the EBE program has made it difficult for City agencies to set goals on contracts. During the reporting period, EBEs were awarded a total of \$1,200 in all types of primes and subcontracts.

SBS continues to strive towards increasing participation in the EBE program through a wide range of outreach efforts regularly conducted with businesses and community partners. Once increased participation in the EBE program is achieved, City agencies will have sufficient availability of certified EBE firms needed to set feasible contract goals.

Locally-based Enterprise Program

Although the Locally Based Enterprises (LBE) program is not referenced in Administrative Code §6-129, LBE is a certification category administered by SBS, and the applicability of the LBE program in City procurement is impacted by the M/WBE program. As set forth in Administrative Code §6-108.1, the LBE program is designed to promote the growth of small construction firms through greater access to contracting opportunities with the City. Generally, the program requires agencies to utilize LBEs as a prime or subcontractor on specific construction contracts. However, the number of contracts subject to the LBE program has substantially decreased in recent years due to other goal-setting programs established by the City, State and federal governments. Under the LBE program rules, contracts are excluded from the program if they are federally or State funded and subject to their requisite goal programs. Federally funded construction projects are generally subject to the Disadvantaged Business Enterprise program, and State funded contracts are subject to other goals requirements as well, including Article 15-A of the New York State Executive Law. As many City construction contracts are federally and State funded and subject to subcontracting goals under those programs, they are not covered by the LBE program. With the creation of

the City's M/WBE program, M/WBE subcontracting goals are applied to City funded construction contracts in lieu of LBE goals. Accordingly, this further limits the applicability of the LBE requirements.

During the reporting period, SBS certified and recertified 16 firms as LBEs, bringing the total number of LBE certified firms to 34 as of June 30, 2017. Many of our LBEs are also certified as M/WBEs and can be considered for subcontracting opportunities on City construction projects with M/WBE goals. During the reporting period, LBEs were awarded \$2,199,561 in all types of prime and subcontract awards.

Selling to Government

SBS offers selling to government services that help M/WBEs navigate the City's procurement system. Services are provided through a combination of workshops and one-on-one assistance. To be an effective bidder on City contracts, M/WBEs must understand the City's procurement rules, the types of contracts, contract sizes, and how to interpret and respond to solicitations. M/WBEs must also maintain the most up-to-date information on their profile in the SBS Online Directory of Certified Businesses (www.nyc.gov/buycertified) and other City procurement systems. In FY 2017, SBS worked with 1,147 companies to help them understand the City's procurement rules, introduce them to NYC government contracting, explain the benefits of certification, and update their contact information and business profiles.

Also during the reporting period, 370 companies attended SBS' regularly scheduled workshop "Selling to Government", a monthly workshop open to the public that provides firms with the foundational basics of government contracting.

Through SBS' Technical Assistance Program, firms receive one-on-one assistance on submitting the most competitive bids and proposals for City contracting opportunities. In the reporting period, SBS held 406 one-on-one sessions. Additionally, in FY 2017, 373 companies attended SBS' Technical Assistance workshops that provided targeted training to different industries on government contracting techniques.

SBS also works with the New York City Council through the M/WBE Leadership Association to provide certified firms with more capacity-building services, including help applying for loans and surety bonds, preparing bids and proposals, and marketing to both the public and private sector. During the reporting

period, member organizations sponsored 164 events, provided 1,097 one-on-one assistance sessions, assisted with 103 loan applications, and awarded 35 loans to M/WBEs.

Capacity Building

SBS administers a set of capacity-building programs and services for M/WBEs and small businesses that are designed to help firms better bid on, win, and perform on City contracts.

Bond Readiness provides M/WBE certified construction and trade companies with financial management skills to help them secure or increase surety bonds necessary to compete on City contracts. The program provides seven months of classroom and webinar training and one-on-one assistance, as well as introductions to a network of surety agents. Firms are encouraged to bid on City contract opportunities where appropriate. During the reporting period, twenty-two participants from 20 unique firms graduated from the fifth cohort in June 2017. Beginning in FY 2018, SBS will be offering two cohorts per fiscal year, through a condensed program. The next cohort is expected to begin at the end of October 2017 and has begun recruiting applicants.

NYC Construction Mentorship provides certified construction firms with greater access to City construction opportunities. Each firm receives eight months of classroom instruction and unlimited one-on-one mentorship and technical assistance, a business assessment, and a custom three-year growth plan for their business. Firms are encouraged to bid on City contract opportunities where appropriate and are provided guidance by MOCS and City agency personnel. During the reporting period, forty-one participants from 34 unique firms graduated from the fifth cohort in June 2017. Beginning in FY 2018, SBS will be offering two cohorts per fiscal year, through a condensed program. The next cohort is expected to begin in early October 2017 and has begun recruiting applicants.

NYC Goods & Services Mentorship is a new program that provides certified non-construction goods and services firms with education, mentoring and connections to City contracting opportunities. Each participating firm receives eight months of classroom instruction and unlimited one-on-one mentorship and technical assistance from subject matter experts, a business needs assessment, and a custom three-year growth plan for their business. City agency reps meet participating firms and introduce them to their procurement practices and contracting opportunities. Firms are encouraged to bid on City solicitations

where applicable, and are guided by MOCS and other agency staff on best practices. During the reporting period, thirty-eight participants from 37 unique firms graduated from the fifth cohort in July 2017. Beginning in FY 2018, SBS will be offering two cohorts per fiscal year, through a condensed program. The next cohort is expected to begin mid-October 2017 and has begun recruiting applicants.

