



City of Waco, TX Disparity Study

April 2024



Agenda

City of Waco, TX
Disparity Study

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Disparity Study Overview

Disparity Study Results

Recommendations

Current City Initiatives

Q&A

Background

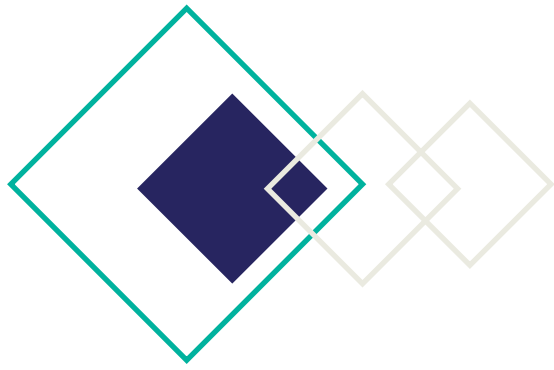
Background

- **What is a Disparity Study?** - It determines if inequities exist in public procurement and contracting that adversely affect minorities and/or women owned businesses (MWBE's).
- **What was the Scope?** – Evaluate \$427.91 mil in spend to identify the market and industry sectors of available MWBE's that are ready, willing, and able to do business with the City that have historically not been utilized or are under-utilized.
- **When did the Study begin?** – The Disparity Study began on October 19, 2021, after Council approved Resolution 2021-765.

Background cont.

- **Why did the City do a Disparity Study?** – To analyze the City’s historical utilization in awarding contracts to minority and/or women-owned business enterprises, and to ensure the City’s practices were in alignment with the City’s strategic goals of creating a culture of equity and inclusion while facilitating economic development. The study also allows us to identify areas where we can improve to cultivate an environment that is fair and equitable and accessible for all businesses (small, women, minority, or otherwise) to ensure the City receives the best value for goods and services and is able to build up its local workforce and economy.

Disparity Study Overview



Disparity Study Overview

- Disparity studies are used to determine whether there is evidence of the effects of race, ethnicity, and gender on a person's ability to do business within a marketplace that would permit a public entity to use policies to help remedy these effects.
- The City of Waco's disparity study involved the collection and analysis of quantitative and qualitative data to make this determination.
- Disparity studies provide actionable results that can be used to narrowly tailor a supplier diversity program.

