

**CITY OF NEW YORK**

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

**Annual Report for Fiscal Year 2015**

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**Compliance Report covering July 1, 2014 – June 30, 2015**

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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 2015 (July 1, 2014 – June 30, 2015). 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 2015, including procurements that were solicited before LL 1 became effective and subject to LL 129.<sup>1</sup> 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 2015 M/WBEs were awarded \$397 million in prime contracts subject to the M/WBE program, and \$75 million in eligible subcontracts. The report demonstrates that in FY 2015 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

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<sup>1</sup> 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. In February 2015, SBS launched the [NYC Online Certification Portal](#), an online portal enabling M/WBE firms to certify and recertify online, check the status of applications, and update their business profiles to better promote themselves to buyers. SBS also regularly conducts classes to educate small businesses on the certification process and application requirements. During FY 2015, SBS conducted 31 certification workshops for 503 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. In FY 2015, SBS certified 620 new M/WBEs and recertified 383 M/WBEs, bringing the number of City-certified companies to 4,115 as of June 30, 2015. 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 155 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<sup>th</sup>, 2015, 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. Accordingly, there were no awards to EBEs during FY 2015.

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. With the support of the Council, we have worked to ensure that M/WBE goal requirements are attached to as many contract opportunities as possible.

During FY 2015, SBS certified 18 firms as LBEs, bringing the total number of LBE certified firms to 27 as of June 30<sup>th</sup>, 2015. Many of our LBEs are also certified as minority and women-owned businesses and can be considered for targeted subcontracting opportunities on City construction projects with M/WBE goals.

During the reporting period, LBEs were awarded a total of \$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 SBS' Online Directory of Certified Businesses ([www.nyc.gov/buycertified](http://www.nyc.gov/buycertified)) and other City procurement systems. In FY 2015, SBS worked with 464 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.

During the reporting period, 376 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 one-on-one sessions for 154 firms. Additionally, in FY 2015, 293 companies attended SBS' "Technical Assistance" monthly workshops that provide targeted M/WBE industry groups comprehensive techniques on government contracting.

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. In FY 2015, member organizations sponsored 88 events and provided 1,153 one-on-one assistance sessions.

During FY 2015, SBS held two Citywide Procurement Fair events, helping to connect New York City minority and women-owned businesses to public and private contracting opportunities and other resources.

On November 13<sup>th</sup>, 2014, Mayor Bill de Blasio kicked off the 8th Citywide Procurement Fair with remarks, along with Counsel to the Mayor and M/WBE Program Director Maya Wiley, SBS Commissioner Maria Torres-Springer, and MOCS Director Lisette Camilo. More than 600 certified M/WBEs attended the fair with purchasers from more than 70 City and State agencies and public authorities, as well as several private-sector companies. The fair offered eight Opportunity Rooms where participants could learn about current and upcoming contracting opportunities.

On June 4<sup>th</sup>, 2015, SBS hosted the 9th Citywide Procurement Fair at BNY Mellon. SBS Commissioner Maria Torres-Springer opened the event, followed by remarks from Counsel to the Mayor and M/WBE Program Director Maya Wiley, and MOCS Director Lisette Camilo. Over 700 certified M/WBEs attended the event, along with procurement representatives from more than 80 City and State agencies and public authorities, and several private sector companies. The fair offered twelve Opportunity Rooms where participants learned about current and upcoming contracting opportunities, and two workshops: “How to Market Your Business Using Social Media” and “Accessing Capital”.

## **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 relating 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 the reporting period, SBS facilitated twenty loans totaling \$1.2 million to 16 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. Twenty-two M/WBEs graduated from the 2014-15 cohort of Bond Readiness in May 2015.

**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. Eighteen M/WBEs graduated from the 2014-15 cohort of NYC Construction Mentorship in May 2015.

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. In partnership with American Express OPEN, the division of American Express that provides assistance to small business owners, SBS offers a series of workshops and webinars that review different types of teaming arrangements, financial and legal issues, responding to RFPs and bids and marketing to potential partners. The 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 one webinar with seventeen attendees and four workshops attended by 124 participants.

The **Corporate Alliance Program (CAP)** helps connect firms with contracting opportunities in the private sector in collaboration with ten 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 six workshops related to corporate procurement and contracting opportunities attended by 263 businesses.

**Strategic Steps for Growth** is a nine-month executive education program designed for M/WBEs, offered in partnership with the Berkley Center for Entrepreneurship & Innovation at the NYU Stern School of Business. 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 & 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 the reporting period, thirteen M/WBEs graduated from the 2014-15 cohort.

SBS and the Department of Housing Preservation and Development (HPD) co-sponsored 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. Twenty-eight firms graduated from the 2014-15 cohort of the HPD Building Opportunity Program in April 2015.

### **Program Compliance**

To ensure that all agency staff responsible for purchasing activities are familiar with 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 2015, 444 procurement professionals from 26 agencies attended 15 classes. 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 for contracts under \$100,000.

In the reporting period, SBS finalized the compliance audits of 5% of prime contracts subject to participation goals awarded in FY 2012 and FY 2013, and 5% of subcontracts awarded to M/WBE firms during the same period. Fourteen prime contracts and twelve subcontracts were audited for the FY 2012 period, and fourteen prime contracts and ten subcontracts were audited for the FY 2013 period. The findings from the audits were reviewed and shared with the selected agencies to ensure continued compliance with the program requirements by both City agencies and prime contractors. Additionally, SBS began the first audit of 5% of prime contracts subject to Local Law 1 awarded in FY 2014, and 5% of subcontracts awarded to M/WBE firms during the same period.

LL 1 created the position of "Director" to perform enhanced oversight functions. As required by the law, Director Maya Wiley convened four quarterly M/WBE compliance meetings with agency M/WBE officers and commissioners to discuss M/WBE utilization and agency initiatives to increase performance: on September 30, 2014, attended by 49 staff members representing 20 agencies; on December 5<sup>th</sup>, 2014,

attended by 55 staff members representing 25 agencies; on March 25<sup>th</sup>, 2015, attended by 56 staff members representing 25 City agencies; on June 24<sup>th</sup>, 2015, attended by 59 staff members representing 23 City agencies.

### **Qualified Joint Venture Agreements**

There were no contracts subject to the M/WBE program awarded to qualified joint ventures in FY 2015.

### **Efforts to Reduce or Eliminate Barriers to Competition**

Since the implementation of the M/WBE program, the City has undertaken 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 third 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 in expediting their payment requests from prime contractors and City agencies.