

# Case Study Group 1

## Advancing Equity in Local Procurement

### Background Context:

The City has a centralized procurement office and the City relies on departments to write specifications for their own RFPs. There are concerns that these departments do not write their specifications in a manner that elicits the best responses from the vendor community. In fact, the City acknowledges it lacks insight on the availability/pipeline of local, diverse suppliers. Only 5% of the money spent on City contracts in 2019 had gone to minority-owned businesses, even though 30% of their population is Black.

The City expects to finish implementing a new e-procurement system by the end of May 2021. This will give vendors the ability to register electronically with the City to automatically receive notice of new contracting opportunities as soon as they are posted. It will also allow the City to manage sealed bids electronically. A few people in the City were starting to recognize that intentional procurement practices could be a vehicle for renewed City-community relationships. The City wanted to identify and reckon with the potential conflict between certain procurement cost-saving and efficiency tactics that it names (e.g. consolidating contracts) and tactics to increase the inclusivity of contracting (e.g. unbundling, vendor set-asides, etc.)

### Key Challenges:

Prior to taking any focused action to advance equity, there was no established baseline understanding of the diversity of vendors that the City was contracting work out to. The City did not have formal data on which of the businesses they work with were minority- or woman-led.

There was also internal staff resistance, which were rooted in fear that reforms would result in waste and/or poor service delivery, and insufficient familiarity with the local business pool the City seeks to target. City staff were also facing some inertia and resistance in getting buy-in from some management staff across the City to be amenable to adaptation and change to support more equitable procurement practices.

However, the mayor enthusiastically offered his support for improving procurement processes. To help bring staff on board, he suggested convening a meeting with mid-level management across the City, where he could express the importance of the procurement goals to his office and help align relevant stakeholders.

The City had recently implemented a new procurement management system and a new enterprise resource management system. They felt that their processes for conducting competitive procurements with these new systems are currently duplicative and could be streamlined.

The City's Deputy Director of Finance expressed some concern that in interviewing City department staff about their experiences with the procurement process, staff may be hesitant to raise constructive feedback or pain points (preferring to avoid calling out their colleagues or the purchasing department).

The City's purchasing staff report anecdotally that departments initiate formal solicitations too late 75% of the time. They will aim to understand what issues frequently delay them in identifying new procurements and gathering the necessary materials to begin a formal solicitation.

The City's purchasing agent, who was a relatively new hire and one of the main City leads on the work, left their role. The City's Deputy Director of Finance took over their role but expressed concern regarding their capacity to devote sufficient time and effort to the project.

### **Process Considerations:**

The City wanted to align on the level of involvement and staff commitment that the program will need. They brainstormed a variety of thoughtful tactics to reach and support MWBEs—e.g., a loan program, a mentor-protégé or coaching program and social networking.

The City started to map their competitive bid process to understand exactly where challenges were arising, and then interviewed department staff about their experience engaging with the procurement process. This process required reviewing any existing process maps, inventories of active contracts, and lists of contracts coming up for bid.

In addition to interviewing current vendors, which was biased towards businesses that already have the capacity to participate in City procurement processes), the City wanted to supplement this direct vendor outreach with outreach to trusted actors in the City's broader economic development ecosystem would multiply the breadth, quality, and representativeness of feedback on local small MWBE procurement needs without putting undue pressure on the vulnerable businesses that these actors support and represent. They created a list of external stakeholders who may be able to provide important insights including their local chamber, the urban league, and other community groups.

### **Results:**

- The City created a new position for contract compliance and supplier diversity, a position focused on improving vendor diversity.
- The City also hosted an internal racial equity training to increase inclusion awareness and staff support for reaching the City's equity goals.
- The City identified quantifiable positive outcomes and impacts:
  - Increased number of MWBEs businesses receiving contracts,
  - Increased share of City contracting to MWBEs,
  - Increased MWBE bonding capacity
  - The procurement of at least one MWBE prime contractor on an X-dollar project
- The City created guidance documents for departments on writing good specifications.
- The City designed a mentor-protégé small, minority and women-owned business enterprise (SMWBE) capacity-building and skill building program. The pilot program will be tested before it is scaled up.
- The City is also piloting a new rotational on-call contract model for select procurement opportunities. Through this model, the City will prequalify small and diverse businesses to manage small, ad-hoc jobs as they become available without going through a new procurement each time.
- By the end of the first year, 50 minority vendors—over 90% newly certified—had won contracts with the City through purchasing, subcontractors or prime contractors.

### **Future Planned Action**

- The City is now discussing opportunities to restructure their snow and ice contracts with the goal of improving overall service delivery and results.
- The City plans on updating all their procurement templates and forms to make it easier for vendors to bid for City contracts and providing better guidance to City staff conducting procurements.
- The City will continue to look for resources to train City staff on best practices in writing results-driven RFPs.