



MEMORANDUM

TO: Caryn Gardner-Young, Assistant City Manager

FROM: Joan K. Goodrich, Economic Development Director *Joan K. Goodrich*

CC: Jeff Costello, Executive Director, CRA, Jennifer Alvarez, Purchasing Director

DATE: November 1, 2018

SUBJECT: **Disparity Study Research and Recommendations for Moving Forward**

GENERAL OVERVIEW

Disparity studies are undertaken by entities who are interested in establishing or re-establishing policies and programs focused on addressing identified ongoing effects of marketplace discrimination that are adversely affecting the participation of minority and women-owned businesses in contracts and purchases. Disparity studies often lead to the establishment of ordinances, programs, strategies and staffing with a focus on race and gender-neutral and race and gender-conscious approaches to doing business.

Jurisdictions cannot unilaterally implement disadvantaged, minority/women-owned business enterprise (DMWBE) preferences without the support of an instrument (disparity study) that shows that a significant statistical disparity exists between the availability of DBWBEs and the entity's contracting and procurement of goods and services.

Typical methodology for conducting disparity studies includes the following:

- Industry Analysis - Legal Analysis, Procurement & M/WBE Program Operational Analysis
- Statistical Analysis - Relevant Market, Availability Analysis, Utilization Analysis, Regression and Capacity Analysis
- Market Analysis - Anecdotal and Survey Analysis, Race-Gender Neutral Analysis, Private Sector Analysis

Most studies take at least a year to complete and often include a second consultant to provide policy deliberation, phase priorities to address disparity study findings and identify priorities for partial changes to policy and/or administrative practices for established programs.

DELRAY BEACH BACKGROUND

The interest of the City to grow efforts with small and minority-owned businesses was first enacted in 1989 through Administrative Policy PUR-15 Minority Vendor Program and continued through the early 2000s. On June 5, 2014, Terrill Pyburn, Interim City Attorney issued a similar opinion to Assistant City Attorney Susan Ruby in 2007 and Assistant City Attorney Brian Shutt in 2010 that the best course forward was to "set up a small business enterprise program that encourages the economic development of the entire community." (see attached).

To that end, the Office of Economic Development published a draft report in August 2014 entitled “Growing Delray Beach’s Small Business Program and Approaches” after benchmarking and seeking best practices from more than 25 cities and counties in Florida and beyond. A key data point at that time revealed that 3% of the City’s spending (\$1,809,802) in FY 2014 totaling \$60,949,929 was with S/MWBE firms.

Additionally, one of the ten recommendations made in the report included the establishment of a new local business preference policy. While there was support for the new policy from the DDA, CRA and West Atlantic Redevelopment Coalition (WARC), WARC also suggested that the City commission a Disparity Study and “tag on” to Palm Beach County’s 2014 Disparity Study.

While the City did not allocate the estimated funding of \$100,000 for the Disparity Study, it did rescind Administrative Policy PUR_15 Minority Vendor Program established in 1987 due to legalities and created a new Local Business Preference Policy on May 5, 2015 through Ordinance 11-15.

During FY 2016, a cross-functional City led team entitled “Local Business – Local Jobs Action Team” was formed to develop actions “to increase local business participation and the creation of new jobs by creating public outreach and training plan associated with the City’s CIP and Procurement Programs.” The team’s work got as far as drafting an action plan and recommending several improvements to improve City business processes yet ended in July 2016 when several key changes in City executive leadership occurred.

In 2017, the City Commission through Ordinance 21-17 repealed and replaced Chapter 36 of the City’s Code of Ordinances in its entirety – “Acquisition of Goods and Services and Disposal of City Property” – and adopted a new Purchasing Policy and Procedures Policy which unfortunately eliminated the previously adopted Local Business Preference Policy.

