

# ANSWERING THE CALL:

## IMPLEMENTING THE PROMISE OF EQUITY IN PROCUREMENT

**GS** GRIFFIN & STRONG P.C.  
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# FOREWORD

by Kristen Scheyder, Senior Program Officer, Citi Foundation and Elizabeth Reynoso, Associate Director, Living Cities

In June 2019, we stood in the Universal Life Building in Memphis, Tennessee as Fred L. Davis, founder of the Mid-South's first Black-owned insurance company, spoke to us passionately, urging us to address racial disparities and truly integrate Black businesses into our local economies. Around us, listening attentively to Mr. Davis, were directors and staff from purchasing and procurement, small business, and equity and inclusion offices from ten cities around the country who had just become our newest City Accelerator cohort focused on Inclusive Procurement. Memphis' Mayor Strickland recalled that Mr. Davis told him 30 years ago that Black businesses accounted for only about 1% of all business receipts in Memphis in a city that is 65% Black and, sadly, that percentage has not increased in the intervening years. The mayor and his staff described the action steps they were taking to increase local government purchasing from Black-owned businesses and members of the cohort animatedly asked questions and exchanged ideas. After three inspiring days of peer sharing and learning, City Accelerator cohort members left Memphis energized to tackle in their own hometowns the inequities Mr. Davis dedicated his life to addressing.

Over the next year (which included the beginning of COVID-19 restrictions), dedicated public servants and leaders from the cities of Boston, Cleveland, El Paso, Houston, Kansas City, Minneapolis, Nashville, Philadelphia, Pittsburgh and South Bend experimented, explored and tested the boundaries of their cities' spending power and procurement systems to create greater and more equitable economic opportunity for Black and Brown-owned businesses operating in their local jurisdictions. The ten cohort cities built on lessons from a previous City Accelerator cohort focused on innovations to spur inclusive municipal procurement. They were supported by a community of peer navigators-- like Joann Massey from Memphis, Michael Owh from Los Angeles, and Shannon Andrews of Chicago—who'd tested the strategies already as members of the previous cohort alongside Charlotte and Milwaukee. The lessons learned in that cohort were documented in [Culture, Collaboration, and Capital](#), a guide for leveraging procurement to drive economic equity. To help them on their journey, this new cohort of 10 cities would not only have the guide, but also access to coaching and technical assistance from Griffin & Strong - authors of the guide and subject matter experts who changed the economic landscape of the City of Atlanta for Black residents; a community of peers to share resources; and grant dollars to support their experimentation.

In addition to sharing best practices, technical expertise, and knowledge with cohort members about how to evolve their cities' procurement systems to be more inclusive, we recognized that the barriers the cohort was working to dismantle are so deeply rooted in systems and process as to almost be unseen. In order to provide a greater historical context and help participants explore their own personal accountability, we partnered with the People's Institute for Survival and Beyond to host a 2-day [Undoing Racism Workshop](#) for members of the cohort, Griffin & Strong, Living Cities, and Citi Foundation. The Undoing Racism Workshop trainers emphasized each of our roles as organizers in effecting sustainable changes to address racism as a root cause of systemic failure. It was an emotionally raw, exhausting experience, but one that left us with a shared analysis about the personal, institutional, and structural barriers faced by businesses owned by people of color and the inequitable policies that led to today's racial income and wealth divide.

Griffin & Strong's companion to [Culture, Collaboration, and Capital](#) is a summary of what is possible when cities rethink, reform and repair their procurement processes, policies and practices to improve the chances of success for businesses owned by people of color. We believe that once you learn about each of these cities' challenges, outcomes, and lessons, you will be convinced that although taking on procurement reform in your city might be messy, it is worth the challenge because of the significant impact it can contribute to healing the racial inequities that exist in your community. Just as the ten City Accelerator cities learned from the previous cohort to expand inclusive procurement in their respective cities, we hope you take their lessons for your city to leverage buying power to invest in businesses owned by people of color.

# ACKNOWLEDGMENTS

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## CITY ACCELERATOR PARTNERS

The City Accelerator, an initiative of the Citi Foundation and Living Cities, works within and across cities to advance and promote the spread of promising innovations that will have a significant impact in the lives of residents. Griffin & Strong, P.C., served as the cohort lead/technical experts for the fourth cohort of the City Accelerator, which focused on leveraging procurement for more inclusive economic opportunities.

Griffin & Strong, P.C.: Griffin & Strong, P.C. is a law and public policy consulting firm based in Atlanta, GA. For 25 years, we have delivered quality legal representation and consultative expertise to individual clients, small businesses, corporations, and government entities, and have developed a reputation as leaders in disparity studies and supplier diversity consulting. Our mission is to advance the economic development of the communities we serve by providing the highest quality professional services to our clients in both the public and private sectors. [www.gspclaw.com](http://www.gspclaw.com)

Living Cities: Living Cities harnesses the collective power of 18 of the world's largest foundations and financial institutions to develop and scale new approaches for creating opportunities for low-income people, particularly people of color, and improving the cities where they live. Its investments, applied research, networks, and convenings catalyze fresh thinking and combine support for innovative, local approaches with real-time sharing of learning to accelerate adoption in more places. [www.livingcities.org](http://www.livingcities.org).

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\*Some of the terminology in this guide has specific, technical meaning that may not be familiar to all readers. A glossary can be found in the appendix at the end of the guide with definitions to provide clarity and context. Note that “minority” is only used to describe people of color where it has legal meaning.





## EXECUTIVE SUMMARY

In 2016, five cities - including Charlotte, Chicago, Los Angeles, Memphis, Milwaukee - were chosen for the City Accelerator's fourth cohort focused on inclusive procurement. The cities were charged to amplify and accelerate innovation in an area where cities have a significant ability to help shrink racial income and wealth gaps in their communities by intentionally contracting with diverse vendors and contractors. Each of these cities improved how they procure goods and services so more local businesses - especially those owned by people of color - can now more easily compete for city contracts, access to capital, and receive supportive services that contribute to their growth. When the learnings from this cohort were released in 2019's Culture, Collaboration, and Capital it drew overwhelming interest from other cities to get support in making their procurement systems more inclusive and spur more economic opportunity in their communities. Inspired by the demand, the City Accelerator determined that a new cohort of cities could benefit from adopting first-hand practices learned from the cities that participated.

In 2019, ten cities - Boston, Cleveland, El Paso, Houston, Kansas City (MO), Minneapolis, Nashville, Philadelphia, Pittsburgh, and South Bend - were chosen for the City Accelerator's second cohort focused on inclusive procurement. Each city was challenged to utilize \$50,000 in City Accelerator grant funds to meet a clearly-defined set of goals through the lens of policy-based findings in Culture, Collaboration, and Capital over an 18-month period. Additionally, municipal governments professionals from each city gathered for periodic, cohort-wide "convenings", monthly briefings with the project leadership team from Griffin & Strong, and additional learning opportunities.

