CITY OF NEW YORK

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

First, Second and Third Quarter Report of Fiscal Year 2025

Compliance Report covering July 1, 2024 – March 31, 2025

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Introduction

Mayor Adams continues to highlight and build on his mission to move New York City forward stronger than ever before, ensuring that every small business can succeed when the work we do is centered on equity. In particular, the city continues to aggressively pursue increases in M/WBE utilization in public procurement – totaling over \$34 billion¹ annually – helping M/WBEs increase their capacity to win larger contracts and taking the challenge head-on of remedying the 'disparity within the disparity' in city contracting.²

This report summarizes program activity, prime contract, and subcontract utilization data for city-certified Minority and Women-Owned Business Enterprises (M/WBEs), Emerging Business Enterprises (EBEs), and Locally-based Enterprises (LBEs), as well as additional data³ specified in Section 6-129(I) of the New York City Administrative Code⁴. The reporting period covers activity during the first three quarters of Fiscal Year (FY) 2025 (July 1, 2024 – March 31, 2025) and 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). The city's M/WBE program is administered in partnership with the Chief Business Diversity Officer, the Mayor's Office of M/WBEs (OM/WBE), SBS, and MOCS.

As will be further expanded in this report, during the first three quarters of FY 2025 (July 1, 2024-March 31, 2025), M/WBEs were awarded \$751 million in prime contracts subject to the M/WBE program and over \$323 million in eligible subcontracts. This brings the total amount awarded to M/WBEs in FY25 to just over \$1 billion. This translated into the city achieving a combined prime and subcontract utilization of 33.8%.

Expanding the Base of Certified Firms

SBS continues to increase the participation of M/WBE firms in city contracting by expanding the 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. The NYC Online Certification Portal (<u>https://sbsconnect.nyc.gov/</u>) allows M/WBE firms to certify and recertify online, check the status of applications, and update their business profiles to better promote themselves to buyers. During the reporting

¹ "2024 Citywide Indicators Report". Released October 2024. <u>Citywide Indicators Report | MOCS (nyc.gov)</u>

² "Rebuild, Renew, Reinvent: A Blueprint for New York City's Economic Recovery". Released March 10, 2022.

https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Mayor-Adams-Economic-Recovery-Blueprint.pdf ³ Related appendices can be found at <u>M/WBE Reports | MOCS</u>.

⁴ Link to the administrative code is <u>here</u>.

period, SBS conducted 41 certification workshops attended by 609 businesses. Additionally, SBS certified 908 new M/WBEs and recertified 996 M/WBEs, bringing the total number of active city-certified companies in the reporting period, as of March 31, 2025, to 11,319.

Partners help extend the reach of SBS certification outreach efforts. In addition to SBS's own Certification Team, businesses can receive assistance in applying for certification from the community-based groups that comprise the New York City Council-funded M/WBE Leadership Associations and the SBS network of Business Solutions Centers located throughout the five boroughs. This helps to ensure higher quality applications, making the submission and the certification review process easier and more streamlined.

Partners also 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 76 events to provide information 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. Like the federal Disadvantaged Business Enterprise (DBE) program, eligibility for EBE certification under the city's program requires that applicants satisfy a two-pronged test to establish both individual and specific economic and social disadvantage.

As of March 31, 2025, there were 26 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. During the reporting period, 5 EBEs were awarded prime contracts in the amount of \$3,730,914 and 1 EBE was awarded a subcontract in the amount \$330,980 for a total of over \$4 million awarded to EBEs. 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 DBE program, and state-funded contracts are subject to other goals and 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.

As of March 31, 2025, there were a total of 12 LBE certified firms. Many of our LBEs are also certified as M/WBEs and can be considered for subcontracting opportunities on city construction projects with M/WBE goals. During the reporting period, 2 LBEs were awarded prime contracts in the amount of \$233,864 and 1 subcontract in the amount of \$325,000 for a total amount of \$558,864.

Selling to Government

SBS offers services to help M/WBEs sell to government and 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 and how to respond to solicitations. M/WBEs must also maintain the most up-to-date information on their profile in the SBS Online Directory of Certified Businesses (www.nyc.gov/buycertified) and other city procurement systems.

