



October 10, 2018

Good afternoon Chair Brannan and members of the Council's Committee on Contracts. My name is Jonnel Doris and I am the Senior Advisor and Director of the Mayor's Office of Minority and Women-Owned Enterprises (OMWBE). Today I will provide an overview of the Citywide M/WBE Program, including the progress made toward the ambitious M/WBE certification and utilization goals set by this administration. With me today are Gregg Bishop, the Commissioner of the Department of Small Business Services (SBS) and Dan Symon, the Director of Mayor's Office of Contract Services (MOCS) to answer questions that you may have specific to their work.

About the M/WBE office and goals

In the Fall of 2016 Mayor Bill de Blasio announced the creation of the Mayor's Office of M/WBEs as a critical next step in the Administration's commitment to increase contracting opportunities for minority and women entrepreneurs. The Mayor pledged ambitious goals of achieving 30% M/WBE utilization by end of FY 2021 and having 9,000 City-certified M/WBEs by end of FY2019.

In 2015 the Mayor outlined a separate citywide goal to award \$16 billion to Minority and Women-Owned Businesses over the next 10 years. This "One NYC goal", unlike the 30% goal, covers both mayoral and non-mayoral agencies.

On the heels of the May 2018 disparity study, the Mayor announced that we were \$1.8B ahead of our One NYC goal and decided to increase our goal from \$16B to \$20B by 2025 to push the City further.¹

We are glad to have the leadership of Deputy Mayor, J. Phillip Thompson, whose career-long justice and equity work -- to increase economic development opportunities by calling out and challenging structural and historical barriers in the marketplace and within government. Under the supervision of the Deputy Mayor, SBS, and MOCS play an integral role in implementing the M/WBE program. SBS certifies M/WBEs and provides essential capacity building services and technical assistance to ensure they can compete for and execute City contracts. MOCS tracks and reports on utilization data for all City contracts subject to Local Law 1.

The foundation and mission of the City's M/WBE program

The purpose of the City's M/WBE program is to remedy the impact of discrimination in the market where the City makes its procurements. This impact is statistically analyzed in a disparity study. The most recent disparity study demonstrated that minority- and women- owned firms are underutilized in City procurements. Local Law 1 of 2013 established Citywide contracting goals which match the disparity gaps revealed by the 2011 disparity data analysis. The City will make policy changes in accordance with the key findings and recommendations of the disparity study that was published this past May 2018. Along with my colleagues here today, my Office will continue to play a strategic role in ensuring that City agencies remain focused on achieving the goals of the program.

¹ <https://www1.nyc.gov/office-of-the-mayor/news/277-18/-1-8-billion-ahead-projections-mayor-de-blasio-new-goal-award-20-billion-to>

MWBE certification and utilization:

Since the start of the de Blasio administration, the number of certified firms has increased by 86% going as of the close of FY18 the number of certified MWBE firms was 6,829.

Additionally, at the end FY18 MOCS reported the MWBE utilization at 19%, representing \$1.069 B in awards to MWBEs of City contracts under Local Law 1, as compared to the 8% or \$465 million dollar value of City contracts in FY15 at the start of this Administration. We are also very happy to report that since 2015 over \$10B has been awarded to M/WBEs by mayoral and non- mayoral agencies Citywide (pursuant to the One NYC goal).

Since the enactment of Local Law 1, the City has implemented a number of creative initiatives to help M/WBEs build capacity and obtain capital and has also advocated for state legislative initiatives to give us more tools for our MWBE program.

Key achievements and initiatives

Pursuant to LL1 and the goals therein, the percentage of dollars awarded to M/WBEs subject to the City's Program has trended upward from 8% in FY2015 to nearly 20% in FY2018. Just to put that into perspective, at the close of FY18, we are proud to report that, in record time, the City is closing in on its 30% goal, which we know we can achieve by FY 2021.