The first convening was hosted by the City of Memphis; which was chosen because of the substantial progress the city made during their tenure in the City Accelerator. Memphis' improvements in procurement inclusion allowed the city leaders in the new inclusive procurement cohort to observe tangibly the possibilities for change and progress. Memphis, home of the National Civil Rights Museum, also afforded city leaders with the opportunity to visit the museum and reflect on the connection between their work and the work done in an earlier era.

The second convening was held in San Diego and was timed to conclude at the beginning of the American Contract Compliance Association National Training Conference. This timing provided the opportunity for city leaders in the cohort to stay for the conference and receive additional training and allowed for a dialogue with municipal leaders in procurement inclusion on the west coast.

The third convening was hosted by the City of Atlanta. This convening allowed the cohort to interact with Atlanta officials who operate one of the most effective municipal contract compliance programs in the nation and to learn from their experiences. Cohort members were also afforded the opportunity to participate in an "Undoing Racism" training course for three days during the convening. This training, conducted by The People's Institute for Survival and Beyond, was an excellent vehicle for the municipal leaders to reflect on the tangible importance of their work—and the focus proved especially timely in the months to come.

During March 2020—in the middle of the cohort's time working and learning together—there were dramatic changes in the world. The global health crisis of the COVID-19 pandemic coincided with a national outcry for racial justice, catalyzed by the extrajudicial killings of George Floyd and Breonna Taylor. Both occurrences had a disparate impact on communities of color and precipitated a heightened media focus on inequity across in the United States. Many of the cohort members, including, among other roles, deputy mayors, equity officers, and procurement professionals, were at the forefront of economic justice in their respective jurisdictions.

Due to travel restrictions and social distancing requirements made necessary by the pandemic, the final convening was conducted virtually using a video conferencing platform. The two-day convening featured an array of subject matter experts and practitioners who provided the cohort with practical information on procurement, financial assistance program innovation, and the latest developments in contract compliance. The convening also allowed participants to share challenges and discuss solutions for unique problems caused by the pandemic. The well organized and fast paced program featured an array of speakers who would not have been available had the convening been in person. This allowed the cohort to benefit from an otherwise challenging situation, and their innovations, many of which are highlighted below, demonstrate the potential to prioritize inclusion even under unprecedented restrictions and events.

However, at ground level, the pandemic had a tangible cost. In Boston, a construction moratorium halted projects underway and froze approved contracts yet to be awarded, cutting off firms and their workers from payments. Likewise, in Nashville a stoppage of public contracting meant small,

minority, and women-owned firms were not getting any work. The break in the national supply chain stalled the City of El Paso's ability to source from certified local small business. When federal dollars were made available to help struggling small companies in cities like South Bend, some businesses – often historically underutilized firms – did not receive the assistance they needed.

The pandemic and civil unrest only highlighted the inequities that already existed for historically underutilized businesses. Although the principle of equality is purported to be woven into the very fabric of America, the country has often fallen short of extending opportunities for upward mobility to all. Inequality in contracting, in particular, contributes to instability of revenue for firms and prevents otherwise qualified firms from gaining the experience they need in order to grow. Equitable procurement is critical to addressing the racial income and wealth gaps highlighted during the ravages of the COVID-19 pandemic and the Black Lives Matter movement. It also provides a way, in a time of limited sources of income and diminished budgets due to the pandemic, to address systemic inequality. By making proactive efforts to diversify contractors and to root out procurement practices that result in disparate outcomes, cities and states can spread resources more equitably across communities at a time when it is so very important.

The 10-city cohort of public professionals was already connected by their mutual aims to promote economic equity in their respective hometowns. Now, they were bonded by a collection of shared circumstances taking economic and social tolls at varying degrees in every city in the country. Faced with increased scrutiny and seemingly insurmountable odds, cities were needed more than ever to offer relief on multiple fronts. Both Kansas City and South Bend used dollars from their respective budgets to provide relief funds for struggling businesses. Pittsburgh's Urban Redevelopment Authority offered low-interest and interest-free microloans, and lobbied state and federal authorities to increase the funding for this aid, and Minneapolis relaxed standard purchasing procedures from businesses providing COVID-19 related services and supplies.

City governments often share the dual burden of being frequent targets of public criticism and a primary source of public relief. During this cohort, members were allowed time and space to grieve and discuss the frustrations of their roles, while gathering the encouragement to move forward with their overall goals. Despite the multitude of novel, complex and daunting challenges, the second cohort on inclusive procurement rose to the occasion. In many of the participating cities, programs continued to move forward with the aid of the lessons learned through this process, and many thrived despite the new challenges facing their respective business communities.

This companion guide is a series of ten city case studies demonstrating how municipal government professionals managed– in spite of, and sometimes because of the new realities unfolding on the ground around them – to tailor principles outlined in the [2018 Procurement Inclusion Guide](#) to achieve specific and measurable outcomes for Disadvantaged Business Enterprises (DBE's)\*. Although each city represented in the cohort has a different culture, history, and even local and state laws, each is asking the same question: In the wake of mounting change that threatens to exclude many of the people we are sworn to serve, how do cities use the tools already available to create more inclusive procurement practices?

\*Per Federal designation, DBEs include for-profit businesses owned and controlled by socially or economically disadvantaged individuals who are African American, Hispanic American, Native American, Asian American, Pacific American, Subcontinent Asian American, or women.

# KEY TOOLS: RACE NEUTRAL EFFORTS ADOPTED BY 10-CITY COHORT

VOLUNTEER  
OUTREACH



PROCUREMENT  
FORECASTING



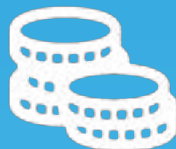
NEEDS  
ASSESSMENT



TECHNICAL  
ASSISTANCE



PROCUREMENT  
FORECASTING



SUPPORTIVE  
SERVICES



BREAKING UP  
LARGE CONTRACTS



SHELTERED MARKETS/  
LOCAL BUSINESS



ANCHOR  
PARTNERSHIPS



# KEY TOOLS: RACE NEUTRAL EFFORTS ADOPTED BY 10-CITY COHORT

CONTRACT AND  
COMPLIANCE  
MONITORING



CERTIFICATION



GOOD FAITH  
EFFORTS



GOALS





## EL PASO, TX KEY TOOLS



The Goal: Increase Public Spending with Diverse Businesses

The Environment: Race-Neutral

The Challenges: No Disparity Study; COVID-19 Restrictions

What Worked: Anchor Partnerships; Needs Assessment; Virtual Outreach

Next Steps: Marketing through Partnerships; Minority/Women-owned Business Enterprises Certification

