

A photograph of the Columbus skyline, including the Bexco Tower and the Schuster Building, reflected in the water of the Scioto River. A park area with trees and a walkway is visible in the foreground.

CITY OF COLUMBUS

DISPARITY STUDY

EXECUTIVE SUMMARY|
JULY 2019

Table of Contents

EXECUTIVE SUMMARY	2-3
I. STUDY OVERVIEW	2-3
A. STUDY TEAM.....	2-3
B. STUDY PURPOSE.....	2-3
C. INDUSTRIES STUDIED	2-3
D. ETHNIC AND GENDER GROUPS STUDIED	2-4
E. PRIME CONTRACTOR DATA.....	2-4
F. SUBCONTRACTOR DATA.....	2-5
G. CONTRACT THRESHOLDS	2-5
II. METHODOLOGY	2-6
A. LEGAL FRAMEWORK	2-6
B. STRUCTURE OF THE REPORT.....	2-7
III. NOTABLE FINDINGS	2-8
A. UTILIZATION ANALYSIS	2-8
B. MARKET AREA ANALYSIS.....	2-9
C. AVAILABILITY ANALYSIS.....	2-9
IV. DISPARITY FINDINGS	2-10
A. PRIME PURCHASE ORDERS	2-10
B. SUBCONTRACTS	2-12
C. ANECDOTAL FINDINGS.....	2-12
V. RECOMMENDATIONS.....	2-13
A. PRIME CONTRACTOR RACE AND GENDER-CONSCIOUS REMEDIES.....	2-13
B. SUBCONTRACTOR RACE AND GENDER-CONSCIOUS REMEDIES.....	2-13
C. ENHANCEMENTS TO THE CITY’S SUPPLIER DIVERSITY PROGRAM.....	2-14
D. RACE AND GENDER-NEUTRAL RECOMMENDATIONS	2-16



List of Tables

TABLE 1: BUSINESS ETHNIC AND GENDER GROUPS	2-4
TABLE 2: FORMAL CONTRACTS: THRESHOLDS BY INDUSTRY	2-5
TABLE 3: INFORMAL CONTRACTS: THRESHOLDS BY INDUSTRY	2-6
TABLE 4: PRIME CONTRACTOR UTILIZATION SUMMARY	2-8
TABLE 5: SUBCONTRACT UTILIZATION SUMMARY	2-9
TABLE 6: PRIME CONTRACTOR AVAILABILITY ANALYSIS	2-10
TABLE 7: SUBCONTRACTOR AVAILABILITY ANALYSIS	2-10
TABLE 8: PRIME PURCHASE ORDER DISPARITY SUMMARY	2-11
TABLE 9: BUSINESS ETHNIC AND GENDER GROUPS	2-12
TABLE 10: M/WBE CONSTRUCTION SUBCONTRACTOR AVAILABILITY	2-14
TABLE 11: PROFESSIONAL SERVICES SUBCONTRACT AVAILABILITY	2-14



Executive Summary

I. STUDY OVERVIEW

A. Study Team

Mason Tillman Associates, Ltd. (Mason Tillman), a public policy consulting firm in Oakland, California, performed the 2019 Disparity Study (Study) for the City of Columbus (City). Local subconsultants Supplier Diversity Research and Blazing the Way, LLC assisted Mason Tillman in the performance of the Study. The subconsultants collected data, conducted interviews, and helped facilitate business community meetings.

The City's Chief Diversity Officer Damita Brown managed the Study. Ms. Brown was instrumental in facilitating Mason Tillman's access to the procurement and contract data needed to perform the Study.

B. Study Purpose

The purpose of the Study was to determine if minority and women-owned business enterprises (M/WBEs) were statistically significantly underutilized in the award of the City's prime contracts and subcontracts during the January 1, 2012, to December 31, 2015, study period. Under a fair and equitable system of awarding contracts, the proportion of contract¹ dollars awarded to M/WBEs should be relatively close to the proportion of available M/WBEs² in the relevant market area. If either the available M/WBE prime contractors or the available M/WBE subcontractors are underutilized, a statistical test is conducted to calculate the probability of observing the empirical disparity ratio or any event that is less probable. Thus, a test is performed to determine if a finding of underutilization is statistically significant.

