

**CITY OF NEW YORK**

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

**Annual Report for Fiscal Year 2019**

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**Compliance Report covering July 1, 2018 – June 30, 2019**

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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 2019 (July 1, 2018 – June 30, 2019). 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 [2019 Citywide Indicators Report](#) published by MOCS<sup>1</sup>, 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 in FY 2019 and subcontracts approved in FY 2019, including procurements that were solicited before LL 1 became effective and are subject to LL 129.<sup>2</sup> The City's M/WBE program is led by J. Phillip Thompson, Deputy Mayor for Strategic Initiatives and Citywide M/WBE Director, and is administered in partnership with the Mayor's Office of M/WBEs, 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 2019, M/WBEs were awarded over \$715 million in prime contracts subject to the M/WBE program and approximately \$319.6 million in eligible subcontracts. The City achieved a combined prime and subcontract utilization of 23.6%. The report demonstrates that the City and its agencies made substantial progress towards achieving citywide goals in FY 2019.

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<sup>1</sup> 2019 Citywide Indicators Report Appendices (<https://www1.nyc.gov/site/mocs/reporting/indicators-appendices.page>)

<sup>2</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.

## **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 performance reporting. The NYC Online Certification Portal ([www.nyc.gov/certifyonline](http://www.nyc.gov/certifyonline)) allows M/WBE firms to certify and recertify online, check the status of applications, and update their business profiles to better promote themselves to buyers. In addition to the regular certification workshops, during the reporting period, SBS continued to hold one-on-one certification application review sessions. These sessions helped ensure that firms submitted complete and quality application packages, reduced delays, and increased the chances of obtaining certification. In FY 2019, SBS conducted 31 certification workshops and application review sessions for 330 businesses.

Various community partners help extend the reach of SBS certification outreach efforts. Businesses receive assistance in applying for certification from these organizations, including the New York City Council-funded community-based groups that comprise the M/WBE Leadership Association, and the SBS network of Business Solutions Centers located throughout the five boroughs. This helps to ensure a higher quality application, making the submission and the certification review process easier and simpler. Between July 2018 and June 2019, SBS certified 2,246 new M/WBEs and recertified 1,035 M/WBEs, bringing the total number of City-certified companies to 9,063 as of June 30, 2019. 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 225 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, 2019, there were 10 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 \$3,083,979 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.

During the reporting period, SBS certified and recertified 4 firms as LBEs, bringing the total number of LBE certified firms to 21 as of June 30, 2019. 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 \$4,369,136 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, M/WBEs must understand the City's procurement rules, the types of contracts, contract sizes, and how to interpret and respond to solicitations. M/WBEs must also maintain the most up-to-date information on their profile in the SBS Online Directory of Certified Businesses ([www.nyc.gov/buycertified](http://www.nyc.gov/buycertified)) and other City procurement systems. In FY 2019, SBS worked with 2,250 companies to help them understand the City's procurement rules, introduce them to NYC government contracting, explain the benefits of certification, and update their contact information and business profiles.

Also, during the reporting period, 727 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 1,174 one-on-one sessions. Additionally, in FY 2019, 668 companies attended SBS' Technical Assistance workshops that provided targeted training to different industries on government contracting techniques.

SBS also works with the New York City Council through the M/WBE Leadership Association to provide certified firms with more capacity-building services, including help applying for loans and surety bonds, preparing bids and proposals, and marketing to both the public and private sector. During the reporting

period, member organizations sponsored 115 events, provided 1,103 one-on-one assistance sessions, assisted with 123 loan applications, and awarded 93 loans to M/WBEs.

On June 11, SBS hosted the 13th Annual Citywide Procurement Fair at Columbia University, Alfred Lerner Hall to connect New York City Minority and Women-owned Businesses (M/WBEs) to public and private contracting opportunities and other resources. The event was attended by nearly 700 M/WBEs, and over 70 City, State agencies, public authorities and private-sector companies. The fair is part of Mayor de Blasio's historic commitment to supporting M/WBEs, including the goals to double the number of certified and re-certified M/WBEs to 9,000 by 2019, award at least 30% of City contract dollars to M/WBEs by 2021, and award \$20 billion in City contracts to M/WBEs by 2025.

## **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 two 8-week cohorts (Fall and Spring) that provide classroom instruction, 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, 34 individuals representing 30 unique firms in total graduated from the Fall and Spring cohorts.

**NYC Construction Mentorship** provides certified construction, trade and related professional services firms with education, training, and technical assistance to help them build capacity, better understand the City solicitation process, and strengthen business operations with the goal of bidding on City contracting opportunities. Beginning in FY 2018, the program began offering a new, condensed format in order to offer two 16-week cohorts per fiscal year. Each firm receives classroom instruction and unlimited one-on-one mentoring, a business assessment, and an individualized three-year growth plan for their business. Firms are encouraged to bid on City contract opportunities where appropriate and are provided additional guidance

by MOCS and introductions to City agency personnel. During the reporting period, 62 individuals representing 58 unique firms in total graduated from the Fall and Spring cohorts.

