

## TESTIMONY OF

**Maya Wiley**  
**Counsel to Mayor Bill de Blasio, City of New York**  
**M/WBE Director**  
**Before the New York City Council Committees on Contracts,**  
**Small Business, and Women's Issues**  
**December 14, 2015**

Good afternoon, Chairs Rosenthal, Cornegy, and Cumbo and members of the City Council Committees on Contracts Small Business, and Women's Issues. My name is Maya Wiley and it's a great privilege to join this hearing today and a pure pleasure to be here with committed colleagues, Mayor's Office of Contract Services (MOCS) Director Camilo and Small Business Services (SBS) Commissioner Gregg Bishop. We three represent a committed team that believes deeply in the Mayor's vision and commitment to increasing Minority- and Women-Owned Business Enterprise (M/WBE) awards. I serve as the Counsel to the Mayor and am here today as the City's M/WBE Director under Local Law 1. I also serve on the Procurement Policy Board (PPB).

I want to begin by thanking you for your leadership on M/WBE contracting and strong commitment to M/WBEs. We all share frustration at the history of contracting in this City. The City's 2006 disparity study and the State's 2010 study both re-illuminated this history in all too familiar examples of unfair bias: the Black construction business owner who recalled a long history of sabotage on the construction site, from slashed tires to slit hydraulic lines; the minority business owners who negotiated a contract over telephone or email and when the principals, one White and one Black, show up in person, the negotiations stop; or the woman architect who attended a pre-bid proposal informational meeting and was asked to get coffee for a male architect. For too long the City has not done enough to support M/WBEs. We have met with and learned from you as we embarked upon this journey to understand and expand M/WBE contracting opportunities, and we are excited about the fruits our collective efforts are beginning to bear. We also all know there is still much to be done. Simply put, we are all in this together with a shared sense of urgency and purpose.

As you know, the Mayor has committed to building one city that rises together, ending income inequality. M/WBEs contribute to economic growth, opportunity and increase the prosperity of our residents and communities. There is simply no question that small businesses matter. The fastest growing businesses are created by women of all races, and by Black, Latino and Asian entrepreneurs of both genders. According to the 2012 census, since 2007, businesses owned by White women increased by 10%. The number of companies owned by Asian women has increased by 44.3%; by Black women, 67.5%; and Latina-owned operations have increased by a whopping 87.5%. New York State has 8% of the nation's WBEs and 11% of MBEs. NYC is 40% of the State's population. A lot of that national M/WBE presence is home grown, right here. And we know from national studies that MBE's typically employ residents who need jobs in this country. It's no surprise then that Mayor de Blasio believes that increasing M/WBE utilization in the City of New York will not only promote fairness, it will help end income inequality.

The Mayor has insisted on an aggressive and concrete commitment to increasing M/WBE award - a minimum of \$16B by 2025. No previous Mayor of New York City has ever made such a commitment. I have heard some suggest this number is not big enough. And be sure, we all want to see more. Let's put this number goal into perspective. Between 2007 and 2015, the City awarded about \$4.8B in procurements with M/WBEs. It represents more than an \$11 billion increase in awards to M/WBEs. It's a big, hairy goal, particularly when we consider that we can't set a quota on M/WBE contracts, according to the Supreme Court, and limits on agencies' ability to take M/WBE status into account. New York State General Municipal Law generally also requires agencies to accept the lowest responsive and responsible bidder or best proposal on contract awards, which can complicate efforts to ensure higher M/WBE participation rates.

To lawfully increase M/WBE awards, any City administration has three sets of strategies available: 1) create and expand programs to increase M/WBE certification to increase competitiveness; 2) build more relationships between M/WBEs and agencies and M/WBEs and majority firms; and 3) seek changes in the law where ever it can constitutionally be changed. In the first two years of the administration, we have aggressively pursued all three in partnership with local and state elected officials and advocates alike. We are pleased to see progress, including historic numbers of M/WBEs certified to do business with the City and a historic number of awards. It's real progress. But we, like you, are not satisfied.

We have benefitted from the reforms of Local Law 1, but under a Directive the Mayor issued this past summer, the Mayor directed the tracking of M/WBE spend by non-mayoral agencies, which will ultimately create more transparency in how the City is performing in agencies not currently tracked. We now know that in the last fiscal year, the City award \$1.6 billion to M/WBEs.

The Mayor has committed unprecedented investments in increasing M/WBE utilization, including more money for SBS capacity-building. In FY 2016, SBS' M/WBE OTPS budget was \$4.3 million, nearly doubling (+94%) from the previous year FY 2015 (\$2.2 million), and up +159% from 5 years ago (FY 2012 - \$1.67 million). The Mayor has also committed to the creation of historic \$20 million in access to capital. We negotiated historic opportunities for M/WBEs in the \$800 million Renovation and Rehabilitation Project Labor Agreement, including an increase in apprenticeship opportunities for NYCHA residents and public high school graduates, more than doubling the dollar amount that exempts work from the PLA to create more contracting opportunities for M/WBEs, and for the first time, exempting work valued up to \$1 million to bid out to M/WBE prequalified lists. We also made sure that for the first time, M/WBEs who maintain health and pension funds for workers that are compliant with Labor Law 220 would not also have to pay into union funds. SBS has also made it easier for M/WBEs to become certified by instituting a fast track approval process for firms certified by certain regional entities and creating an online portal.

We have heard the concerns of M/WBE leaders, and we have spent a lot of time talking to M/WBE leaders. We continue to meet with M/WBE leaders individually and have also instructed agencies to do the same. We have also brought agencies and M/WBEs together in industry roundtables to discuss creating more opportunities and removing barriers. We have also convened agency Commissioners and procurement officers in my Director meetings each quarter where we review data, discuss strategies and reinforce the commitment to increased utilization.

The Mayor has personally held meetings with his Commissioners and made clear his expectation that they will do all in their power to lawfully increase M/WBE utilization. And he has conducted honest, ongoing discussions with MWBE leaders since taking office.

We are improving systems, and identifying and working to change laws, including PPB rules and State Law, so that agencies have increased discretion to award contracts to M/WBEs, and award points lawfully for M/WBE status in certain contexts.

We have listened. We are acting in response to what we have heard, where we lawfully can. M/WBEs developers, for example, said the RFP process at HPD and EDC can be costly and cumbersome. Both agencies have announced pilots to reduce costs and streamline the process. The Mayor created two funds as a result of an August 2015 meeting with M/WBE developers. In partnership with the Public Advocate, who has been a tremendous leader on these issues, the Mayor announced a total of \$20 million in access to capital - \$10M for a bonding assistance fund and \$10M for a predevelopment fund, which will aid with costs associated with bidding for development projects.

The Mayor has also recently created –thanks to the suggestion of advocates including the Black Leadership Institute and elected officials including many of you, an M/WBE Advisory Council, which includes a diverse group of prominent M/WBE leaders -- elected officials, including Council Members Rosenthal and Cornegy as well as advocates. It's an expert group of leaders who will advise the Mayor to help increase utilization.

Last, but far from least, since some of our challenges are legal, we have focused a substantial amount of time on law reform. We can't set quotas and agencies must accept the lowest responsive and responsible bid or best proposals on most contracts. There are insufficient opportunities for agencies to take M/WBE certification into account; the City cannot legally replicate mentorship programs similar to those which have been successful at the MTA and SCA; and the City has a very low limit in its discretionary spending. We are working to address these barriers. We have introduced PPB reforms that would increase the dollar amount of discretionary micropurchases from \$20,000 to \$35,000 in construction. We are also seeking to offer a 10% price preference for M/WBEs in Best Value Bids and a 10% price preference *or* bump in technical score for M/WBEs for best value proposals. At the state level, we are seeking to significantly widen our authority to make discretionary purchases, thereby giving us more tools to empower M/WBEs. We're pursuing legislation in Albany that would increase our capacity to make discretionary purchases from \$20,000 to \$200,000, granting the City the same authority the State has to make discretionary awards to M/WBEs as well as to create mentorship programs much like the SCA's. Taken in total, these reforms **would** create the most robust and effective M/WBE program in the city's history.

In compliance with Local Law 1, SBS released an RFP in February for a disparity analysis of the utilization of M/WBEs in New York City contracting as compared to the availability of M/WBEs in the New York City market. The results of the M/WBE disparity analysis are expected to provide the basis for determining whether race- and gender-conscious programs continue to be appropriate to address such disparity, and will provide the legal foundation for such a program. The M/WBE disparity analysis will also serve as a tool to assist the City in its determination of

whether to revise the Citywide M/WBE participation goals established in the M/WBE program.

We are committed to fulfilling Mayor de Blasio's vision for a progressive, diverse and economically thriving New York City. Under the leadership of the team you see before you, we will continue to work with you and the M/WBE community to do everything we can to help M/WBEs across the five boroughs grow and thrive. We are proud of the accomplishments under this administration, and we know that we can and we must do more and we look forward to working with the Council to not only create strong and durable businesses, but a strong and durable economy. Thank you for inviting us to speak today. I will now turn it over to MOCS Director, Lisette Camilo.

**TESTIMONY BY  
COMMISSIONER GREGG BISHOP  
NEW YORK CITY  
DEPARTMENT OF SMALL BUSINESS SERVICES  
BEFORE  
THE COMMITTEE ON CONTRACTS  
THE COMMITTEE ON SMALL BUSINESS  
AND  
THE COMMITTEE ON WOMEN'S ISSUES  
OF THE  
NEW YORK CITY COUNCIL  
MONDAY, DECEMBER 14, 2015**

Good afternoon, Chair Rosenthal, Chair Cornegy and Chair Cumbo and members of the Committees on Contracts, Small Business, and Women's Issues. My name is Gregg Bishop and I am the Commissioner of the New York City Department of Small Business Services ("SBS"). I am pleased to testify today with my colleagues, Maya Wiley, Counsel to the Mayor and M/WBE Program Director, and Lisette Camilo, Director of the Mayor's Office of Contract Services ("MOCS"). Our work is guided by the central motivation of the de Blasio administration, which is fighting inequality in all its forms, on all its fronts, and building a city where everyone can rise together. This is why we are squarely focused on building a city where growth and inclusion are two sides of the same coin and prosperity is widely shared.

One tool in our inclusive growth strategy is City procurement, which we believe is a powerful lever that we can use to address economic inequality and generate opportunities for small businesses. At SBS, the Division of Economic and Financial Opportunity ("DEFO") operates the City's Minority and Women-owned Business Enterprise ("M/WBE") program, and our goal is to ensure that New York City's diversity is reflected in City procurement. Today, I am pleased to discuss what SBS and the administration are doing to build the pipeline of M/WBEs through certification efforts, and build the capacity of M/WBEs to increase their performance on City contract opportunities. After my testimony, we are happy to answer your questions.

**M/WBE CERTIFICATION:**

Over the last year, SBS has made great strides in implementing Local Law 1, which eliminates the \$1 million cap on contracts, strengthens certification standards, improves the Online Directory of Certified Firms, and establishes a detailed accountability system for agencies. In February 2015, SBS launched the NYC Online Certification Portal, which streamlines how businesses apply for certification and enables M/WBE firms to check the status of applications, and update their business profiles to better promote themselves to buyers. To date, more than 400 M/WBE applications have been submitted via the Online Portal.

In addition to the regular certification workshops, SBS introduced one-on-one certification

application review sessions to help ensure firms submit complete application packages, reducing back and forth communications and delays, and increasing the chances of obtaining certification. During FY15, SBS conducted more than 30 certification workshops and held application review sessions for more than 500 businesses. In FY15, SBS certified and recertified 1,003 M/WBEs, bringing the number of City-certified companies to 4,115 as of June 30, 2015, a nine percent increase from the previous year.

In March 2015, changes to the Payee Information Portal (PIP) were made to allow for self-identification of M/WBEs in order to identify non-certified M/WBEs for targeted outreach, including invitations to SBS-sponsored workshops. This administration is also committed to maintaining the integrity of the M/WBE program by preventing fraud, while keeping the certification process as quick and easy as possible. Under Local Law 1 of 2013, site visits were formally added as part of the certification application review process to confirm businesses' eligibility to participate in the program. During FY15, a total of 176 site visits were performed for businesses whose application and/or supporting documentation raised eligibility questions.

### **M/WBE CAPACITY BUILDING SERVICES:**

To build the capacity of businesses interested in selling to government, SBS conducts a range of workshops, courses and one-on-one assistance to help small businesses navigate the City, State and Federal procurement systems. In FY16, SBS added ten new staff dedicated to M/WBE capacity building to support the following programs:

- SBS offers a **monthly workshop**, "Selling to Government," that is open to the public and provides firms with the foundational basics of government contracting on a City, State and Federal level. Nearly 380 companies attended this workshop in FY15.
- SBS also offers a Technical Assistance Program, where firms receive **one-on-one assistance** on submitting the most competitive bids and proposals for City contracting opportunities. In FY15, SBS helped more than 450 businesses connect to technical assistance.

- SBS offers **Contract Financing** services to address the challenges that small businesses have in funding initial expenses or mobilization costs relating to City contracts, such as labor and equipment costs. Short-term working capital loans are available to firms that are awarded City contracts through partnerships with New York Business Development Corporation and Business Outreach Center Capital. In FY15, SBS facilitated 20 loans totaling \$1.2 million to 16 firms.
- SBS also offers the **Bond Readiness** program to provide M/WBE 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 provides eight months of classroom training and one-on-one assistance, as well as introductions to a network of surety agents. In May 2015, twenty-two M/WBEs graduated from the latest cohort of the Bond Readiness program. A total of 101 firms graduated over the life of the program.
- SBS offers the **NYC Construction Mentorship** program, which provides certified construction firms with eight months of classroom instruction and one-on-one mentorship, a business assessment and a custom growth plan for their business. Eighteen M/WBEs graduated from the 2014-15 cohort of NYC Construction Mentorship in May 2015. A total of 91 firms graduated over the life of the program.
- Through **NYC Teaming**, M/WBEs and other small businesses learn how to partner with other firms in order to be able to bid and compete on larger or new types of contract opportunities. In partnership with American Express OPEN, SBS offers a series of workshops and webinars that review different types of teaming arrangements, financial and legal considerations, responding to RFPs and bids as a team and marketing to potential partners. The series culminates in a business matchmaking event that facilitates industry-specific networking, brings firms together with City agency procurement representatives and prime contractors, and provides open RFPs for participants to review with potential partners. In FY15, SBS helped more than 140 participants through NYC Teaming.
- SBS offers the **Corporate Alliance Program** (“CAP”) to help connect firms with contracting



opportunities in the private sector in collaboration with thirteen corporate partners. 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. In FY15, CAP held six workshops related to corporate procurement and contracting opportunities attended by more than 260 businesses.

- SBS also offers **Strategic Steps for Growth**, a nine-month executive education program designed for M/WBEs, offered in partnership with the Berkley Center for Entrepreneurship & Innovation at the NYU Stern School of Business. 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. Participants learn the strategic skills needed to run a growing company, and create a custom, three-year growth plan for their businesses. In FY15, thirteen M/WBEs graduated from the 2014-15 cohort. A total of 82 firms graduated over the life of the program.
- SBS, in partnership with the Department of Housing Preservation and Development (“HPD”), offers the **HPD Building Opportunity Program**, which aims to help M/WBE developers refine their skills, gather the information needed to navigate the complex arena of real estate development, connect them to HPD and SBS resources, and ultimately compete for and execute HPD and other affordable housing real estate development projects. In April 2015, 28 firms graduated from the 2014-15 cohort of the HPD Building Opportunity Program in April 2015.

To better reach and provide support to M/WBE businesses across the city, SBS is pleased to partner with the City Council to manage the M/WBE Leadership Association. The M/WBE Leadership Association is currently comprised of nine community-based organizations that are funded by the Council to provide guidance on government contracting for potential or City-certified M/WBEs, connect entrepreneurs to potential customers, aid in the development of bids and proposals, assistance in

securing project financing and bonding, and the promotion and marketing of the City's M/WBE Program. In FY15, the M/WBE Leadership Association sponsored nearly 90 events and provided more than 1,150 one-on-one assistance sessions.

SBS is committed to a robust community engagement strategy across the five boroughs to ensure that New York City businesses understand the benefits of certification and the wide range of capacity-building services available. In FY15, we held two Citywide Procurement Fair events to help to connect more than 600 M/WBEs at each event to resources to grow their businesses. Additionally, SBS participates in more than 100 events per year in partnership with local development corporations, trade associations, Chambers of Commerce and industry membership organizations to make sure that M/WBEs know about the programs and services we offer.

To echo the words of Maya Wiley and Lisette Camilo, SBS supports the intent and objectives of the legislation proposed by the Council. For Intro. 923 involving the New York City Economic Development Corporation ("NYCEDC"), we share the Council's objective to increase transparency in reporting M/WBE utilization. However, we think that creating requirements for NYCEDC to report specifically on M/WBEs to SBS is not an ideal mechanism. We look forward to discussing with the Council how to create efficient reporting mechanisms that would serve the objective of the bill.

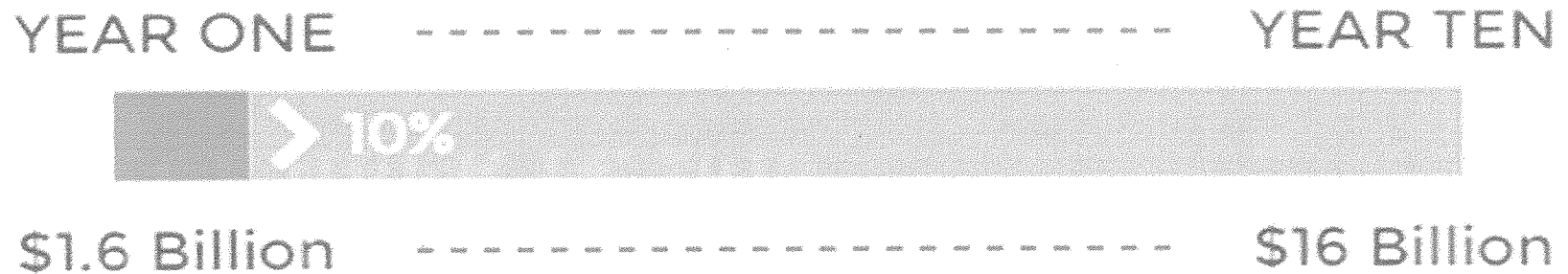
At SBS, we are committed to fulfilling Mayor de Blasio's vision for a progressive, diverse and economically thriving New York City. Under the leadership of Maya Wiley and in partnership with our colleagues at the MOCS, we will continue to do everything we can to help M/WBEs across the five boroughs grow and thrive. We are proud of the accomplishments under this administration, but know that we can and we must do more and we look forward to working with the Council to not only create strong and durable businesses, but a strong and durable economy. Thank you for inviting us to speak today, and now we are happy to take your questions.