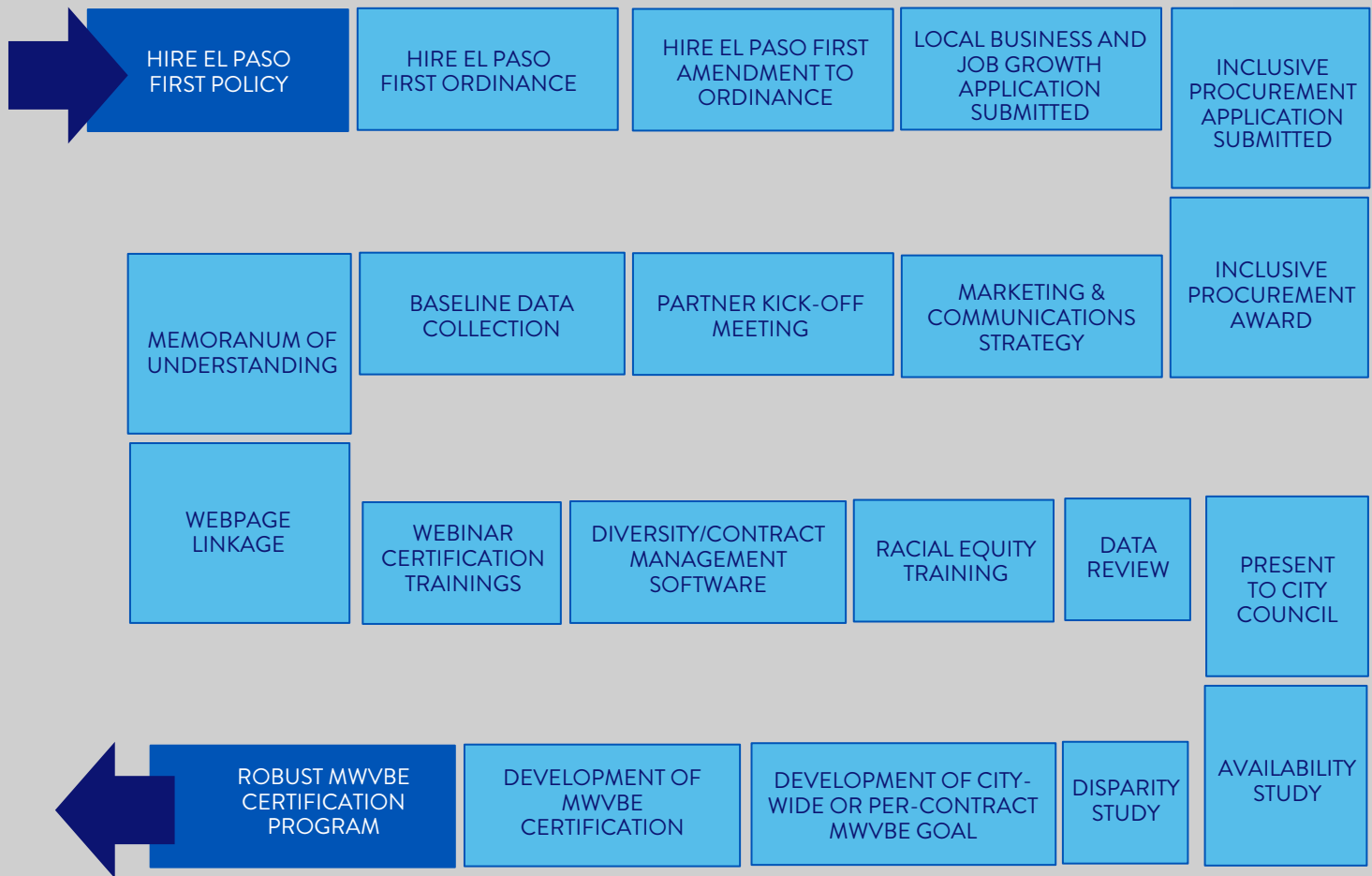
In alignment with the City of El Paso's Strategic Plan, Goal 1: Cultivate an Environment Conducive to Strong, Sustainable Economic Development and Goal 6: Set the Standard for Sound Governance and Fiscal Management, the City El Paso examined steps in being intentional in creating a more equitable and inclusive business environment. Meeting the City's goal required (a) an analysis of diverse companies in the area and their collective history in the marketplace, (b) a strategy for training and community engagement, and (c) partnerships with El Paso's strategic partners, Community of Excellence. The City divided the work into five phases:

- Phase I – Connecting Resources, Strengthening Strategies & Building Momentum
- Phase II – Community Engagement & Strategic Training
- Phase III – Project Data Analysis
- Phase IV – Availability & Disparity Study
- Phase V – Program Implementation



This City has never had a disparity study or Minority and Women Owned Business Enterprise (MWBE) program, so they felt that embarking on these initiatives was critically important in establishing a foundation for moving forward. The following roadmap helped to guide El Paso's team of City officials as they planned and executed proposed changes in support of inclusion issues:

## WHERE WE ARE & WHERE WE ARE GOING



With the support of the City Accelerator grant and an interlocal agreement with the University of Texas at El Paso, the cohort team conducted a business survey to collect baseline data on local vendors. Leveraging the survey data, the City of El Paso conducted webinars espousing the benefits of MWBE certification and the purchase of contract management software to further support the work of ensuring diverse contracting.

In addition, in collaboration with People’s Institute for Survival and Beyond, virtual racial equity trainings were offered for the El Paso community to identify and address, among other things, some of the root causes of issues faced in communities around the nation.

The City has already executed memorandums of understanding (MOUs) with Small Business Development Center and Procurement Technical Assistance Center – both part of the El Paso Community College, El Paso Hispanic Chamber of Commerce, El Paso Chamber of Commerce, Southwest Minority Supplier Development Council and U.S. Small Business Administration to increase community and marketplace engagement for vendors. Looking forward, in an innovative use of technology, the team hopes to link its procurement page on the City’s website with the respective webpages of the partnering organizations.





## PITTSBURGH, PA KEY TOOLS



The Goal: Increase Diverse Business Participation through Outreach

The Environment: Race-Neutral

The Challenges: COVID-19 Social Distancing; Alignment with Other Departments; City Code Requirements

What Worked: Process Review; Virtual Outreach; Technical Assistance

Next Steps: Procurement Forecasting; Anchor Partnerships

During their tenure in the City Accelerator from June 2019 to June 2020, the City of Pittsburgh released its Buying Plan and published two updates to give potential vendors news of upcoming opportunities. Pittsburgh reached out to officials behind Chicago's buying plan (profiled on page 43 in [Culture, Collaboration, and Capital](#)) to learn lessons from their process. The City's Office of Management and Budget worked with 19 departments to develop a 12-month outlook of upcoming contracting needs and merged the list with their list of recurring procurement contracts to develop their 2020 forecast.

The Buying Plan consolidates information about coming opportunities from other City agencies - including, Pittsburgh Parking Authority, Water & Sewer Authority, Sports & Exhibition Authority and Urban Redevelopment Authority on a quarterly basis saving potential vendors time from searching multiple websites. Vendors can access new resources to help them navigate the bidding process through recently released online informational videos.

At the time of when the team piloted the process, Pittsburgh’s City Accelerator team partnered with the Law Department to pilot an electronic signature process after discovering how onerous the process was to MWBE. Based on feedback from business owners, the city implemented DocuSign. When City Hall shut down for Covid-19, the City was able to continue executing contracts and avoiding administrative business interruption because they had already been using DocuSign regularly. This administrative change led to 470 contracts– an increase of 50 percent. Furthermore, the contract execution duration time dropped from roughly two-and-a-half months to 21 days. This was a significant improvement for many small MWBE vendors and attractive to potential vendors. When the length of contract execution is indefinite, business owners cannot plan on what equipment, supplies, labor, inventory or anything else they need to complete their scope of work.