C. Industries Studied

The analyzed purchase orders were classified into three industries:

- Construction
- Professional Services
- Goods and Services



¹ The term "contracts" are hereinafter referred to as purchase orders.

² Availability is defined as the number of ready, willing and able firms. The methodology for determining willing and able firms is detailed in Chapter 6.

D. Ethnic and Gender Groups Studied

The data in the Study are disaggregated into six ethnic and gender groups, which are listed in Table 1.

Table 1: Business Ethnic and Gender Groups

Ethnicity and Gender Category	Definition
African American	Businesses owned by male and female African Americans
Asian American	Businesses owned by male and female Asian Americans
Hispanic American	Businesses owned by male and female Hispanic Americans
Native American	Businesses owned by male and female Native Americans
Caucasian Female-owned (WBE)	Businesses owned by Caucasian females
Non-minority Male-owned (non-M/WBE)	Businesses owned by Caucasian males, and businesses that could not be identified as minority or female-owned ²⁶⁵

E. Prime Contractor Data

The prime contractor data consist of purchase orders issued during the January 1, 2012, to December 31, 2015, study period. The datasets were extracted from the City's financial system, using a Microsoft Access database. The records received from the City were grouped by object code. The records were further classified by using industry keywords against prime vendor names and object codes. Each purchase order was classified into one of the three industries, and the assignment of industry classifications was reviewed and approved by the City.

From March 2018 to May 2019, a series of meetings were held with each City department to resolve the questions regarding the industry classifications. This effort included responding to the feedback regarding the 2018 Draft Report, hosting a webinar describing Mason Tillman's process to clean and analyze the data, mapping the process to extract the data from the City's database, and providing responses to inquiries from the meetings. The industry classifications were updated based on the feedback received from the meetings with the City departments. The City reviewed and approved the updated classifications.

Research was conducted to verify the ethnicity and gender of each prime contractor. The prime contractor's name was cross-referenced with certification lists, chambers of commerce directories, and trade organization membership directories. Prime contractors' websites were also reviewed for the ethnicity and gender of the business owner. Prime contractors whose ethnicity and gender could not be verified through a published source were contacted by telephone.



F. Subcontractor Data

Several methods were used to compile a comprehensive dataset of construction and professional service subcontractors. The initial effort was the collection of the subcontract records maintained by the City departments. The Supplier Diversity Program required prime contractors to submit a subcontractor reporting form, which were submitted by the departments that had the forms on file. In addition to the subcontractor reporting forms maintained by the departments, the project files in twelve departments were reviewed in search of additional subcontract records. The on-site data collection occurred at four departments. Subcontract records were also solicited directly from the prime contractors.

A threshold was set for both industries to exclude small contracts that were least likely to have subcontractors. The construction and professional services threshold were set at \$300,000 and greater.

G. Contract Thresholds

The analysis was limited by dollar value to contracts, representing the 75th percentile of the City's contracts awarded in each of the three industries. Applying this threshold mirrors the capacity of businesses enumerated in the availability analysis and ensures that contracts that are outliers in size and scope do not skew the results of the analysis. To this end, contracts within each of the three industries were analyzed at three threshold levels:

- The first threshold level included all competitively solicited contracts regardless of award amount. This analysis is illustrative only, and no recommendations will be made based on the analysis of all contracts.
- The second threshold level included competitively solicited contracts beneath the 75th percentile for each industry. These thresholds are listed in Table 2.
- The third threshold level included all informal contracts. These thresholds are listed in Table 3.

Table 2: Formal Contracts: Thresholds by Industry

Industry	Formal Contracts Threshold
Construction	Over \$100,000 to \$1,550,000
Professional Services	Over \$50,000 to \$420,000
Goods and Services	Over \$20,000 to \$180,000



Table 3: Informal Contracts: Thresholds by Industry

Industry	Informal Contracts Threshold
Construction	\$100,000 and Under
Professional Services	\$50,000 and Under
Goods and Services	\$20,000 and Under

II. METHODOLOGY

A. Legal Framework

The United States Supreme Court ruling in *City of Richmond v. J.A. Croson Co.*³ (*Croson*) and related case law provide the legal framework for conducting the Disparity Study. Specifically, *Croson* set the standard by which federal courts review both local and state government minority business enterprise programs. The Court affirmed the longstanding legal precedent that programs employing racial classification would be subject to “strict scrutiny,” which is the highest legal standard. Government agencies such as the City, under *Croson*, may adopt race-conscious programs only as a remedy for discrimination identified as statistically significant, and the remedy must impose a minimal burden upon unprotected classes. The Court held that an inference of discrimination can be made *prima facie* if the disparity is statistically significant.⁴ For this Disparity Study, this analysis was applied to M/WBEs by ethnicity and gender within the four industries. The following critical components were performed for the City’s Disparity Study.

