

How Alternative Delivery Drives M/WBE Participation



Alternative Delivery tools dramatically expand the City's ability to engage M/WBEs and local workforce, with clear results: DDC's M/WBE engagement rate for design-build and CM-build projects is over two times higher than the rate for low-bid contracts:

M/WBE Utilization by Delivery Method (FY 2021 to FY 2024 Q1)			
	M/WBE AWARD, \$	M/WBE, %	BLACK/HISPANIC, %
DDC Overall (per LL1)	\$1,536,038,182	22.6%	8.3%
DESIGN-BUILD	\$158,201,328	46.6%	12.5%
CM-BUILD*	\$187,830,070	53.7%	27.7%
Competitive Sealed Bid**	\$720,484,450	18.1%	6.7%

* DDC is authorized to use CM-Build only in limited circumstances, including under an emergency declaration such as COVID-19, on Rikers Island, and to build shelter for asylum seekers.
 ** Competitive Sealed Bid (CSB) is the method of awarding construction contracts in traditional design-bid-build delivery

HERE'S HOW ALTERNATIVE DELIVERY TOOLS LIKE DESIGN-BUILD, PROGRESSIVE DESIGN-BUILD, AND CM-BUILD WORK TO DRIVE M/WBE PARTICIPATION:

1. Quality-based and Best Value selection expand the field for small, emerging, and M/WBE firms.

Low bid contracts can be difficult for emerging firms to win and can prevent them from seeking City contracts. Quality-based and best-value selection allow agencies to award contracts on criteria other than low bid, expanding access and including M/WBE participation

as a factor in the selection. In our design-build procurements, DDC evaluates teams on both their past performance and proposed approach to engaging M/WBEs, as well as other factors.

2. The agency can set — and enforce — M/WBE goals for both design and construction.

On our design-build procurements, DDC sets separate M/WBE participation goals at 30 percent for both the design and construction phases with targeted goals for certain minority groups. Our current disaggregated targets are 10% Black, 10% Hispanic, and 10%

Unspecified. Alternative Delivery contracts allow DDC to track both percentages and payment cycles for M/WBE participation that cannot be enforced when construction contracts are awarded under a low bid.

3. Alternative delivery leads to more subcontracts, awarded on a rolling basis, with oversight by the agency.

Both design-build and CM-build also offer greater opportunities for subcontracting compared with low bid construction, expanding the ability to award contract dollars to M/WBEs. With low bid, design-bid-build construction, the agency awards a single prime contract to a general contractor who subsequently awards

subcontracts without input or oversight from the agency. With alternative delivery, the design-builder or CM develops their subcontractor procurement strategy with input from DDC and awards subcontracts to trades on a rolling basis, often leading to more separate subcontracts than under the GC model.

4. Early partnership among the designer, builder, and agency means that engagement starts earlier.

Beginning right after award, DDC can partner with the design-builder or construction manager on their subcontractor procurement strategy, including their approach to outreach, partnering, and direct engagement. In partnership with local elected officials and community leaders, we host community events and local hiring fairs to build a roster of subcontractors, often timed to when construction packages will be required. These events share information, generate interest, and

enable early partnering in a way that is impossible under design-bid-build, when the builder is not brought on board until after design is complete and the low-bid procurement process completed. Additionally, the design-build or CM team includes recruitment representatives and community liaisons that can be part of the process throughout and serve as a resource for the M/WBE industry and community.

DDC has built its design-build pilot program thanks to the original Public Works Investment Act (PWIA), first authorized in 2019 and reauthorized in 2023. However, design-build as authorized by the PWIA only works for a small portion of our portfolio — primarily new buildings and streetscape projects without underground work. Expanding the PWIA to include these critical tools will allow us to achieve record M/WBE performance across our entire portfolio.

Spotlight: Shirley Chisholm Recreation Center

The Shirley Chisholm Recreation Center at Nostrand Playground in Flatbush, Brooklyn — a new \$140M, 76,000 SF community asset— will open its doors two full years faster thanks to design-build delivery, opening in 2025 just three years after DDC awarded the design-build contract. Faster delivery doesn't mean we lose critical opportunities to engage. To share information, generate interest, and facilitate partnerships, DDC and the design-build team have hosted several events in the community in partnership with local elected officials, while also attending informal meetings with the community board and local organizations. We will continue to host hiring fairs as subcontracts are awarded, including a Meet the Primes event, staffing the project with an on-site community construction liaison to meet with community members about employment opportunities and address issues as they arise.

The project has achieved **42%** M/WBE participation to date — well above its 30% goal. The project broke ground in July 2023, just 10 months after awarding the design-build contract — with work advancing so quickly that excavation was complete with concrete foundations well underway at the community groundbreaking ceremony.