**CITY COUNCIL HEARING  
DECEMBER 14, 2015**

COMMITTEES ON CONTRACTS, SMALL BUSINESS, WOMEN'S ISSUES  
MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE PROGRAM



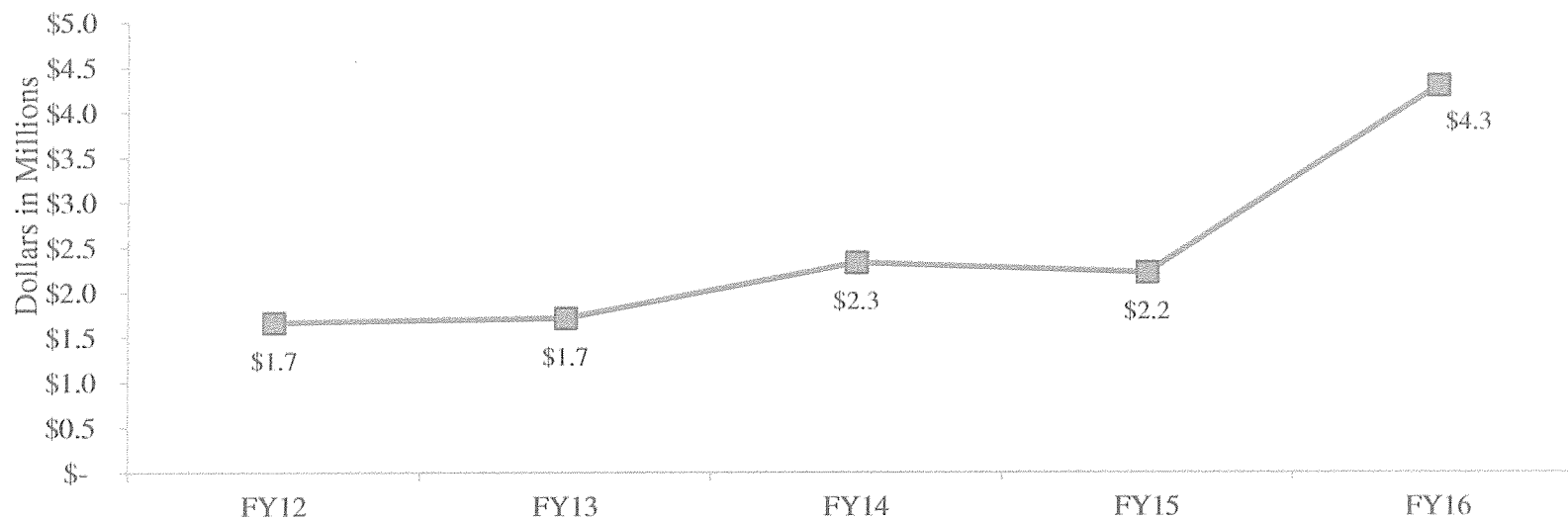
# OneNYC M/WBE Goal



- ▶ In Fiscal 2015, the City awarded \$1.6 Billion to City certified M/WBEs.

# SBS M/WBE OTPS Budget

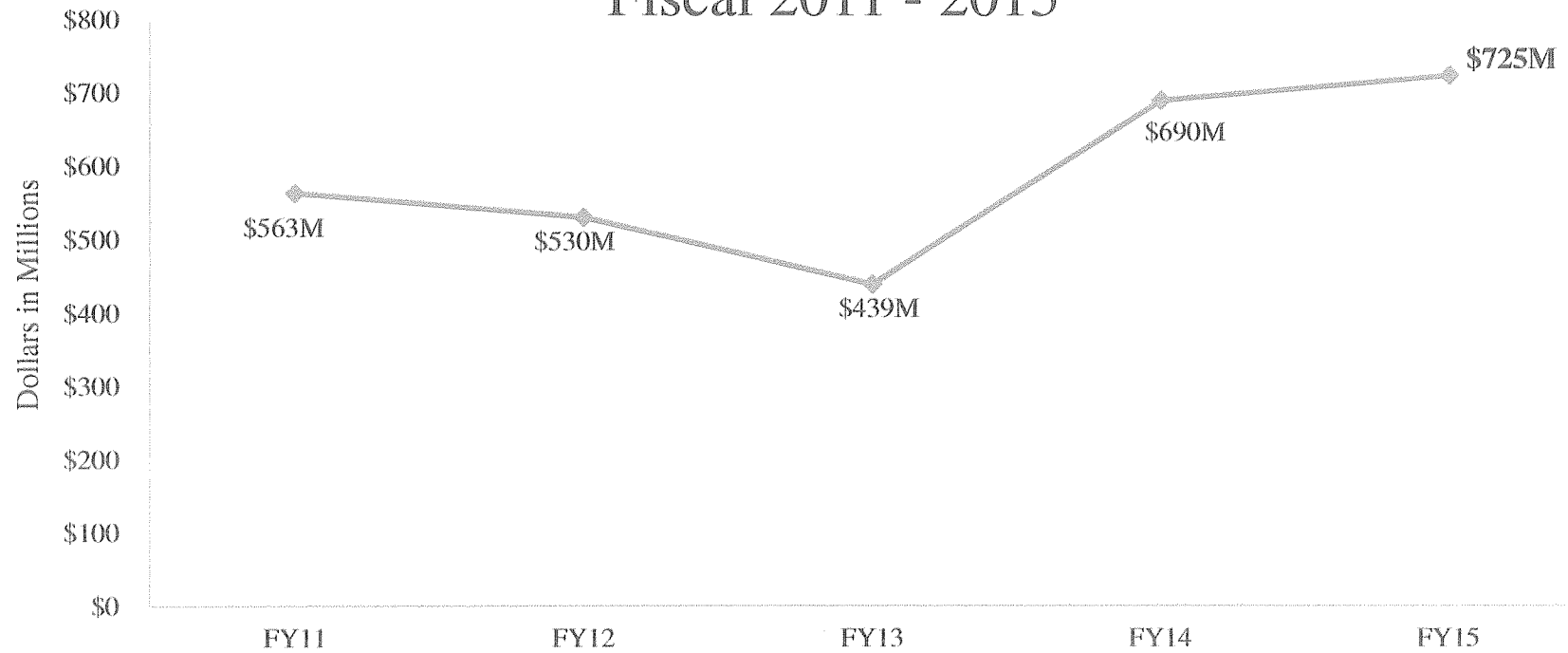
## SBS M/WBE OTPS Budget Fiscal 2012 - 2015



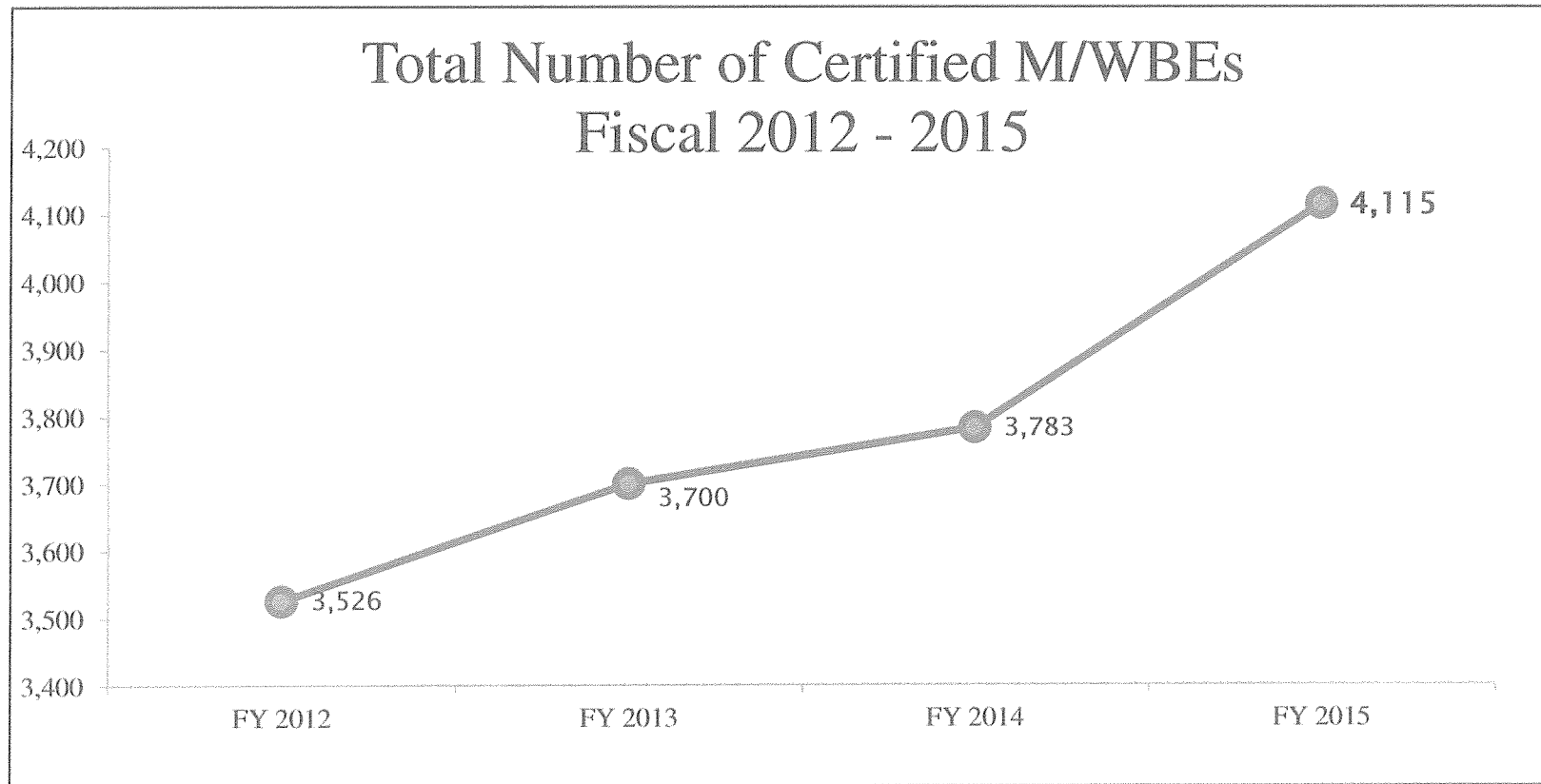
- ▶ In Fiscal 2016, SBS's M/WBE OTPS budget was \$4.3 million, nearly doubling (+94%) from the previous year (Fiscal 2015 - \$2.2 million), and up +159% from five years ago (Fiscal 2012 - \$1.67 million).

# Mayoral M/WBE Awards

Mayoral M/WBE Awards  
Fiscal 2011 - 2015

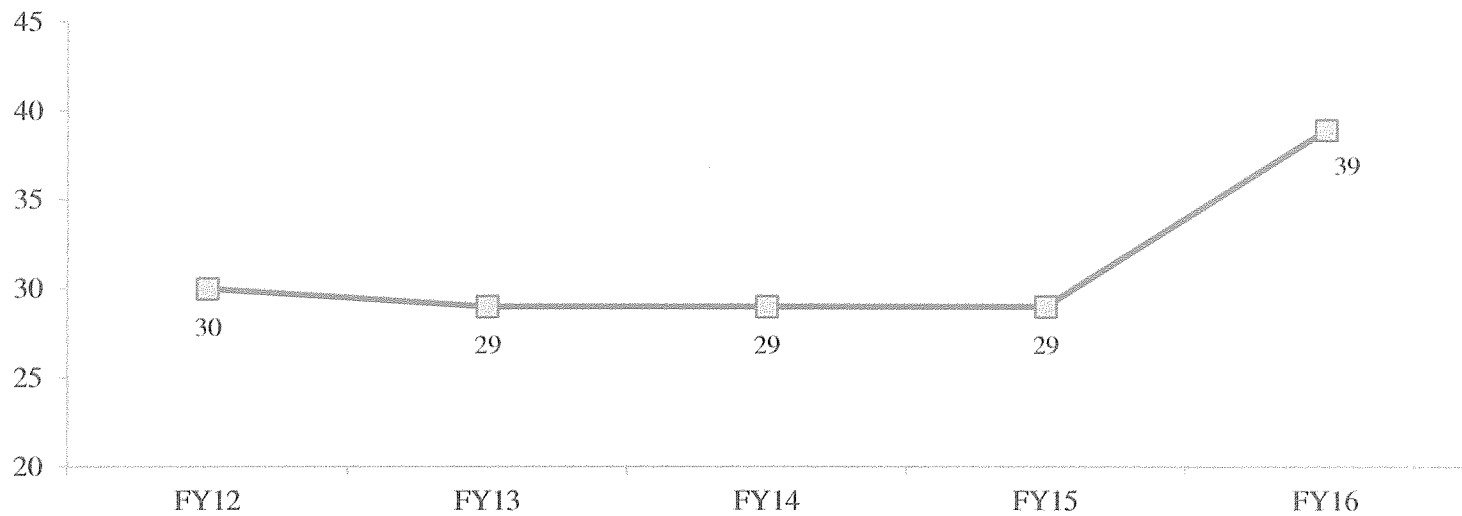


# Certified M/WBEs



# SBS M/WBE Personnel

## SBS M/WBE Personnel Head Count Fiscal 2012 - 2015



- ▶ Additionally, SBS increased its M/WBE employee number, adding 10 new staff members in FY 2016.



## TESTIMONY OF

**Lisette Camilo**

**Director of the Mayor's Office of Contract Services and City Chief Procurement Officer  
Before the New York City Council Committees on  
Contracts, Small Business, and Women's Issues  
December 14, 2015**

### **I. Introduction**

Good afternoon, Chairs Rosenthal, Cornegy, and Cumbo and members of the City Council Committees on Contracts, Small Business, and Women's Issues. My name is Lisette Camilo, and I am the Director of the Mayor's Office of Contract Services (MOCS) and the City Chief Procurement Officer (CCPO). Thank you for the opportunity to testify today regarding New York City's progress towards our unified goal of promoting contracting opportunities to minority and women-owned business enterprises (M/WBEs). As you know, MOCS is responsible for overseeing, supporting, and promoting the City's procurement system by executing the Mayor's contracting responsibilities under the City Charter, Procurement Policy Board (PPB) rules, and applicable State and local laws.

### **II. Utilization Progress**

#### Progress toward \$16 Billion Goal

Increasing the value of business the City issues to M/WBEs is a central aspect of Mayor de Blasio's agenda. As Counsel to the Mayor and M/WBE Director Wiley mentioned, the Mayor's approach toward M/WBE utilization is far broader and more expansive than previous administrations, and we have all been tasked—Director Wiley, MOCS, and the Department of Small Business Services (SBS)—with fulfilling his vision of a more equitable distribution of City business. While we have seen some progress in increases in awards to M/WBE firms during this

Administration's tenure, we are not satisfied. We can and must do more. To that end, the Mayor established an ambitious goal of \$16 billion in City business to be awarded to certified M/WBEs by 2025.

We are on our way to meeting that goal. In Fiscal 2015, City agencies, both Mayoral and non-Mayoral, awarded \$1.6 billion in contracts to M/WBEs. The OneNYC initiative report summarizing agency progress toward the goal (the OneNYC M/WBE Bulletin) includes information regarding awards for agencies that had never published their M/WBE utilization, in an effort to more completely illustrate the City's performance on awards to M/WBEs.

Specific to Mayoral agencies, while Fiscal 2015 saw a decrease in overall procurement volume (\$13.6 billion in Fiscal 2015 from \$17.8 billion in Fiscal 2014), the City reached its highest dollar value in awards to M/WBEs in the entire history of the program: \$725 million. The Department of Design and Construction (DDC) and the Department of Environmental Protection (DEP) are the agencies with the largest dollar value contributions to the total with \$242.5 million and \$118.7 in awards respectively. While we are pleased with achieving historic highs, we are not satisfied because this represents only 5.3% of the overall City's procurement volume. We are working aggressively to see increases in coming years.

#### Utilization Under Local Law 1 of 2013

I'd like to take a moment to discuss contract award information for LL 1, as it represents a subset of our OneNYC initiative. LL 1, enacted in 2013, amended the City's M/WBE program initially created by LL 129 of 2005. That program was limited: it established goals only for prime contracts valued under \$1 million and subcontracts in construction and professional services valued at under \$1 million. The disparity study upon which the program was based,

which was commissioned by the City Council at the time, found that M/WBEs only had the capacity to perform on contracts of that size. However, in 2010, MOCS reviewed both the contract award data and vendor data and found that indeed, M/WBEs had capacity to perform on larger contracts. The results of that data review supported the changes ushered in by LL 1 of 2013, namely, a removal of the \$1 million cap for most industries, and expanded the number and size of contracts subject to the City's M/WBE program.

For contracts subject to LL 1, in Fiscal 2015, only the second full year under the new and expanded program, the City awarded approximately \$396.6 million in prime contracts to M/WBEs, representing 7% of the applicable prime contracting universe, a slight increase from Fiscal 2014. Several agencies have distinguished themselves in M/WBE prime contracting awards. For example, DDC awarded \$164.7 million to M/WBE prime contractors last fiscal year. That figure is up from \$127.9 million in Fiscal 2014. It is notable that the City saw an increase in the percentage of prime contract awards in spite of the significant challenges related to State procurement laws. Pursuant to State law, the City must generally award contracts to the lowest bidder or the proposal that represents the best combination of quality, cost, and efficiency. The City may not award contracts based on the M/WBE status of a bidder or proposer.