Through **NYC Teaming**, M/WBEs and other small businesses learn how to partner with other firms in order to be able to bid on larger or new market contract opportunities. SBS offers a series of workshops and webinars that review different types of teaming arrangements, financial and legal issues, responding to RFPs and bids as teams, and marketing to potential partners. Each series culminates in a matchmaking event that facilitates industry-specific networking, brings firms together with City agency procurement representatives and prime contractors, and provides open requests for proposal and bids, when available, for participants to review with potential partners. In the reporting period, SBS held 10 workshops, two business matchmaking events, and four webinars attended by a total of 533 participants.

The **Corporate Alliance Program (CAP)** helps connect firms with contracting opportunities in the private sector in collaboration with 13 corporate partners. Becoming a supplier to a large corporation is a major step forward for any small business, providing not only income but credibility, stability, and business relationships that come with experience. With its CAP partners, SBS offers a workshop series that addresses key issues small businesses face when trying to break into the corporate supply chain. During the reporting period, CAP held 6 workshops and two business networking events as part of the “Navigating the Corporate Supply Chain” workshops series that provided 340 attendees with connections to corporate partners and some of their prime vendors. Additionally, four seminars and three group meetings of mentees were conducted for the 26 mentees in the CAP/NYCEO M/WBE Mentorship Program for goods and services.

Strategic Steps for Growth is a nine-month executive education program designed for M/WBEs, offered in partnership with the NYU Stern School of Business’ W.R. Berkley Innovation Lab and NYU Division of Operations. An industry-specific class is also offered for business owners in the media, entertainment, and technology fields. The program provides participants with a new professional network, including business experts, university professors, and other business owners. It also offers participants guidance for every aspect of business operations focusing on capacity building for City and government contract opportunities for the enrolled M/WBEs and on private-sector opportunities for the enrolled media and entertainment

firms. Participants learn the strategic skills needed to run a growing company and create a custom, three-year growth plan for their businesses. In this reporting period, 12 M/WBE firms have enrolled, participated, and graduated from the 2016-2017 cohort.

During the reporting period, New York City Economic Development Corporation and SBS launched the **Contract Financing Loan Fund**. The Loan Fund enhances the ability of business owners to access the capital they need to win, take on and perform successfully on NYC contracts, and reduces the cost of capital to 3% annual interest rate. As of the end of the reporting period, \$865,575 had been disbursed through the Loan Fund since its launch.

Program Compliance

To ensure that all agency staff responsible for purchasing activities are knowledgeable about the M/WBE program and their agency's goals, SBS and MOCS conduct agency training sessions at the Citywide Training Center and specific trainings at agency offices. During FY 2017, 348 procurement professionals from 34 agencies attended 14 training sessions. The topics included Local Law 1 implementation, strategies and best practices used to identify M/WBEs for contract opportunities, Online Directory training, and enhancing M/WBE procedures in all contract areas.

During FY 2017, SBS completed the FY 2015 compliance audit of 5% of all open City contracts for which subcontractor utilization plans were established, including prime contracts awarded in FY 2014 and FY 2015, and 5% of all City contracts awarded to M/WBEs during the audit period. Fifteen prime contracts and forty-four subcontracts were randomly selected for the FY 2015 audit.

In September of 2016, Mayor Bill de Blasio announced the appointment of Deputy Mayor for Strategic Policy Initiatives Richard Buery as the new Director of the City's M/WBE program and the creation of the Mayor's Office of M/WBEs under the leadership of M/WBE Senior Advisor Jonnel Doris. During the reporting period, Deputy Mayor Buery and M/WBE Senior Advisor Jonnel Doris held four quarterly compliance meetings with agency commissioners and M/WBE officers to discuss utilization and agency initiatives to increase M/WBE performance. The first meeting was held on July 13, 2016 and was attended by 62 staff members representing 37 agencies. The second was held on October 14, 2016 and was attended by 65 staff members representing 36 agencies. The third meeting was held on January 26, 2017

and was attended by 66 staff members representing 33 agencies. The fourth and last quarterly meeting was held on May 10, 2017 and was attended by 88 staff members representing 40 agencies.

Qualified Joint Venture Agreements

During FY 2017, 9 certified companies participated in 7 joint venture agreements, in which the percentage of profit of the M/WBE partners exceeded 25% of the total profit. The joint ventures were awarded 11 contracts subject to the M/WBE program.

Industry	Total Contract Value	# of Contracts	Ethnicity	Value to MWBE	Percentage
Construction Services	\$2,000,000.00	1	WBE-Asian	\$1,000,000.00	50
Construction Services			WBE-Caucasian	\$1,000,000.00	50
Professional Services	\$13,809,880.00	1	MBE-Asian	\$2,761,976.00	20
Construction Services	\$4,500,000.00	1	WBE-Caucasian	\$2,250,000.00	50
Professional Services	\$346,508.80	1	MBE-Asian	\$242,556.16	70
Professional Services	\$2,210,208.00	2	MBE-Asian	\$442,041.60	20
Professional Services			MBE-Black	\$1,768,166.40	80
Professional Services	\$12,684,921.60	2	MBE-Asian	\$4,439,722.56	35
Professional Services	\$166,731.00	3	MBE-Asian	\$83,365.50	50

Efforts to Reduce or Eliminate Barriers to Competition

Since the implementation of the M/WBE program, the City continues to undertake numerous efforts to reduce barriers for M/WBEs and small businesses that are competing for contracts and currently doing business with the City. As mentioned above, SBS is operating a bond readiness program to help firms secure surety bonds for larger City construction projects, and graduated the fifth cohort for this program in the reporting period. In June 2017, SBS also launched the new Bond Collateral Assistance Fund, funded with \$10 million, to help small businesses and M/WBEs secure surety bonds to perform on City Contracts.

To make it easier to do business with the City, agencies are required to post all solicitation materials through the City Record Online, allowing vendors to identify opportunities and download relevant materials from one online location. SBS also continues to assist companies with expediting their payment requests from prime contractors and City agencies.