



**Response to City Council's
Request for Information on
Disparity Studies and
Disadvantage Business Enterprise Programs**

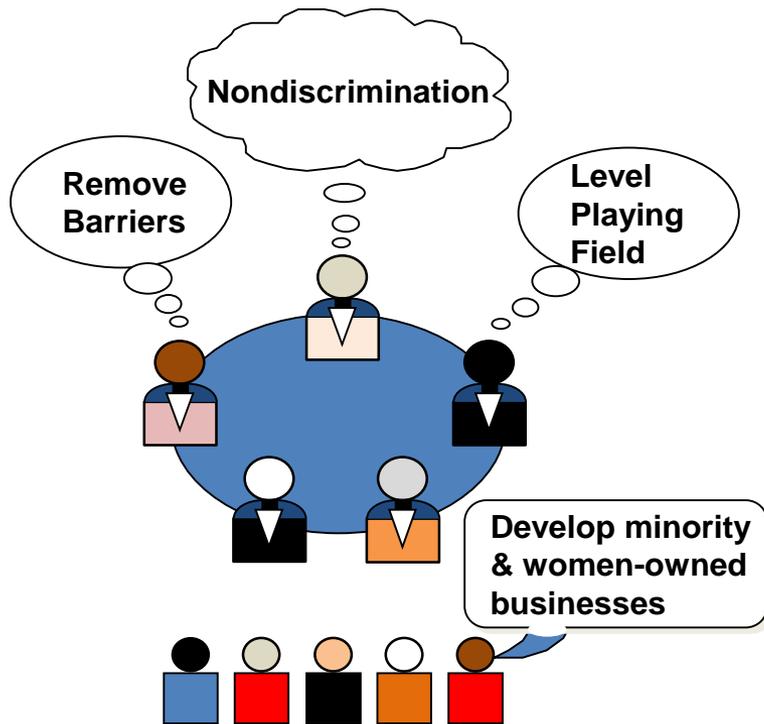
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What is the Purpose of a Disadvantaged Business Enterprise Program?

To increase opportunities for minority and women-owned business enterprises to participate in state and local procurement



What is the Legal Rationale for a Disadvantaged Business Enterprise Program?



(Under Federal regulations ...)

- (a) To **ensure nondiscrimination** in the award and administration of City contracts
- (b) To **create a level playing field** on which DBEs can compete fairly for City contracts
- (c) To ensure that the City's DBE program is **narrowly tailored** in accordance with applicable law;
- (d) To ensure that only firms that fully meet eligibility standards are permitted to participate as DBEs
- (e) To help **remove barriers** to DBE participation
- (f) To help **develop firms to compete successfully** in the marketplace outside the DBE program

Under California Law, What Steps are Required for a Disadvantaged Business Enterprise Program?

Exhaust Race and Gender-Neutral Measures

- Focuses on local or disadvantaged status, such as income, residence, or age
- Not based on race, ethnicity, or gender
- Programs address a perceived disparity in City contracting opportunities

Conduct Disparity Study

- Empirical evidence of disparity in City contracting opportunities among willing and able businesses
- Disparity is based on race, ethnicity, or gender
- Low probability that the disparity is due to chance
- Findings may justify race and gender conscious remedies

Design Disadvantaged Business Enterprise Program

- Benefit particular racial, ethnic, and/or gender groups
- Identifies and uses race and gender conscious remedies for statistically significant disparities in City contracting opportunities among businesses.

Race and Gender-Neutral Measures

SAN LEANDRO LOCAL

Local Business Preference

Bid incentives for contractors, prime contractors and suppliers:

- Principal place of business is located within the City or
- Contractor engages in joint venture with a business located within the City

Local Business Participation

Contractor must make good faith efforts to hire or contract San Leandro businesses, nonprofit organizations or residents

- Goal of at least 25% of the total contract dollars spent on local businesses
- Applies to contracts for construction and public works, services, and procurement of goods at or above \$100,000.00.

Race and Gender-Neutral Measures

Community Workforce Agreement

SAN LEANDRO LOCAL

- Increase employment opportunities for workers living in San Leandro
- Identify unemployed and underemployed San Leandro residents
- Partnerships with community organizations and agencies to create opportunities