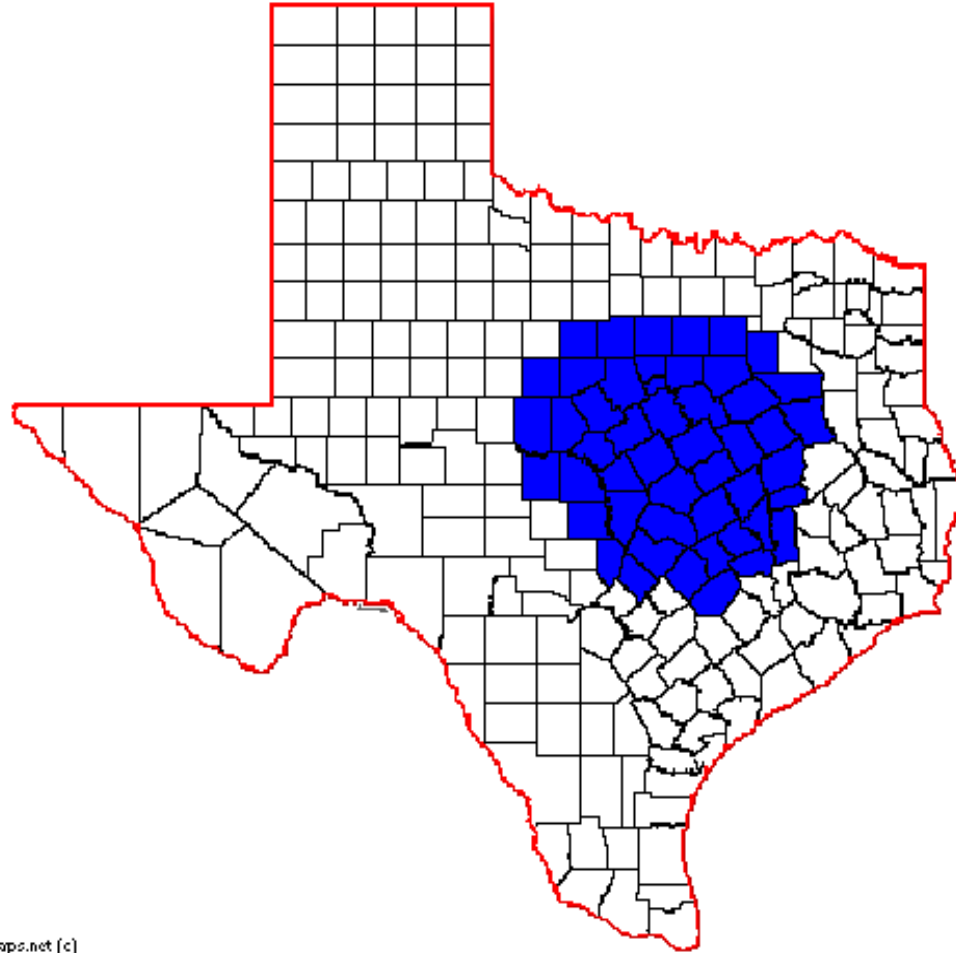
Disparity Study Results

Disparity Study Methodology-Utilization

- City's financial data was the source of prime data.
- Prime data was merged with the subcontractor data collected via a survey of the primes to arrive at a database with only net spend associated to individual vendors.
- MGT analyzed spend in Construction, A&E, Professional Services, Other Services, and Goods.
- Study Period: October 1, 2016, to September 30, 2021 encompassing Fiscal Years 2017 to 2021.
- Based on Supreme Court case (*Croson v. Richmond*) guidelines, the City should include in its relevant market area the geographic areas of where the vendors are located from which the majority of its purchases are procured.
- MGT recommends using 50 counties where vendors can commute to the City to provide goods and services as the geographic unit of measurement by which the relevant market area is established.

