

City of New York

Annual Report

Fiscal Year 2007 Compliance Information

(July 1, 2006 - June 30, 2007)

Pursuant to New York City Administrative Code § 6-129(l)

Marla G. Simpson
City Chief Procurement Officer
Mayor's Office of Contract Services
253 Broadway
New York, New York 10007

Robert W. Walsh
Commissioner
Department of Small Business Services
110 William Street
New York, New York 10038

Access to opportunity and growth for New York City's minority- and women-owned businesses is a key priority for Mayor Michael R. Bloomberg and the Department of Small Business Services (SBS). Since the Mayor signed Local Law 129 in 2005, we have worked with the City Council, City agencies, community organizations, and our certified Minority- and Women-Owned Business Enterprises (M/WBEs), to move closer towards ensuring opportunity in City procurement and building the strongest M/WBE program the country.

This report, which together with the *Agency Procurement Indicators Fiscal 2007* ("API") report annexed hereto, provides all of the data required by Local Law 129 for Fiscal Year 2007 (July 1, 2006 – June 30, 2007). Pursuant to § 6-129(1)(1), the report is jointly submitted to Speaker Christine C. Quinn of the City Council by the Director of the Mayor's Office of Contract Services (MOCS), as City Chief Procurement Officer, and by the Commissioner of SBS. This is the second report submitted under Local Law 129 for fiscal year 2007, and as such marks the utilization figures for first full year of the new M/WBE program defined by the Local Law.¹

By the end of Fiscal Year 2007, 1,236 companies had certified as New York City M/WBEs, up from 760 in 2003. Over the last six years, we have seen a consistent increase in the number of new companies entering the program and this year we have continued this trend.

We are also seeing an important and telling trend as the number of companies that are choosing to come back and recertify with the City also increases. In fiscal year 2006, just over 25% of expiring companies chose to recertify as M/WBEs, but this year 60% have recertified. With the close of first year of the three year ramp up period for implementation of Local Law 129, business owners recognize they have something to come back for.

The following report demonstrates that with respect to the requirements of § 6-129(1)(2), during the time period running from July 1, 2006 – June 30, 2007, each agency has made substantial progress towards achieving its utilization goals. Further, the quantitative and anecdotal data reported below will serve as a baseline to evaluate the future impact of Local Law 129, and its collection demonstrates that the City has made substantial progress towards achieving the Citywide goals.

The New Program

Simplify the certification process, without compromising standards.

To make the certification process more accessible, in Fiscal Year 2007, SBS introduced a user-friendly application that is easier to understand and to complete. This application can be downloaded from the internet at www.nyc.gov/getcertified. In order to facilitate the application process, SBS provided 52 M/WBE certification classes for 827 attendees, and increased the certification period from 2 years to 5 years. These efforts to simplify the certification process have resulted in a record certification year with 452 newly certified firms, surpassing our goal of 400 certified companies.

In December, SBS launched an upgraded version of the Online Directory of Certified Businesses. The upgrades were informed by feedback from buyers at City agencies, and make the Directory more functional for agencies and prime contractors who seek to identify certified companies to fulfill

¹ The underlying data for all of the matters covered by this report (including the API) is available upon request.

contracting and subcontracting goals. The Directory now features information on each business' contract experiences, City certifications, ethnicity and gender, and other information relevant to Local Law 129 compliance. Searches in the upgraded Directory can be downloaded into Microsoft Excel for ease of use. The Directory is located at www.nyc.gov/buycertified.

Foster business growth within our certified base. Once a company becomes certified, they have access to a suite of services to help them compete, bid and win City contracts. This year, our procurement assistance has resulted in over \$111 million in City contracts for certified companies. This is a 103% increase over fiscal year 2006.

- *Case Management System for customized procurement services.* SBS has created a case management system to customize assistance for every individual firm that becomes a New York City certified M/WBE. Procurement Counselors reach out to certified companies to get to know them and to get to know their business needs.
- *Training and Technical Assistance.* To ensure companies have the knowledge they need to submit a competitive bid, SBS offers classes to our clients in financing, bonding, selling to government and procurement strategies. In fiscal year 2007, over 650 people have attended these classes.