Small Business Outreach & Engagement

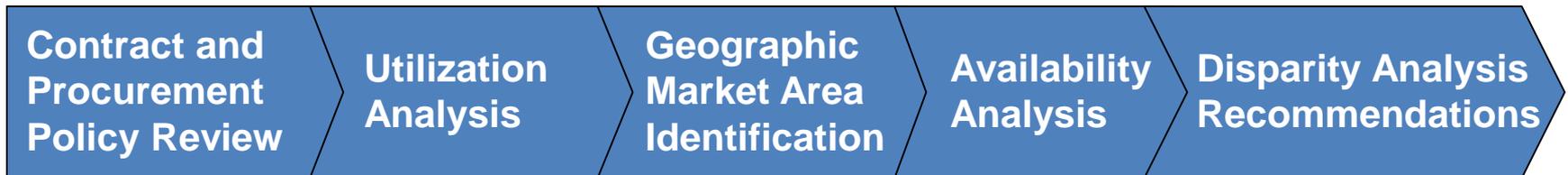
San Leandro Business Expo

- Access to the City's Business Development programs
- Introduction to City contracts and purchasing
- Community Participants included:
 - San Leandro Chamber of Commerce
 - San Leandro African American Business Council
 - San Leandro Asian American Business Council
 - San Leandro Adult School
 - IBEW Local 595 and Sheet Metal Workers Local 104

Has the City Exhausted Race and Gender-Neutral Measures?



What Are the Core Components of a Disparity Study?



- Determine whether bias exists in any City policies, procedures, or practices
- Procurement methods and procedures used by the City
- Focus on prime contract, subcontract, and grant awards
- Compile prime and subcontract records
- Determine City and prime contractors' utilization of M/WBEs, and non-minority male-owned businesses.
- Determine the market area where prime contractors are domiciled using prime utilization records
- Identify the number of market area businesses **willing** and **able** to provide goods and services procured by the City and its prime contractors
- Determine whether there is statistically significant underutilization of M/WBEs within each of the industries examined
- Recommend best practices to enhance the City's M/WBE participation

Disparity Study Cost Benefit Analysis

City Cost Plus Staff Time & Effort

- \$275,000 to \$350,000 estimated budget
- Dedicated project manager oversight of an intensive 8-12 month study
- City project manager must plan, execute, and secure monthly attendance at team project status meetings
- Other City managers may be assigned to review and provide comments on draft chapters relevant to their function
- City staff need to extract prime contract records from financial systems and facilitate consultant access to invoices and pay applications, proposals, bids, and close out documents

Direct Disparity Study Outputs

- Database of current M/WBEs in Alameda County that offer goods and services that the City procures.
- Identification of City policies and practices that may be contracting barriers for M/WBEs.
- Anecdotal accounts of practices that M/WBEs perceive as barriers to City of San Leandro contract opportunities
- Race-neutral program recommendations to improve the utilization of DBEs.
- Best management practices that other agencies have implemented.
- Potentially increased contracting with Alameda County businesses.

Sample Disparity Study Tasks and Timeline

TASK DESCRIPTION	Months												
	1	2	3	4	5	6	7	8	9	10	11	12	
SCOPE OF WORK													
•Kick-off Meeting	■												
•Legal Review	■												
•Procurement Review	■												
•Utilization Analysis	■												
•Geographic Market Determination		■											
•Availability Data collection and Analysis			■										
•Disparity Analysis			■										
•Perform Anecdotal Analysis			■										
•Recommendations										■			
STUDY REPORTING													
•Work Plan	■												
•Monthly Progress Reports	■												
•Staff Meetings with Consultants	■												
•Draft report											■		
•Final report												■	

Sample of Cities Comparable in Size to San Leandro That Have Done Disparity Studies

DISPARITY STUDIES BY CITIES SIMILAR IN SIZE TO SAN LEANDRO

CITY	STATE	END YR	POPULATION (2016)
CITY OF HAYWARD	CA	1992	158,937
CITY OF RICHMOND	CA	1994	109,813
CITY OF PASADENA	CA	1998	142,059
CITY OF SAVANNAH	GA	2016	146,763
CITY OF HAMPTON	VA	2014	136,454
CITY OF PENSACOLA	FL	2012	53,779
CITY OF DAVENPORT	IA	2009	102,612
CITY OF ALBANY	GA	2008	73,801
CITY OF DAYTON	OH	2006, 2008	140,489
CITY OF COLUMBIA	SC	2006	134,309

Sample of Cities Comparable in Size to San Leandro That Have Done Disparity Studies

DISPARITY STUDIES BY CITIES SIMILAR IN SIZE TO THE CITY OF SAN LEANDRO			
CITY	STATE	END YR	POPULATION (2016)
CITY OF BRIDGEPORT	CT	2005	145,936
CITY OF PEORIA	IL	2004	114,265
CITY OF HAMPTON	VA	2004	136,454
CITY OF BATTLE CREEK	MI	2003	51,534
CITY OF NEW HAVEN	CT	1998	129,934
CITY OF HOLLYWOOD	FL	1997	151,998
CITY OF EVANSTON	IL	1996	74,895
CITY OF WEST PALM BEACH	FL	1991, 1995	108,161
CITY OF ASHEVILLE	NC	1993	89,121

Questions, Comments?