Disparity Study Methodology-Utilization

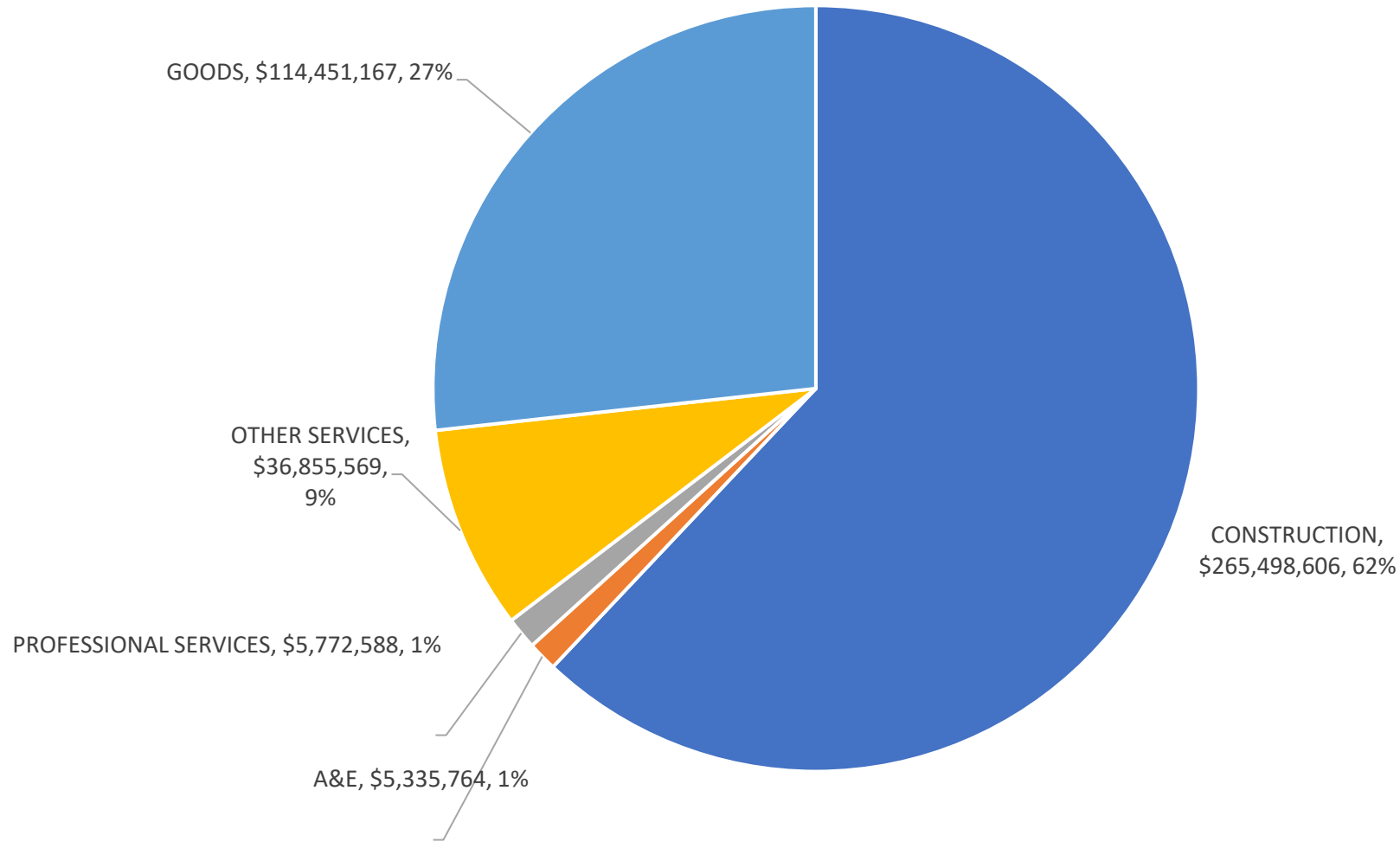
City of Waco Relevant Area



Source: diymaps.net (c)

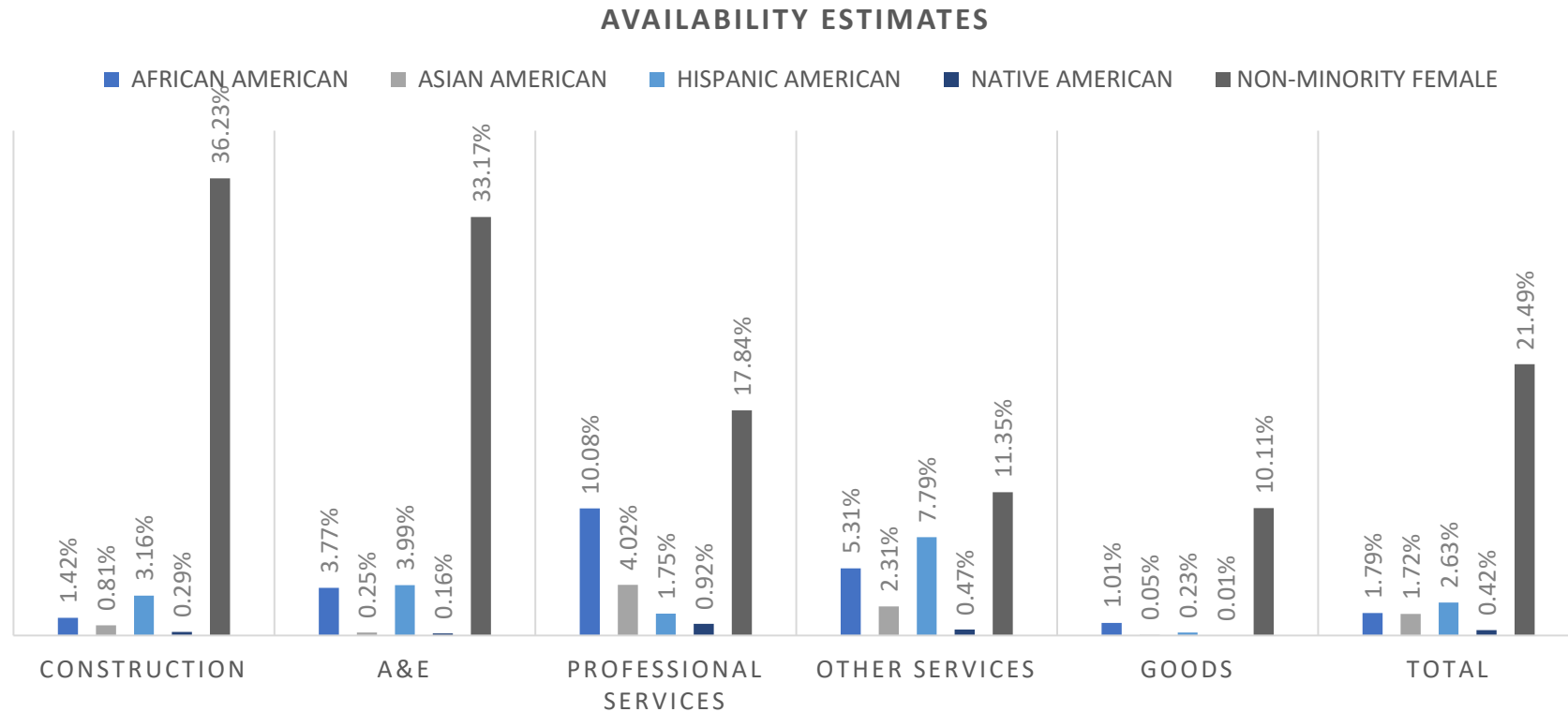
Total Spend by Procurement Categories

- \$427.91 mil in City spend analyzed.
- Majority of spend occurred in Construction and Goods.