Subcontract awards are a good way for M/WBEs to gain experience working on City projects. In order to meet the "narrow tailoring" required by Federal case law for race based programs, LL 1 authorizes agencies to apply M/WBE participation goals on contracts where there is availability of M/WBE firms to perform specific portions of construction, professional, and standard services on prime contracts. Once an agency determines that there are, they set

an M/WBE participation goal, which can be met by the certified status of an M/WBE prime contractor, subcontractors, or a qualified joint venture. This is why it is imperative M/WBE firms maintain current and accurate information in the M/WBE Directory as agencies and prime contractors rely on that tool to determine availability for goal setting purposes. The City showed an increase in M/WBE awards under LL 1. In Fiscal 2015, \$75.2 million were awarded to M/WBEs in subcontracts, representing 44% of the applicable subcontracting universe – an increase from the previous year. DDC, DEP, and DPR were the top contributors to the overall amount of M/WBE subcontracts awarded, collectively awarding \$62.3 million.

LL 1 authorizes the City to grant waivers for the elimination or reduction of M/WBE participation goals. Waivers are requested and granted during the solicitation stage for contracts that have M/WBE participation goals. If a vendor is able to demonstrate that s/he can fully self-perform the work being solicited or subcontract at a lower rate than the M/WBE utilization goal, then s/he is eligible to receive a waiver. MOCS thoroughly reviews each waiver to ensure compliance with the law. In Fiscal 2015, only 22 vendors with waivers submitted winning bids or proposals and were ultimately awarded contracts. Vendors filed a total of 179 requests for waivers. Of those, 27 were denied, 74 were approved as full waivers, and 79 were approved as partial waivers.

#### Accountability

LL 1 established additional oversight and reporting requirements. The City issues quarterly utilization reports that include a number of indicia related to contract awards subject to the law. MOCS and SBS comply with this requirement on a timely basis and these are sent to the Speaker's Office as required by law, and posted on our respective websites.

The Administration has historically presented contract data in terms of the total value of registered awards as opposed to payments. Presenting the data this way most accurately reflects current agency performance. As most contracts are multi-year, some even taking more than five or ten years to close, reporting on payment data incorporates current payments on contracts that may have been awarded several years prior – some of which may have been awarded under the much smaller program under LL 129 or before there was even a program at all. Additionally, the functionality to collect payment data for subcontractors was only rolled out in March of 2013 via the Payee Information Portal (PIP) and wholly relies on vendors (primes and subcontractors) to manually enter the data themselves. Vendors are still learning how to use PIP and agencies have been working with vendors to do so. But currently, only a small subset of subcontractor payments issued on open contracts are reported through PIP. Using incomplete and inapplicable payment data to gauge agency performance on M/WBE utilization leads to inaccurate reporting.

LL 1 also mandates Performance Improvement Plans as remedial measures for agencies that are under-performing, and prospective contracting plans encompassing future procurements subject to LL 1. We are making full use of all of the compliance and reporting tools at our disposal, and we send these to the City Council as required.

Another change which demonstrates the de Blasio Administration's commitment to M/WBEs involves MOCS itself. In order to assist with agency accountability and to provide agencies with support and technical assistance to increase awards to M/WBEs, we created a new unit at MOCS: the "Division of Economic Opportunity and Advancement." Within MOCS, we hired an Executive Director to lead the new team and added five new full-time lines. The

team will be solely dedicated to agency oversight of the M/WBE program. Our increased capacity will help us to better monitor agency progress, expand our technical assistance coverage and enhance our ability to address vendor needs.

### **III. Discussion of Legislation**

The Administration supports the intent and shares the goals of all of the bills and the resolution that are being considered at today's hearing. While we are generally supportive of the bills, many of the practices that are being proposed in some of the bills are already being performed and others may pose operational, fiscal, and legal challenges to implement. For all of the measures we support, we would like to continue discussions on the details to fine tune the specifics so we can best meet the intended purpose of each piece of legislation.

#### **Int. 976: In relation to requiring training for agency chief contracting officers and agency M/WBE officers and posting related information on the city's website**

The Administration shares the goals of this bill and has been implementing most of the requirements. MOCS and SBS jointly conduct monthly M/WBE trainings that are well attended and whose participants include not only agency contracting officers but other contract personnel as well. Additionally, MOCS holds monthly ACCO meetings where M/WBE topics are discussed at almost every meeting.

#### **Int. 981-A: In relation to the creation of an advisory board to enhance procurement opportunities for minority and women-owned businesses.**

The Administration agrees that an M/WBE Advisory Board should be created, which is why we created one. The Advisory Board members consist of members of the City Council, M/WBE advocates, and key City personnel, including M/WBE Director Wiley, SBS Commissioner Bishop, and me, in my role as MOCS Director. Together this cross-section of City leaders,

elected officials, and key M/WBE advocacy organizations will be tasked with developing effective City policies for greater inclusion of vendors. The distinguished panel will be tasked with helping the Administration strengthen the M/WBE program and to make recommendations for policy and legal changes.

One aspect of the bill that the Administration does not support is the requirement that the M/WBE Director's sole function be limited to M/WBE oversight. Mayor de Blasio's commitment to M/WBEs is broader than procurement. To ensure that the policies are implemented across all realms of City government, he appointed his Counsel, who meets with him directly on a daily basis and who can incorporate M/WBE policy directly and more broadly.

The Mayor created a multi-pronged structure to ensure agency compliance and a team (Director Wiley, SBS Commissioner Bishop, and myself) whose focus is to make the structural changes necessary to increase awards to M/WBEs. Frankly, the more people in leadership positions working together to drive the changes that will increase M/WBE utilization, the more impactful we can be in achieving significant change.

Under Director Wiley's watch, the City has reached a historic high in annual M/WBE awards among Mayoral agencies. Director Wiley has instituted a culture of agency accountability and open discussion with the M/WBE community at large. She's done all of this while, for the first time, working to expand the principles of the M/WBE program to non-Mayoral agencies and City development projects. Simply put, Director Wiley's leadership has brought about changes that go beyond those of any other Administration.

Finally, legislatively requiring that the M/WBE Director's sole function be limited to M/WBE oversight raises curtailment issues. This requirement limits the Mayor's ability to determine how best to organize his office and Administration.

**Int. 1005: In relation to requiring agency M/WBE utilization plans to be published online**

Increased transparency is a goal that this Administration supports across policy areas for all agencies. As City agencies have been complying with the requirement to submit agency utilization plans, requiring the posting of such plans online is a natural progression and is in line with other citywide efforts.

**Int. 1019 and Int. 1020: In relation to amending M/WBE reporting requirements**

The proposed changes to the reporting requirements would present the information in a much more useful manner to the public and agencies. We would love to work with you on making drafting changes to better reach that aim.

**Int. 1021-A: In relation to requiring an M/WBE consultant for city projects with budgets in excess of \$10 million**

Int. 1021 seeks to mandate that, for contracts over \$10 million, City agencies hire an independent consultant to assist with recruiting M/WBEs for procurement opportunities and to monitor and report on prime contractor compliance with M/WBE goals. We understand the City Council's desire to ensure that M/WBEs be given an opportunity to participate on large-scale City contracts; we share that same desire.

Contract monitoring to determine whether primes are meeting M/WBE goals, however, is currently performed by City agency employees. Agencies monitor a prime vendor's M/WBE utilization on a quarterly basis and work with vendors to ensure that they are on track to meet



them. This bill would outsource City agency functions currently performed by agency personnel. The Administration is very concerned with establishing such a precedent.

In addition, such a requirement would also increase costs to complete projects. In Fiscal 2015, the vast majority of the City's overall procurement volume was made up of contracts valued over \$10 million: \$8.7 billion. Adding consultant costs for even a subset of these contracts means that the City could increase the costs of these contracts by millions of dollars.

**Res. 923: Resolution adopting the rule amendment of the Procurement Policy Board to raise the micropurchase limit for the procurement and award of construction contracts to \$35,000**

We thank you for your partnership in submitting this resolution supporting the PPB's rule amendment, which would increase the City's micropurchase limit to \$35,000. Once this change is adopted, City agencies have full discretion to award construction contracts to firms they select. This rule will provide additional opportunities for M/WBE utilization.

**IV. Conclusion**

While this Administration is not satisfied with where the City is with its current M/WBE utilization, the City's M/WBE team is pushing through many barriers to increase M/WBE utilization. We are working diligently to undo decades of laws, policies, and practices that have prevented M/WBEs from obtaining their fair share of City business. We are confident that with all of the changes we are effecting via multiple fronts, and all of the accountability measures we are putting into place, we will meet, if not exceed, the \$16 billion goal. I turn now to SBS Commissioner Gregg Bishop.

**CITY OF NEW YORK**

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

**Annual Report for Fiscal Year 2015**

---

**Compliance Report covering July 1, 2014 – June 30, 2015**

**Lisette Camilo  
City Chief Procurement Officer  
Mayor's Office of Contract Services  
253 Broadway, 9th Floor  
New York, New York 10007**

**Andrew Schwartz  
Acting Commissioner  
NYC Department of Small Business Services  
110 William Street, 7th Floor  
New York, New York 10038**

## Table of Contents

Introduction.....	3
Expanding the Base of Certified Firms.....	3
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 2015 (July 1, 2014 – June 30, 2015). 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 Agency Procurement Indicators published by MOCS, 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 contracts that were registered and subcontracts approved in FY 2015, including procurements that were solicited before LL 1 became effective and subject to LL 129.<sup>1</sup> The City's M/WBE program is administered jointly by 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. In FY 2015 M/WBEs were awarded \$397 million in prime contracts subject to the M/WBE program, and \$75 million in eligible subcontracts. The report demonstrates that in FY 2015 the City and its agencies made substantial progress towards achieving citywide goals.

## 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

---

<sup>1</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.

performance reporting. To that end, SBS continues to work hard to simplify certification without compromising review standards. In February 2015, SBS launched the [NYC Online Certification Portal](#), an online portal enabling M/WBE firms to certify and recertify online, check the status of applications, and update their business profiles to better promote themselves to buyers. SBS also regularly conducts classes to educate small businesses on the certification process and application requirements. During FY 2015, SBS conducted 31 certification workshops for 503 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. In FY 2015, SBS certified 620 new M/WBEs and recertified 383 M/WBEs, bringing the number of City-certified companies to 4,115 as of June 30, 2015. 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 155 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<sup>th</sup>, 2015, there are 3 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. Accordingly, there were no awards to EBEs during FY 2015.

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. With the support of the Council, we have worked to ensure that M/WBE goal requirements are attached to as many contract opportunities as possible.

During FY 2015, SBS certified 18 firms as LBEs, bringing the total number of LBE certified firms to 27 as of June 30<sup>th</sup>, 2015. Many of our LBEs are also certified as minority and women-owned businesses and can be considered for targeted subcontracting opportunities on City construction projects with M/WBE goals.

During the reporting period, LBEs were awarded a total of \$3.6 million in all types of prime and subcontract awards.

## **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 SBS' Online Directory of Certified Businesses ([www.nyc.gov/buycertified](http://www.nyc.gov/buycertified)) and other City procurement systems. In FY 2015, SBS worked with 464 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.

During the reporting period, 376 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 one-on-one sessions for 154 firms. Additionally, in FY 2015, 293 companies attended SBS' "Technical Assistance" monthly workshops that provide targeted M/WBE industry groups comprehensive techniques on government contracting.

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. In FY 2015, member organizations sponsored 88 events and provided 1,153 one-on-one assistance sessions.

During FY 2015, SBS held two Citywide Procurement Fair events, helping to connect New York City minority and women-owned businesses to public and private contracting opportunities and other resources.

On November 13<sup>th</sup>, 2014, Mayor Bill de Blasio kicked off the 8th Citywide Procurement Fair with remarks, along with Counsel to the Mayor and M/WBE Program Director Maya Wiley, SBS Commissioner Maria Torres-Springer, and MOCS Director Lisette Camilo. More than 600 certified M/WBEs attended the fair with purchasers from more than 70 City and State agencies and public authorities, as well as several private-sector companies. The fair offered eight Opportunity Rooms where participants could learn about current and upcoming contracting opportunities.

On June 4<sup>th</sup>, 2015, SBS hosted the 9th Citywide Procurement Fair at BNY Mellon. SBS Commissioner Maria Torres-Springer opened the event, followed by remarks from Counsel to the Mayor and M/WBE Program Director Maya Wiley, and MOCS Director Lisette Camilo. Over 700 certified M/WBEs attended the event, along with procurement representatives from more than 80 City and State agencies and public authorities, and several private sector companies. The fair offered twelve Opportunity Rooms where participants learned about current and upcoming contracting opportunities, and two workshops: “How to Market Your Business Using Social Media” and “Accessing Capital”.

## **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.

**Contract Financing** helps address the challenges that small businesses have in funding initial expenses, or mobilization costs relating to City contracts, such as labor and equipment costs. Short-term working capital loans are available to firms that are awarded City contracts through partnerships with New York Business Development Corporation and Business Outreach Center Capital. In the reporting period, SBS facilitated twenty loans totaling \$1.2 million to 16 firms.

**Bond Readiness** provides M/WBE 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 provides eight months of classroom training and one-on-one assistance, as well as introductions to a network of surety agents. Twenty-two M/WBEs graduated from the 2014-15 cohort of Bond Readiness in May 2015.



**NYC Construction Mentorship** provides certified construction firms with greater access to City construction opportunities. Each firm receives eight months of classroom instruction and one-on-one mentorship, a business assessment and a custom growth plan for their business. Eighteen M/WBEs graduated from the 2014-15 cohort of NYC Construction Mentorship in May 2015.

Through **NYC Teaming**, M/WBEs and other small businesses learn how to partner with other firms in order to be able to bid on larger or new market contract opportunities. In partnership with American Express OPEN, the division of American Express that provides assistance to small business owners, SBS offers a series of workshops and webinars that review different types of teaming arrangements, financial and legal issues, responding to RFPs and bids and marketing to potential partners. The series culminates in a matchmaking event that facilitates industry-specific networking, brings firms together with City agency procurement representatives and prime contractors, and provides open RFPs and bids for participants to review with potential partners. In the reporting period, SBS held one webinar with seventeen attendees and four workshops attended by 124 participants.

The **Corporate Alliance Program (CAP)** helps connect firms with contracting opportunities in the private sector in collaboration with ten 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 six workshops related to corporate procurement and contracting opportunities attended by 263 businesses.

**Strategic Steps for Growth** is a nine-month executive education program designed for M/WBEs, offered in partnership with the Berkley Center for Entrepreneurship & Innovation at the NYU Stern School of Business. An industry-specific class is also offered for business owners in the media, entertainment and technology fields. 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 & 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, thirteen M/WBEs graduated from the 2014-15 cohort.

SBS and the Department of Housing Preservation and Development (HPD) co-sponsored HPD's new initiative, the **HPD Building Opportunity Program**, which aims to help M/WBE developers refine their skills, gather the information needed to navigate the complex arena of real estate development, connect them to HPD and SBS resources, and ultimately compete for and execute HPD and other affordable housing real estate development projects. Twenty-eight firms graduated from the 2014-15 cohort of the HPD Building Opportunity Program in April 2015.

### **Program Compliance**

To ensure that all agency staff responsible for purchasing activities are familiar with the M/WBE program and their agency's goals, SBS and MOCS conduct monthly agency training sessions at the Citywide Training Center and specific trainings at agency offices. During FY 2015, 444 procurement professionals from 26 agencies attended 15 classes. 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 for contracts under \$100,000.

In the reporting period, SBS finalized the compliance audits of 5% of prime contracts subject to participation goals awarded in FY 2012 and FY 2013, and 5% of subcontracts awarded to M/WBE firms during the same period. Fourteen prime contracts and twelve subcontracts were audited for the FY 2012 period, and fourteen prime contracts and ten subcontracts were audited for the FY 2013 period. The findings from the audits were reviewed and shared with the selected agencies to ensure continued compliance with the program requirements by both City agencies and prime contractors. Additionally, SBS began the first audit of 5% of prime contracts subject to Local Law 1 awarded in FY 2014, and 5% of subcontracts awarded to M/WBE firms during the same period.

LL 1 created the position of "Director" to perform enhanced oversight functions. As required by the law, Director Maya Wiley convened four quarterly M/WBE compliance meetings with agency M/WBE officers and commissioners to discuss M/WBE utilization and agency initiatives to increase performance: on September 30, 2014, attended by 49 staff members representing 20 agencies; on December 5<sup>th</sup>, 2014,

attended by 55 staff members representing 25 agencies; on March 25<sup>th</sup>, 2015, attended by 56 staff members representing 25 City agencies; on June 24<sup>th</sup>, 2015, attended by 59 staff members representing 23 City agencies.

### **Qualified Joint Venture Agreements**

There were no contracts subject to the M/WBE program awarded to qualified joint ventures in FY 2015.

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

Since the implementation of the M/WBE program, the City has undertaken 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, and graduated a third class for this program in the reporting period.

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 in expediting their payment requests from prime contractors and City agencies.



# FOR THE RECORD

## INEZ E. DICKENS

COUNCIL MEMBER  
9<sup>TH</sup> DISTRICT, MANHATTAN

### DISTRICT OFFICE

163 WEST 125<sup>TH</sup> STREET, SUITE 729  
NEW YORK, NY 10027  
TEL: (212) 678-4505  
FAX: (212) 864-4379

### CITY HALL OFFICE

250 BROADWAY, ROOM 1875  
NEW YORK, NY 10007  
TEL: (212) 788-7397  
FAX: (212) 442-2732

## THE COUNCIL OF THE CITY OF NEW YORK

### CHAIR

LAND USE SUB-COMMITTEE ON  
PLANNING, DISPOSITIONS & CONCESSIONS

---

### COMMITTEES

LAND USE  
OVERSIGHT & INVESTIGATIONS  
RULES, PRIVILEGES & ELECTIONS  
SMALL BUSINESS  
STATE & FEDERAL LEGISLATION

Good afternoon to all,

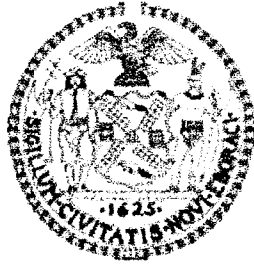
Today I am proud to say we, the City Council, are taking another step toward leveling the playing field in how the City of New York issues contracts with Minority and Women owned businesses. I and a number of my colleagues have petitioned throughout our time in the Council to change the abysmal practices that leave a tremendous number of businesses from participating in this unique economic environment.