Pittsburgh also tackled low MWBE participation rates in its public contracting and procurement through two more initiatives. First, the city implemented a pair of pre-bid tools – vendor outreach marketing and venture, teaming, and mentor-protégé relationships. A database of sub-prime contractor lists was the second effort. This database, which consists of MWBE with the capacity to handle large projects as they come available, is the first time departments across the city have access available vendors to fulfill contracts from landscaping to IT.







## KANSAS CITY, MO KEY TOOLS



The Goal: Pipeline to Procurement that Reflects the Diversity of the Community

The Environment: Transitioning

The Challenges: Decentralized Procurement; Certification Difficulty; COVID-19

What Worked: Needs Assessment; Anchor Partnerships; Vendor Outreach

Next Steps: Forecasting Procurement; Revamped Certification

Kansas City focused on increasing equity in doing business with the City by making administrative and process changes in the areas of supportive services and technical assistance. The most common complaints amongst Minority Business Enterprise (MBE) firms is that they were not aware of contracting opportunities or that a Business License is required to become a vendor with the City. The team focused their efforts on addressing these concerns by examining opportunities in their own processes that could help entrepreneurs become contract-ready and building virtual tools to aid.

With the support of City Accelerator resources, the team leveraged a technology firm called Emgage, already in their Startup In Residence (STiR) program, to examine the current MBE certification process with the City of Kansas City.

In addition to recognizing that several City offices and online platforms dealing with procurement were decentralized, examining the certification process produced 13 recommendations about how to get the most out of the program.

The following are among the top suggested solutions that the City is implementing:

- An opportunity explorer tool allowing the pre-offer viewing of all bids and solicitations as well as a match to current opportunities; the ability to perform deep search in packages to find subcontract opportunities for certified businesses
- A mobile end-to-end business certification tool allowing businesses to quickly upload all required certification or recertification information on a mobile device or desktop
- A contract utilization, closeout and collaboration tool that allows prime and subcontractors to enter utilization information to comply with reporting requirements; solution would allow primes and subs to interact, while helping with invoicing, notifications, and other required reporting

Alongside Emgage, Kansas City enlisted the help of another technology firm called Qwally, already in their Startup In Residence (STiR) program, to add new virtual tools for MBE business registration, permitting action plans and zoning requests for obtaining a business license. Registration, permitting and licensing support was necessary to get micro-businesses contract and capital relief ready especially during the COVID-19 pandemic. Providing resources for pandemic relief called for overall enhancements to KC BizCare, the City's small business assistance office. Enhancements to their virtual one stop shop centralized resources for local entrepreneurs to become licensed with the City.

Looking forward, Kansas City continues to focus on centralizing supportive services resources through its digital platforms. These platforms will work hand-in-hand enabling KC BizCare to develop virtual checklists for vendors to register or become certified with the City, connect vendors to chambers of commerce led by people of color and business association and link local businesses to professional service providers for one-on-one technical assistance and "back office" among other needs vital to their success.





## SOUTH BEND, IN KEY TOOLS



The Goal: Address the Racial Wealth Divide through Entrepreneurship

The Environment: Transitioning

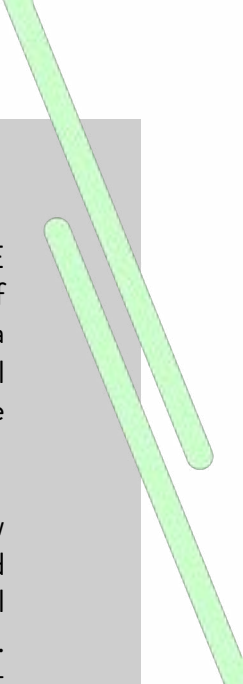
The Challenges: Waiting to Release Disparity Study; COVID-19; Funding Barriers for Diverse Vendors

What Worked: Financial Supportive Services; Goal-Setting; Breaking Up Large Contracts

Next Steps: Procurement Forecasts; Goal-Setting from the Disparity Study

While awaiting the public release of their disparity study, South Bend officials discovered that they were able to find a path to creating more inclusive procurement practices without relying on findings from the study.

South Bend utilized \$600,000 of the City's general fund to de-risk CDFI lending to MWBE and non-certified firms that missed out on conventional financing opportunities. The City ensured that MWBE were paired up with representatives from lending institutions and acted as a liaison between the two. Even though aid initially was targeted for non-certified companies, certified companies eventually became eligible with the caveat that the team would review its list of MWBE to determine the most appropriate candidates.



A City ordinance was passed providing the ability to set race-conscious goals for MWBE contracting— an initial step to codify changes to improve procurement inclusion. The language of the ordinance specifically states the City’s goals of creating a “healthy eco-system” and not being a “passive participant in discrimination in the private sector.” The policy also created the Small Local Emerging Business Enterprise designation and unbundles contracts where there are at least three respondents capable of doing smaller portions of the work.

With these elements in place, the team used City Accelerator grant funds to implement a new contract compliance system. With the help of this contract compliance system, the City sponsored training and outreach for MWBE on the procurement process. They developed a registry of all small and emerging businesses to help primes find subcontractors and pay them in a timely manner. The system also tracks the use and impact of City funds, tax abatements, and community benefit agreements. Monitoring Section 3 workforce use is now possible by mapping major projects of more than \$150,000 with the aim of undoing financially restrictive legacy governmental policies, such as redlining.

Looking forward, with more than \$1.8 billion in combined contracting and procurement spending from the top 10 employers in the City available to leverage, South Bend aims to create, stabilize, and scale MWBE to participate in private sector procurement opportunities, within HUBZones (historically underutilized business zones), and South Bend Opportunity Zones using a Community Benefit Agreement.



## MINNEAPOLIS, MN KEY TOOLS



The Goal: Cultural Change and Accountability for Diverse Spending

The Environment: Race-Conscious

The Challenges: Civil Unrest; Pandemic Response; Emergency Procurement Policies

What Worked: Vendor Outreach; Sheltered Market; Process Review and Procurement Education

Next Steps: Continue Increasing Contract Spending with Minority/Women-owned Business Enterprises (MWBE)

Minneapolis' emergency response to the social unrest, COVID-19 pandemic, and extensive clean-up and repair project needs across the City eclipsed many of the efforts accomplished by the procurement team in the City Accelerator prior to April 2020.

Still, Minneapolis took decisive action on critical equity and access issues within the City's Emergency Procurement Regulations and implemented a new vendor management software system during this critical time period.

To further respond to community calls for racial justice, City Procurement drove a culture change that included internal data-driven accountability measures for diverse spending and the encouragement and support of a greater number of MWBE firms in doing business with the City.