Disparity Study Critical Components

1. Legal Framework
2. Contracting and Procurement Policies
3. Utilization Analysis
4. Geographic Market Area Identification
5. Availability Analysis
6. Disparity Analysis
7. Anecdotal Evidence
8. Recommendations

A legal review was the **first component** in the disparity study. **Component two** consisted of a review of the City’s procurement policies to determine the contracting processes employed. Utilization records were collected in **component three** to determine the extent to which the City and its prime contractors procured construction, professional services, and goods and services from M/WBEs and non-M/WBEs. Identification of the City’s market area was determined in **component four**. Prime contractor utilization records were used to determine the market area in which prime contractors were located. In **component five**, the availability analysis, businesses were identified in the market area that were willing and able to provide construction, professional services, and goods and services procured by the City and its prime contractors. In **component six**, an analysis was conducted to determine if a statistically significant

³ *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989).

⁴ *Id.*



underutilization of M/WBEs existed within each of the industries. **Component seven**, the anecdotal analysis, describes the contemporary experiences of business owners in the City's market area. Finally, in **component eight**, recommendations of best practices to enhance the City's current business practices and strategies to remedy any identified disparity are presented.

B. Structure of the Report

The Disparity Study findings are presented in 10 chapters as briefly described below.

- *Chapter 1: Legal Review* presents the case law applicable to business affirmative action programs and the required methodology based on the relevant law.
- *Chapter 2: Procurement Policy Analysis* summarizes the City's procurement policies and practices.
- *Chapter 3: Prime Contractor Utilization Analysis* presents the distribution of prime contractor purchase orders by industry, ethnicity, and gender.
- *Chapter 4: Subcontractor Utilization Analysis* presents the distribution of subcontracts by industry, ethnicity, and gender.
- *Chapter 5: Market Area Analysis* presents the legal basis for determining the geographic market area and defines the City's market area.
- *Chapter 6: Prime Contractor and Subcontractor Availability Analysis* presents the distribution of available businesses in the City's market area.
- *Chapter 7: Prime Contract Disparity Analysis* presents prime contractor utilization as compared to prime contractor availability by industry, ethnicity, and gender, and evaluates the statistical significance of any underutilization.
- *Chapter 8: Subcontract Disparity Analysis* presents subcontractor utilization compared to subcontractor availability by industry, ethnicity, and gender, and evaluates the statistical significance of any underutilization.
- *Chapter 9: Anecdotal Analysis* presents the business community's perceptions of barriers and exemplary practices encountered in contracting or attempting to contract with the City.
- *Chapter 10: Recommendations* presents race and gender-conscious and race and gender-neutral remedies to enhance the City's procurement policies and procedures as well as its contracting with M/WBEs and other small businesses.



III. NOTABLE FINDINGS

A. Utilization Analysis

The City's utilization of M/WBE and non-M/WBE prime contractors and subcontractors by industry, ethnicity, and gender for the study period was documented.

1. Prime Contractor Utilization Analysis

The City issued 20,972 prime contracts during the January 1, 2012, to December 31, 2015, study period. The 20,972 prime contracts included 1,003 for construction, 2,463 for professional services, and 17,506 for goods and services.

The payments made by the City during the study period totaled \$1,747,495,767 for all 20,972 prime contracts. Payments included \$985,673,556 for construction, \$409,660,816 for professional services, and \$352,161,395 for goods and services.

Table 4 summarizes the prime contractor utilization analysis by the percent of prime contract dollars awarded to each ethnic and gender group.

Table 4: Prime Contractor Utilization Summary

All Prime Contracts by Industry and Percent of Dollars			
Ethnicity	Construction	Professional Services	Goods and Services
African Americans	5.58%	8.69%	3.18%
Asian Americans	0.20%	7.15%	5.67%
Hispanic Americans	0.90%	0.41%	0.22%
Native Americans	0.20%	0.16%	0.16%
Caucasian Females	10.47%	15.71%	13.41%
Non-minority Males	82.65%	67.88%	77.36%

2. Subcontractor Utilization Analysis

A total of 1,227 subcontracts were analyzed for the January 1, 2012, to December 31, 2015, study period. The subcontracts included 887 construction and 340 professional services subcontracts.