For what seems to be generations now, the City has unwisely helped to discourage MWBE and MBE's from participating due to not having the "right connections" when all that should have been considered is being the lowest bidder that can provide the most quality assured product of service.

According to The Black Institute, only 4% of all businesses that contract with the City and State of New York are MWBE. This is a frightening statistic when you consider MWBE's make up 30% of all businesses. Such stark differences should compel us to act in the best interest of all spectrums of our society.

Only by fighting for equality of MWBE small businesses who hire residents from the community do we improve the economic base of our communities. We need to do what is right, what is fair, and what is just to continue to build upon the work under the previous Council administration is pushing for the greatest level participation possible.

I would like to thank my City Council colleagues Speaker Melissa Mark-Viverito for her leadership on this issue, Committee Chair of Women's Issues, Laurie Cumbo, Contracts, Helen Rosenthal, and Small Business, Robert Cornegy for introducing this important piece of legislations. And Women's Caucus Co-Chairs Elizabeth Crowley and Darlene Mealy for their hard work and dedication in crafting this proposal and for keeping the conversation open for clear option for members to support. I also want to thank I would also like to thank Bertha Lewis and the Black Institute for collaborating with Women's Caucus in achieving long awaited goals.



**THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
SCOTT M. STRINGER**

**TESTIMONY OF NEW YORK CITY COMPTROLLER  
SCOTT M. STRINGER**

**BEFORE MEMBERS OF THE  
COMMITTEE ON CONTRACTS, COMMITTEE ON WOMEN'S ISSUES,  
AND COMMITTEE ON SMALL BUSINESS  
OF THE NEW YORK CITY COUNCIL**

**DECEMBER 14, 2015**

Thank you to Councilmembers Cornegy, Cumbo, and Rosenthal for their leadership in convening this critical hearing and to Public Advocate James and Councilmember Crowley for their continued commitment to diversity in City contracting. I strongly support your efforts to improve transparency and accountability in the City's minority and women business enterprise (MWBE) programs, which are critical to the long-term health of our economy.

New York City is home to the largest and most diverse cluster of businesses in the United States. However, for years, we have struggled to get City contracts into the hands of MWBEs.

In 1992, New York published its first disparity study. Its conclusion surprised no one: MWBEs faced discrimination in the marketplace and received a disproportionately small share of City procurement.

In the decades that followed, the City took a variety of steps to level the playing field, including creating a series of aspirational goals under Local Law 129 of 2005.

The program—which was updated in 2013 (Local Law 1)—has led to an increase in the number of certified MWBE firms. However, the program has fallen far short of its goal of actually getting contracts into the hands of these firms.

As stated in the Fiscal Year (FY) 2015 Procurement Indicators Report released in October by the Mayor's Office of Contract Services, only 5.3 percent of the City's \$13.6 billion procurement budget was spent with M/WBEs. While this is the highest share in recent years, it is still unacceptably low in a City where nearly 80 percent of residents are women or people of color.

In New York, diversity isn't some buzz word. It's a fundamental economic development principle. Growing the pie for MWBE firms is not just the right thing to do, but it will also increase competition in procurement, drive down costs for taxpayers, and act as a central tool in our battle against income inequality.

That's why as Comptroller, diversity has been a top priority for my office from day one.

Last year, we hired the Comptroller's Office's first Chief Diversity and Deputy Chief Diversity Officers, who are charged with spearheading efforts to boost procurement for MWBE firms and enhancing economic opportunity for communities throughout the five boroughs.

We have also used the power of the pension system to press for reforms in Corporate America, where boards of directors all-too-often lack the independence and diversity that are needed to maximize shareowner value in a 21<sup>st</sup> century marketplace.

And finally, we've launched a new annual report—*Making the Grade*—in an effort to boost transparency and accountability for MWBE spending. The report issues letter grades to dozens of City agencies on their successes or failures with MWBEs. The grades are based on actual spending with MWBEs rather than merely contracted spending that may or may not materialize.

The results of our first assessment weren't pretty. The City received an overall grade of "D" with 21 of 32 agencies reviewed receiving a "D" or "F" grade.

In this year's report, we saw some progress, with nearly half of the 32 agencies reviewed receiving grades between "A" and "C." However, the citywide grade for FY15 was a very disappointing "D+."

One of the major challenges the City faces in expanding MWBE procurement is that we still struggle to collect the data needed to fully understand the scope of the problem.

My office has taken steps to improve transparency, including displaying MWBE subcontractor data on our financial transparency website—Checkbook NYC—for the first time ever.

However, Checkbook can only display data—it can't create it out of thin air. We need agencies to do their part in holding prime vendors accountable for disclosing subcontractor information. And right now, that simply isn't happening.

19 of the 32 agencies we graded failed to upload any subcontractor data to the Payee Information Portal (PIP). The failure of agencies to hold prime vendors accountable for subcontractor spending is particularly concerning because subcontracting often offers the best opportunity for small businesses—including many MWBEs—to compete for City procurement.

The bottom line is that for all the positives of the current New York City's economic story, many minority and women-owned businesses lack opportunities in the marketplace. The City must do much more to foster growth and opportunity for these entrepreneurs, many of whom support job growth in distressed neighborhoods throughout the five boroughs.

I am pleased that the Council has introduced legislation that will increase accountability and transparency, allowing New York City to better measure its progress with MWBE's.

Intro 923 would allow the public to clearly identify MWBE goals that attach to economic development projects and assess whether developers that benefit from taxpayer dollars are meeting those goals.

Intro 1005 would ensure that agency utilization plans are posted online so that the public can hold agencies' feet to the fire on meeting these goals.

And Intro 976 would provide even more training for procurement officers so that they engage in best practices for outreach to, and support of, MWBEs interested in City procurement.

I applaud the Council for its commitment to this critical issue and look forward to working with you to ensure a truly level playing field for firms wishing to do business with the City of New York.

Thank you.

**Contact:**

Patrick Gallogly Rheume

Patrick.Rheume@mail.house.gov

(718) 287-1142

**Statement from Congresswoman Yvette D. Clarke**

“As an outspoken advocate for inclusion and diversity in our city’s procurement practices, I would like to commend and encourage the New York City Council to pursue its responsibility and obligation to fairness and equity for our Minority and Women-Owned Businesses. These companies, which are an important and integral part of our economy, providing jobs within disadvantaged communities and allowing families to build wealth, have been neglected and often effectively shut out of meaningful participation in our city's economic opportunities. I also commend the Black Institute and its esteemed President, Bertha Lewis, for their commitment to holding the City of New York and its agencies accountable for expanding opportunity and working with supporters on the City Council to require our government to make inclusion and diversity a priority in its contracting practices and invest in its people.”





December 7, 2015

LCA Engineering LLC  
1640 Vauxhall Road, Suite 2-B  
Union, NJ 007083

Attn: Luis C. Aguero, President

Re: Solicitation No.: SCA 16-00006R  
Architecture & Engineering Services in Connection with Mechanical, Electrical, and Plumbing Projects at Various Schools and Facilities Throughout New York City

Dear Mr. Aguero:

In light of the overwhelming interest in and response to our recent RFP for Mechanical, Electrical, and Plumbing Projects, we want to extend our thanks to LCA Engineering LLC for its submission. The vast majority of proposals were of very high caliber and were clearly drafted with great care. The task of selecting only 8 out of 29 submissions for contract award was extremely difficult.

Please be advised that the New York City School Construction Authority has identified the following firms to receive a contract award:

- Incl* 1) A&J Consulting Engineering Services, P.C. ~~No schools~~ *No Schools*
- 2) Bladykas Engineering, P.C. *No Schools*
- 3) Greenman-Pederson, Inc. *No Schools*
- 4) Joseph R. Loring & Associates, Inc. *No Schools*
- Incl* 5) KeRi Engineering, PC *Indian No Schools*
- 6) Lilker Associates Consulting Engineers, P.C. *at 212 695 1000*
- Incl* 7) Setty & Associates, Ltd
- Incl* 8) Shenoy Engineering, PC

Should negotiations between the SCA and any of these firms fail to result in the execution of a contract, the SCA reserves the right to move to the next highest ranked firm.

Typically, after selection notifications are made, many firms will reach out to ask, "What could we have done differently to have been selected?" In this case, with so many excellent proposals, the SCA would have been very happy to have contracts with many more of you than just eight.

We want to extend our appreciation to you for your efforts in responding to our outreach and although you weren't selected for a contract, you were in exceptionally good company, ultimately our contract limit prevailed.

Sincerely,

*Stacey L. Tyson*  
Stacey L. Tyson  
Senior Counsel & Director, Contract Administration

30-30 Thomson Avenue  
Long Island City, NY 11101-3045  
PHONE: 718 472-8000  
FAX: 718 472-8240

December 14, 2015

RE: Amending City Of New York's MWBE Legislation

Local Law 1 derives its legitimacy as a result of federal constitutional law. Over the last several decades, the federal courts have laid out a constitutional scheme for cities to address this issue. And no city has ever been allowed, or even argued, that state law waived its obligation to remedy past discrimination.

The Supreme Court in *City of Richmond vs. Croson* held that using minority set-asides without establishing proof of prior discrimination was unconstitutional. As a result, cities across the country began undertaking disparity studies to document past discrimination and then fashioning programs to address that discrimination. Subsequently the Supreme Court in *Concrete Works of Colorado, Inc. v. City and County of Denver* upheld a lower court ruling that Denver had shown a compelling interest in fashioning a program remedying discrimination.

The city of New York has undertaken a disparity study that documented past discrimination in its contracting. It fashioned Local Law 1 to remedy that discrimination. However, I am not aware of anyone that does not agree that Local Law 1 was deeply flawed. And the numbers bare that out.

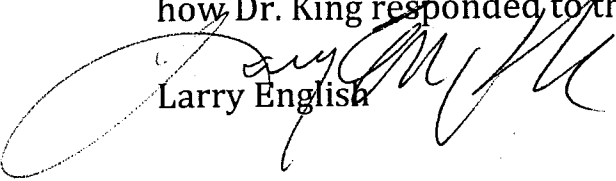
Thus, because New York has documented past discrimination and the numbers continue to show that race and gender continues to be a barrier in city contracting, the city has legal as well as moral obligations to take whatever constitutional steps necessary to address that issue. It cannot argue that state bid laws has tied its hands. Particularly when systemic discrimination has been shown to be the result of city, not state actions.

The city is not prevented from fashioning a MWBE program in every facet of its contracting including, but not limited to construction, professional services and purchase contracts. And that includes every city agency.

Because the city has documented discrimination, it may add conditions to its RFP s or amend its local laws to allow “commitment to diversity” as one of the criteria of being a “responsible bidder.” The New York courts have held that a municipal agency has broad discretion in determining “lowest responsible bidder. *Alarm Processing Systems, Inc. vs. New York City Housing authority.*..

I encourage the city to seek to amend any state legislation it deems appropriate to remedy the lack of inclusion in city contracting. But decades of federal law in this area does not decree that minority and women business persons have to seek redress from elected officials in upstate New York for systemic discrimination in New York city.

And to ask minority and women business persons to “wait” for fairness while the city seeks to move legislation through dysfunctional Albany is equivalent to the white ministers of Birmingham asking Dr. King to be patient in 1963. And we all know how Dr. King responded to that request.

  
Larry English

New York City Council  
Committee on Contracts  
Oversight Hearing  
on  
Implementation of the City's Minority and Women-Owned Business Enterprise Programs  
December 14, 2016  
City Council Chambers – City Hall  
New York City

Testimony of Eric McFadden on behalf of Uneed Solutions (dba Noviant), Go Green Technologies and other W/MBE Information Technology businesses resident and doing business in New York City.

Prepared and Presented by:

Eric McFadden

Vice President- Business Development

Uneed Solutions (dba Noviant)

[www.noviant.com](http://www.noviant.com)

Suite 401, 32 Broadway

New York, New York 10004

212-809-6625 ext.8136

[emcfadden@noviant.com](mailto:emcfadden@noviant.com)

Good Afternoon.

I want to begin by thanking Committee Chair Helen Rosenthal, Women's Issues Chair Laurie A. Cumbo, Small Business Chair Robert E. Cornegy, Jr. and Women's Caucus Co- Chair Elizabeth Crowley for conducting this hearing this afternoon. This is the first oversight hearing on the City of New York's work to award contracts to Minority and Women Owned Business Enterprises (M/WBEs). I also want to gratefully acknowledge the efforts of Ms. Bertha Lewis of the Black Institute, Frank Garcia of the New York State Coalition of Hispanic Chambers of Commerce, Kevin Wang of Noviant and the many other community leaders and M/WBE business advocates here today. Thank all of you for your efforts to continue the progress in this critical area of our on-going civil rights struggle.

Minority and Women's business development has been a part of the civil rights movement in this country for over a century and a half.

In the 1850's Susan B. Anthony and Elizabeth Cady Stanton argued for and fought for the right of women to own and run businesses – which became law in 1860 – Elizabeth Cady Stanton testified much as we are today before the New York State Legislature in support of the Married Women's Property Law which was enacted in 1860. Later in the same century – W.E.B. Dubois published his paper – The Negro in Business in 1899. So let there be no doubt, despite the progress we have made in voting rights, equal employment opportunity, fair housing and education – the one area of the civil rights movement which remains a pernicious struggle is the development of successful women and minority owned businesses.

Today - I testify before this committee in my role as Vice-President of Business Development for Uneed Solutions (dba Noviant), as well as its sister company Go Green Technologies, Inc.

I will also share with the committee some new ideas which were developed collaboratively with Cognis IT Advisors, which is led by Geoffrey Kent (a Wharton Graduate and former Deloitte Consultant) – Mr. Kent recently retired from leading the Eastern Minority Supplier Development Council of PA-NJ-DE.

I have submitted with this written testimony the Minority Supplier Diversity 2.0 proposal we developed this summer and submitted to the Mayor's Office (City of

New York), the Governor's Office (State of New York) and the Comptroller's Office (City of New York) as well as State Senator Ruth Haskell Thompson and State Assemblywoman Rodneyse Bichotte.

The New York City Council legislation proposed generally is very easy for me to support. I commend the authors on the thoroughness of their thinking and the specific language proposed. It is broad enough that it should enable much greater transparency both at the agency level and also at the aggregate level. I think the proposed amendments to Section #6 – 129 of the NYC Administrative Code are significant progress. Specifically - #923, #976, #981, #1021 are important new tools in the NYC procurement oversight process.

I also strongly support - #1005, #1019 and #1020 – hopefully the implementation dates will be corrected to read 2016. But these amendments will be the focus of my comments.

Amendment # 1005 is extremely important moving forward. As the committee is well aware – the overall growth in both capital and operating expenditures should offer tremendous business opportunities for M/WBEs in general and hopefully for NYC resident M/WBE businesses. Although the NYS Comptroller's Office publishes a report of Frequently Purchased Commodities every year – unfortunately I was not able to find a similar report for the City of New York.

At the 2015 NYS M/WBE Forum – the Comptroller's report showed that NYS spent nearly 1.8 Billion dollars on IT equipment, services and maintenance contracts. As I expressed at that conference – imagine what 30% of 1.8 Billion would mean to NYS resident M/WBE businesses and the neighborhoods of New York. Quick math, 30% would equal \$540 million in IT spending flowing annually through registered M/WBE enterprises... And while I support the increases in the micro-purchase dollars, the size of the Information Technology procurements makes the \$35,000 limit (while important) a less impactful way of achieving sizeable M/WBE participation. A recent DOITT procurement moved a \$77-million-dollar Cisco Systems maintenance renewal from NYC registered Small Business to Presidio Networks which is neither a small business or an M/WBE. There are several M/WBEs in NYC who were capable of renewing that contract with Cisco Systems.

So quickly my concerns about the amendments are:

#1005 – it clearly identifies that the agency shall consider “the availability of MBEs, WBEs & EBEs with **capacity to perform the specific types and scale of work** for which the agencies anticipate it will solicit procurements during the year”

#1019 – the size and volume of this reporting requirement will require significant resources to support both staffing and technology. This might be a perfect opportunity to utilize newer analytical techniques such as Big Data to help clearly illustrate the larger M/WBE procurement picture in NYC, as well as harder to identify trends in Prime contractor/sub-contractor compliance.

#1020 - clearly identifies each agency “shall specifically consider **the potential for such purchases to provide opportunities for MBEs, WBEs and EBEs to develop greater capacity** thereby increasing competition for city procurements.

Specifically, the question of how does the City of New York help the MBEs, WBEs and EBEs increase their businesses’ capacity must be more clearly addressed. For those of us who regularly review the City Record and the New York State Contract Reporter looking for opportunities – we can tell most of the significant IT public procurements are released with many requirements which specifically eliminate small to medium size M/WBE companies. Requirements such as experience with police/fire departments comparable in size to the NYPD/FDNY or experience in the top 100 school districts in America – to name just two frequently used exclusionary requirements. And to those requirements the difficulty of getting access to NYS – OGS OEM blanket contracts – without which M/WBEs are effectively excluded from participation in hundreds of millions of NYC governmental purchases which are processed as inter-governmental transfers. More recently the adoption of the CDW requirements contracts by DCAS, DOITT & MTA forces M/WBEs to split their gross margins with multi-billion corporations to gain access to NYC procurements.

The current approach to M/WBE business development, while effective in certain industries – are less impressive in Information Technology. In fact, the current approach places too much decision making authority in the hands of the majority owned OEMs – each multi-billion dollar corporations. They decide which M/WBEs are allowed to resell their products and services. There are significant barriers to entry – for M/WBE businesses. So despite the additional regulations –

if we don't address the "capacity" problems, NYC M/WBE attainment in Information Technology will remain a significant problem. Every day this problem is not addressed, NYC's largest IT vendors continue to dominate the NYC procurement markets – tossing scraps to the few M/WBEs they choose.