To this end, the cohort team used City Accelerator grant funds to prepare and conduct an inclusive procurement training curriculum for city staff responsible for making contract award decisions. The curriculum provided historical and legal context, award navigation and negotiation procedures, and diverse spending accountability and expectations. The team also established regularly scheduled virtual vendor training labs where prospective vendors could meet with departmental staff regarding future opportunities and receive guidance about the RFP submission process, insurance and bonding and writing capability statements to better match with community and City expectations.

In the throes of a worldwide pandemic, social unrest and property damage throughout the City, Minneapolis still succeeded in increasing contract spending with MWBE by 36% and 37%, respectively.

	TOTAL SPEND WITH SBES	TOTAL SPEND WITH MWBES
2017	\$24,525,877	\$1,261,993
2018	\$25,887,636	\$2,201,753
2019	\$35,493,827	\$2,988,325

Minneapolis has experienced more disruption due to social unrest than any other member of the cohort. Through it all, professionals within the City cohort team kept a laser-like focus on equitable procurement and the best practices and goals they set at the beginning. Participation in the City Accelerator allowed them to refocus resources and expand on the work already done.



## BOSTON, MA KEY TOOLS



The Goal: Improve Pathways For Diverse Businesses To Contract With Public Agencies

The Environment: Race-Conscious

The Challenges: Pandemic Construction Moratorium; Slow Pay; Decentralized Purchasing; Vendor Readiness; Certification Requirements

What Worked: Stakeholder Outreach; Procurement Forecasting

Next Steps: Process Review; Vendor Workshops; Online Vendor Portal

Members of Boston's Equity and Inclusion Unit and Planning and Development Agency identified challenges that included delayed vendor payments, decentralized purchasing, gaps in vendor readiness, and burdensome compliance requirements for race and gender conscious programs. Compounding these factors was the unexpected construction moratorium at the beginning of the COVID-19 outbreak which resulted in much smaller solicitations.

In response – and equipped with the 2019 Executive Order requiring all departments to meet with the Equity and Inclusion Unit to disclose and discuss upcoming procurements for the next fiscal year - the team formed an Inclusive Procurement Council made up of select members of City agencies which had the largest budgets and the most opportunity for discretionary spend. The team also created an Anchor Council consisting of select members from local anchor institutions who showed proven commitment to diversity and inclusion.

Together, the Anchor Council informed the Inclusive Procurement Council while participating City agencies developed and executed equitable forecasting plans and procurement opportunities for MWBE. This positioned MWBE to have a seat at the table while decisions are being made rather than finding out after the fact. This also gave the Equity and Inclusion Unit a valuable opportunity to work directly with other City departments as they developed their budgets.

Along with executive order from the Mayor's Office, the Equity and Inclusion Unit was given the additional power to require engagement from other City departments. Learning from Los Angeles' work in the first inclusive procurement cohort, and heeding guidance from fellow cohort cities such as Nashville, the team centralized authority over the procurement process in collaboration with the Director of Contract Compliance. The new Chief Equity Officer role for the City of Boston adds further capacity and authority.

Four new positions have been approved to support this work in the Equity and Inclusion Unit and an RFP for a new vendor management system has been issued. This new software will provide tremendous improvements in tracking and monitoring the subcontracting spend of prime contractors and the City.

Boston will continue to codify the inclusive procurement process and broaden its visibility and accessibility with the following actions:

- Departmental guidance in creating clear RFP and outreach language, and additional legislation defining responsible bidders and sub-bid requirements
- Updated certification aligning with state and federal certification programs
- Certification workshops to streamline the pathway to willing and able vendors
- A supplier portal with easier methods of identifying as MWBE
- Enhanced outreach through certification; Office Hours.





## CLEVELAND, OH KEY TOOLS



The Goal: Increase Diverse Firm Capacity

The Environment: Race-Conscious

The Challenges: Vendors' Bonding Capacity; Large Projects; Stale Data

What Worked: Breaking Up Large Contracts; Small Business Program Support; Technical Assistance

Next Steps: Conduct a Second Disparity Study

In a race-conscious and politically favorable environment, codifying policies for equitable procurement creates long-lasting impacts for city administrations and underutilized businesses. This is what Cleveland did when Mayor Frank Jackson and the City Council updated the city ordinance and business code to expand its equity agenda in 2019. Fifty years since Mayor Carl Stokes was elected as the first Black mayor of a major US City, under Mayor Jackson's leadership, a city-wide collaboration continued to carry out his agenda for progress.

The 2019 ordinance and business code established at least three ways for increased Small Minority-owned Business Enterprises (SMBE) participation: the Vendor Self Service program, a Small Contractor's Rotation Program (SCRIP) and a Very Small Business certification for businesses that generate less than \$3 million over a three-year period. Using forecasting data, a collaboration led by the Mayor, the Office of Equal Opportunity and the Divisions of Public Affairs, Public Works, Purchasing and Finance identified specific subcontractor opportunities in the categories of landscaping, snow removal, title insurance, general carpentry, and painting. They unbundled these contracts to give SMBE much needed experience (as we noted that Los Angeles did in Culture Capital and Collaboration) to develop their capacity to take on larger contracts.

Cleveland's SCRP is a good example of a replicable program for increasing capacity through unbundling contracts for jurisdictions, regardless of whether a disparity study has been done or not. Cleveland's SCRP opens opportunities to SMBE specifically in the electrical, painting, lead abatement, and flooring and carpeting industries on projects of less than \$50,000. Contracts below this price threshold require less evaluation and have a separate certification. Participating SMBEs are placed in a rotation based upon lowest and best bidding, i.e., a winning contractor moves to the bottom of the rotation once the job is done. As contractors continue to perform well on the smaller work orders, they build a good reputation within the city network. In addition, the city provided classes in marketing, estimating, financing, bonding and more for participating vendors while they were experiencing consistent cash flow through their participation in the program. Cleveland also implemented another recommendation from our [guide](#). Similar to the City of Memphis, the city sped up payments to vendors, particularly in this rotational system, to a 45-day turnaround.

The SCRP attracted significant participation in its initial launch, fulfilling the goal of increasing opportunities for small and underutilized local firms. The SCRP also inspired other City departments to participate. For example, Cleveland explored unbundling fleet repair contracts so that more Black, Latinx, Asian, and Indigenous mechanics in Cleveland can work on police vehicles. What makes this effort a quintessential City Accelerator result is that it was piloted on a small scale and now has the potential to become business as usual citywide to achieve racially equitable outcomes.





## HOUSTON, TX KEY TOOLS



The Goal: Increase Equity and Attract More Diverse Businesses

The Environment: Race-Conscious

The Challenges: Procurement Process Awareness; Vendor Engagement

What Worked: Needs Assessment; Process Reform; Outreach

Next Steps: Increase Diverse Business Participation as Prime Contractors

In the fourth largest city in the United States, there are between 2,000 and 4,000 available MWBE contractors that City of Houston officials characterize as chronically underutilized. To meet their goals of establishing more inclusive procurement practices, increasing diverse bidders, and attracting more business enterprises on the prime and subcontractor levels, City leaders evaluated the contracting gap closely.