There were \$275,833,736 subcontract dollars analyzed for the study period. These dollars included \$167,768,748 for construction and \$108,064,989 for professional services subcontracts. Table 5 summarizes the subcontractor utilization by the percent of subcontract dollars received by each ethnic and gender group.



Table 5: Subcontract Utilization Summary

Ethnicity	Construction	Professional Services
African Americans	3.72%	13.53%
Asian Americans	0.56%	8.53%
Hispanic Americans	0.45%	0.29%
Native Americans	0.11%	0.00%
Caucasian Females	7.55%	25.00%
Non-minority Males	87.60%	52.65%

B. Market Area Analysis

Under *Croson*, the City cannot rely on society-wide discrimination as the basis for a race-based program. The City is required to identify any discrimination within its own contracting market area.⁵

During the study period, the City of Columbus awarded 20,972 prime contracts valued at \$1,747,495,767. A total of 63.73% of the prime contracts and 74.73% of the dollars were awarded to businesses located in Franklin County. Given the distribution of the awarded purchase orders and the applicable case law, Franklin County was defined as the market area.

C. Availability Analysis

Mason Tillman used four sources to identify businesses in the market area that provide the goods and services that the City procures.

- City records, including utilized vendors and vendors lists
- Government certification directories
- Business association membership lists
- Lists of attendees of business community meetings conducted as part of the Study

Only businesses determined to be “willing” were added to the availability list. Any business identified as “willing” from more than one source was counted only once in an industry. A business that was willing to provide goods or services in more than one industry was listed uniquely in each relevant industry’s availability list. Tables 6 and 7 summarize the prime and subcontractor availability analyses.



⁵ *Croson*, 488 U.S. at 497 (1989).

Table 6: Prime Contractor Availability Analysis

Ethnicity	Construction	Professional Services	Goods and Services
African Americans	19.83%	22.41%	17.94%
Asian Americans	2.27%	8.16%	2.76%
Hispanic Americans	1.70%	1.94%	1.10%
Native Americans	1.42%	0.52%	0.55%
Caucasian Females	11.33%	19.69%	12.24%
Non-minority Males	63.46%	47.28%	65.41%

Table 7: Subcontractor Availability Analysis

Ethnicity	Construction	Professional Services
African Americans	15.06%	21.15%
Asian Americans	2.30%	7.81%
Hispanic Americans	1.26%	1.80%
Native Americans	1.05%	0.48%
Caucasian Females	10.88%	19.23%
Non-minority Males	69.46%	49.52%

IV. DISPARITY FINDINGS

A disparity analysis was performed on prime purchase orders within the thresholds listed in Table 8 and on all subcontracts awarded during the study period. Disparity was found at both the prime contractor and subcontractor levels for several ethnic and gender groups.

A. Prime Purchase Orders

The disparity analysis of prime purchase orders by industry, ethnicity, and gender during the January 1, 2012, to December 31, 2015, study period is shown in Table 8. All instances of statistically significant disparity are noted as “disparity.” The phrase “no disparity” includes cases in which a disparity was found but was not statistically significant.



Table 8: Prime Purchase Order Disparity Summary

Ethnicity/Gender	Construction	Professional Services	Goods and Services
	\$100,000 and Under	\$50,000 and Under	\$20,000 and Under
African American Males	Disparity	Disparity	Disparity
African American Females	Disparity	Disparity	Disparity
Asian American Males	Disparity	No Disparity (Overutilized)	No Disparity
Asian American Females	Underutilized	Disparity	No Disparity (Overutilized)
Hispanic American Males	No Disparity (Overutilized)	Disparity	----
Hispanic American Females	Underutilized	Underutilized	Underutilized
Native American Males	Disparity	----	----
Native American Females	Underutilized	No Disparity (Overutilized)	Underutilized
Caucasian Females	No Disparity (Overutilized)	Disparity	Underutilized
Ethnicity/Gender	\$100,000 to \$1,550,000	\$50,000 to \$420,000	\$20,000 to \$180,000
African American Males	Disparity	Disparity	Disparity
African American Females	Disparity	Disparity	Disparity
Asian American Males	Disparity	No Disparity (Overutilized)	Disparity
Asian American Females	Underutilized	Disparity	Disparity
Hispanic American Males	----	Disparity	----
Hispanic American Females	Underutilized	Underutilized	No Disparity (Overutilized)
Native American Males	Disparity	----	----
Native American Females	Underutilized	Underutilized	Underutilized
Caucasian Females	Underutilized	Disparity	Disparity

