



**CITY OF FORT LAUDERDALE  
City Commission Agenda Memo  
CONFERENCE MEETING**

**#18-0097**

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**TO:** Honorable Mayor & Members of the  
Fort Lauderdale City Commission

**FROM:** Lee R. Feldman, ICMA-CM, City Manager

**DATE:** January 23, 2018

**TITLE:** Discussion of Minority Business Enterprise, Women Business Enterprise,  
Disadvantaged Business Enterprise, and Small Business Enterprise  
Programs

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On October 3, 2017, the City Commission adopted a resolution setting an overall goal of 9.34% for Disadvantaged Business Enterprise (DBE) participation in the United States Department of Transportation assisted contracts at the City of Fort Lauderdale Executive Airport. A discussion to consider extending this program, or a different program, to the entire City is the basis for this memo.

Minority Business Enterprise (MBE) started with the Civil Rights movement and has grown rapidly in the past fifty years. Several critical laws passed in the 1970's and MBE growth accelerated in the 1980's. All levels of government began developing Women Business Enterprise (WBE), Hispanic Business Enterprise (HBE), and DBE programs. Legal challenges slowed momentum in the 1990's and the courts terminated or altered several programs. Focus shifted from supplier diversity to diversity and inclusion.

Before pursuing corrective action to remedy discrimination in the procurement process, a Disparity Study should be conducted to gather data and provide support for a remedial program. The data must conclusively demonstrate a clear disparity between the purchasing practices and the business market in order to consider remedial action that can be validated and withstand scrutiny by the courts.

**Steps to Establish a Program**

Establishing a program would require the following steps:

1. Budget funds to conduct a disparity study.
2. Collect information about contract awards on a consistent basis.
3. Issue solicitation and select disparity study consultant.
4. Conduct study, including public meetings feedback.
5. Consider study results for implementation of a DBE/MBE/WBE program.
6. Develop goals, establish plan, and implement program.
7. Track results and analyze to verify plan goals are being met.

### **Timeline to Implement Program**

- Pre-Study: Up to 6 months to budget, plan and go through procurement process and contract execution.
- Study: 12 to 18 months for consultant to complete study, including time for neighbor comment, meetings and discussions concerning draft report.
- Post-Study: Development of new goals, establish and implement program.

### **Cost of Disparity Study**

Disparity studies start around \$200,000 or higher. A disparity study for the City of Tampa conducted from 2004 to 2006 cost \$221,000. A combined disparity study for the City of Tallahassee/Leon County was \$536,900; it commenced in 2016 and is ongoing. The City of Miramar contracted a study for \$190,000, which began in August 2016 and is almost complete.

### **Typical Scope of a Disparity Study**

- Project initiation and monthly reporting
- Legal analysis
- Contract data collection
- Analysis of relevant geographic market area and product categories to be studied
- Utilization analysis (by racial/ethnic/gender group)
- Availability analysis (by racial/ethnic/gender group)
- Disparity analysis (by racial/ethnic/gender group)
- Quantitative information about local marketplace
- Qualitative information about local marketplace
- Review of contracting processes and any barriers to MBE/WBE participation
- Analysis of base figure and possible adjustment to overall DBE goal
- Analysis of whether overall goal can be met through neutral measures
- Report and presentations
- Neighbor comment — after release of draft report to incorporate comments into the final report

### **Alternative Options**

Many public and governmental agencies are turning to “race-neutral” programs in an effort to address diversity concerns in their procurement process. Race-neutral programs, often referred to as small business enterprise (SBE) programs, are based on factors such as gross annual receipts, number of employees, owner net worth, and industry type. SBE programs do not consider race, ethnicity, or gender as a requirement for participation.

Successful SBE programs have been established in the cities of Tampa, St. Petersburg and Cincinnati, Ohio, as well as in Leon and Osceola Counties in Florida. Miami-Dade County Public Schools developed a multi-tiered SBE program, including certification for micro business enterprises in the areas of construction and specialty trades.

Race-neutral programs use procurement initiatives to increase MWBE utilization. These methods, known as “affirmative procurement initiatives,” include mandatory subcontracting goals, sheltered markets (set-asides), bid evaluation preference points, bonding waivers, matchmaking events, and mentor-protégé programs.

Additional steps to increase MWBE participation may include revising current contracting selection procedures, increasing community outreach efforts, simplifying certification procedures or utilizing certifications from other local agencies, forming strategic alliances and partnering agreements with trade/community organizations, creating bonding and financial assistance programs, and establishing a centralized bidder registration system.

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