During their tenure in the City Accelerator, the City's Office of Business Opportunity (OBO) conducted three surveys that concluded in June 2020:

- a) A comprehensive survey to understand MBE procurement practices and entrepreneurs of color experience with the procurement process,
- a) an assessment of resilience to determine gaps in entrepreneurs of color ability to respond to the COVID-19 pandemic, and
- a) a financial assistance pulse check to determine how many businesses were able to successfully apply and receive funds from the Paycheck Protection Program loan program.



The findings of the comprehensive survey suggested that breaking up big projects (known as “unbundling”) would allow small and diverse firms to bid on and win more prime contractor opportunities, as lower bonding and insurance requirements would make it more manageable to “get their foot in the door.” Historically underutilized business owners also shared the perception that the City’s procurement process was sometimes difficult to understand. To actively address this issue, OBO leveraged the City Accelerator grant to enlist Early Morning Software; which developed an intuitive and engaging online procurement process training. Training modules include; a proposal plan checklist, contract terms and conditions for subcontractors, and structuring teams. An additional component of Houston’s efforts to attract historically underutilized firms was an update to the City’s online OBO website to increase transparency and concisely provide the latest information for business owners and would-be vendors. With more than 3,000 unique visitors since the updates were made, the forward-looking goal for the site is to provide frequent updates and communications to business owners and potential vendors.

According to the OBO, the findings of the resilience and financial assistance pulse check surveys found that “58 percent of respondents secured the U.S. Small Business Administration’s (SBA) Paycheck Protection Program (PPP) funds, yet only 40 percent found those funds to be enough. Of the 30 percent who secured the SBA’s Economic Injury Disaster Loan (EIDL), only 15 percent found those funds sufficient. In response to the grim outlook and results of the surveys, the City of Houston, led by OBO, took action to assist small businesses economically and financially impacted by the pandemic by creating the Small Business Economic Relief Program (SBERP). The program, with an initial allocation of \$15 million of Federal CARES Act funds, was presented to the Mayor and Houston City Council and was unanimously approved on July 28, 2020.”





## NASHVILLE, TN KEY TOOLS



The Goal: Achieving Equity through Inclusive Procurement Best Practices

The Environment: Race-Conscious

The Challenges: COVID-19; Vendor Capacity/Education

What Worked: Sheltered Market; Technical Assistance and Vendor Education

Next Steps: Streamlining Internal Processes; Improve Outreach

With the news in June 2019 of Nashville's selection to the City Accelerator, the City's official announcement touted a goal of becoming "the most equitable city in America"<sup>2</sup> through the adoption of best practices in inclusive procurement. Metro Nashville focused on helping prime contractors understand the capabilities and benefits of working with MWBE who often face difficulties obtaining contracts because of an unfair reputation for not being able to perform.

With their goal of equity in mind, Nashville created a multi-tiered business capacity development program and a comprehensive communications and outreach strategy that focused on ensuring that business owners were included in the evaluation of the equal business opportunity initiative. To this end, the City engaged potential MWBE contractors and current predominately white prime contractors into the conversation about more inclusive hiring practices within government.

The Nashville team also utilized their City Accelerator resources to hire an MBE firm to develop a three-track training program about Metro Government's inclusionary procurement program, with training modules that were developed and delivered first to MWBE, then to Metro staff, followed by policy makers. By enabling firms to easily access, understand, and navigate the entire procurement process, the hope was that MWBE would see equity and inclusion as central tenants of how Metro Government does business. Moving forward, Nashville's comprehensive outreach and communications strategy streamlines internal processes to increase access and developed standardized marketing materials that can be mobilized more quickly and efficiently.

Finally, in response to the COVID-19 outbreak, the Metro Government adopted the Small Business Reserve Program which creates a pool of vendors in construction, arts and entertainment, and professional services that have applied and been approved for certification to do business for solicitations less than \$250,000. For projects below that price threshold, if there are at least three approved firms, they will be sent the solicitation. If no available firms respond to the request, the solicitation is open to a broader pool. This provides eligible firms with an opportunity to compete for smaller projects against firms similar in size, rather than larger businesses. An increase in outreach and opportunity through avenues such as the Small Business Reserve Program will help to improve MWBE participation in public contracting.





## PHILADELPHIA, PA KEY TOOLS



The Goal: Grow the City's Economy Equitably

The Environment: Race-Conscious

The Challenges: COVID-19 Business Closures; Vendor Communications; Lack of Departmental Awareness

What Worked: Process Review; Monitoring Procurements; Vendor Outreach

Next Steps: Improving Based On Results Of The Disparity Study And Needs Assessment

When Philadelphia was selected to join the City Accelerator, Mayor Jim Kenney acknowledged that the City was experiencing great momentum and economic success, but that this success came with the responsibility of boosting Minority, Women, Disabled-owned Business Enterprises (M/W/DSBE) participation. During their participation in the City Accelerator, the City encouraged these enterprises to bid for contracts, streamlined the bidding process, and added external support for underutilized businesses – all while building a community of anchor institutions to advise and help cultivate more inclusive procurement outcomes.

Key to many of these efforts, the City issued Executive Order No. 1-21, signed by Mayor Kenney in January 2021, which institutes a number of changes to the City's antidiscrimination policy relating to the participation of M/W/DSBE in City contracts. Major changes included:

- Economic Opportunity Cabinet, convened by the mayor, that meets quarterly to provide guidance and accountability measures that will result in substantial improvement in departmental management of diverse participation in city contracts.

- The Office of Economic Opportunity's (OEO) authority to recommend the suspension of a departments' new spending if a department has not submitted an acceptable Compliance Plan setting forth their overall strategy for providing maximum opportunities for the participation of M/W/DSBE in a Department's purchasing/contracting programs.
- Consequences for departments failing to meet their benchmarks for annual purchasing/contracting with M/W/DSBE after two consecutive quarters as determined by the Chief Diversity, Equity and Inclusion Officer.
- A requirement that City departments report M/W/DSBE participation to OEO on a quarterly basis; this necessitated departments to be trained on the compliance system to understand how to accurately report their participation numbers.

To support these legislative changes, the City of Philadelphia removed siloes to facilitate greater cooperation and synergy internally and externally. Led by the Office of Economic Opportunity, a working group was created with four departmental units: Department of Procurement, Mayor's Office of Diversity, Equity, and Inclusion, Law Department and the Professional Services Contracting Unit. One result of this internal collaboration is contribution to an effective anchor strategy. For example, this working group is effectively connecting M/W/DSBE within OEO's Registry, a database of certified firms ready, willing and able to participate on City and quasi-public contracts, with opportunities to fulfill the local purchasing needs of large institutional buyers.

In addition to issuance of a new Philadelphia Anti-Discrimination Executive Order, the City established the Local Business Purchasing Initiative (LBPI) to strengthen local business preference. The intent of LBPI is to 1) make contracting more efficient for vendors and city departments, 2) improve access to opportunities, and 3) reinvest locally. The program makes it faster and easier to access public contracting opportunities for M/W/DSBE and requires City departments to solicit M/W/DSBE for these opportunities.