RECENT FLORIDA DISPARITY STUDIES AND CONSULTING PROJECTS

The following Florida agencies recently conducted Disparity Studies and Consulting Projects. It was noted in the recently published Palm Beach County Disparity Study (2017) that “none of the peer county programs (Palm Beach, Broward, Miami-Dade, Hillsborough, Pinellas, Orange and Duval counties) were found to have significantly increased in M/WBE participation” after studying their utilization reports.

Agency	Consultant / Study Type	Cost and Timing of Contract
Palm Beach County Government	Tydings & Rosenberg, LLP Policy Study	\$55,000 5/1 – 12/1/2018
Palm Beach County Government	Mason Tillman Associates Disparity Study	\$749,995 10/21/2014 – 12/31/2017
City of Tallahassee and Leon County	MGT Consulting Group Disparity Study	\$536,000 2/21/2017 – 12/1/2018
City of Miramar	MGT Consulting Group Disparity Study	\$190,000 8/1/2016 – 3/1/2018
Solid Waste Authority of Palm Beach County	Mason Tillman Associates Disparity Study	\$361,000 10/1/2015 – 3/1/2017

City of West Palm Beach	Mason Tillman Associates Disparity Study	\$100,000 Ended 9/1/2016
City of West Palm Beach	Mason Tillman Associates Policy Study <i>Subcontractor: Tydings & Rosenberg LLP)</i>	\$50,000 Ended 10/2016

MOVING FORWARD

The City's long-term economic prosperity can be accelerated and strengthened by keeping more dollars circulating locally which will lead to the creation of more jobs by existing businesses. This is referred as "keeping it local" and "growing our own" in our 5-year economic development strategic plan and proposed in the 20-year Economic Prosperity element of the City's Comprehensive Plan.

There is a sense of urgency for the City to update its local and small business policies, programs and approaches to support new community goals for economic inclusion and equitable development along with leveraging the impact of the City's robust 5-year Capital Improvement Program and the near record-breaking investments of the private sector.

Therefore, it is recommended that a cross-functional team be reestablished to oversee next steps in policy development around growing the City's use of local and small businesses as it procures future goods, commodities, general and professional services, construction and construction related professional services.

Attachments: City of Delray Beach PUR-15 Minority Vendor Program
Minority Business Enterprise/Preference Memo Dated June 5, 2014
2014 Growing Delray Beach's Small Business Program Recommendations
City of Delray Beach Ordinance 11-15
Disparity Study Consultants

**Attachment 5:
Disparity Study Consultants**

Company	Address	City / State	Phone Number	Website	Recent Studies
MGT of America, Inc.	516 North Adams Street	Tallahassee, FL 32301	850.386.3191	www.mgtconsulting.com	Tallahassee-Leon County (2018); City of Miramar (2008); Pensacola (2012)
BBC Research & Consulting	1999 Broadway - Ste. 2200	Denver, CO 80202	303.321.2547	www.bbcresearch.com	
Mason Tillman Associated, Ltd.	1999 Harrison Street - Ste. 1440	Oakland, CA 94612	510.835.9012	www.masontillman.com	Palm Beach County (2017), Solid Waste Authority Palm Beach County (2017), City of West Palm Beach (2016)
Keen Independent Research LLC	100 Fillmore Street - 5th Floor	Denver, CO 80206	303.385.8515	www.keenindependent.com	City of New Orleans (2018)
Colette Holt and Associates	3350 Brunell Drive	Oakland, CA 94602	773.225.6844	www.mwbelaw.com	Kansas City (2016)
Miller 3 Consulting	400 Pryor St. - #4068	Atlanta, GA 30302	404.827.9019	www.miller3group.com	Miami Dade Public Schools (2017), School District of Palm Beach County (2015)
Griffin & Strong, P.C.	235 Peachtree St. NE	Atlanta, GA 30303	404.584.9777	www.gspclaw.com	
NERA Economic Consulting	200 S. Biscayne Boulevard - Ste. 950	Miami, FL 33131	305.341.5080	www.nera.com	Broward County Disparity Study (2010)