During the first three quarters of FY25, SBS held 81 workshops with a total of 3,361 registrants to help M/WBEs build knowledge and understanding of the city's procurement rules, procurement portals, how to effectively respond to solicitations, and inform best practices in contract management. Also, during the reporting period, 956 firms were supported through 1,693 instances of one-on-one technical assistance for submitting the most competitive bids and proposals, navigating government procurement, and successfully performing on contracts with the city.

The reporting period also saw SBS, in partnership with OM/WBE and the Manhattan Borough President's office, host the Northern Manhattan M/WBE Outreach Forum in Washington Heights at Alianza Dominicana on September 27, 2024. Nearly 120 minority and women entrepreneurs and business owners received information about current and upcoming contracting opportunities and various resources available for them from 20 city agencies and partners in attendance.

On November 11, 2024, SBS successfully hosted the 16th Annual Minority and Women-Owned Business Enterprises (M/WBE) Citywide Procurement Fair at Cipriani South Street, located in the Battery Maritime Building in Manhattan. With 87 participating exhibitors (made up of city agencies, entities, lenders, prime contractors and partner organizations) and a record 1,275 individuals in attendance, the event provided an opportunity for businesses to engage with City agencies, government partners, and prime contractors while learning about procurement opportunities, support resources, financing and best practices when selling to government. SBS also offered multiple workshops featuring trainings and panels to connect M/WBEs to resources and opportunities from SBS, city agencies and partners.

Following up on the success of the Citywide Procurement Fair, SBS, in partnership with OM/WBE and MOCS, hosted multiple M/WBE Borough Forums including at the Brooklyn Central Library held on February 28, 2025, with 276 in attendance and at Helen Marshall Cultural Center in Queens on March 12, 2025, with another 155 minority and women entrepreneurs and business owners participating. In partnership with the local elected, chambers of commerce, along with a wide variety of city agencies and other exhibitors, we shared information about upcoming contracting opportunities and the range of resources available to small businesses.

During the reporting period, BE NYC hosted seven events aimed at supporting the M/WBE Program with a total of 961 participants. These included two Lunch and Learn webinars with 98 M/WBE attendees, as well as, two

events held in August 2024, as part of Black Business Month: The Shop Black NYC & LinkLocal Marketing Webinar with 277 participants, and The Melanin Summit: Standing on Business and Building Community event, on August 29, 2024, with 418 attendees. Additionally, in October 2024, BE NYC also held The Access to Enterprise Legal Considerations for NYC Small Businesses event with 97 people in attendance. Most recently in February 2025, two workshops were held – one event hosted with LinkNYC drew in 44 small businesses and entrepreneurs and one event with Small Business Partner Initiative had 27 attendees.

In addition, SBS held 76 events in partnership with local development corporations, trade associations, industry membership organizations and local chambers of commerce during the first three quarters of the fiscal year. These events focused on the benefits of certification and the range of capacity-building and technical assistance services available citywide to help businesses win city contracts and grow. SBS also works with the New York City Council through the M/WBE Leadership Associations to provide certified firms with more capacity-building services, such as help applying for loans and surety bonds, preparing bids and proposals, and marketing to both the public and private sectors. In the reporting period, member organizations sponsored 35 events, provided 1,427 one-on-one assistance sessions, assisted with 158 loan applications, and awarded 31 loans to M/WBEs.

Capacity Building

In addition to the requirement that the city finds 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.

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.

Bond Readiness provides certified construction and trade companies with financial and project management skills to help them secure or increase surety bonds necessary to compete on city contracts. The program offers a 12-session cohort conducted over 24 weeks that provides classroom instruction, agency participation, training, and one-on-one assistance, as well as introductions to a network of surety agents. Firms are encouraged to bid on city contract opportunities where appropriate, while applying for pre-approval for bonding during the

program. During the reporting period 44 firms were accepted into the FY25 (15th) cohort.

Bonding Services provides certified construction and trade companies with access to six-hour QuickBooks for Construction clinics, webinars, and one-hour one-on-one bonding assistance sessions to assist firms with organizing their bookkeeping and accounting practices, preparing applications for bonding, and understanding surety bond application preparation concepts, respectively, to compete for larger city contract opportunities. During the reporting period, there were six QuickBooks for Construction clinics with 92 participants, and 78 firms who participated in 148 bonding 1:1 counseling sessions.