SBS has provided 154 one-on-one technical assistance sessions to help companies prepare responses to bid and proposal solicitations. To expand this service, we have developed the *Breaking New Ground* initiative by engaging experienced cost estimating consultants to offer free one-on-one technical assistance to help even more companies prepare bids and proposals that are stronger, more competitive submissions and understand the post-award contract process.

In addition to this new initiative, in fiscal year 2007, SBS designed the *Fundamentals in Construction Management* program, a certificate program to be offered exclusively to New York City-certified construction firms. Program development included a survey of 335 certified construction firms to identify subject areas for classes, finding an appropriate partner for classroom space, and identifying high-quality instructors with industry expertise and teaching experience. The program, which began in February, in partnership with CUNY's College of Technology, offers six multi-session courses taught by industry professionals in topics including cost estimating, project scheduling, and construction law. To date, 72 students from 48 certified construction firms have participated in the program.

- *Networking Events.* We have placed great emphasis on networking events this year, as this has been proven to be a highly effective approach to connecting certified companies with City buyers.

On June 21st, we hosted the first Citywide Procurement Fair, a full-day conference focused on contracting opportunities with New York City for City-certified Minority and Women-owned Business Enterprises (M/WBEs). Partnering with the Mayor's Office of Contracts Services, we brought together over 40 mayoral/non-mayoral agencies and authorities, 12 private sector contractors, and more than 330 attendees from minority and women-owned businesses for a day of workshops and networking.

Deputy Mayor Dan Doctoroff delivered the keynote remarks, and speakers included Deputy Mayor Dennis Walcott and Council Member Leticia James. Procurement and capacity building workshop sessions were held throughout the morning followed by afternoon networking with City agencies;

authorities such as the New York City Housing Authority, School Construction Authority and Economic Development Corporation; and several prime contractors.

- Throughout fiscal year 2007, we organized four large Agency-specific events that were attended by 255 certified M/WBEs. The results are as follows:

Event	Month Held	Attendance	# Companies awarded contracts	#Contracts awarded	Amount Awarded
DHS: Meet the Buyers	November 06	51	14	94	\$201,040
DCAS: Selling Goods and Services to NYC	March 07	51	9	20	\$29,976
Vendor Fair (DSNY, FDNY, HPD, DEP)	March 07	44	9	25	\$2,259,040
Standard Services Networking Event	April 07	79	11	51	\$192,901

We also held 2 workshop sessions:

- The Department of Housing Preservation and Development (HPD) March 2007 on safe work practices, lead awareness and prequalification with HPD
- The Department of Design and Construction March 2007 on the new Design and Construction Excellence Initiative (D+CEI) standards with the Department of Parks and Recreation (DPR)
- As a result of these workshops, 2 Companies have won 3 contracts worth \$8,000,000.

Empower agencies and prime contractors with the tools and knowledge they need to increase the utilization of M/WBEs.

- SBS and MOCS have provided detailed instruction to hundreds of City purchasing personnel and some of the City’s largest prime contractors on how to meet the requirements of Local Law 129. These sessions have included a tutorial on the implementation of Local Law 129, using the upgraded M/WBE Online Directory as a tool for finding M/WBEs, information on the responsibilities of prime contractors, subcontractor utilization plans, and the methodology for setting subcontractor goals. In fiscal year 2007, SBS and MOCS have provided 21 training sessions with over 580 attendees, bringing the total number of trainees to over 800 since program implementation. The three types of training are as follows:
 - Training at the Procurement Technical Institute (PTI) – At the Department of Citywide Administrative Services (DCAS) City-wide training center, where agency procurement staff receive professional credits for attended sessions.
 - Agency Specific Training – At the request of agencies, SBS and MOCS have provided tailored sessions with DDC, the Department of Homeless Services (DHS), Human Resources Administration (HRA), DPR, and the Department of Probation (DOP).
 - Prime Contractor Training – Detailed instruction for prime contractors with frequent subcontracting activity on how to meet the requirements of Local Law 129.
- With respect to the requirements of § 6-129(l)(1)(xii), during Fiscal Year 2007, SBS assisted 6 vendors in expediting their payment requests from prime contractors. SBS has conducted agency and prime contractor training to highlight all mechanisms that have been implemented in Local Law 129 to ensure timely payments of M/WBEs from prime contractors as well as from City agencies and the enforcement of such requirements. In addition, as discussed above, SBS has

worked with agencies like DPR, DDC, and others to educate M/WBEs how to compete for City contracts, and has provided individualized assistance and referrals to M/WBE construction companies in preparing bond applications and connecting with sureties and bond agents.

