

CITY OF NEW YORK

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

Annual for Fiscal Year 2021

Compliance Report covering July 1, 2020 – June 30, 2021

**Victor Olds
City Chief Procurement Officer
Mayor's Office of Contract Services
255 Greenwich St., 9th Floor
New York, New York 10007**

**Jannel Doris
Commissioner
NYC Department of Small Business Services
1 Liberty Plaza, 11th Floor
New York, New York 10006**

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Introduction

This report describes the City's efforts to ensure minority and women-owned businesses have greater access to public contracting opportunities. The reporting period covers program accomplishments for Fiscal Year 2021 (July 1, 2020 – June 30, 2021). 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 M/WBE section of the [2021 Citywide Indicators Report](#) published by MOCS¹, 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 prime contracts that were registered during FY 2021, and approved subcontracts with a start date in FY 2021, including procurements that were solicited before LL 1 became effective and are subject to LL 129.² The City's M/WBE program is led by J. Phillip Thompson, Deputy Mayor for Strategic Initiatives and Citywide M/WBE Director, and administered in partnership with the Mayor's Office of M/WBEs (OM/WBE), 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. During FY 2021, M/WBEs were awarded approximately \$927 million in prime contracts subject to the M/WBE program and over \$260 million in eligible subcontracts. The City achieved a combined prime and subcontract utilization of 25.3%. The report demonstrates that the City and its agencies made substantial progress towards achieving citywide goals in FY 2021.

Expanding the Base of Certified Firms

SBS continues to increase the participation of M/WBE firms in City contracting by expanding its base of

¹ 2021 Citywide Indicators Report Appendices (<https://www1.nyc.gov/site/mocs/partners/m-wbe-appendices.page>)

²LL 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.

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. The NYC Online Certification Portal (<https://sbsconnect.nyc.gov/>) 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 began increased access to certification information for business owners with limited English proficiency by translating certification webinars in 11 languages: Arabic, Bengali, Cantonese, French, Haitian Creole, Korean, Mandarin, Polish, Russian, Spanish and Urdu. In FY 2021, SBS conducted 65 certification workshops for 1,103 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 Associations, 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 2020 and June 2021, SBS certified 1,342 new M/WBEs and recertified 897 M/WBEs, bringing the total number of City-certified companies to 10,665 as of June 30, 2021. 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 163 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 program criteria relies on individual and specific determinations of an applicant's disadvantage. As of June 30, 2021,

there were 28 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 \$2,277,475 in all types of prime contracts and subcontracts. SBS continues to strive towards increasing participation in the EBE program through a wide range of outreach efforts regularly conducted with businesses and community partners. Once increased participation in the EBE program is achieved, City agencies will have sufficient availability of certified EBE firms needed to set feasible contract goals.

Locally-based Enterprise Program

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

As of June 30, 2021, there were a total number of 19 LBE certified firms. 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 \$7,164,400 in all types of prime contracts and subcontracts.

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, an M/WBE must understand the City's procurement rules and how to 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 2021, SBS held a total of 69 workshops attended by a total of 2,065 participants to help M/WBEs build knowledge and understanding of the City's procurement rules, City's procurement portals, how to effectively respond to solicitations, and best practices in contract management.

Also, during the reporting period, 1,758 firms were supported through 3,088 instances of one-on-one technical assistance for submitting the most competitive bids and proposals, navigating government procurement, and successfully performing on contracts with the City.

SBS also works with the New York City Council through the M/WBE Leadership Associations 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 63 events, provided 1,446 one-on-one assistance sessions, assisted with 396 loan applications, and awarded 225 loans to M/WBEs.

Capacity Building

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

Bond Readiness provides 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 offers a 12-session cohort conducted over 24 weeks that provides classroom instruction, agency participation, 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, while applying for pre-approval for bonding during the

program. During the reporting period, there were 18 graduates in the program representing 14 unique firms.

Bonding Services provides certified construction and trade companies with access to six-hour QuickBooks for Construction clinics, webinars and one-hour one-on-one bonding assistance sessions to assist firms with, respectively, organizing their bookkeeping and accounting practices and preparing applications for bonding, understanding surety bond application preparation concepts, in order to compete for larger City contract opportunities. During the reporting period, there were 13 QuickBooks Clinic series events with 312 participants, and 74 firms participated in 174 one-on-one bonding assistance sessions.

The **M/WBE Mentors Program**, which officially launched in January 2021, is designed to create opportunities for peer mentorship and networking amongst NYC-certified M/WBEs. Through an event series, founders representing a variety of industries and backgrounds serve as Mentors to less experienced M/WBEs. By mining their own experiences for advice, these mentors provide the insight their peers need to chart their own path of growth through government contracting. During the reporting period, there were 8 M/WBE mentor events with 757 participants.

Strategic Steps for Growth is an eight-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. The program provides participants with a new professional network, including business experts, university professors, and other business owners, and offers guidance for every aspects of business operations as well as a focus on capacity building for City and government contract opportunities for the enrolled M/WBEs. Participants learn the strategic skills needed to run a growing company and create a custom, three-year growth plan for their businesses. In July of the reporting period, thirteen M/WBE firms graduated as part of the 2019-2020 cohort.

New York City Economic Development Corporation and SBS launched the **Contract Financing Loan Fund** ("Loan Fund") in FY 2017. The Loan Fund enhances the ability of business owners to access the capital they need to win, take on and perform successfully on NYC contracts, and reduces the cost of capital to a 3% annual interest rate³. During the reporting period, 29 loans of \$6,454,909 were awarded through the Loan Fund.

³ During the Governor's declared State Disaster Emergency, the interest rate was been reduced to 0% for eligible applicants.

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 OM/WBE conduct agency training sessions at the Citywide Training Center and specific trainings at agency offices. During FY 2021, 477 procurement professionals from 44 agencies attended 11 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.

In the reporting period, the Director of the City's M/WBE program, Deputy Mayor for Strategic Policy Initiatives J. Phillip Thompson and M/WBE Senior Advisor and Director of the Mayor's Office of M/WBEs Magalie Austin 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 quarterly meeting was held on September 17, 2020 and was attended by 146 attendees representing 40 agencies. The second quarterly meeting was held on December 4, 2020 and was attended by 145 attendees representing 43 agencies. The third quarterly meeting was held on March 18, 2021 and was attended by 128 attendees representing 44 agencies. The last quarterly meeting was held on June 17, 2021 and was attended by 144 attendees representing 48 agencies.

Qualified Joint Venture Agreements

There were two contracts subject to the M/WBE program awarded to a qualified joint venture during the reporting period.

Industry	Total Contract Value	# of contracts	Ethnicity	Value to M/WBE	%
Professional Services	\$5,731,296.00	1	Male-Owned MBE - Asian	\$4,011,907.20	70
Construction Services	\$742,876.00	1	Male-Owned MBE - Asian	\$378,866.76	51%

Efforts to Reduce or Eliminate Barriers to Competition

To make it easier to do business with the City, agencies are required to post all competitive solicitation materials on 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.