New York City MBEs, WBEs and EBEs need critical assistance to be able to be "contract ready" and able to scale to the size of the IT procurements in both NYC and NYS. The upcoming projects like the LaGuardia Airport, the new Casinos and others are all multibillion procurements with many critical IT components – however if capacity and scale are not developed prior to these opportunities being offered for solicitation – M/WBEs will not qualify.

I believe the New York City Council should strongly consider implementing multi – tier reporting. The current reporting does not go below the initial Prime contractor and their identified sub-contractors. Implementing multi-tier reporting would drive the M/WBE spend much further down the supply chain and would open many more opportunities for M/WBE to participate and therefore grow to scale.

Finally, I also strongly advocate that the NYC City Council consider creating a preference for NYC based M/WBEs which hire NYC residents. The NYC based M/WBEs face significant pricing disadvantages given our higher overhead costs than other M/WBEs either from outside NYC and in some cases outside of the region and even the country. You have no idea how frustrating it is to lose contracts to companies with ghost offices and no NYC resident employment. We (Noviant & Go Green) are located @ 32 Broadway and are committed to hiring NYC residents – but because we have had little success in procuring NYC contracts we are looking to grow in markets outside of New York State and New York City.

Thank you for allowing me to testify.







## **Minority Supplier Diversity 2.0**

**Building "Contract Ready & Scalable" M/W/SDVBE's and  
other Disadvantaged Businesses**

**An Outline of an Enhanced Business Development and  
Mentoring Program**

**Date: October 6, 2015**

Prepared by:

**Geoffrey Kent, Managing Principal**

**William Dorsey, Principal**

**Eric McFadden, Principal**

[gkent@cognisit.com](mailto:gkent@cognisit.com)

[www.cognisit.com](http://www.cognisit.com)

**Cognis IT Advisors, LLC**

1735 Market Street

Suite A-485

Philadelphia, PA 19103



## **Business Description**

Cognis IT Advisors, LLC, is a business acceleration and growth management consulting firm, specializing in working with entrepreneurial businesses to overcome plateaus in reaching higher levels of the business lifecycle.

The firm was founded in 2007 by Geoffrey Kent (a 36 year senior operations management expert; with an MBA from The Wharton School of Business at the University of Pennsylvania; previous leadership experience with Xerox, AT&T, the U.S. Embassy in the Netherlands, EMI Music, The Erving Group (an entertainment management company owned by NBA Hall of Fame member Julius “Dr. J” Erving), and Deloitte Consulting Group; and Board of Directors experience with the Greater Philadelphia Chamber of Commerce, Fox Chase Cancer Center Foundation, and the Free Library of Philadelphia Foundation). Cognis IT Advisors, LLC, has consistently been ranked as one of the fastest growing private companies in the Mid-Atlantic (INC 5000 - Fastest-Growing Private Companies - #2139 in 2013; Philadelphia Business Journal - Fastest-Growing Private Companies - #23 in 2013, #21 in 2011, and #14 in 2010; Smart CEO Magazine - Philadelphia’s 50 Fastest Growing Companies – 2012 and 2010).

Cognis IT Advisors unique value proposition lies in the highly diversified skill set of its’ principals, who provide clients with access to resources experienced in addressing every need that will arise as clients are grown to scale. Cognis IT Advisors brings clients the perspectives of a team who has served in every C-suite position on multiple occasions over the course of their collective careers. We also possess the ability to work alongside our clients in the implementation of strategies for growing to scale.

In 2015, Cognis IT Advisors merged with two of its’ strategic alliance consulting partners and added two principals (William Dorsey and Eric McFadden).

William Dorsey has over 25 years of experience in financing small businesses and managing economic development initiatives. He specializes in assessing the commercial viability of public and private developments and then structuring the appropriate financing. In his efforts as the founding Executive Director of the Grow Bridgeport Fund, he made the initial investments that led to the revitalization of two commercial districts. As Director of Consulting for Opportunity Finance Network (OFN), he worked extensively with Community Development Financial Institutions (CDFI’s), helping them plan their growth through conducting market analysis, facilitating strategic and implementation planning processes, and developing capitalization plans. He spearheaded OFN’s successful effort to establish CDFI’s in Native American communities throughout the United States. William is a graduate of Columbia University (BA, Economics) and Pratt Institute (MA, Regional and Urban Planning). He has also completed course work at Temple University’s Real Estate Institute, where he specialized in Real Estate Appraisal.



Eric McFadden is a senior IT executive with extensive experience in business development, sales forecasting, sales recruitment, sales professional development, and sales/marketing strategy. He has 36 years of experience in the enterprise sales, commercial sales, State, Local and Education (SLED) markets in the Northeast and Mid- Atlantic regions. He has worked for OEM's such as Xerox, Wang Laboratories, ITT/Dialcom, General Datacom, and Brooktrout Technologies. He has held management positions ranging from Sales Manager, to Regional Manager, to Director of National Accounts, to Vice President of Eastern Area Sales. He holds numerous technical certifications with IBM, Cisco Systems, VMware, and EMC, as well as maintains his expertise in Contact Center/ACD/IVR technologies He has worked in both the Systems Integrator and Value Added Reseller markets with both Regional and National companies.

Eric has extensive experience working with socially challenged businesses – Native American companies (Flint Communications), Systems Management Planning (SMP) a NYS WBE, Go Green Technologies (Hispanic American MBE) and Uneed Solutions dba Noviant (a NYS MBE/DBE). Eric regularly counsels and coaches young MBE's and others around sales strategy and sales planning/development.

In addition to his extensive experience in the Information Technology industry, Eric also has extensive government/public sector & political experience (during the 1970's he held several policy advisory and management roles in the City of Boston, Commonwealth of Massachusetts, and US Federal Government).

Eric completed his High School education at St. George's School in Newport, RI, and attended Harvard College (majoring in American Political History and Economics). He has completed numerous sales, sales strategy, and business development training curriculum.

## **Population Served**

This initiative will serve minority, women-owned, and service disabled business enterprises (M/W/SDVBE), and was founded to address a number of challenges in the target community (which are detailed below):

The market for diverse minority, woman or other disadvantaged business entities is growing at an exponential rate. The current growth rate is accelerating as the US economy recovers from the recession environment of late 2008, and the ripple effects of that financial trauma on private enterprise spending (as well as public spending over the last 6 -7 years). As the economy shows signs of improving, the demand for more M/W/SDVBE and other disadvantaged businesses continues to rise in New York State business and government markets. This rise is stimulated in large part by the current New York State M/W/SDVBE goals (30%+ M/W/SDVBE and service disadvantaged businesses), the City of New York's renewed focus on Local Law 1 (which currently prescribes 10% M/W/SDVBE participation), and by the ongoing commitment of Fortune 500 minority supplier diversity efforts.



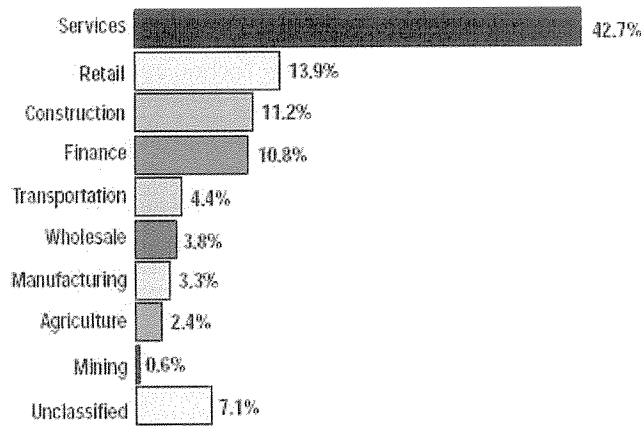
Following is an overview of the current U.S. market for minority and women-owned business enterprises:

Minorities owned 21.3% of all U.S. businesses in 2007, or more than 5 million firms, and 99% of these firms are small businesses. Minority-owned businesses account for \$1.0 trillion in revenues. More than one-third of minority-owned firms are owned by Hispanics:

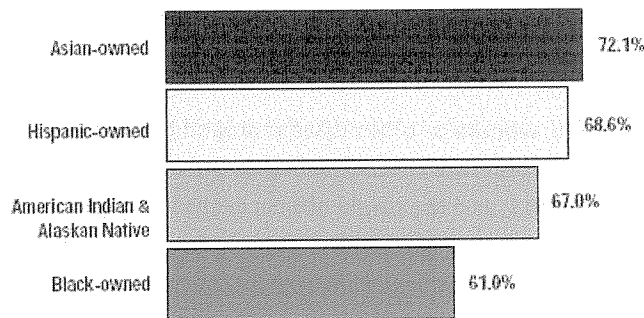
Hispanic.....	40.2%
Asian.....	28.1%
Black .....	28.0%
American Indian.....	6.7%

*Note: Numbers do not add up to 100% since Hispanics can be of any race.<sup>1</sup>*

### Minority-Owned Firms by Industry<sup>2</sup>



### Minority Business Survival Rates 1997-2001<sup>3</sup>



<sup>1</sup> Source: SBA, "Dynamics of Minority-Owned Employer Establishments, 1999-2001," February 2005

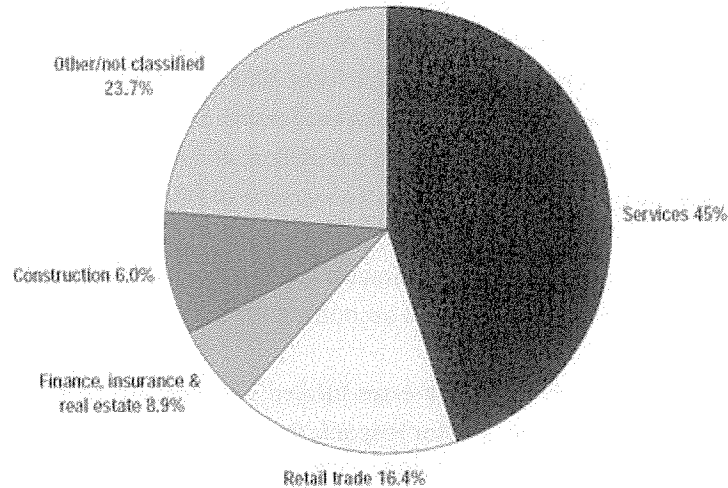
<sup>2</sup> Source: SBA, "Minorities In Business," 2001

<sup>3</sup> Source: SBA, "Dynamics of Minority-Owned Employer Establishments, 1997-2001," February 2005



Women own 10.6 million businesses in the United States. They employ 19.1 million workers (that's one in every seven employees). Their businesses account for \$2.5 trillion in sales.

#### Women-Owned Business Industry Breakout



The 10 largest metropolitan areas for women-owned firms based on an average number of firms, employment and sales for 2004 are:

1. Los Angeles-Long Beach, CA
2. Chicago, IL
3. **New York, NY**
4. Houston, TX
5. Phoenix-Mesa, AZ
6. **Washington, DC-MD-VA-WV**
7. Dallas, TX
8. Detroit, MI
9. **Philadelphia, PA-NJ**
10. Atlanta, GA, and Seattle-Bellevue-Everett, WA (tied)<sup>4</sup>

The primary solution to enhancing minority labor force participation and increasing wealth in minority communities involves minority-owned business creation, which is growing at twice the rate of all US business. If America exploits this trend, millions of minority-owned businesses could be created providing many millions of jobs.

---

<sup>4</sup> Source: Center for Women's Business Research, 2004



- In 2007, more than one-fifth (21.3%) of the nation's 27.1 million firms were minority-owned.
- In 2007, minority-owned firms numbered 5.8 million, up from 4.0 million in 2002, an increase of 45.5% (more than double the 17.9% increase for all US businesses). Receipts of minority-owned firms increased 55.0% to \$1.0 trillion over the five-year period, compared with the 32.9% increase for all businesses nationwide.
- Of the 5.8 million minority-owned firms, 766,533 had paid employees, an increase of 21.7% from 2002. These firms employed 5.8 million people, a 24.4% increase from 2002, and their payrolls totaled \$164.1 billion, an increase of 42.2%. Receipts of minority-owned employer firms totaled \$860.5 billion, an increase of 54.3% from 2002.
- In 2007, minority firms with no paid employees (mainly self-employed businesses and partners of unincorporated businesses) numbered 5.0 million, an increase of 50.0% from 2002. These firms had receipts totaling \$164.3 billion, an increase of 58.9%.
- Black-owned businesses grew to 1.9 million firms in 2007, up 61% from 2002 – the largest increase among all minority-owned companies; and generated \$135.6 billion in gross receipts, up 53% from 2002. Black-owned firms accounted for 7.1% of all US businesses and employed 921,032 persons.
- The number of Hispanic-owned businesses totaled 2.3 million (8.3% of all US businesses) in 2007, up 44% from 2002. Receipts for Hispanic firms increased 55% to \$343.3 billion.
- Asian-owned firms grew 41% from 2002 to 1.6 million. Asian-owned firms continue to generate the highest annual gross receipts at \$510.1 billion in 2007, increasing 56% from 2002.

Doubling or tripling minority-owned businesses from 5.8 million to 11.6 million or 17.4 million is very achievable within a decade (if American communities implement viable plans that emphasize highly-scalable small, emerging and self-employed business creation).<sup>5</sup>

While the demand for higher M/W/SDVBE participation will continue to grow as the country's demographics continue to change towards higher percentages of minority citizens/voters, the ability to raise M/W/SDVBE participation goals is a fairly difficult challenge for political leadership (but the more significant issue is how to attain sustained performance against the announced M/W/SDVBE participation goals). As State and Local government budgets recover via increased tax revenues and better debt markets, the objective of maintaining and even increasing disadvantaged business participation grows proportionally more difficult.

#### **Shifting Demographics in US Domestic markets:**

The United States today faces unprecedented demographic changes, the net result of which will be dramatic changes in the size and racial and ethnic composition of the U.S. labor force. In future decades the U.S. labor force will grow much more slowly than in the past, and any growth that is realized will be accounted for entirely by minorities (whose growth, in turn, will be accounted for largely by

---

<sup>5</sup> Source: *Jobenomics.com January 10, 2004. Minority-Owned Businesses*



immigrants). *The success or failure of minority-owned businesses will increasingly drive the success or failure of the overall U.S. economy.*

*Between now and 2050, 100 percent of the growth in the overall U.S. labor force will be accounted for by minority groups. In 2000 the number of white non-Hispanics in the U.S. labor force was 103 million. By 2050 that number is projected to fall slightly, to 102.5 million. Over that same period there will be nearly 55 million minorities added to the total labor force: 10.5 million blacks, 14.3 million Asian and other groups, and 30.1 million Hispanics.*

*In future decades the U.S. labor force will grow much more slowly than in the past, and any growth that is realized will be accounted for entirely by minorities—whose growth, in turn, will be accounted for largely by immigrants. Slower growth in the U.S. labor force will mean greater pressure to raise the rate of U.S. productivity growth. There are two basic ways by which an economy can make more output, and thus more income to support higher living standards: by adding more workers, or by raising the productivity of workers by giving them more and/or better capital, technology, and skills. To sustain output growth, less labor-force growth must be matched by higher productivity growth.*

*America faces a rising need for faster productivity growth—which at the operational level will be driven by how effectively workers and firms interact in producing goods and services. What does this mean for individual workers and individual firms? It means that American workers—who will increasingly be minority workers—will need to earn rising incomes driven by their rising productivity. And it means that American firms—whose owners and employees will increasingly be minorities—will need to be more dynamic.*

The extraordinary changes that will occur in the U.S. population over the next few decades increase the importance of understanding the prospects and pitfalls facing minority-owned firms. Both managers and policy-makers need timely information about the factors promoting and limiting the success of minority-owned firms.

#### **Assessing Minority Businesses:**

The logical starting point in the analysis of minority-owned businesses is their creation. The birth of a minority-owned firm is almost always inextricably linked to the concept of an individual minority entrepreneur with an idea in search of economic resources. In thinking about the life cycle of the firm, the nature of firm birth may play an important role in subsequent growth and success. The over-representation of minority firms with no employees may reflect differences in the form of start-up, due to financing constraints or other impediments to acquiring the managerial and financial tools needed for larger enterprises at birth. *The Birth of Minority-Owned Firms - Key Questions:*

- Are minority-owned start-ups more likely to be no-employee entrepreneurial firms?
- Is initial firm size smaller for new minority-owned firms with employees?





- Do minority-owned firms start life with less capital, less technology and lower human skill sets?
- Why is the distribution of minority-owned firms concentrated in certain geographic regions and in certain industries?
- Is market access limited for minority-owned startups? Is access to financing limited for new minority-owned firms?
- How frequently do minorities take ownership of existing businesses?

After startup, perhaps the riskiest period in a firm's life spans the first few months and years. If minority-owned businesses have trouble growing at early stages, they will have lower employment creation throughout their lives and will also be more likely to fail. The smaller size of minority-owned businesses relative to their majority-owned counterparts may in fact reflect problems in this early part of their existence. *The Early Years of Minority-Owned Firms - Key Questions:*

- How do financing limitations affect the growth of new minority-owned firms?
- Are growth rates for surviving young minority-owned firms comparable to those for majority-owned firms?
- Can minority-owned firms attract workers with education and skills comparable to majority-owned firms?

After startup and early expansion, surviving firms often enter a calmer period of slower growth. While this later phase is often more stable and thus less exciting, it represents a crucial period in the life of a firm. It is in these years that firms contribute heavily to overall employment growth. Understanding the factors that lead to prosperity and failure of mature firms is an essential ingredient in the analysis of minority-owned businesses. *Mature Minority-Owned Firms - Key Questions:*

- Are minority-owned firms able to expand to new regional and product markets at the same rate as majority-owned firms?
- Are minority-owned firms equally likely to be part of a multinational supply chain?
- Does growth slow earlier for minority-owned firms?
- How frequent is growth by merger for minority-owned firms?
- Are minority-owned firms able to take advantage of globalization through exporting or international supply chains?