M/WBE Contract Legal Services, launched in March 2022, is designed to provide certified firms with education and pro bono legal consultation clinics so that they become informed consumers of legal services; enter into commercial contracts with an understanding of terms, conditions, obligations, and rights; equip them with the tools and strategies to negotiate, or re-negotiate, commercial contracts that reflect their best interests and minimize their risk; and understand their obligations, rights, and recourse under existing commercial contracts. During the reporting period, 208 participants attended seven webinars, and 96 attendees participated in five legal consultation clinics.

M/WBE Mentors Program, launched in January 2021, is designed to create spaces for peer mentorship and networking amongst NYC-certified M/WBEs. Through curated, industry-focused events, owners representing a variety of industries and backgrounds serve as mentors to less experienced M/WBEs. By mining their own experiences for advice, these mentors provide the insight their peers need to chart their own path of growth through government contracting. During the reporting period, the Program hosted nine events with 748 participants.

NYC Construction Ramp-Up Program launched its first cohort in June 2023 and, since then, has continued to provide intensive educational, training, and mentorship programming to help M/WBE construction firms understand the requirements of the city's pedestrian ramp rehabilitation projects and to successfully compete and qualify for the work and any related M/WBE Pre-Qualified List (PQL). During the reporting period, 72 participants representing 57 unique firms graduated from Cohorts 3 and 4.

Contract Financing Loan Fund was launched in FY 2017 by the New York City Economic Development Corporation and SBS. The Loan Fund enhances the ability of business owners to access the capital they need to win, take on and perform successfully on NYC contracts, and reduce the cost of capital to a 3% annual interest rate. During the reporting period, 47 loans totaling \$11,952,716.00 were awarded through the Loan Fund to certified M/WBEs.

Program Compliance

To ensure that all agency staff responsible for purchasing activities are knowledgeable about the M/WBE program and their agency's goals, SBS, MOCS, and OM/WBE conduct agency training sessions. During the reporting period, 592 procurement professionals from 51 agencies attended 14 training sessions. Among others, the topics included implementation of M/WBE policy of the New York City Administrative Code, strategies and best practices used to identify M/WBEs for contract opportunities, M/WBE goal setting, and enhancing M/WBE procedures in all contract areas.

Compliance meetings with agency commissioners and M/WBE officers are regularly held to discuss utilization and agency initiatives to increase M/WBE performance. Since April 2023, the city's Chief Business Diversity Officer continues to hold monthly all-agency accountability meetings accompanied with weekly agency focus groups, which have continued through the duration of this reporting period. In addition to these virtual meetings, during the reporting period, the Chief Business Diversity Officer, held three in-person Quarterly Compliance Meetings on July 15, 2024, October 21, 2024, and January 27, 2025, with 104 attendees representing 45 agencies participating.

Qualified Joint Venture Agreements

During the reporting period, there were no M/WBEs awarded contracts as part of a Qualified Joint Venture.

Prime Contract M/WBE Utilization

Table 1 below summarizes prime contracts awarded by city agencies during FY 2025 Q3. M/WBEs were awarded over \$750 million in prime contracts amounting to 29% of all such awards during this reporting period. The prime contracts in this table include industries and awards made using methods subject to the M/WBE program.