Disparity = Ethnic and gender group underutilized at a statistically significant level.
 No Disparity = Ethnic and gender group not underutilized at a statistically significant level.
 Underutilized = Gender group underutilized.
 ---- = Too few available firms to test statistical significance.



B. Subcontracts

The disparity analysis of construction subcontracts by ethnicity and gender during the January 1, 2012, to December 31, 2015, study period is described below in Table 9.

Table 9: Business Ethnic and Gender Groups

Ethnicity / Gender	Construction	Professional Services
African American Males	Disparity	No Disparity
African American Females	Disparity	Disparity
Asian American Males	Disparity	No Disparity (Overutilized)
Asian American Females	Underutilized	Underutilized
Hispanic American Males	No Disparity (Overutilized)	No Disparity
Hispanic American Females	Underutilized	Underutilized
Native American Males	----	----
Native American Females	Underutilized	Underutilized
Caucasian Females	Disparity	Underutilized

Disparity = Ethnic and gender group underutilized at a statistically significant level.
 No Disparity = Ethnic and gender group not underutilized at a statistically significant level.
 Underutilized = Gender group underutilized.
 ---- = Too few available firms to test statistical significance.

C. Anecdotal Findings

The importance of anecdotal evidence in assessing the presence of discrimination in a geographic market area was identified in the landmark *Croson* case.⁶ The Court held that a pattern of individual discriminatory acts can explain the statistical disparity findings.⁷ However, such acts cannot be used to determine the presence of discrimination in a government's contracting process. The anecdotal testimony collected from business owners describing their perceptions of barriers in the market area were used to define best management practices to improve M/WBEs' access to the City's contracts.

Extensive efforts were undertaken to conduct 40 one-on-one interviews. Potential interviewees were identified from contract and certification records, business community meetings, and outreach. Potential interviewees were pre-screened to determine if they operated a business within the market area during the study period and were willing to commit to the interview process. All the interviewees were business owners whose businesses were located within the City's market area and provided construction, professional services, or goods and services.

⁶ *City of Richmond V. J.A. Croson Co.*, 488 U.S. 469 (1989).

⁷ *Id.*



The interviewee accounts identified:

- Racial barriers and sexism
- Preferred contractors
- “Good old boy” network
- Difficulty navigating the bid process
- Pre-qualification barriers
- City managers creating barriers
- Barriers to financing
- Late payments
- Exemplary practices of the City
- Recommendations to enhance the City’s procurement standards

V. *RECOMMENDATIONS*

The disparity analysis compares the utilization of M/WBEs with their availability in the City’s geographic market area. The race and gender-conscious recommendations are based on the documented findings of statistically significant disparity. The race and gender-neutral recommendations are offered to maximize the use of M/WBEs on the City’s contracting opportunities.

A. *Prime Contractor Race and Gender-conscious Remedies*

- Bid Discounts on Construction Services
- Incentive Credits for Professional Services
- Bid Discount on Goods and Services

B. *Subcontractor Race and Gender-conscious Remedies*

1. M/WBE Subcontract Goals on Construction Purchase Orders

A M/WBE subcontractor goal should be set on construction prime purchase orders. To meet the legal standard that race and gender-conscious remedies be narrowly tailored, the goal should be based on the availability levels for each eligible ethnic or gender group presented in Table 10.



Table 10: M/WBE Construction Subcontractor Availability

Ethnicity / Gender	Construction
African Americans	15.06%
Asian American Males	1.67%
Asian American Females	0.63%
Hispanic American Females	0.63%
Native American Females	0.63%
Caucasian Females	10.88%

2. M/WBE Subcontract Goals on Professional Services Purchase Orders

A M/WBE subcontractor goal should be set on professional services prime purchase orders. To meet the legal standard that race and gender-conscious remedies be narrowly tailored, the goal should be based on the availability levels for each eligible ethnic or gender group presented in Table 11.