Still we have more to do; we are lowering and, wherever possible, removing, structural barriers to entering the City's procurement marketplace by providing resources for increased programming at City agencies and creating strategic initiatives to increase M/WBEs' ability to compete successfully.

In accordance with the four core principles of the City's program, accountability, accessibility, capacity and sustainability, we have implemented initiatives to address issues that

M/WBEs face in the private marketplace: namely access to capital, which is a common obstacle for many small and mid-sized firms. In order to respond to this need, this Administration launched the Contract Financing Loan Fund and Bond Collateral Assistance Fund, both administered by SBS, and the Emerging Developer Fund which is administered by EDC. Together, the initial investment from the Administration across these funds totals \$30M. As you may know, the Mayor also convened the City's banks to begin a discussion about a partnership to create accessible capital for more M/WBEs in New York City. During last September's hearing we announced that discussions with banks were ongoing. Early this year, on February 21st, we announced that 2 of those banks made the commitment to invest in M/WBEs to the tune of an additional \$40M³.

In the Spring of 2017 we were joined by many M/WBEs, advocates, and stakeholders, including other City agencies, in calling for passage of S6513/A8505. This bill proposed 1) increasing the City's discretionary spending limit for goods and services purchased from M/WBEs and 2) giving the City the authority already provided to the State to offer M/WBEs a price or points preference. The bill passed overwhelmingly in the Assembly and State Senate and for that we thank our elected partners—including the Council members here today—for their advocacy and support⁴. This change provides M/WBEs with access to more and larger contracts to help build capacity and succeed as prime contractors. The discretionary threshold for goods and purchases was implemented in March and by the end of FY 18, 205 contracts were awarded to MWBEs in the amount of approximately \$11.9 M.

³ <https://www1.nyc.gov/office-of-the-mayor/news/090-18/mayor-de-blasio-40-million-private-investments-advance-economic-opportunity-for#/0>

⁴ <https://www1.nyc.gov/office-of-the-mayor/news/006-18/statements-mayor-de-blasio-deputy-mayor-richard-buery-enactment-state-law-expanding>



