



Division of Small Business Opportunity (DSBO)

ORDINANCE & UPDATES

Extension / BELT / Aspirational Annual Goals

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AGENDA

- I. Welcome & Introductions
- II. DSBO Ordinance Extension
- III. 2019 DSBO Priorities
- IV. Strategies to Achieve 2019 Priorities
 - *Community Engagement*
 - *BELT*
 - *Master Engagement Plan*
- V. 2019 Aspirational Annual Goals
- VI. Next Steps

II. DSBO ORDINANCE EXTENSION

OUR REQUEST

Extend the DSBO Ordinance for 8 months (Dec 2019) from the original sunset date of April 1, 2019, and approve other amendments.

PURPOSE

With the recent release of the Disparity Study data and recommendations from community, DSBO and partner agencies are finalizing agency utilization plans that will be implemented over the next two years, which may require changes to the ordinance and rules/regulations.

II. DSBO ORDINANCE EXTENSION TIMELINE

● **April 1, 2019:** Extend Ordinance for 8 months.

● **Apr – Oct:** Work with community to prioritize Ordinance, rules and regulations and policy/program changes that will be implemented in December 2019.

● **Dec 2019:** Make necessary changes to Ordinance and reauthorize DSBO program for 5 years. Continue making changes to Rules and Regulations and policy/programs.

II. DSBO ORDINANCE EXTENSION *continued*

IMMEDIATE ORDINANCE CHANGES – PROPOSED

Changing certification renewal from 1 year to 3 years

Reduces burden on small business to recertify every year and redistributes staff resources to certifying new firms.

Restructuring Goal Committees

Adheres to city's values around procurement practices and allows DSBO to set project specific goals based on data on the capacity of certified firms.

Additional Edits (definitions, typos, etc.)

III. 2019 DSBO PRIORITIES

Goods & Services Ordinance

Open up list of covered goods and services to allow more small, minority and women-owned businesses to participate on goods procurements and services contracts.

Selection Criteria

Re-evaluate and revise selection criteria in Request for Proposals to adhere to the city's value around business equity.

Mentor-Protégé program

In coordination with other agencies and programs, develop a mentor protégé program that will allow small, minority and women-owned businesses to build working relationships with larger prime contractors while working on city projects.

III. 2019 DSBO PRIORITIES *continued*

SBE-Defined Selection Pool

Unbundle procurements to create a pipeline of small, minority and women-owned prime contractors by providing more opportunities to prime on city contracts.

Contract Compliance

Formalize internal processes and programs that will ensure the integrity of the DSBO goals program and ensure that our small, minority and women-owned businesses can perform successfully on contracts.

Education and outreach to small business community

Develop community friendly tools to help small, minority and women-owned business learn about city contracting processes and learn about upcoming opportunities.

III. 2019 DSBO PRIORITIES *continued*

Prompt Payment

Work across agencies to standardize prompt payment policies & procedures, and provide education to the small business community on the city's prompt payment policies.

DSBO Staffing Plan

Identify staff and other resources needed to ensure that DSBOs 2019 priorities are met.

IV. STRATEGIES TO ACHIEVE 2019 PRIORITIES

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COMMUNITY ENGAGEMENT

Thank you to the Construction Empowerment Initiative subcommittee group for working tirelessly to provide recommendations to the city related to city programs and processes that support small, minority and women-owned businesses!

- DSBO and partner agencies recently gave an update to the CEI subcommittee on the progress of the provided recommendations.
- The Business Equity Leadership Team (BELT) has taken these recommendations and aligned them with their agency-specific small, minority and women-owned business utilization plans.

IV. STRATEGIES TO ACHIEVE 2019 PRIORITIES *continued*

BELT & UTILIZATION PLANS

Department and program executives were tasked with developing 2-year agency specific plans to increase the participation of small, minority and women-owned businesses in the city's procurement environment.

PARTICIPATING AGENCIES & PROGRAMS

Arts & Venues

DEN

Elevate Denver Bond

General Services

Economic Development

National Western Center

Parks & Recreation

Public Works

Individual plans include strategies, tactics and metrics that are designed to ensure business equity in city procurements. Each plan was presented to the Mayor for initial review and will be monitored by the Mayor on a quarterly basis beginning April 2019.

IV. STRATEGIES TO ACHIEVE 2019 PRIORITIES *continued*

MASTER ENGAGEMENT PLAN

As a continuation of the utilization plans developed by each department/program, the City is developing a citywide Master Plan that aggregates the priority goals and strategies related to business equity.

Remove barriers that exist in solicitation processes (focuses on selection criteria, expanding opportunities for M/WBEs and SBEs to work as prime contractors, and unbundling large city contracts when feasible);

Grow capacity (focuses on expanding invitations to opportunities, providing ongoing support and resources to M/WBEs and SBEs); and **Prioritize financial considerations** (focuses on payment terms, prompt payment, access to capital, bonding, ROCIP, and exploration of a special revenue fund to support small businesses);

Improve internal operations (focuses on making better use of data to align certified companies with contracting opportunities, delivering robust training about equity and engagement to project managers and purchasing buyers, subscribing to compliance mechanisms, and defining and institutionalizing expectations for interagency cooperation and service delivery related to procurements).