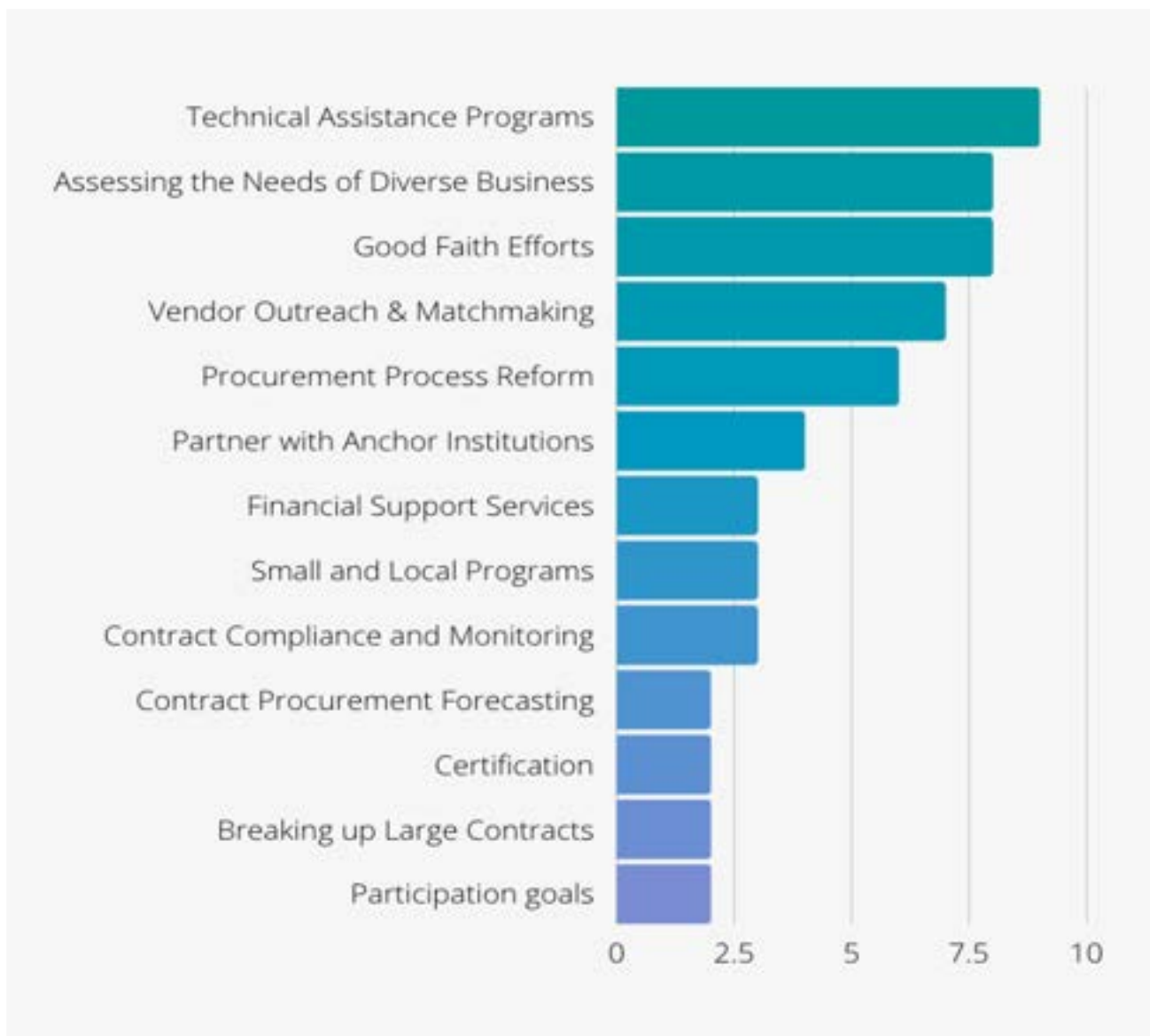
## CONCLUSION: WHAT DID WE LEARN?

Through our work with the 10 cities—Boston, Cleveland, El Paso, Houston, Kansas City, Minneapolis, Nashville, Philadelphia, Pittsburgh, and South Bend—the potential for advancing the work of procurement inclusion — even under extreme and unprecedented circumstances — serves as a beacon for cities encumbered by administrative or external limitations. As different as their cities, governments, and circumstances were, these 10 cities were brought together not just by the City Accelerator, but by a period of great change: a pandemic and a national reckoning the reinforced the need and value of their work in equity and inclusion. Those participating in the cohort learned that the pursuit of economic equity can continue without the explicit ability to implement race-conscious measures as some cities in the cohort were in environments where such a focus was not possible. The table on the next page shows that a majority of the solutions that cities adopted can be applied anywhere—with or without a disparity study, and are effective in increasing equity even in where a program already exists.

Instead of resigning themselves, their governments, and their cities to continued racial inequality, these City Accelerator cities showed creativity in their use of tools adopted from the previous cohort on Inclusive Procurement, bringing their city's unique character to each of their solutions and building from the ground up, including stakeholders, partners, and other government departments wherever possible to create sustainable cultural change.

The lessons learned during this cohort build on and add to the collective experiences of six years and 27 cities participating in City Accelerator. What exists now is a catalog of methods to build more inclusive procurement systems backed by proven tools for making change and a network of government professionals who know how to use them. The 10 cities that participated sought to move their respective public procurement programs in a direction that more closely reflects all of the firms capable of doing business with them. Truly equitable procurement process means that businesses of color and women owned businesses have as much of a chance of winning contracts as subcontractors and prime contractors as firms owned by male entrepreneurs of color.

## TOP INCLUSIVE PROCUREMENT TOOLS ADOPTED BY COHORT 6



Among their top lessons are the following:

- Access to capital is key, both at the inception of an inclusive procurement program and as it continues. Financing has an impact on retention and the survival of the Minority-owned Business Enterprises (MBE) involved in programs.
- Stretching budgets during emergencies can ensure that essential services and goods continue to be provided while also protecting the revenues of the firms that provide them.
- Reducing the size of some projects can give smaller companies an opportunity to compete in public procurement.
- Strategy must be integrated throughout government to be effective. Siloes do not work, and favorable outcomes are only possible through policy that is shared across all corners of a city (or county, or state) planning.

Buy-in and communication must be top-down, involving the highest levels of government to be successful. Once a program is made into policy, all those involved and impacted will look for leadership and support. Ensuring that messaging is passed down correctly is key to winning stakeholder support that can sustain the program.

Procurement professionals and city officials stand as the gatekeepers for economic equity in the public sector and have the opportunity to create a culture of inclusion that radiates out into the private sector, expanding networks and opportunities. The professionals participating in this City Accelerator were pushed, by nature of their respective circumstances, to find new and innovative ways to make city hiring practices fair for everyone. What each team discovered, both collectively and as representatives of their individual municipalities, will pay dividends for those respective governments. COVID-19 challenged this cohort, forcing them to stretch their ingenuity beyond the ordinary to keep open supply chains vital to the survival of each of the 10 cities, those essential and sometimes not-so-essential businesses, and the hundreds of thousands of residents depending on the symbiotic relationship between city and supplier. The accomplishments of this cohort will save lives and economies in the future.