Understanding the cause of the end of a firm's life is clearly paramount to unraveling the performance differences between minority-owned and non-minority-owned firms. While most minority-owned firms will cease operations upon "death," some of these businesses will be acquired, go public, or otherwise change their ownership structure and thus no longer be counted in the minority-owned category. To understand the problems facing minority-owned firms that force them to close, we must also identify the factors that let some of these firms flourish. *The Death of Minority-Owned Firms - Key Questions:*



- Do minority-owned firms face the same probability of closure as comparable majority-owned firms?
- Do minority-owned firms issue stock at the same rate as comparable majority-owned firms?
- Are minority-owned firms at a disadvantage when being considered as acquisition targets?

Today the United States is at a crucial demographic turning point. In future decades the U.S. labor force will grow much more slowly than in the past. Moreover, this slower labor-force growth will be accounted for entirely by minorities. These demographic changes mean that the success or failure of minority-owned businesses will increasingly drive the success or failure of the overall U.S. economy. Slower growth in the U.S. labor force will mean greater pressure to raise the rate of U.S. productivity growth, the essential ingredient for economic success over the long run. Will the fiscal pressures driven by the coming retirement of baby boomers be manageable? What sort of standard of living will our children enjoy? Increasingly, the answers to these sorts of fundamental questions will depend on the productivity and dynamism of minority-owned businesses.<sup>6</sup>

The current estimates are that there are approximately 750,000 disadvantaged businesses registered in New York State. The vast majority of these businesses are small businesses (recent research reveals that within the NY/NJ Minority Supplier Diversity Council (MSDC), nearly 65% of the certified M/W/SDVBE and disadvantaged businesses are not able to contract directly with either state or local government or enterprise-sized commercial businesses).

The issues they face range from liquidity and finance, process and automation, sales and marketing, and lack of contracting experience.

#### **Access to Capital – A persistent MWBE challenge:**

In America, it's increasingly clear that opportunities to acquire capital come more readily to some subsets of entrepreneurs than others. Limited access to financing restricts the ability of minority and women-owned business enterprises (M/W/SDVBE's) to achieve viability, generate new jobs and, in general, fulfill their potential to contribute to the development of communities in which they operate.

M/W/SDVBE's rely more heavily on financial institutions for loans than all other borrowing sources combined. However, when compared to white male-owned firms, M/W/SDVBE's typically encounter higher borrowing costs, receive smaller loans and see their loan applications rejected more often. Black- and Latino-owned M/W/SDVBE's are the most likely to experience such negative results. Although lower owner net worth, credit ratings, firm age, size and other risk factors account for some of the differences in access to credit, studies consistently show that black- and Latino-owned firms with identical firm and

---

<sup>6</sup> Source: Tuck School of Business at Dartmouth September 7-10, 2004. *The LifeCycle of a Minority Owned Business: Implications for the American Economy*



owner traits (other than race) and credit histories gain less access to bank credit than matched white-owned firms.

The borrowing challenges are compounded for M/W/SDVBE's operating in minority neighborhoods. Absent bank loans, the firms rely on consumer forms of credit – most often credit card balances – and informal sources that provide smaller loans at higher costs. Tightened credit market conditions since 2008 have further complicated the borrowing efforts of M/W/SDVBE's, weakening their growth and profitability potential.

There's no arguing the fact that starting a viable business is most feasible for high net-worth individuals. Whether invested directly into small businesses or used as collateral to obtain loans, high wealth levels make it easier to fund a startup. Again, entrepreneurially inclined African-Americans and Latinos find themselves at a disadvantage as their wealth levels are generally lower than whites.

Obtaining financing can be challenging for any young firm, but because minority-owned firms face additional obstacles, their chances of success can be compromised. Adequate capitalization provides young ventures a buffer against the liabilities of newness. As they establish administrative procedures, define their institutional identity, and gain credibility with customers and suppliers, startups with greater access to capital are better equipped to survive the learning process. Without such a buffer, poorly capitalized firms may not survive an unexpected shock and be forced to close before they become sustainable.

Greater access to affordable loans from financial institutions would:

- lower barriers to entry and expansion faced by M/W/SDVBE's, which are very costly to U.S. productivity, especially as minorities represent an increasing share of the total population;
- enable M/W/SDVBE employers to strengthen their balance sheets, improve their credit ratings and lessen their reliance on more expensive forms of consumer credit like credit-card balances
- equip cash-strapped M/W/SDVBE's to pay their bills in a timely manner, enhancing their credit ratings and, in turn, increasing their access both to bank loans and trade credit extended by suppliers;
- force fewer firms out of business due to illiquidity; and
- allow firms to capitalize on opportunities to expand and better compete for new clients.

A financially stronger M/W/SDVBE community would experience faster growth and create new jobs. Since M/W/SDVBE's are geographically concentrated in minority neighborhoods and often cater to local shoppers, new jobs created would be filled largely by minority employees, extending the benefits into communities plagued by high unemployment and underemployment. Likewise, existing jobs would be preserved as expanded loan availability rescues M/W/SDVBE's from their liquidity problems. Finally,



aspiring entrepreneurs who observe the improved access to financing may be encouraged to enter into business ownership at higher rates.

The potential of today's minority business community will be fully realized only when the capital access barriers are overcome. Only with a level playing field can entrepreneurs, regardless of race or ethnicity, compete fairly, based on the skills, ingenuity and resourcefulness they bring to the game.<sup>7</sup>

Business ownership among minorities has been on the rise in recent years. Between 2002 and 2007, minority-owned businesses increased 46 percent, while nonminority-owned businesses grew 10 percent during that same period, according to the Minority Business Development Agency. In 2007, Asians owned 1.6 million businesses, African-Americans owned 1.9 million, Hispanics owned 2.3 million, and Native American/Pacific Islander owned 0.3 million, according to the most recent data from the Small Business Administration. And the growth trend is expected to grow.

What's driving the growth? There are several factors contributing to the increase in minority entrepreneurship, including minorities buying businesses from baby boomers seeking to retire as the economy improves. Other factors include growth of the minority labor force, overall population growth and increased immigration. According to a study by Kauffman in 2013, immigrants were nearly twice as likely as native-born to start businesses each month. "In a lot of cases, especially low-skilled, low-educated immigrants, entrepreneurship often provides a more economically viable path," explained Dane Stangler, vice president of Research & Policy at Kauffman.

Hispanics, the largest minority group in the nation, is also the fastest-growing group of business owners in the U.S. From 2002 to 2007, the number of Hispanic-owned businesses grew from 1.5 million to more than 2.2 million, according to a joint report by The United States Hispanic Chamber of Commerce, the country's largest Hispanic business organization; and Geoscape, an analytics and market intelligence company. "Many times Hispanics find the need to create their own businesses because they might not have access to corporate network jobs that are out there," said César Melgoza, founder and CEO of Geoscape, explaining that this was especially true among immigrants. "The path to entrepreneurship is almost enforced upon them." And the number of Hispanic-owned businesses in the United States could rise even more if an immigration reform is passed and legal status is granted to the approximate 11 million undocumented immigrants in the country.

Although minority businesses are on the rise, they also face challenges—access to capital is one of them. "There's empirical evidence that they have been disproportionately denied access to capital when they apply for it," said Christine Kymn, an economist at the SBA Office of Advocacy, adding that Hispanics and African-Americans are the minorities most affected. Experts note that minorities, especially immigrants, don't have established relationships with banks and many times don't have the financial education on how to access and build credit and a credit score—crucial factors for banks when determining to lend

---

<sup>7</sup> Source: *Forbes* July 30, 2012. *Minority-Owned Businesses Come UpShort in Access to Capital: It's Time to Change the Equation for MBE's*



money. Access to capital is a problem for all small business in general, not just minorities, explained Mac Wilcox, president and CEO of Savoy Bank, a New York bank that specializes in small businesses. He said that operating history—the length of time a business has been running—is often a reason small businesses are denied loans. Other challenges that minority businesses face is profitability and survival rate. About 50 percent of all small businesses survive five years or more, and only one-third survive 10 years or more. And according to an SBA report, "Women and minority-owned firms tend to be smaller and less profitable ... and they carry lower survival rates than their male or nonminority counterparts." "Smaller loan sizes seem to be linked to higher failure rates. Access to credit is a big barrier," says Lisa D. Cook, an associate professor of economics at Michigan State University and a former member of President Obama's Council of Economic Advisers. "Most of minority-owned businesses are located in their local communities, and if their local communities are poorer than other communities, they're going to have a lot less growth potential." Another challenge that could hamper business growth among blacks and Hispanics is the lingering effect of the housing crisis, Cook said. "A lot of their wealth for 2008 was tied up in housing," she explained. "It's not easy to get a mortgage anymore. ... Home-equity loans can't be counted on as they were before to finance start-ups." A study found that minority homeowners were disproportionately affected by the foreclosure crisis. Home ownership often serves as collateral for those who want to start their business and can also help decrease the probability of loan denials. "Home equity can serve as a relatively low-cost financing alternative," the SBA says. "Absence of home ownership may also serve as a barrier to entry for prospective women and minority entrepreneurs."

Another challenge Cook sees among blacks and Hispanics—whose businesses are mostly in the service and manufacturing industries—is their lack of representation in the innovative economy, or science and technology economy, which she says is the fastest growing economy. Asians, however, fare well in the STEM (science, technology, engineering, and mathematics) industry holding 15 percent of all stem jobs, according to the Census. Blacks held 6 percent of STEM jobs, while Hispanics held 7 percent. The Obama administration hopes to alleviate some of the hurdles small-business owners face—in particular, among minorities—with the appointment of the new SBA administrator, Maria Contreras-Sweet, who was born in Mexico.<sup>8</sup>

#### **Business Scaling – Growing MWBE's to scale:**

Scaling has become the new mandate for minority-owned businesses. While minority firms have grown significantly in number, too few have acquired the scale and capacity needed in today's global economy. The concern is that too few minority-owned companies have built scale and capacity or have become professionally managed enterprises. In other words, they lack the requisites needed to operate successfully in an increasingly competitive global economy and more challenging supply chain environment.

---

<sup>8</sup> Source: CNBC.com May 12, 2014 *Minorities: The Force Fueling Small Business Growth*



Using \$3.5 million as the revenue threshold (because that is approximately where many firms run into problems of scaling), this revenue threshold is about where companies must start more formal management practices if they are to continue to grow or operate successfully. Those policies include standardized processes in financial, accounting and budgeting controls; personnel management and human resources policies, practices and procedures; forecasting, marketing and inventory controls; and many other practices that constitute a sound infrastructure for business growth. Collectively, these activities are referred to as professional management practices. They are difficult to achieve because the day-to-day demands of operating a company divert owners' time and critical resources to servicing existing clients. However, unless these management issues are addressed, the company will operate on an endless merry-go-round; one that never leads to greater scale or capacity. The company becomes stuck in what is referred to as "No Man's Land" – too big to be small and too small to be big.

To operate in most enterprise-size company's supply chains, a company must generate at least \$25 million in revenue annually. There are few minority firms that can qualify. But not only are there few minority firms, there are few small firms in general that can qualify. Approximately 2.3% of all small businesses have revenues of \$25 million or more. The percentage for non-minority-owned firms is 2.9; the percentage for minority firms is 1.4%. Breaking minority firms down further by racial and ethnic categories, the results are even more revealing: 2.1% for Asians and Pacific Islanders, 1.7% for Hispanic and Latinos, and only 0.6% for blacks. Scaling is an imperative for all small businesses in the globally competitive environment. However, it is even more so for minority-owned firms.<sup>9</sup>

The solution we have developed addresses the shared experiences of several minority and woman-owned business leaders (combined into a structure we hope will significantly aid the individual businesses which choose to participate).

## **Purpose of Request**

We are requesting the necessary funding to cover the consulting fees associated with implementing a 5-year strategic plan to achieve the diversity procurement spending targets of both New York State and the City of New York. Our recommended solution is outlined below.

### **Definitions:**

- **New Enterprise/New Entity** – a new business currently ineligible for M/W/SDVBE certification due to lack of business tenure
- **Newly Certified-** an existing business which is newly certified as an M/W/SDVBE or disadvantaged business entity

---

<sup>9</sup> Source: *Euquant.com Scaling Minority and Small Business*



- Inexperienced or Infrequent M/W/SDVBE – an existing certified business with little to no contracting experience with government contracting or enterprise/commercial supplier diversity participation
- Tier II ready contractor – an existing certified business which is ready to contract with a Tier I contractor under an existing contract with a city/state prime contractor.
- Tier I ready contractor – an existing certified business which has executed successfully multiple Tier II sub-contracting engagements. The eligible Tier I ready contractor would possess the experience, credentials, reporting, and financial stability to enter a Tier I contract as a prime contractor to either a state and local government, or commercial enterprise
- Prime Contractor – a company which possesses the experience, credentials, reporting, and financial stability to directly contract with a state/local agency or commercial enterprise

**Initial Opportunity:**

We would recommend selecting some vertical procurement categories in which M/W/SDVBE participation has been a challenge. One example might be Information Technology procurements. We would encourage our client to run a procurement report on the top 15 IT vendors to their organization in terms of dollars spent, (they should calculate the percentage attainment of M/W/SDVBE goals for the procurement categories as granularly as possible). We would look to identify Prime and multi-tier subcontracting to develop a true assessment of total Minority Spend achievement by the top 15 IT vendors.

The next steps are more difficult:

1. Identify the business executives and chief diversity officers at each of the top 15 existing IT vendors. Create an invitation for the vendor's executives to visit with our client's Agency Chief Contracting Office (ACCO) and diversity compliance officer to review M/W/SDVBE performance. Under performing vendors would be encouraged to either establish their own mentorship program or participate in a jointly sponsored program.
2. Identify the M/W/SDVBE business owners who have done business either directly with those Top 15 vendors (resellers/systems integrators/partners), or who could provide supply chain support to those 15 vendors.
3. Prepare a "contract –ready" pre-qualification checklist which identifies the current state assessment of the M/W/SDVBE's ability to perform as a Tier I, Tier II, or prime contractor. Identify the M/W/SDVBE strengths and areas of deficiency. We recommend using CDFI underwriting guidelines as the baseline for M/W/SDVBE financial assessment.
4. Prepare a "contract – ready" corrective action program. Identify potential projects the M/W/SDVBE could be eligible to contract (either Tier I, Tier II or prime).
5. Define the specific areas where the M/W/SDVBE business leadership must implement corrective actions with timelines.



6. Identify additional areas of business leadership training and education with timelines which are pre-requisites to entering a mentorship engagement with either a Tier I and/or prime.
7. Maintain frequent communication with scheduled review/assessment meetings (every three to four weeks, for the first six months) and tri-annual business reviews with the mentoring company's executive sponsor and assigned M/W/SDVBE coach.

## Collaboration

These organizations have been approached informally to see if they would be interested in participating:

- NY/NJ Minority Supplier Development Council
- National Minority Business Council
- Hispanic Chamber of Commerce
- BOC Network

We will also be discussing participation by the NYS Empire State Development agency, the Metropolitan Transportation Authority, NY/NJ Port Authority and New York Power Authority. We anticipate that we'll begin discussions shortly with a variety of organizations along the entrepreneurial supply chain. Some of these organizations are listed in the table below:

Functional Expertise	Organization Type	Organization Names
Financing	Commercial Banks	Wells Fargo, Key Bank, Bank of America, and UPS Capital
	Specialized Angel Funds	Golden Seeds, and Minority Angel Investor Network
	Other	Springboard Enterprises, SBA's Women's Business Centers, City and State Economic Development Agencies, and National Minority Supplier Development Council
	Peer Advisory	U.S. Hispanic Chamber of Commerce, U.S. Pan Asian Chamber of Commerce, National Black Chamber of Commerce, U.S. Women's Chamber of Commerce, Women Presidents' Organization, and Count Me In
Networking	Education	Local Chambers of Commerce, National Association of Women Business Owners, World Presidents' Organization Women's Business Enterprise National Council, The Alliance of Business Leaders & Entrepreneurs, and Locally or Regionally Based Ethnic or Racial Groups, or Industry or Professional Groups
	Mentoring & Business Planning	U.S. Small Business Administration, The Minority Business Development Agency, IBM, Citrin Cooperman, and Principal Financial Group
	Certification	State and Local Governments
	Government Contracts	Women Impacting Public Policy, American Express Open
	Education	Colleges and Universities, Tuck School of Business at Dartmouth, Babson College, Kellogg School of Management at Northwestern University
	Information Resources	National Women's Business Council





## Evaluation

Macroeconomic forces have made operational work highly relevant in the past few years. To thrive, businesses will need more professional management and a systemic approach to operations. In this climate, businesses that improve EBITDA and put themselves on a growth trajectory through a keen focus on operational improvements are the ones most likely to outperform their counterparts.

At Cognis IT Advisors, we define *value creation* as work that increases the value of a business through meaningful and measurable improvements in operations. ***Our experience has shown that working closely with existing management is the most effective way of carrying out this operational work.*** Very few of our clients have any key performance indicators (KPI's) in place that they can confidently apply to measure success.

For the purposes of evaluating the success of this initiative, our primary KPI will be the measurement of diversity spending done by clients participating in the program. As an example, the City of New York has established a goal of 10% M/W/SDVBE spending on contracts (however, only 4% M/W/SDVBE spending was achieved in 2014). The following table outlines goals that we'd work towards helping the City of New York achieve, to realistically get to their M/W/SDVBE spending target:

Current %	Yr. 1 Target	Yr. 2 Target	Yr. 3 Target	Yr. 4 Target	Yr. 5 Target
4%	8%	14%	20%	28%	36%

Examples of KPI's that we'd leverage to track how M/W/SDVBE's are faring in their trajectory towards scale would include the following: *Lagging Metrics* – Gross Margin Percentage, Operating Profit, Total Services Revenue, Cash Flow, Cost of Services Delivered, and Profit per Project; *Leading Metrics* – Channel Mix, General & Administrative Expenses, Total Operating Expenses, Account Expansion, Backlog, Customer Value, Hit Ratio, and New Client Ratio.