V. 2019 Aspirational Annual Goal

AGENCY UTILIZATION PLANS INCLUDE STRATEGIES FOR ACHIEVING THE 2019 ASPIRATIONAL ANNUAL GOAL

ASPIRATIONAL ANNUAL GOALS are required per Ordinance to be set annually to measure the city's success in utilizing minority and women-owned businesses. *(Only applies to MWBE program)*

Current Aspirational Annual Goals *(based on 2013 Disparity Study)*

Construction **(24%)**

Professional Design **(33%)**

Goods & Services **(8%)**

FOR THE 2019 ASPIRATIONAL ANNUAL GOALS, BELT MEMBERS USED THE FOLLOWING FACTORS TO DETERMINE THE 2019 GOALS...

#1. Suggestions from 2012-2016 Disparity Study Analysis

#2. Historical data on past achievement and goals set on projects

#3 Market & City conditions

#1. Suggestions from 2012-2016 Disparity Study Availability Analysis

Suggested Aspirational Annual Goals from Disparity Study (2018)

Construction = **17%**

Professional Design = **40%**

Goods & Services = **20%**

The Disparity Study suggests that in setting aspirational annual goals, organizations often examine available evidence to determine whether an adjustment to availability is necessary. The Federal DBE Program—which organizations often use as a model to set and adjust their overall annual goals—outlines several factors that organizations might consider when assessing whether to adjust their MWBE goals:

1. **Volume of work minority and women-owned businesses have performed in recent years**
2. **Information related to employment, self-employment, education, training and unions**
3. **Information related to financing, bonding and insurance**
4. **Other Factors (ex. Market trends, city contracting conditions, etc.)**

#2. Historical data on past aspirational goal achievement

ACHIEVED ASPIRATIONAL ANNUAL GOAL

YEAR	CONSTRUCTION (24%)	PROFESSIONAL DESIGN (33%)	GOODS & SERVICES (8%)
2017	20.5%	22.5%	57%*
2016	23%	30%	58%
2015	26%	34%	100%
2014	23%	28%	9.6%

*Goods & Services achieved goal is high due to the limited number of goods & services that are covered by the Ordinance.

#3. Market & City conditions

Reasons for goal increase:

- **Construction activity** expected to **increase 2.3% in 2019**, from \$21.2 billion to \$21.6 billion.
- **City projects** will be a **major driver in the local economy** over the next 10 years.
- **Ongoing projects in 2019:** Elevate Denver Bond projects, Great Hall project, National Western HIC, and more.

Reasons for goal decrease:

- The construction industry is experiencing a **“silver tsunami”** as a result of retiring baby boomers. The result is a need for more construction workers than are available.
- Architectural & Engineering firms are experiencing a tight labor market, and it is estimated that **50% of new hires in the field are coming from out of state.**
- Limited **capacity of certified firms** in the **professional design** field

Source: Colorado Leeds School of Business 2019 Economic Outlook and DSBO B2G Data

METHODOLOGY

2019 Aspirational Annual Goals =

.4 (Average goal set on past projects) + .4 (Disparity Study Availability Analysis) + .2 (Average of Past Aspirational Goal Achievement)

2019 ASPIRATIONAL ANNUAL GOALS

	FORMULA	+	MARKET CONDITIONS	=	2019 Goal
CONSTRUCTION	20.2%	+	<ul style="list-style-type: none">• Upcoming large city construction projects ↑• Labor Shortages ↓	=	21%
PROFESSIONAL DESIGN	28%	+	<ul style="list-style-type: none">• Upcoming large professional design projects ↑• Limited capacity of certified professional design firms ↓	=	33%

GOODS & SERVICES 2019 ASPIRATIONAL ANNUAL GOAL

CURRENTLY

The current Ordinance limits the types of covered goods and services that can be counted toward the aspirational annual goal.

MOVING FORWARD

Led by the Department of General Services, the City has initiated a **task force to rewrite the Goods and Services ordinance to be more inclusive of total City spend, to expand the categories of the Covered Goods and Services, and to increase the number of contracts in which goals are applied** to Covered Goods and Services contracts.

With the limitations of the current Ordinance, the **Goods & Services Aspirational Annual Goal** will be **10%** in 2019. This goal will be re-evaluated once the new Ordinance takes effect in late 2019.

VI. NEXT STEPS

- Continue working across agencies on utilization plans and report out quarterly to the community on progress
- Develop a cross-agency mentor-protégé program
- Conduct targeted outreach to potential small, minority and women-owned businesses
- Hold agency outreach events for small, minority and women businesses interested in working on city contracts
- Work with the Construction Empowerment Initiative and other stakeholder groups on implementing prioritized recommendations



DISCUSSION