

CITY OF NEW YORK

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

Annual Report for Fiscal Year 2016

Compliance Report covering July 1, 2015 – June 30, 2016

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Table of Contents

Introduction.....	3
Expanding the Base of Certified Firms.....	3
Emerging Business Enterprise Program.....	4
Locally-based Enterprise Program.....	5
Selling to Government.....	6
Capacity Building.....	7
Program Compliance	9
Qualified Joint Venture Agreements.....	10
Efforts to Reduce or Eliminate Barriers to Competition.....	10

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 2016 (July 1, 2015 – June 30, 2016). As per the New York City Administrative Code §6-129(l)1, the report is jointly submitted by the Director of the Mayor's Office of Contract Services (MOCS) as City Chief Procurement Officer and by the Commissioner of the Department of Small Business Services (SBS).

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 contracts that were registered and subcontracts approved in FY 2016, including procurements that were solicited before LL 1 became effective and are subject to LL 129.¹ The City's M/WBE program is administered jointly by 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 2016, M/WBEs were awarded over \$609 million in prime contracts subject to the M/WBE program and nearly \$119 million in eligible subcontracts. The report demonstrates that in FY 2016 the City and its agencies made substantial progress towards achieving citywide goals.

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. To that end, SBS continues to work hard to simplify certification without compromising review standards. 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. During FY 2016, SBS conducted 35 certification workshops and application review sessions for 318 businesses.

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. Between July 2015 and June 2016, SBS certified 712 new M/WBEs and recertified 318 M/WBEs, bringing the total number of City-certified companies to 4,516 as of June 30, 2016. 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 211 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 disadvantage 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, 2016, there are 3 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 \$768,888 in all types of prime and subcontract awards.

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 17 firms as LBEs, bringing the total number of LBE certified firms to 36 as of June 30, 2016. 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 over \$3.6 million 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 2016, SBS worked with 1,037 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, 361 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 227 one-on-one sessions. Additionally, in FY 2016, 524 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 136 events, provided 1,272 one-on-one assistance sessions, assisted with 159 loan applications, and awarded 77 loans to M/WBEs.

On May 24, SBS hosted its 10th Annual Citywide Procurement Fair at BNY Mellon, convening over 800 attendees. Mayor Bill de Blasio delivered the keynote address, reiterating the City's commitment to leveling the playing field for Minority- and Women-owned businesses (M/WBEs). The Mayor emphasized his intention not only to reach the City's goal to spend \$16 Billion with certified M/WBEs over the next 10 years, but to surpass it. Maya Wiley, Counsel to the Mayor and M/WBE Director, SBS Commissioner Gregg Bishop and Michael Owh, Director of the Mayor's Office of Contract Services presented remarks on ways the City is helping M/WBEs to succeed. BNY Mellon's Claire Scanlon was given an award for her continued dedication to the City and its M/WBE programs. In addition to the hundreds of M/WBEs in attendance, more than 80 City, State, and Federal agencies and authorities participated as exhibitors at the event. Private sector companies, including corporate partners of SBS' Corporate Alliance Program (CAP), also attended. The fair offered 11 Opportunity Rooms where participants learned about current and upcoming contracting opportunities. M/WBEs networked directly with procurement and program staff responsible for specific areas of work.

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.

Contract Financing helps address the challenges that small businesses have in funding initial expenses, or mobilization costs related to City contracts, such as labor and equipment costs. Short-term working capital loans are available to firms that are awarded City contracts through partnerships with New York Business Development Corporation and Business Outreach Center Capital. In FY 2016, SBS facilitated 15 loans totaling \$2.28 million to 14 firms.

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 eight months of classroom 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. Thirty-seven participants from 32 unique firms graduated from the fourth cohort in May 2016. To date, the program has graduated four cohorts totaling 146 participants from 133 unique firms. The next cohort is expected to begin in early November 2016 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 one-on-one mentorship, a business assessment, and a custom 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 who serve as subject matter experts. Thirty-four participants from 26 unique firms graduated from the fourth cohort in May 2016. To date, the program has graduated four cohorts totaling 125 participants from 117 unique firms. The next cohort is expected to begin at the end of October 2016 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 RFPs and bids for participants to review with potential partners. In the reporting period, SBS held nine workshops and two webinars attended by a total of 223 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 eight workshops and one networking event as part of the “Navigating the Corporate Supply Chain” workshops series that instructed a total of 354 participants about corporate procurement and contracting opportunities, and provided connections to partners’ and primes’ opportunities. Additionally, two learning seminars were conducted for the 11 mentees in the CAP/NYCEO M/WBE Mentorship Program for goods and services firms that graduated in February 2016.

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, and offers guidance for every aspect of business operations as well as a focus 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, ten M/WBE firms graduated from the program.

SBS and the Department of Housing Preservation and Development (HPD) are co-sponsors of HPD's new initiative, the **HPD Building Opportunity Program**, which aims to help M/WBE developers refine their skills, gather the information needed to navigate the complex arena of real estate development, connect them to HPD and SBS resources, and ultimately compete for and execute HPD and other affordable housing real estate development projects. To date, two cohorts have graduated a total of 43 M/WBE firms and 8 non-profit organizations.

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 monthly agency training sessions at the Citywide Training Center and specific trainings at agency offices. During FY 2016, 316 procurement professionals from 37 agencies attended 13 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 2016, SBS finalized the compliance audit of 5% of prime contracts subject to participation goals awarded in FY 2014, and 5% of subcontracts awarded to M/WBE firms during the same period. In the reporting period, SBS began conducting 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 (15) prime contracts and forty-four (44) subcontracts were randomly selected for the FY 2015 audit.

As required by the law, in the reporting period, M/WBE Director Maya Wiley 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 September 24, 2015 and was attended by 56 staff members representing 26 agencies. The second quarterly meeting was held on December 17, 2015 and was attended by 47 staff members representing 25 agencies. The third meeting was held on March 7, 2016 and was attended by 63 staff members representing 35 agencies. The last meeting of FY 2016, was held on May 26, 2016 and was attended by 60 staff members representing 40 agencies.

Qualified Joint Venture Agreements

During FY 2016, four certified companies participated in three 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 four contracts subject to the M/WBE program.

Contract Industry	Total Contract Value	Number of Contracts	Ethnicity	Value to M/WBE	Percent
Professional Services	\$12,000,000	1	MBE - Black	\$9,600,000	80%
			MBE - Asian	\$2,400,000	20%
Professional Services	\$12,000,000	1	MBE - Asian	\$8,400,000	70%
Standardized Services	\$6,008,245	2	MWBE - Asian	\$3,004,123	50%

Efforts to Reduce or Eliminate Barriers to Competition

Since the implementation of the M/WBE program, the City continues to undertake a number of 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 a fourth class for this program in the reporting period.

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.