## Sustainability

During the 5-year span of this program, Cognis IT Advisors intends to transition the successful program participants to a fee based business model (client project fees will be established using the value the client derives from Cognis IT Advisor's advice). This fee model will include a base billing retainer rate, plus performance pay (on increases in gross profits).

## Cost/Benefit Analysis

Management consultants propose ways to improve an organization's efficiency. They advise business owners on how to make their organizations more profitable through reduced costs and increased revenues. Demand for management consulting services will grow as organizations continue to seek ways to improve efficiency and control costs. For this reason, Cognis IT Advisors has stepped up efforts to



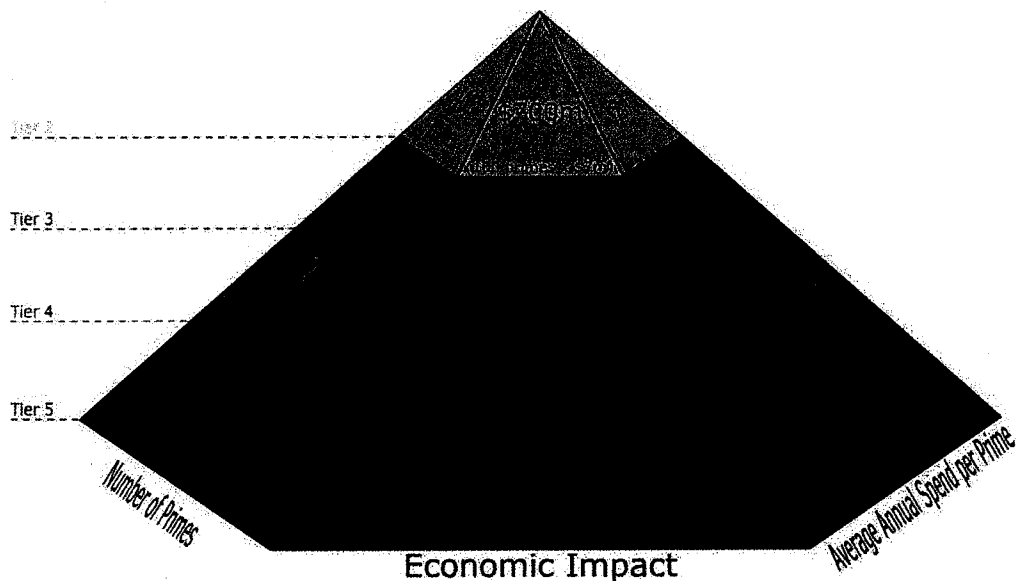
seek funding for an initiative to assist governmental agencies and large corporations in achieving their diversity spending targets. Following is an outline of the annual funding we are seeking for this initiative:

Level	Number	Target Utilization	Target Billable Hours @ 2,000 Hours per Person per Year	Billing Rate	Fees
Senior (Partner / Director)	3	75%	4,500	\$350.00	\$1,565,000
Middle (Sr. Mgr. / Mgr.)	6	75%	9,000	\$175.00	\$1,565,000
Junior (Sr. Consultant / Consultant / Bus. Analyst / Systems Analyst)	15	90%	27,000	\$87.50	\$2,362,500
				<b>TOTAL</b>	<b>\$5,492,500</b>

**Multi-Tier Reporting:**

If leveraged properly, this program could be a catalyst for moving the needle on supplier diversity. This could be accomplished by expanding diversity spend reporting from traditional Tier 2 to Multi-Tier reporting (thus becoming a strong driver of growth for supplier diversity across the corporate landscape). To better understand this phenomenon, we have to first ask the following question: What would happen if the companies at the top of your food chain expanded the requirements of their Tier 2 programs? You *already* contractually require participation from the top portion of your supply base. These Tier 2 spend reporting requirements also include specific diversity spend goals. However, most programs stop at “Tier 2” reporting.

**The Network Effect of Multi-Tier Reporting**





Let's hypothetically explore the possibilities for economic impact in a \$7.0 billion corporate supply chain that required "**Multi-Tier**" diversity spend reporting. That is, reporting down to Tier 5 of the supply chain. To provide a realistic illustration, we'll use data representing average benchmarks across multiple companies. Since Tier 2 requirements and policies vary across organizations, let's use common requirements that have been incorporated in the key assumptions below as follows:

- Contractually require top 100 prime suppliers to report diverse spend quarterly (Tier 2).
- 10% annual subcontracting goal (direct + indirect)

This is where reporting typically stops, but to illustrate the impact of required reporting down to Tier 5, let's go further. What if each Tier of primes below Tier 2 required reporting from their top 10 primes? Spend assumptions are as follows:

- Average annual Tier 2 spend per prime = \$7 million
- Average annual Tier 3 spend per prime = \$1.8 million (~25% of Tier2)
- Average annual Tier 4 spend per prime = \$438 thousand (~25% of Tier3)
- Average annual Tier 5 spend per prime = \$109 thousand (~25% of Tier4)

As noted in the diagram above, expansion beyond the traditional Tier 2 (yellow) creates a massive economic impact. In this example, pushing reporting requirements down to the Tier 5 level results in a **total economic impact of nearly \$18 billion** (sum of Tier 1 to Tier 5). This represents a 25X increase over the impact of Tier 2 alone.

In addition to the direct financial and economic benefits that spill into the various local communities in which companies of this initiative operate (job creation, community development, etc.), it's hard to ignore the numerous other benefits, such as increased supply market competition, innovation, enhanced quality and lower costs. For these reasons, we are proposing a partnership between the City of New York and Cognis IT Advisors (to assist the City in reaching its' M/W/SDVBE spending goals).<sup>10</sup>

#### **Conclusion/Summary:**

**Cognis IT Advisors believes deeply that part of the solution to our national challenges around job creation and business development among our disadvantaged businesses is knowledge transfer.**

**Collectively the Cognis IT Advisors principals have over 100 years of experience in the Enterprise/Commercial and SLED markets within the Northeast/Mid-Atlantic markets. Our unique sets of skills across the business enterprise from finance/accounting, business process/operations, and sales/sales forecasting/marketing give us excellent perspectives from which to assist business**

---

<sup>10</sup> Source: "The Network Effect of Tier 2 Diversity Tracking & Reporting", August 14, 2014, Rod Robinson



leadership as it grows into Supplier Diversity procurement (either governmental or commercial). Our experiences as minority business professionals and entrepreneurs allows us the ability to share their unique journey and share our guidance in a supportive coaching style. Because we have each worked with M/W/SDVBE leaders (working shoulder to shoulder in their organizations), we can better identify the short term and long term challenges associated with scaling a M/W/SDVBE.

Once the challenges are identified and corrective action strategies identified, our unique value proposition is that we stay engaged (our one on one mentoring/coaching allows the business leader to design customized solutions for their business). We aren't simply delivering PowerPoint training or providing webinars, we proactively engage the business leadership in a comprehensive assessment process (which leads to a corrective action plan specific to their business and their current circumstance).

In addition to providing the management consulting support, Cognis IT Advisors will also develop specific proprietary tools which enable us to assist our clients with Prime/Sub-contractor matchmaking and collaboration. Our goal is to prepare our client businesses to successfully scale and grow.

We strongly believe that the current M/W/SDVBE programs in the New York State/New York City markets have focused their mentoring programs around the Construction industry with tremendous success (while the M/W/SDVBE performance in areas like Information Technology have lagged severely). The most recent (2015) NYS Comptroller's Directory of Frequently Purchased Commodities and Services by NYS State Agencies identified \$1,355,776,327.00 in purchases of Information Technology, Computers and Communications. Applying a goal of 30% M/W/SDVBE to that number in 2016 would overwhelm the existing base of M/W/SDVBE certified IT firms currently available. The NYC Comptroller's Office has identified that current NYC M/W/SDVBE utilization is at only 4% (on a target of 10%). To reach 100% of the current NYC M/W/SDVBE goals would require a 150% increase in year to year performance (an extreme challenge!).

In conclusion, missing from all the statistical measurements is the human social impact. The vast majority of M/W/SDVBE businesses are small businesses which are the biggest drivers of employment in many of our communities. The employment opportunities generated by M/W/SDVBE's offer the hope and promise of a better life to many urban/suburban under/unemployed NY residents. We believe that a job is the important indicator for improving overall family health, encouraging educational achievement by children, and bringing economic stability to our most challenging neighborhoods.

We hope you will consider our proposal carefully and choose to participate as you are able. We look forward to positive consideration.





December 14, 2015

Greetings to the Council Members of the Committees on Contracts, Women's Issues, Small Business and Women's Caucus. Thank you for your work to expand M/WBE contracting opportunities.

Over the last 14 years black businesses have been decimated due to public policies and private practices such as month-to-month leases in city-owned properties which predominated in Harlem, Brooklyn and the Bronx; discriminatory practices in lending such as red-lining and lack of access to patient capital; rising rents, unfair contracting practices, etc. Getting certified was touted as a path to success for motivated, hardworking minority and women entrepreneurs.

As a member of the M/WBE Leadership Association, a City Council funded initiative at SBS, the Harlem Business Alliance has been charged since 2007 to assist with eligible M/WBEs to certify with the City and increase the capacity of both certified M/WBEs and M/WBE-eligible firms to not only compete for and perform on City contracts, but to grow their businesses as well.

From day one we felt that the emphasis should be procurement not certification. And despite assisting numerous entrepreneurs to get certified --- which is an onerous process that majority firms need not undergo not to mention the ones that have been indicted and continue to get multi-million contracts --- very few have been able to get city contracts. One company, a MBE poster firm during the Bloomberg administration went out of business trying to meet its contractual requirements with 90+ day receivables from a city agency. Many certified M/WBEs have no motivation to get recertified...and why should they?

Comptroller John Liu issued the first M/WBE reports which provided the amount of dollars contracted to MWBEs as a group to Asian, White Women, Hispanic and Black businesses. While the overall amount was a very small percentage of the total dollars spent, the percentage and dollar amount of those awarded to black businesses was miniscule. In fact they fell far below the other groups. Comptroller Stringer's report card reflects the same reality for 2014 and we do not expect 2015 to be any different. Needless to say we are distressed that our struggle for civil rights has not resulted in economic parity in this city.

This has to change. Without a concerted effort on the part of this administration it will not happen. If NYC is to dramatically increase its M/WBE spend it must hold procurement personnel at each city agency accountable for meeting MWBE goals; more prime contracts should be created; M/WBE contractors must be paid in a timely manner; and no partial or full waivers should be approved.

The City Council's M/WBE Leadership Association Program is underfunded. HBA has the experience and cultural sensitivity to meet our clients' needs. As a liaison between city agencies and our M/WBE clients HBA can keep M/WBEs updated with all city agency communications, assist them with navigating agency websites, help them identify contracting opportunities, assist in the preparation of RFPs and provide them with additional back office support such as accounting, marketing, IT, etc. HBA can also act as a liaison with the independent consultants hired to assist prime contractors for \$10+ million contracts in finding M/WBE subcontractors.

If adequately funded, HBA can be more effective in leveling the playing field by rebuilding our community's businesses; improving Harlem's economic base; and increasing local hiring.

Respectfully submitted,

Regina L. Smith  
Executive Director

**FOR THE RECORD**

**Statement of Tyren Eastmond, COO of EASCO Boiler Corporation before the NYC Council Committees on Contracts/Women's Issues/Small Business & the NYC Council Women's Caucus**

Monday, December 14, 2015

Good afternoon.

My name is Tyren Eastmond and I am the Chief Operating Officer of EASCO Boiler Corporation. 89 years ago my great-grandfather founded our company after emigrating to the U.S. from the West Indies. I have worked beside my grandfather Arlington Leon Eastmond Jr. since I was 17 years old and for the last 15 years of my life, I have learned our trade and witnessed the highs and lows associated with running a business, which can be especially challenging in the competitive environment of New York City. Despite the odds, I am proud to say that EASCO has built a reputation for excellence and innovation. Proof of this is the fact that our boilers number more than 16,000 within the last 40 years and are in notable locations such as Yankee Stadium and most recently Harvard University in addition to the Tanks that we manufacture like the ones found at The Freedom Towers. There is no job that is too complex for us, but more than just building a successful business, I have watched my grandfather remain fervent in his commitment to keeping our business in the Bronx, hiring workers from the local community and offering jobs and skill training to the formerly incarcerated as a way to provide people with a second chance at life. Our workforce is 98% Black and Latino and we pay more than double the minimum wage. The training our staff receives has allowed more than half a dozen successful entrepreneurs to have been derived from the start they were afforded at EASCO. In recognition of his principled path and humanitarian pursuits, my grandfather's office walls are adorned with plaques, awards and citations recognizing his steadfast dedication and commitment to bettering the lives of people of color in New York City.

But as I mentioned in my opening, the highs are only one side of the coin. The lows of running a business in NYC emanate from facing challenges and barriers to entry right here, in our own backyard. How can we travel the country selling our products but are stopped right here at the door to New York City's government agencies? For over 40 years, EASCO was the boiler of choice in countless government owned buildings in the city. But without warning or explanation, our work in the public sector all but dried up. We learned that work was being given to out of state companies that of course, were not minority-owned. And as recently as a few weeks ago, we learned that one government agency had awarded a \$13 million contract to one boiler



manufacturer, who happens to be based in Pennsylvania. Let me say that again...one boiler manufacturer who is based out of Pennsylvania.

We are good enough for Harvard University but now seem not to be good enough for New York City's government agencies. The simple and disturbing fact about this dismissal is that by shipping business out of state, New York City is hurting local economies and jeopardizing the existence of valuable jobs that are paying better than a living wage for primarily Black and Latino workers. The prolonged economic impact of this practice of passing over local talent will unfortunately be measured in higher rates of unemployment and higher social service rolls, if companies like ours are not given equal access and opportunities to work.

And what is most disturbing to me, is that this effective shut-out from the New York City public sector is not because of a lack of ability or capability. At the core lies the issue of access or lack thereof. Minority owned businesses are not given access to information and in many cases we are kept out of the loop when decisions are being made about which vendors to use to procure goods and services for the city's agencies. It is still frustrating to me that in spite of our track-record and longevity in business, we are still challenged in gaining entry to the New York City public sector. If EASCO with its 89 year legacy can't get in, who can? It is to the shame of all New Yorkers that the government is shipping business out of state, work that can rightfully be done, here in our own backyard. In the words of my grandfather, "New York work should be for New Yorkers".

So I ask you esteemed members of City Council to take action to level the playing field for minority owned businesses and for communities of color. Create a system of accountability that encourages government agencies to do business with us. We are asking for equity and a fair chance at contributing to the NY economy, which will in turn boost our communities and foster economic parity for New Yorkers.

## **Quenia Abreu**

**The New York Women's Chamber of Commerce**  
**212-491-9640**

**To:** The New York City Council December 14, 2015  
Committee on Contracts, Small Business Committee.

Good afternoon members of City Council, Office of the Mayor, Public Advocate for the City of New York, and The NYC Department of Small Business Services. Thank you Madam Chair and members of the Committee on Contracts, Chair and members of the Committee on Small Businesses and other members of the NYC City Council for allowing me the opportunity to testify today.

As a long-time and tireless advocate of the M/WBE community and a partner of the city of NY on its efforts to improve the participation of M/WBE's in the city procurements contracts, it is my duty to be here today and bring forward some of the challenges and concerns that have been shared with the New York Women's Chamber of Commerce. It has always been my opinion that the issues with Local Law 1 formerly known as Local Law 129 can be broken down into two parts:

1. Oversight, compliance, enforcement of the law, and transparency in reporting.
2. The development of effective programs that allows for a true and substantial increase in participation of M/WBE firms in procurement contracts, especially those that are relatively smaller M/WBE's.

I am glad that issues regarding oversight and compliance are being addressed today in many of the proposed intros. However, we would like to see a provision of enforcement and punishment for those agencies, entities, and contractors that violate the law. Even though these have not been addressed in the hearing, we would like to make the following recommendations:

### **Recommendations**

- Need to look at bundling of contracts for preferred vendors. Preferred vendors get contracts automatically. This needs to be revisited.
- Develop strategies where smaller M/WBE's can get their foot in the door, those that are there can move up through a tiered system. I.e. - Tier 1 buys from Tier 2, and etc.
- Enforcement from the city. Prime contracts buy from smaller, provide financing component.
- Help smaller M/WBE's with capacity building (smaller ones cannot do this, as is).
- If SBS delegates the application process to M/WBE's leadership organizations or other partners that are contracted it would free up time, and resources in order for SBS to work closely with M/WBE's with the bidding process.

The following are some of those suggestions on the proposed Intros:

**Requiring SBS to submit an annual report regarding the satisfaction of MWBE requirements.** The New York Women's Chamber of Commerce proposes, in addition to including EDC for the council to add any other entity doing business directly or indirectly with the city, including non-profit organizations. City agencies should encourage M/WBE participations when awarding those contracts to non-profits, especially those receiving contracts in excess of a million dollars and should report on utilization of M/WBE participation. Such reports should be compiled by each city agencies and submitted to SBS for their annual reports.

**To amend the NYC Charter, in relation to establishing auditing requirements for minority and women-owned business enterprises. In addition to the proposed intro, we recommend for the Controller and if not the Controller,** an entity should be created to oversee compliance, track progress and issue punishment when agencies as well as prime contractors and M/WBE firms are not in compliance. This oversight entity would also conduct the M/WBE disparity study and serve as the Ombudsman (a place where M/WBEs can take their complaints and have them investigated and addressed). Site visits to M/WBE companies should be conducted by SBS prior to granting the certification or recertification to avoid possible fraudulent M/WBE status.

**A Local Law in Relation to the creation of an advisory board to enhance procurement opportunities for minority and women-owned firms.** In addition to the recommendations of the council, we would like to recommend the advisory committee includes members who are M/WBE firms (both WBEs and MBEs). It is important that we hear the input from all key stakeholders including, but not limited to, the administration, the advocates/organizations that work with the M/WBE's and from M/WBE's themselves. Having M/WBE's on the committee will help to make the group more effective.