Availability Estimates

- Availability is based on all the firms willing and able to work with the City and might be considered in the City's procurement activities.



M/WBE firms make up 30.57% of estimated availability in the relevant market area.

Disparity Results

- Substantial and statistically significant disparity gives evidence of the effects of race, ethnicity, and gender within the public sector.
- M/WBEs combined have substantial and statistically significant disparities in all categories.
- No disparity was found in Construction for Hispanic Americans. This is due in part to a few Hispanic Americans making up most of the utilization.

Procurement Category	All	Construction	Architecture & Engineering	Professional Services	Other Services	Goods
African Americans	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity
Asian Americans	Disparity	Disparity	Disparity	Disparity	Disparity	No Disparity
Hispanic Americans	No Disparity	No Disparity	Disparity	Disparity	Disparity	Disparity
Native Americans	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity
Total MBE Firms	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity
Nonminority Females	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity
Total M/WBE Firms	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity

BOLD indicates substantial statistically significant disparity

Recommendations

Recommendations

- A. Small Business Prime Contracting Programs
 - Rotation of Bidders
 - Small Business Set-asides/Sheltered Markets
 - Race-neutral Joint Ventures
 - Construction Management, Request for Proposals, and Design-build
 - SBE Prime Contractors Assistance
- B. Small Business Program for Subcontracts
 - Small Business Project Goals
- C. Inclusion in Financial and Professional Services
- D. Combined Race-neutral and Race-conscious Programs
- E. Outreach
- F. Service-disabled Veterans/Veterans Programs
- G. Enhance Data Collection
- H. Adopt an Audit Clause for Contracts

Current City Initiatives

Combined Race-neutral and Race-conscious Programs Initiatives

- A. Established financial policies that encourage business diversity
 - Financial Management Policy Statements that are adopted by Council annually
 - Purchasing Policy
- B. Developing a standardized form for subcontractor information
- C. Having a diverse list of investment brokers to choose from, not just big banks
- D. Requiring Investment Advisor to solicit one quote for all purchases from at least one diverse business (minority, women, or veteran owned)

Combined Race-neutral and Race-conscious Programs Initiatives

- E. New eProcurement platform for submitting bids
 - Provides access to allow businesses to easily participate
 - Allows vendors, contractors, and subcontractors to see formal processes the City has issued
 - Substantial increase in exposure for City project
 - Currently have over 2,500 registered vendors

Inclusion in Financial and Professional Services Initiatives

- F. Conducted an RFP for financial advisory services for the first time in decades. Selected two firms to be advisors, one is a MWBE firm, the other is not
- G. RFP for Underwriting Services whereby we received 30 responses and selected a syndicate of 5 firms with the Senior Manager being an MWBE firm and one of the 4 Co-Managers also being an MWBE firm to lead the issuance of approximately \$270M in city obligations

Outreach Initiatives

H. Developing a Business Guide

- Outreach to all the local Chambers
- Provide purchasing data

I. Technical assistance is available to help small businesses/MWBEs with the eProcurement portal

J. Working with Amazon to tag vendors based on our policy parameters to track spending

K. Working with Office Depot to tag vendors based on our policy parameters to track spending

Small Business Prime Contracting Programs Initiatives

- L. Issuing RFB/RFP's for vehicle and equipment purchases for broader opportunities
- M. Breaking down larger contracts (when possible) to allow for small businesses/MWBE participation
 - Mowing
- N. Bidder rotation for goods and services
- O. Amazon's "Bridges to Communities" which seeks HUB vendors to become Amazon suppliers

The background of the slide is a wide-angle photograph of a city at night. The sky is a deep, dark blue with wispy clouds, and a bright orange and yellow glow from the setting or rising sun is visible on the horizon. In the foreground, a body of water reflects the city lights and the sky. A suspension bridge with two prominent towers is visible in the middle ground, spanning across the water. The city skyline is filled with illuminated buildings, and a park with trees and a path is visible on the left side of the image.

Q & A