Industry and Size Group		Total M/WBE		Total		
	Count	Value	%	Count	Value	
Construction Services	10,340	\$288,146,422	22%	12,627	\$1,318,606,408	
Micro Purchase	10,252	\$13,369,703	80%	12,442	\$16,735,349	
Small Purchase	17	\$1,145,255	68%	23	\$1,682,255	
>\$100K, <=\$1M	22	\$13,455,174	76%	28	\$17,686,482	
>\$1M, <=\$5M	34	\$78,763,303	41%	72	\$193,540,276	
>\$5M, <=\$25M	14	\$156,050,392	26%	54	\$600,673,738	
>\$25M	1	\$25,362,594	5%	8	\$488,288,308	
Goods	3,274	\$73,253,144	69%	6,141	\$105,623,661	
Micro Purchase	2,937	\$23,853,105	54%	5,719	\$43,953,922	
Small Purchase	232	\$13,431,823	74%	304	\$18,100,913	
>\$100K, <=\$1M	105	\$35,968,216	83%	118	\$43,568,82	
>\$1M, <=\$5M	-	\$0	0%	-	\$(
>\$5M, <=\$25M	-	\$0	0%	-	\$(
>\$25M	-	\$0	0%	-	\$(
Professional Services	636	\$204,295,292	27%	1,486	\$763,083,63	
Micro Purchase	374	\$3,687,462	42%	1,055	\$8,873,320	
Small Purchase	73	\$4,734,442	61%	114	\$7,787,054	
>\$100K, <=\$1M	144	\$58,081,713	75%	190	\$77,887,582	
>\$1M, <=\$5M	41	\$85,791,675	35%	96	\$245,629,162	
>\$5M, <=\$25M	4	\$52,000,000	15%	30	\$357,906,512	
>\$25M	-	\$0	0%	1	\$65,000,000	
Standardized Services	1,020	\$185,234,239	42%	2,740	\$441,104,404	
Micro Purchase	835	\$7,505,111	43%	2,442	\$17,528,250	
Small Purchase	83	\$5,999,412	66%	127	\$9,027,04	
>\$100K, <=\$1M	63	\$26,617,537	76%	81	\$35,129,93	
>\$1M, <=\$5M	34	\$57,602,167	43%	64	\$132,510,62	
>\$5M, <=\$25M	3	\$21,513,065	12%	24	\$180,911,60	
>\$25M	2	\$65,996,948	100%	2	\$65,996,948	
Total	15,270	\$750,929,097	29%	22,994	\$2,628,418,108	

Agencies are not required to apply participation requirements to certain types of contracts. (See, NYC Administrative Code § 6-129(q) (1)-(7).) Table 1 above and the subsequent discussion of M/WBE performance include those contracts that have been counted towards the city's M/WBE program. As required by §6-129 of the Administrative Code, M/WBE performance data (see Appendices – Tables A-F)⁵ is summarized separately for each of the following categories: MBE, WBE, minority women (certified as both MBE and WBE), and total

⁵ Appendices – A-I can be found on the <u>MOCS website</u> at https://www.nyc.gov/site/mocs/opportunities/m-wbe-reports.page

M/WBE. MBEs include all minority-owned businesses, regardless of gender. WBEs include all women-owned businesses regardless of ethnicity.

In those areas of procurement where agencies have greater discretion to target procurements to M/WBEs (i.e., micro purchases and small purchases), M/WBE utilization remains strong. In FY 2025 Q3, M/WBEs were awarded over \$1.8 million worth of micro purchases, or 57% of the dollar value of all such awards. Additionally, for small purchases the M/WBE utilization rate was also 57% of the dollar value of all such awards (over \$11 million awarded).

A total of 22,994 prime contracts were awarded during FY 2025 Q3. M/WBE utilization on prime contracts during the reporting period is detailed below. Highlights include M/WBEs being awarded:

- 77% of the value of contract awards valued between \$100,000 and at or below \$1 million (over \$134 million)
- 39% of the value of contract awards valued between \$1 million and at or below \$5 million (approximately \$222 million)
- 20% of the value of contract awards valued between \$5 million and at or below \$25 million (over \$229 million)
- 15% of the value of contract awards valued over \$25 million (over \$91 million)

Agency-by-agency and certification category details corresponding to Table 1 above are included in the Appendices to this report (Tables A - B).

Most prime contracts reflected in the data (except the professional services contracts, for example) are required by New York State law to be procured via competitive sealed bid. Under General Municipal Law (GML) § 103, agencies must, for the majority of the contracts covered by the program, accept the lowest responsible bid and may not give a bidder preference because of its M/WBE status. City agencies' efforts to achieve their M/WBE participation goals through prime contract awards are thus limited to such means as increased outreach and training aimed at encouraging M/WBEs to bid successfully on various procurements. Even for procurements not covered by GML § 103, such as professional services contracts, GML § 104-b precludes agencies from pursuing social policy goals unrelated to the procurement of goods and services, including M/WBE status.

Subcontract M/WBE Utilization

M/WBE utilization with respect to approved subcontracts during the reporting period is demonstrated in Table 2 below. As shown, of the 1,152 approved subcontracts subject to the program, 697 were awarded to M/WBE firms. The approved subcontracts awarded to M/WBEs amounted to over \$323 million and represent 51% of the value of all qualifying subcontracts. For more details, see Appendices – Tables E - F.