**In relation to amend the administrative code of the city of New York, in relation to requiring a minority and women-owned business enterprise consultant for city projects with budgets in excess of ten million dollars.** We propose in the intent of transparency and to avoid conflict of interest that an outside entity, a M/WBE or an organization that works with M/WBE to be hired as a consultant to ensure the participation of M/WBEs in city contracts, to assist the prime contractors in recruiting minority and women owned businesses for procurement opportunities in city projects, and monitor the prime contractor compliance with minority and women-owned businesses participation goals. The consultant third party shall also assist the contractor in recruiting M/WBE firms. We firmly believe that these consultants should be hired for all contracts exceeding one million dollars.

**In relation to a Local Law to amend the administrative code of the city of New York, in relation to requiring training for agency chief contracting officers and agency M/WBE officers and posting related information on the city's website.** We agree not only in training the chief contracting officer but also anyone making purchase for the city. Training should also include procurement officers of each respective agency. The names and contact information should be public on the city's website and their participation in any procurement event, fair, or expo should be mandatory. In addition a listing of all purchases including micro purchases should be made public and posted on the city's website.

**Resolution adopting the rule amendment of the Procurement Policy Board to raise the micropurchase limit for the procurement and award of construction contracts to \$35,000.** The Women's Chamber suggests this be re-evaluated and adopt the resolution for all industries not just construction. M/WBEs have the right to seek for fair and equal opportunities for all.





December 14th, 2015

**Written testimony respectfully submitted at a joint hearing of NYC Council Committees on Contracts, Women's Issues and Small Business by Veronica Harris, Director of Community Affairs at the Brooklyn Chamber of Commerce, in support of the MWBE bills being heard today.**

**Hon. Helen K. Rosenthal**, Chair, NYC Council Committee on Contracts  
**Hon. Laurie A. Cumbo**, Chair, NYC Council Committee on Women's Issues  
**Hon. Robert E. Cornegy, Jr.**, NYC Council Committee on Small Business

Good Afternoon Chairs Rosenthal, Cumbo and Cornegy; other committee members and guests. I'm Veronica Harris, Director of Community Affairs at the Brooklyn Chamber of Commerce (BCC). I'm also the staff liaison for BCC's Minority and Women-owned Business Enterprises (MWBE) Committee. This testimony is being delivered on behalf of Carlo A. Scissura, President and CEO of BCC, in support of the MWBE bills being heard today.

BCC is a membership-based, business assistance organization that represents the interests of over 2,100 member businesses, as well as other businesses across the borough of Brooklyn. The Brooklyn Alliance is the not-for-profit, economic development organization of BCC, which works to address the needs of businesses through direct business assistance programs.

Since the re-launch of BCC's MWBE committee in 2012, we have been working extensively with this group of business owners to help them become certified and to connect them with government and private sector procurement opportunities. Our committee addresses the unique challenges of MWBE's and advocates on their behalf in an effort to eliminate disparities in the procurement processes.

To this end, we launched *Brooklyn Connects* in 2014 to provide comprehensive procurement assistance to Brooklyn businesses. *Brooklyn Connects* enables new, as well as established Brooklyn business owners, to learn about bidding opportunities for Government contracting and purchasing at the Federal, State and Local levels, as well as in the private sector. A special emphasis is placed on providing specific technical assistance to Women and Minority-Owned Businesses (MWBE) and veterans.

Therefore we support the bills being heard before you today and look forward to opportunities to collaborate with you and your colleagues to improve the transparency and efficiency of procurement opportunities in New York City.

In particular we strongly support Int. No. 976 and Int. No. 981-A. Int. No. 976 requires training for agency chief contracting officers and agency M/WBE officers and posting related information on the city's website. Ongoing training of agency officers will enhance the ability of city agencies to be in compliance with the MWBE proposals being reviewed today. Int. No. 981-A proposes the creation of an advisory board to enhance procurement opportunities for minority and women-owned businesses. This should be an important component of the City's MWBE Program, as it offers the opportunity for continuous review and public feedback as it relates to the current procurement system. Ultimately, these measures will help to improve the experience and outcome for MWBE's.

Thank you for the opportunity to testify on this matter.



**Testimony of Bertha Lewis, President of The Black Institute  
Before the New York City Council Contracts Committee  
In Support of Intros 923, 976, 981, 1005, 1021, and Resolution 923  
December 14, 2015**

---

Good afternoon, and thank you to Contracts Chair Helen Rosenthal, members of the committee here today, and supporters of the legislation under consideration.

My name is Bertha Lewis, and I am the President of The Black Institute, an action-tank whose mission is to shape intellectual discourse, dialogue and impact public policy uniquely from a Black perspective.

It is extraordinary and inspiring to see that while City Hall continues to fail us on reforming New York City's broken minority and women-owned business laws, the New York City Council is leading the charge to spotlight this issue with energy and independence.

Minority and women owned businesses are struggling in New York, and while other local governments are increasing the percentage of government contracts awarded to MWBEs, the progressive capital of America's number remains stagnant at 4%.

Let me be clear – these bills do not go nearly far enough. They do not address the systemic inequality that has blocked minority businesses from succeeding, creating new jobs in communities of color, or even making payroll. They deal with the fringe problems that can be fixed without wading into the unequal distribution of contracts and money to firms owned by white men who have not kept their promises, failed to report and in many instances lied about hiring minority subcontracts and workers.

But these reforms would be no small victory: the bills under review by this committee would have a powerful economic impact on the status quo by addressing the lack of transparency in the contracting process, and the lack of accountability for incompetence and fraud.

Adopting these common proposals – like creating a top position within the executive branch to have to make sure blame can't be diffused, creating agency utilization plans so the city's outreach has focus and opportunities for public comment, and making prime contract vendors' records of meeting or failing MWBE goals publicly reviewable will give us new tools in this fight.

And we're going to need it.

As many of you know, the city was required to begin its first bi-annual disparity study in 2015 to assess MWBE utilization rates and diversity goals, and Mayor de Blasio's administration has apparently hired the Florida company MGT of America



to run it for \$900,000. MGT is a troubled company with a record of undercutting MWBE programs and working against the interests of communities of color.

This hearing today addresses two issues. Legislation and FINALLY the report to the Council by this administration. That report ladies and gentlemen is over a year and a half overdue. That alone tells us what this administration thinks about MWBE's in this city. This administration is long on rhetoric and short on action. We are in a crisis here, and this administration is always a day late and billions of dollars short. Local Law 1, which we are attempting to amend today is totally ignored by this administration and their talk about income inequality does not apply to minority and women businesses. This administration talks about "giving" minorities 16 billion dollars over 10 years. THIS ADMINISTRATION DOES NOT HAVE 10 YEARS!! Even Stevie Wonder can see what is going on here. This administration's record and approach to this issue is to directly perpetuate a tale of two cities. Enough! Only the city council can do the right thing with passing this legislation because this administration of incompetent and incapable of solving this glaring problem.

MWBE reform is a complex and challenging issue, and one that takes real effort to see results. Perhaps that's why City Hall has attempted to sweep its record under the rug, and put more effort into the illusion of progress. But if we can make these bills into laws, then your contributions will not be forgotten.

The Black Institute, and the entire minority business community appreciates your hard work in addressing the real foundation of inequality in our city.

**FOR THE RECORD**



**Testimony of Felice Farber, Director of External Affairs  
The General Contractors Association of New York  
NYC Council Committees on Women's Health, Small Business, and Contracts  
Hearing on Intros 923, 976, 981, 1005, 1019, 1020, 1021  
December 14, 2015, 1:00pm**

Thank you Chairpersons, Cornegy, Cumbo and Rosenthal and members of the Small Business, Women's Health, and Contracts Committees. I am Felice Farber, the Director of External Affairs for the General Contractors Association of NY (GCA). The GCA appreciates the opportunity to comment today on the variety of bills relating to contracting opportunities for minority and women owned businesses.

First, I think it is important for the Committee to understand the segment of the industry represented by our Association. Our member firms – all of which use 100% union labor - perform only "heavy civil" work in New York City – an industry segment that is very different from general building construction. The work our members do, from building roads, bridges, water mains, sewers, wastewater treatment plants, tunnels and foundations, requires significant heavy equipment capitalization and the financial wherewithal to absorb multi-million and sometimes multi-billion dollar risk and liability.

The GCA supports the use of minority and women owned businesses and the GCA contracting community is eager to work with firms of any demographic with the qualifications, skills and expertise to perform the specific categories of work set forth in City contracts. However, capacity in heavy civil specialty construction is the primary obstacle to advancing the use of small, low-capitalized minority and women owned businesses in the public works field: the fact is that the capacity is limited.

In order to address that issue, we have been actively engaged in a host of efforts to build qualified capacity among minority and women owned businesses.

The GCA provides formal training for minority and women owned business on skills and expertise needed to be successful in the heavy civil marketplace. That training has covered items such as safe work practices, understanding the New York City construction contract and applicable construction law, accounting practices used in the construction industry, cost control monitoring to the low-cost software available to improve estimating and project oversight,

government paperwork requirements and their impact on getting paid, and understanding DBE and MWBE rules and required compliance issues.

We have also been focused on encouraging the development of industry talent as early in the career cycle as possible, opening up opportunities for women and minorities through pre-apprenticeship programs like NEW, and Construction Skills for trades positions, and through programs for high school students such as the ACE Mentor Program.

In addition, the GCA serves as a curriculum advisor to City Polytechnic High School on programs to provide students with a roadmap that will lead to careers in the engineering and construction fields. The Association is also chair of the New York City Department of Education's industry task force to examine the citywide pre-engineering high school curriculum.

What is clear is that despite these many successful efforts, there still remains a host of misunderstanding between the industry and MWBEs. A successful MWBE program will recognize the very different industries that are represented by heavy civil and building construction and the distinct skills, financial wherewithal and management acumen that each require.

There is a belief that certification by a government agency is the sole key to obtaining subcontracted work. However, as you know, certification is not a guarantee to obtain work. A firm must have the qualifications, skills and expertise to perform a "commercially useful function" in the categories in which it is certified. Governmental certification should ensure that such determinations are accurate and complete, but they are too broad in nature and not sufficiently substantive to determine if a firm is properly certified in the specific self-reported code for which they claim expertise.

Consequently, a contractor must not only do its own assessment of whether the firm is in fact owned by a minority or a woman who is in control of the business, but also that the firm is able to perform a commercially useful function in the code in which it is certified. This is labor intensive, costly, and takes away from the time that should be spent identifying firms that can meet the specific subcontracting opportunities.

Measuring capacity of the firm to perform work is critical. It provides guidance to contractors in putting together bid packages, it makes it possible to identify firms that can perform the work, and it puts an end to debates about whether enough capable MWBEs exist in the marketplace for each segment of work.

We have several comments on the MWBE bills before the council. Intro 981-A, and the Mayor's recently announced executive order requiring the creation of an advisory board to enhance procurement opportunities for MWBEs, must include representation from the heavy civil prime contractors. An effective program that provides training and opportunities for minority and women owned businesses must include representation from those tasked with hiring MWBEs. That only makes sense.

Intro 1021, a bill to require the hiring of an MWBE business consultant for city projects in excess of \$10 million unnecessarily increases costs for the city and duplicates work already performed by the Department of Small Business Services and other government agencies. For DDC, DEP and DOT – the three largest construction agencies – this amounts to approximately 226 contracts at a total contract award value of \$4.3 billion for 2015 alone. This type of outside consulting work, whether retained by the agency or the contractor, would cost the city hundreds of millions of dollars annually.

A more constructive solution would be for the city to provide additional funding to SBS to increase the quality and quantity of certifications so that the industry can rely on those validations and so that the MWBE community understands the process. Additional funding would also allow SBS to increase its supportive services role helping to match contractors with minority and women owned business and in providing needed training and assistance for the MWBEs.

As to the remainder of the bills, we support the general concept of increased transparency and would require the City to track data on the number of MWBE firms by code that respond to bid solicitations.

We look forward to working with the Administration and the City Council on improving the success of the MWBE program.



"It appears that the SCA has an unwritten policy of practicing a modern form of financial segregation affecting Hispanic owned firms.

It is not the same organization it once was representing s model for others to emulate.

It is in need of continued oversight to prevent it from engaging in overt actions affecting our companies.

I would suggest that a disparity study would be desirable. It would show where the 400 million \$ went.

If proven that the scale is tilted against us then it would a very serious issue.

"Diversity is not exercised at the SCA in relation to our firms".

---

**The Certification process needs to be looked at and include only those groups that really need access, and eliminate any particular group receiving disproportionate benefits from a program intended to bring minority CITIZENS historically excluded from the economic mainstream.**



**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 12/14/15

(PLEASE PRINT)

Name: KERRI TEW

Address: 110 William St NYC

I represent: NYC Dept of Small BUSINESSES

Address: 110 William St, NYC

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 12/13

(PLEASE PRINT)

Name: Carra Wallace, Wendy Garcia

Address: 1 Centre Street

I represent: New York City Comptroller

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1005 Res. No. 923

in favor  in opposition

Date: 12/14/2015

(PLEASE PRINT)

Name: Reginald SWINEY

Address: 57 HAWCOCK ST

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

◆ Please complete this card and return to the Sergeant-at-Arms ◆



**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. MADE Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: SIR JAMES L. ROBINSON

Address: 2 ALLEN STREET, SUITE

I represent: ROBINSON ARCHITECTS, P.C.

Address: 2 ALLEN ST. SUITE 644

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: SIMONE PEELE (CEO)

Address: \_\_\_\_\_

I represent: A NEW WORLD CONTRACTING CO

Address: 1215 EASTERN PKWAY BKLYN

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Diamond Carter

Address: 224 W. 35th St. ST 12 NY, NY

I represent: N.Y. Statewide Hispanic Chambers of Commerce

Address: \_\_\_\_\_

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Luis Agüero

Address: 11 Juniper Ct., Edison

I represent: LCA Engineering

Address: Union, NJ

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: TERONICA HARRIS

Address: \_\_\_\_\_

I represent: Brooklyn Chamber of Commerce

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. 923

in favor  in opposition

Date: 12/14/15

(PLEASE PRINT)

Name: A) FRED PLACERES, ESQ

Address: 418 CENTRAL PARK WEST #91  
NY NY 10025

I represent: NYS FEDERATION OF HISPANIC CHAMBERS  
OF COMMERCE

Address: P.O. BOX 2104 NY NY 10025

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 12/14/15

(PLEASE PRINT)

Name: MAYA WILEY

Address: CITY HALL

I represent: MAYOR DE BLASIO, COUNSEL

Address: CITY HALL

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 12/14/15

(PLEASE PRINT)

Name: Lisette Camilo

Address: City Hall

I represent: Mayor's Office of Contract Services

Address: City Hall

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 12/14/2015

(PLEASE PRINT)

Name: Gregg Bishop

Address: 110 WILLIAM STREET, 7TH FLOOR

I represent: SBS

Address: 110 WILLIAM STREET, 7TH FLOOR

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Dawood J. Carter

Address: 224 W 35th St, Apt 512 NY, NY

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. 923

in favor  in opposition

Date: 12/14/15

(PLEASE PRINT)

Name: REGINA L. SMITH

Address: 103 WEST 130th ST., NYC 10027

I represent: HARLEM BUSINESS ALLIANCE

Address: 275 LENOX AVE, NYC 10027

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. 923

in favor  in opposition

Date: 12/14/15

(PLEASE PRINT)

Name: Vanessa Best

Address: 1488 Wales Avenue Baldwin NY 11510

I represent: MWBE CED Precision HealthCare

Address: Same as above

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 9230k Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)  
Name: LARRY ENGLISH  
Address: 604 RIVERSIDE 2C  
I represent: myself  
Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: 12/14/15

(PLEASE PRINT)  
Name: Tyren Eastmond  
Address: 1175 Legett Ave. BX NY  
I represent: EMSCO Boiler Corp.  
Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)  
Name: State senator James Sanders Jr  
Address: 142-01 Rockaway Blvd. S. Ozone Park  
I represent: \_\_\_\_\_  
Address: Assemblyman Anthony Scuderi CLARKIN H2Z  
York Bicholte

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Assemblywoman Rodneyse Bichotte

Address: 1414 Cortelyou Road, Brooklyn 11224

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Thomas Lopez-Pierre

Address: 927 Columbus Ave

I represent: MYSELF

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. 1065/1019

in favor  in opposition

Date: 12/14/2015 1020

Name: ERIC McFADDEN (PLEASE PRINT)

Address: 32 BROADWAY Suite 401

I represent: DOOR / 90 Green

Address: 32 BROADWAY Suite 401

Please complete this card and return to the Sergeant-at-Arms

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 12/14/2015

(PLEASE PRINT)

Name: ALMA NUGENT-REINER

Address: 1825 PARK AVENUE NYC10035

I represent: SMR FLOORS

Address: 1825 PARK AVENUE, NYC10035

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 12/14/15

(PLEASE PRINT)

Name: Alvin Capera

Address: 1857 GLEASON AVE BRONX, NY 10472

I represent: Alvin in Real Estate Develop. & Construction <sup>Chairman</sup> of Community

Address: 1857 GLEASON AVE BRONX, NY 10472

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. All Res. No. 923

in favor  in opposition

Date: 12/14/2015

(PLEASE PRINT)

Name: Bertha Lewis

Address: \_\_\_\_\_

I represent: The Black Institute

Address: 39 Broadway, Suite 1710

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 123 Res. No. 123  
 in favor  in opposition

Date: \_\_\_\_\_

Name: FRAN GARCIA (PLEASE PRINT)

Address: \_\_\_\_\_

I represent: NY HISPANIC CHAMBER

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 928/981 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

Name: Quenia Azevedo (PLEASE PRINT)

Address: 1524 Amst. Ave.

I represent: New York Women's Chamber of Comm.

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 923 Res. No. 981  
 in favor  in opposition

Date: 12-14-15

Name: Giovanni Taveras (PLEASE PRINT)

Address: 201A 34' S

I represent: NYS Veteran Chamber

Address: 32 Broadway NY NY 10004

Please complete this card and return to the Sergeant-at-Arms