

# **CITY OF NEW YORK**

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

### **Annual Report for Fiscal Year 2020**

---

**Compliance Report covering July 1, 2019 – June 30, 2020**

**Daniel Symon  
City Chief Procurement Officer  
Mayor's Office of Contract Services  
253 Broadway, 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**

## Table of Contents

Introduction.....	3
Expanding the Base of Certified Firms.....	4
Emerging Business Enterprise Program.....	4
Locally-based Enterprise Program.....	5
Selling to Government.....	6
Capacity Building.....	7
Program Compliance .....	9
Qualified Joint Venture Agreements.....	10
Efforts to Reduce or Eliminate Barriers to Competition.....	10

## 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, 2019 – June 30, 2020). 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 [2020 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 2020 and subcontracts approved in FY 2020, 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 2020, M/WBEs were awarded over \$737 million in prime contracts subject to the M/WBE program and approximately \$396 million in eligible subcontracts. The City achieved a combined prime and subcontract utilization of 28%. The report demonstrates that the City and its agencies made substantial progress towards achieving citywide goals in FY 2020.

---

<sup>1</sup> 2020 Citywide Indicators Report Appendices (<https://www1.nyc.gov/site/mocs/partners/m-wbe-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 2020, SBS conducted 8 certification workshops and application review sessions for 73 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 2019 and June 2020, SBS certified 1,469 new M/WBEs and recertified 967 M/WBEs, bringing the total number of City-certified companies to 10,034 as of June 30, 2020. 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 99 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, 2020, there were 16 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 \$2,561,324 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 9 firms as LBEs, bringing the total number of LBE certified firms to 22 as of June 30, 2020. 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 \$4,201,624 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](http://www.nyc.gov/buycertified)) and other City procurement systems. During FY 2020, SBS held a total of 40 workshops attended by a total of 968 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, 1,624 M/WBEs were supported through 3,321 instances of one-on-one technical assistance on 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 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 97 events, provided 1,166 one-on-one assistance sessions, assisted with 199 loan applications, and awarded 93 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, 13 unique firms graduated from the program.

**Bonding Services** provides certified construction and trade companies with access to six-hour QuickBooks for Construction clinics 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, in order to compete for larger City contract opportunities. During the reporting period, 106 unique firms participated in 7 QuickBooks clinics, and 37 firms partook in 95 one-on-one bonding assistance sessions.

The **Corporate Alliance Program's (CAP) NYCEO M/WBE Mentorship Program** helps City-certified M/WBE goods and services firms build capacity through one-on-one and group mentoring and learning seminars. During an eight-month mentoring period, the Mentees work on specific growth goals for their businesses under the counseling of their Mentor and peer mentoring from their fellow group Mentees. Cohort firms also attend two to three learning seminars, one of which is a procurement panel of corporate partners. During the reporting period, 11 mentees graduated from the program's fifth cohort.

During the reporting period, SBS held three alumni events – two for construction programs graduates and one for goods & services programs graduates – designed to connect the graduates of the M/WBE capacity-building programs with each other, City agencies, prime contractors, and business experts. 29 graduates attended the Goods and Services Programs (NYC Goods & Services Mentorship and CAP/NYCEO Mentorship programs) Alumni Event, and 72 graduates attended the two Construction Programs (NYC Construction Mentorship and Bond Readiness programs) Alumni Events.

**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** 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, 31 loans of \$8,579,589 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 2020, 248 procurement professionals from 44 agencies attended nine 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.

During FY 2020, SBS completed the FY 2018 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 M/WBEs, during FY 2018. Overall, 61 contracts were selected for FY 2018, and 20 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 then M/WBE Senior Advisor and Director of the Mayor's Office of M/WBE Jonnel Doris held the first, second and third 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 12, 2019 and was attended by 84 attendees representing 39 agencies, the second quarterly meeting was held on December 16, 2019 with 77 attendees representing 38 agencies, and the third quarterly meeting held on March 19, 2020 was attended by 98 attendees representing 42 agencies. The final quarterly meeting was held on June 12, 2020 was attended by 102 attendees representing 42 agencies.

### Qualified Joint Venture Agreements

There were two contracts subject to the M/WBE program awarded to a qualified joint venture in FY 2020.

Industry	Total Contract Value	# of Contracts	Ethnicity	Value to MWBE	%
Construction Services	\$6,280,000	1	Hispanic Male- Owned	\$2,826,000.00	45%
Construction Services	\$33,500,000	1	Caucasian Female- Owned	\$17,085,000.00	51%

### 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.