**NYC Goods & Services Mentorship**, launched in FY 2017, now offers two 16-week cohorts per fiscal year, providing certified non-construction goods and services firms with education, training and mentoring to strengthen their businesses with a focus on bidding on City contracting opportunities. Each participating firm receives classroom instruction, unlimited one-on-one mentorship and technical assistance from subject matter experts, a business needs assessment, and an individualized three-year growth plan for their business. City agency reps meet participating firms and introduce them to their procurement practices and contracting opportunities. Firms are encouraged to bid on City solicitations where applicable and are guided by MOCS and other agency staff on best practices. During the reporting period, 54 individuals representing 54 unique firms in total graduated from the Fall and Spring cohorts.

**Next Level Services**, launched in FY 2018, is designed to provide graduates of SBS' and other mentorship programs and more mature stage certified firms looking to sell to NYC, with education, training and guidance through workshops, webinars, QuickBooks clinics, bonding conferences, and one-on-one counseling sessions. Services are offered in three categories: Construction, Bonding and Financial Management, and Goods & Services. The topics and services are designed to address the business challenges of firms who are at least three years in operation, generating revenues of at least \$300,000, and who have commercial and some public-sector project experience, and help them to successfully compete for City contract opportunities. During the reporting period, eleven QuickBooks clinics, nine webinars, seven workshops, and three bonding conferences were held, with a total of 350 attendees representing 257 unique firms. 87 Next Level Services one-on-one sessions were conducted engaging 50 unique firms.

The **Corporate Alliance Program (CAP)** helps connect firms with contracting opportunities in the private sector in collaboration with 16 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 one workshop as part of the "Navigating the Corporate Supply Chain" workshops series that provided 33 attending unique firms with connections to corporate partners and potential corporate contracting opportunities. Through the CAP/NYCEO M/WBE Mentorship Program, accepted M/WBE goods and services

firms are matched with a mentor and mentor group for an eight-month period, during which they work on specific growth goals for their businesses. Cohort firms also attend 2 – 3 learning seminars, one of which is a procurement panel of corporate partners. During the reporting period, eight unique firms graduated from the 4th cohort of the CAP/NYCEO M/WBE Mentorship Program for Goods & Services.

**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 aspect of business operations as well as a focus on capacity building for City and government contract opportunities for the enrolled M/WBEs and on private-sector opportunities for the enrolled media and entertainment firms. Participants learn the strategic skills needed to run a growing company and create a custom, three-year growth plan for their businesses. In the reporting period, eight 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** 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 rate. During the reporting period, \$8,081,340 had been awarded through the Loan Fund.

## **Program Compliance**

To ensure that all agency staff responsible for purchasing activities are knowledgeable about the M/WBE program and their agency's goals, SBS and MOCS conduct agency training sessions at the Citywide Training Center and specific trainings at agency offices. During FY 2019, 321 procurement professionals from 39 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 addition, OM/WBE led an Agency Chief Contracting Officer and M/WBE Officer training session on January 11, 2019 that was attended by 62 procurement professionals<sup>3</sup>.

During FY 2019, SBS completed the FY 2016 and FY 2017 LL1 Compliance Audit of 5% of all open City contracts for which subcontractor utilization plans were established and 5% of all open City contracts awarded to

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<sup>3</sup> See Appendix L for additional information regarding M/WBE Program Training for ACCOs and M/WBE Officers.

M/WBEs, during FY 2016 and FY 2017. Overall, 33 contracts were selected for FY 2016, 45 contracts were selected for FY 2017, and 19 were covered under the audit.

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 Mayor’s Office of M/WBE Jonnel Doris held four quarterly compliance meetings with agency commissioners and M/WBE officers to discuss utilization and agency initiatives to increase M/WBE performance. The first meeting was held on September 14, 2018 and was attended by 74 attendees representing 37 agencies. The second meeting was held on December 6, 2018 and was attended by 80 attendees representing 39 agencies. The third meeting was held on March 26, 2019 and was attended by 88 attendees representing 39 agencies. The last meeting was held on June 14, 2019 and was attended by 73 attendees representing 41 agencies.

### **Qualified Joint Venture Agreements**

There were four contracts subject to the M/WBE program awarded to a qualified joint venture in FY 2019.

<b>Contract Industry</b>	<b>Total Contract Value</b>	<b>Number of Contracts</b>	<b>Ethnicity</b>	<b>Value to M/WBE</b>	<b>Percent</b>
Professional Services	\$50,000,000	1	MBE-Asian	\$24,500,000	49%
Professional Services	\$16,188,910	1	MBE - Asian	\$7,285,010	45%
Professional Services	\$7,301,632	1	WBE-Caucasian	\$3,650,816	50%
Professional Services	\$7,301,632	1	MBE - Hispanic	\$3,650,816	50%

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

Since the implementation of the M/WBE program, the City continues to undertake a number of efforts to reduce barriers for M/WBEs and small businesses that are competing for contracts and currently doing business with the City. As mentioned above, SBS is operating a bond readiness program to help firms secure surety bonds for larger City construction projects. SBS launched the Bond Collateral Assistance Fund, funded with \$10 million, to help small businesses and M/WBEs secure surety bonds to perform on City Contracts. Since the program was launched, two collateral assistance awards have been made for a total of \$800,000.

To make it easier to do business with the City, agencies are required to post all solicitation materials through the City Record Online, allowing vendors to identify opportunities and download relevant materials from one

online location. SBS also continues to assist companies with expediting their payment requests from prime contractors and City agencies.