- With respect to the requirements of § 6-129(1)(1)(ix), during the time period running from July 1- June 30, 2007, agencies have provided documentation of good faith efforts to achieve M/WBE utilization goals as laid out by Local Law 129. Reports were collected at midyear and at the end of year. The reports are attached as Appendix A.
- SBS speaks at and attends events in every borough of the City to ensure that all communities are aware of the benefits of Local Law 129. SBS has joined organizations to cosponsor or participate in events aimed at serving M/WBEs. Some highlighted events of fiscal year 2007 are:
 - Black Churches Mean Business – SBS presented on a supplier diversity panel at the Brooklyn Museum to approximately 120 businesses.
 - The Reverend Jesse Jackson’s 10th Anniversary Rainbow/Push Wall Street Project – SBS hosted this all day workshop and participated in a panel discussion on the City’s M/WBE Program.
 - New York State Federation of Hispanic Businesses – SBS presented procurement opportunities with the City to over 1000 companies. The event was also attended by staff from DCAS, Department of Environmental Protection (DEP), Law Department (Law), Department of Sanitation (DSNY), and Department of Correction (DOC).
 - United States Department of Commerce Minority Business Development Agency (MBDA) – SBS cosponsored this event, inviting purchasing personnel of 5 City agencies (DSNY, DDC, DCAS, DEP, and HPD) to discuss upcoming procurement opportunities with 500 attending companies.
- In the first year of program implementation, many City agencies have gone above and beyond the requirements of Local Law 129. Among the highlights are:

The Department of Design and Construction:

- DDC includes on their website a list of all current and upcoming contracts with subcontracting goals and provides the details of the goals associated with these contracts and the work anticipated to fulfill these goals.

The Departments of Sanitation and Environmental Protection:

- DSNY and DEP now schedule one-on-one meetings with certified M/WBEs that they believe they could do business with, discussing upcoming contracting opportunities and what they are looking for to fulfill these opportunities.
- DSNY also meets with unsuccessful certified M/WBE bidders to discuss what could have been stronger in their bids and what the agency was looking for.
- DEP and DSNY have regularly attended M/WBE business community events hosted by organizations including but not limited to Asian Women In Business, Minority Supplier Diversity Council, Professional Women in Construction, and Skanska.
- DSNY has hosted 2 networking events for certified M/WBEs with specific divisions within the agency.

Housing Preservation and Development:

- HPD has been working closely with SBS to provide discounted and no-cost certification classes on lead awareness and safe work practices to certified M/WBEs.
- HPD is working with SBS to help educate certified M/WBEs about the criteria and process to get these companies on HPD's pre-qualified lists.

Law Department:

- Law has implemented a policy to solicit M/WBEs for most contracts and to inform the Agency Chief Contracting Officer (ACCO) of results when seeking approval for procurements. In order to comply, agency staff are instructed to identify M/WBE vendors by using the City's Online Directory, as well as Law's own list of resources, including MWBE directories from other jurisdictions and professional organizations.
- Law has made extensive outreach efforts by sending letters to bar associations, community/professional organizations and to recent contractors to notify them about the M/WBE program; publishing articles in the New York Law Journal and New York County Lawyers newsletter; and placing a notice in the church bulletin at Emmanuel Baptist church of 4200 congregants. Law has also urged potentially eligible law firms to become certified to encourage their clients to certify, and to consult the Online Directory to promote diversity in their own contracting activities. Finally, the Corporation Counsel promoted participation in a speech to Hispanic Bar Association.
- Law has become a public partner of the National Association of Minority- and Women-owned law firms.

Outside the parameters of Local Law 129, in the first half of the fiscal year, certified companies have won 12 prime contracts over \$1 million awarded by DDC, DPR, DEP, DOP, HPD, DOT, DCAS and FDNY. The three highest contract values were \$4.6 million, \$3 million, and \$2.5 million. In the second half of the fiscal year, certified companies increased their inroads, winning an additional 21 contracts valued at \$85,263,732. The two largest contract values were \$8.9 million and 8 million. The total fiscal year 2007 value of contracts over \$1 million was \$113,397,416.