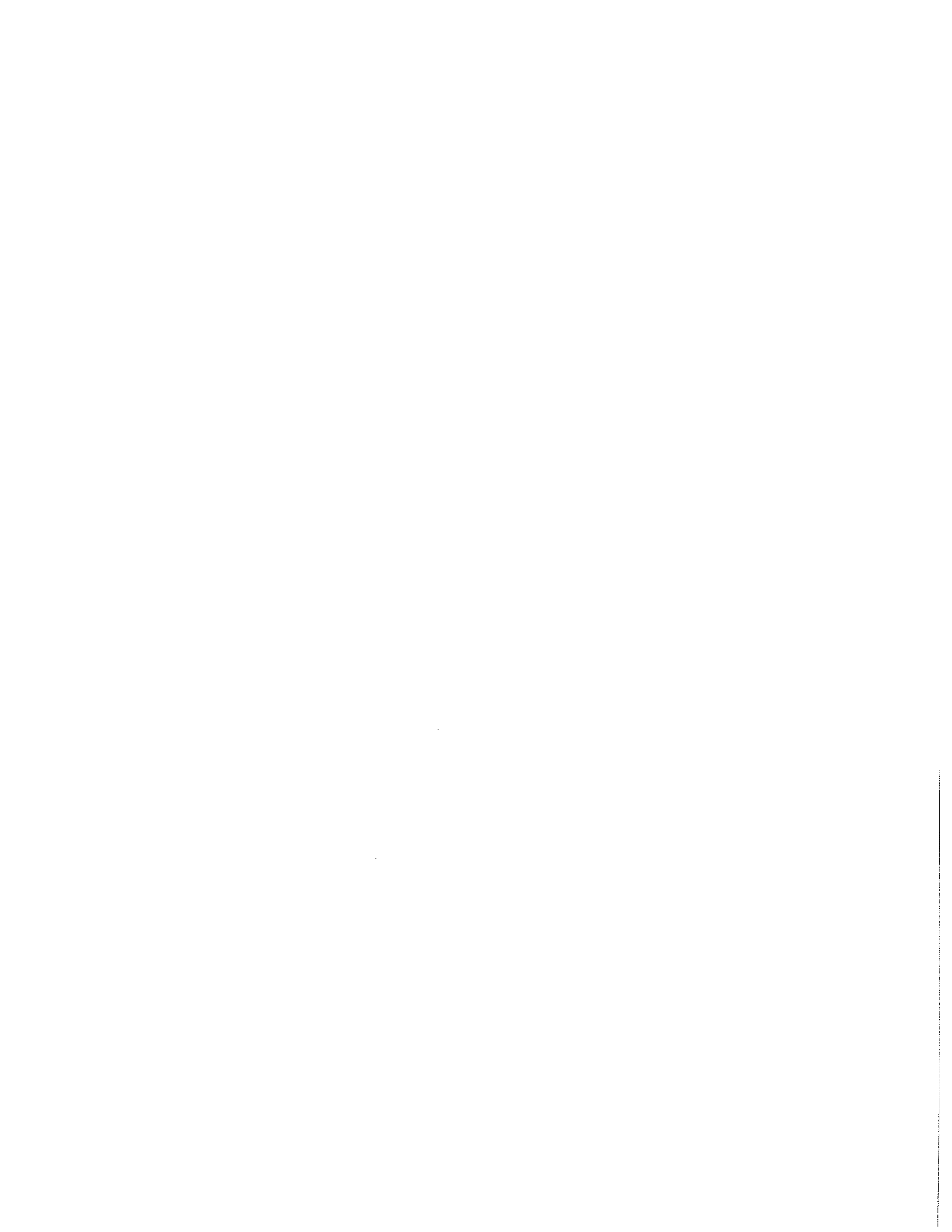
Looking ahead

We plan to return to Albany this session and advocate for state approval for innovative policy tools that the City has previously requested but have not received. We understand what a valuable tool a mentor-protégé program can be, specifically in the construction industry setting. Many state agencies and public authorities such as the MTA have implemented this type of mentorship program pursuant to authority granted by State legislation. We hope to be able to do the same but need state authorization.

Additionally, we will seek the authority to create prequalified lists exclusively for M/WBEs for City agencies. This would enable the City to reserve certain procurement opportunities to M/WBEs. The HPD has been able to do something similar by creating prequalified lists of M/WBE developers for certain projects pursuant to State legislation enacted in 2014. HPD's Build Up Program, established pursuant to that authority, aims to increase contracting opportunities for certified Minority- and Women-Owned Business Enterprises (M/WBEs) in HPD/HDC-subsidized affordable housing project.

In January 2017, the Mayor, HPD, and OMWBE announced that 8 M/WBEs had been selected to lead construction of 6 new 100% affordable housing developments (440 homes) for seniors and New Yorkers with a variety of income levels, including extremely-low income and formerly homeless households⁵. Although these projects were development projects rather than procurement contracts and so did not count towards the City's utilization, they are a valuable demonstration of how prequalified list allowed HPD to meet the double bottom line here by employing many of this City's M/WBEs to build its affordable housing. We want M/WBEs to

⁵ <https://www1.nyc.gov/office-of-the-mayor/news/019-17/mayor-bill-de-blasio-m-wbe-firms-win-bids-build-hundreds-affordable-homes-six/#/0>



have the opportunity to join M/WBE-exclusive prequalified lists in the procurement setting as well.

Going forward we will continue to work closely with the Council and our other elected partners on M/WBE outreach, networking, and educational events. We will also continue to meet regularly with interested council members to share updates on the Program's milestones. Thank you for the opportunity to testify today and your continued support and advocacy for our program. I would be happy to answer any questions you may have.