These cities have shown, in some of the most dramatic social and political circumstances, that procurement inclusion can still be made a priority. By innovating and expanding on the guidance in the original Culture, Collaboration, and Capital guide emergent from the prior cohort, this cohort has illustrated the possibilities for progressive work in the area of inclusion and economic development in emergencies and, sometimes, without the factual predicate many believe is necessary to attempt effective inclusion efforts. The work documented from this group has pushed the roles of cities forward and provides a roadmap for those in various procurement and public sector roles faced with maintaining forward progress on equity and inclusion in daunting circumstances or times of crisis.





# GLOSSARY





Disadvantaged Business Enterprise (“DBE”) – In accordance with 49 CFR Part 26, the U.S. Department of Transportation defines a DBE as for-profit small business concerns where socially and economically disadvantaged individuals own at least a 51 percent interest and control management and daily business operations. African Americans, Hispanic Americans, Native Americans, Asian Pacific Americans and Subcontinent Asian Americans, and women are presumed to be socially and economically disadvantaged. Other individuals can also qualify as socially and economically disadvantaged on a case-by-case basis.

To participate in the DBE program, a small business owned and controlled by socially and economically disadvantaged individuals must receive DBE certification from the relevant state– generally through the state Uniform Certification Program (“UCP”). To be regarded as economically disadvantaged, an individual must have a personal net worth that does not exceed \$1.32 million. To be a small business, a firm must meet SBA size criteria AND have average annual gross receipts not to exceed \$23.98 million. Size limits for the airport concessions DBE program are higher. (See the link: <https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise/definition-disadvantagedbusiness-enterprise>).

Disparity Index (“DI”) – A disparity index is a measurement of disparity used in Disparity Studies calculated by comparing utilization percentages (by dollars) to the percentage of the total pool of firms in the relevant geographic and product areas. (The actual disparity derived as a result of employing this approach is measured by use of a Disparity Index.) The Disparity Index is defined as the ratio of the percentage of MWBE firms utilized (U) divided by the percentage of such firms available in the marketplace, (A):

Disparity Study (“Study”) – A factual predicate, or “compelling governmental interest” set forth in Croson to satisfy the first of two prongs of the strict scrutiny judicial review required of race based governmental programs.

Fiscal Year (“FY”) – The business year for City purchasing and accounting purposes. Traditionally measured either from July 1st – June 30th or from January 1 – December 31.

Good Faith Efforts (“GFE”) – The waiver process associated with MWBE goals program requiring documentation and verification of prime contractors’ efforts to act in good faith to engage minority and women businesses as subcontractors. Historically Underutilized Business (“HUB”) – Designated registration of a business owned and controlled by an individual or group of individuals who have at least 51 percent stake in ownership who identify in one of the historically underutilized businesses identified by that state, typically minorities and women; sometimes DBEs, Disabled, or Service-Disabled Veterans are included.

Minority Business Enterprise (“MBE”) – any for-profit business owned and controlled by an individual or group of individuals who identify with an ethnic minority group and have at least 51 percent stake in ownership in a business.

MWBE (collectively, also “Non-White businesses”) – For-profit businesses owned and controlled by individual persons or groups of individuals who have at least 51 percent stake in ownership and identify as either members of an ethnic minority group or Caucasian Women.

Non-MBE (also “Caucasian Male” or “White male”) – Any for-profit business owned and controlled by an individual person or group of individuals who have at least 51 percent stake in ownership and identify as either Caucasian males, is publicly traded, or no ethnic identification.

Overutilization – The measure in a disparity study by which the utilization percentage is higher than the availability percentage.

Parity – The absence of disparity, demonstrated by the utilization percentage being equal to availability percentage.

Prime Contractor – A business who has entered direct contractual relationship with a project owner to provide a good, service, or perform a scope of services.

Project Delivery Method (or “Delivery Method”) – system used by an agency or owner for organizing and financing design, construction, operations, and maintenance services for a structure or facility.

Public/Private Partnership (aka “P3”) – An alternative delivery method where a public entity and private entity agree to finance a portion of the project to completion.

Qualitative Analysis – Also known as anecdotal analysis. Referring to a measurement of quality (e.g., how good over how much). Typified through collection and analysis of anecdotal impressions, such as interviews, public hearings, focus groups, and other forms of commentary.

Quantitative Analysis – Commonly referred to as statistical data. Referring to a measurement of quantity over quality (e.g., How much over how good). Typified by analysis of mathematical or statistical modeling.

Race/Gender-Conscious – Any policy or programmatic response that takes race or gender into account in crafting a remedial action. For context, race/gender-conscious actions may be represented as MWBE participation goals on contracts.

Race/Gender-Neutral – Policy or programmatic responses which operate independent of race or gender consideration. For example, Small Business Enterprise (“SBE”) contracting goals are based on size and not racial classification.

Rational Basis Test – The fundamental legal basis for developing new programs or making fundamental changes to any existing programs.

Regression Analysis – Statistical measure used to determine whether the race, ethnicity, or gender status of a business owner are an impediment to contracting in the public and/or private sector and whether but for race or gender status, these firms would have the capacity to provide services.

Small Business Enterprise (“SBE”) – Any for profit business independently owned and operated with fewer than 100 employees and/or an average annual gross receipt of \$15 million or less, over the last three (3) tax years. In accordance with Small Business Administration standards (or a portion of these standards, otherwise identified by a government organization). The number of employees and the amount of gross receipts needed to qualify is contingent on local regulations and type of business. Strict Scrutiny – The highest level of judicial scrutiny used in determining constitutionality. “Strict scrutiny” review involves two co-equal considerations: First, the need to demonstrate a compelling governmental interest; Second, implementation of a program or method narrowly-tailored to achieve/remedy the compelling interest. The Croson case outlines the requirement for Strict scrutiny in race-based contracting decisions.

Subcontractor – A business which has entered a direct contractual relationship with a prime contractor to either provide a good or service or perform a full scope, or portion of a scope, of services.

Threshold Analysis – A measure of all contract awards disaggregated by contract size thresholds. This may demonstrate average or median contract size procured, total number of contracts let by size, or compare contracts awarded to various race and/or gender groups by size.

Utilization – A calculation of award, purchase order (“P.O.”) and/ or payment dollars to determine where and with whom expenditures are made to prime contractors and/or subcontractors.

Women Business Enterprise (“WBE”) – Any for profit business owned and controlled by an individual or group of individuals who identify as women and have at least 51 percent stake in ownership in a business. In many jurisdictions this group predominantly represents Caucasian women.

Work Assignments- Determination of work performed or capable of being performed using commodity codes (NAICS, NIGP, etc.) or descriptions. These may be broad categories (e.g., construction, services, goods) or specific trades (e.g. asphalt paving or janitorial services).

Underutilization – The measure in a disparity study by which the utilization percentage is identified as lower than the availability percentage and the Disparity Index (“DI”) is less than 1.00. A finding of underutilization is required by any disparity study prior to administering a race-conscious program.



# **CITY ACCELERATOR**