Build in accountability.

Local Law 129 mandates that agencies and prime contractors are held accountable for making good faith efforts to achieve goals. To this end, SBS and MOCS, in conjunction with the Law Department, created the tools to ensure accountability. Together we produced the templates for agency and subcontractor utilization plans, supplemental documents, standard contract language, and published the M/WBE program rules, promulgated in August 2006 under the City Charter's process. All agencies required by the Local Law to submit utilization plans for fiscal year 2007 fulfilled this requirement.

To best serve certified companies, the City must determine if they are winning contracts and subcontracts, so we are expanding the City's ability to collect detailed utilization information. SBS and MOCS have partnered with the Financial Information Services Agency (FISA) to transform existing and incorporate new technologies into data collection. This effort is creating a system for centralized tracking, automated reporting, and agency accountability. This year, FISA launched structural changes to enable agencies to track all subcontractors through FMS for the first time and reports have been created to produce M/WBE utilization information by agency, ethnicity, gender and industry. With respect to the requirements of § 6-129(1)(1)(xi), as very few covered contracts are yet underway, SBS expects to begin conducting audits of contracts pursuant to § 6-129(e)(10) in Fiscal Year 2008.

Spread the word.

The City has made every effort to ensure that current and prospective M/WBEs know about the opportunities available to them. We have applied unprecedented resources to ensuring that the message gets out there and that message is simple, certification is a gateway to business resources and contracting opportunities and the City will ensure that it is accountable to meeting its commitments to the M/WBE program.

- *Targeted Marketing.* Our marketing campaign began with the creation of the “NYC Business Solutions Certification & Access” program brand and with the support of the City Council has expanded.
 - Direct marketing included sending invitations to certify to companies we believe are eligible for certification.
 - Published articles and conducted targeted advertising in local and ethnic press, featuring successful certified M/WBEs photographed by one of our certified M/WBE photographers. The list is as follows:
 - Crain’s special minority and women-owned business issue
 - El Diario
 - Daily News
 - Network Journal
 - World Journal
 - Amsterdam News
 - Carib News
 - Sing Tao
 - China Press
 - La Voz Hispana
 - Minority Commerce Weekly
 - Desi Talk
 - Dodge Construction Report
 - Brooklyn Eagle
 - Journal ad for Black & Puerto Rican caucus in Albany
 - Journal ad for *Somos el Futuro* conference in Albany
 - Created and distributed a new M/WBE program brochure, designed by a certified M/WBE. The designer, Penny Chuang, Principle of Adventium Integrated Marketing & Design, won the prestigious American Graphic Design Award from Graphic Design USA for her work on the brochure.
 - Overhauled our website creating a custom web address to provide a direct and easy link to our homepage at www.nyc.gov/getcertified.

- SBS has received support by partnering with key stakeholders. The M/WBE Advisory Board is comprised of 25 community leaders representing a wide array of industries and specializations. Since its formation in September 2004, the Advisory Board has provided critical guidance and insight in shaping policy to empower M/WBEs throughout the City.

SBS has also been joined by the City Council and community organizations in outreach efforts. In the first half of the fiscal year, SBS received official notification of M/WBE Leadership Association Program funding by the City Council. This began the planning stages of this program where community partners assist us in getting eligible companies certified and helping them understand how to do business with the City. In its first year of implementation, the 15 community based organizations that make up the Leadership Association have begun to offer services that provide M/WBEs access to valuable tools and training to increase their ability to compete successfully on City contracting opportunities and achieve their highest potential profitability. By providing outreach and marketing; workshops, seminars and networking events; and technical assistance, the Leadership Association has held nearly 200 education events and over 600 individual sessions, resulting in 93 new certification applications, and 20 re-certifications.

SBS' external affairs unit has extended the program's outreach by attending and presenting at 193 events, holding radio and television interviews highlighting the benefits of City M/WBE certification, and regularly attending Community Board meetings.

During this period, planning also began for the workshops organized in partnership with City Council Members and the Economic Development Corporation. Since December two successful workshops were launched. The first, with Council Member Melissa Mark-Viverito, and the other, cosponsored by Speaker Christine Quinn, Council Member Kendall Stewart, and the Caribbean American Chamber of Commerce and Industry (CACCI).