Industry and Size Group		Total M/WBE	Total		
	Count	Value	%	Count	Value
Construction Services	374	\$237,038,785	46%	664	\$511,015,187
Micro Purchase	65	\$970,859	49%	134	\$1,990,691
Small Purchase	82	\$5,801,904	55%	153	\$10,548,992
>\$100K, <=\$1M	176	\$67,437,136	60%	300	\$112,644,403
>\$1M, <=\$5M	43	\$84,655,253	63%	62	\$133,527,956
>\$5M, <=\$25M	7	\$36,700,070	40%	13	\$91,389,583
>\$25M	1	\$41,473,563	26%	2	\$160,913,563
Goods	-	\$0	0%	-	\$0
Micro Purchase	0	\$0	0%	-	\$0
Small Purchase	0	\$0	0%	-	\$0
>\$100K, <=\$1M	0	\$0	0%	-	\$0
>\$1M, <=\$5M	0	\$0	0%	-	\$0
>\$5M, <=\$25M	0	\$0	0%	-	\$0
>\$25M	0	\$0	0%	-	\$0
Professional Services	262	\$62,907,025	69%	386	\$90,616,174
Micro Purchase	64	\$739,541	74%	101	\$993,994
Small Purchase	74	\$4,325,038	61%	124	\$7,076,648
>\$100K, <=\$1M	117	\$43,702,843	80%	150	\$54,677,733
>\$1M, <=\$5M	6	\$7,849,869	59%	9	\$13,415,497
>\$5M, <=\$25M	1	\$6,289,733	44%	2	\$14,452,303
>\$25M	0	\$0	0%	-	\$0
Standardized Services	61	\$23,162,247	69%	102	\$33,604,30
Micro Purchase	10	\$90,858	59%	18	\$154,793
Small Purchase	17	\$891,300	52%	33	\$1,713,572
>\$100K, <=\$1M	27	\$9,150,461	68%	41	\$13,506,312
>\$1M, <=\$5M	5	\$5,829,628	74%	7	\$7,829,628
>\$5M, <=\$25M	2	\$7,200,000	69%	3	\$10,400,000
>\$25M	0	\$0	0%	-	\$0
Total	697	\$323,108,057	51%	1,152	\$635,235,667

Waivers

A vendor that plans to submit a bid or proposal in response to a solicitation for a contract that is subject to M/WBE participation goals may seek to request a reduction in the goals by filing a waiver request with the contracting agency during the pre-bid or pre-proposal stage. The agency and MOCS then evaluate the extent to which the vendor's business model and subcontracting history is consistent with this request. In order to qualify for a waiver, a vendor must show both the capacity to execute the contract with less subcontracting than projected and legitimate business reasons to do so. A vendor that receives a full waiver has demonstrated that they would be able to fully self-perform the contract without using subcontractors if awarded the contract. A vendor that obtains a partial waiver has demonstrated that they will subcontract at a lower amount than the participation goal established by the agency.

During the reporting period, vendors sought a total of 81 requests for waivers of the M/WBE participation requirements at the pre-bid or pre-proposal stage. Of those requests, 48 were denied, while nine (9) were approved as full waivers, 23 were approved as partial waivers, and one (1) withdrawn waiver, see Appendices – Table G. Since waivers may be granted only to vendors that demonstrate both the capacity to perform the prime contract without subcontracting and a prior contracting history of doing similar work without subcontracting, some of the waivers that were granted involved repeated requests from the same firms, as they sought multiple bidding opportunities.

During the reporting period, six (6) contracts were registered where a winning vendor obtained either a full or partial waiver of the total participation goal. For more details, see Appendices – Table G and H.

Large-Scale Procurement Approvals

Prior to soliciting procurements with an anticipated value of over \$10 million, City agencies are required to seek MOCS approval to determine whether it is practicable to divide the proposed contract into smaller contracts and whether doing so would enhance competition among M/WBEs. During the reporting period, there were 18 registered contracts for which MOCS conducted large-scale procurement reviews. A full list is shown in Appendices Table I. The value of the 18 approved contracts shown in Appendices Table I is over \$385 billion.

Approximately 73% of the value of the large-scale approvals during FY 2025 Q3 were for requirements contracts through the Department of Citywide Administrative Services. These approvals were made in cases in which separate and smaller contracts would not enhance M/WBE opportunities. For more details, see Appendices – Table I

Complaints, Modifications and Noncompliance

There were no modifications, complaints or findings of noncompliance during the reporting period.