Table 11: Professional Services Subcontract Availability

Ethnicity / Gender	Availability
African American Females	8.29%
Asian American Females	2.88%
Hispanic American Females	0.72%
Native American Females	0.12%
Caucasian Females	19.23%

C. Enhancements to the City's Supplier Diversity Program

Specific programmatic procedures are needed to effectively implement the recommended prime and subcontractor race and gender-conscious remedies.

1. Incentives for M/WBE Joint Ventures

The City's joint venture policy should be expanded to include incentives to encourage joint ventures that include M/WBE firms. Evaluation points could be assigned to a joint venture with significant M/WBE participation.



2. Fully Staff the Office of Diversity and Inclusion

The staff should be augmented to support the responsibilities of ODI. Minimally, the technical staff that report to the Chief Diversity Officer of the Office of Diversity and Inclusion should include:

- Contract Compliance Manager
- Certification Analyst
- Contract Compliance Specialist
- Data Analyst
- Ombudsperson

3. Create a Business Advisory Council

To support the ODI in meeting the proposed M/WBE prime contract and subcontract initiatives, the City should establish a Business Advisory Council (BAC), appointed by the Mayor and approved by the City Council, to serve as an advocate for M/WBEs. The BAC would serve as an advisory council to ODI and be responsible for:

- Increasing access to contracting opportunities for M/WBEs
- Reviewing and advancing initiatives that impact M/WBE participation
- Enhancing the notification process regarding prospective contract opportunities

4. Supplier Diversity Program Training Manual

A Supplier Diversity Program Training Manual describing the Program's mission, policy, and Diversity and Inclusion requirements should be developed.

5. Supplier Diversity Program Training

The Office of Diversity and Inclusion should conduct routine training to ensure all personnel are knowledgeable about the Supplier Diversity Program requirements and capable of supporting the Program and its policies and objectives.

6. Conduct an Outreach and Marketing Campaign

Promotion of the expanded race and gender-conscious and neutral components of the Supplier Diversity Program should be executed to encourage local businesses to apply for certification through a comprehensive outreach campaign and marketing campaign.



D. Race and Gender-neutral Recommendations

i. Pre-Award Recommendations

1. Create a Uniform Procurement Manual

A uniform procurement manual should be created to establish and maintain fixed procurement standards for all City departments. The procurement practices delineated in the manual should simplify and clarify the City's procedures concerning the solicitation and evaluation of competitive sealed bids, proposals and quotations, small purchases, sole source procurements, and emergency procurements.

2. Implement One-Step Process to Obtain Registration, Certification and Prequalification Status

The City should centralize the process for vendors to obtain information on the vendor registration, M/WBE certification, and pre-qualification application process status. A centralized system is needed for vendors and City staff to determine if a vendor is compliant with the City's pre-qualification, registration, and M/WBE requirements.

3. Re-evaluate the Construction Prequalification Requirements

To bid on a construction contract, the construction prime contractor and trade subcontractors that seek to perform any portion of work on a construction contract must be prequalified as responsible or prequalified as provisionally responsible before responding to a solicitation. Many of the prequalification requirements for both prime contractors and subcontractors could be a barrier to participation by M/WBE and other small businesses.

The documents that a contractor must have in place when applying for prequalification are excessive and expensive to maintain. And they must be maintained in anticipation of receiving a solicitation to bid. Some of the costs associated with the prequalification documents would not otherwise be incurred unless the contractor elected to submit a bid in response to a City solicitation.

Together, MBE prime contractors and subcontractors represent 19.67% of the City's available construction contractors but received only 6.07% of all construction dollars during the study period. This low level of utilization is particularly significant because M/WBEs were underutilized on the City's small contracts before the prequalification requirement was adopted.

The City should consider best management strategies that increase M/WBEs access to and capacity for construction contracts. The requirements should also be assessed to identify unintended barriers to the participation of M/WBEs. In addition to re-evaluating the criteria detailed in Chapter 329 of the City Code, consideration should be given to establishing a contract threshold for invoking the prequalification requirements. A re-evaluation of the application of the prequalification requirement is particularly germane given the size of the City's prime contracts. The prime contract utilization analysis determined that 475 construction contracts valued under \$50,000 were awarded by the City during the study period. MBEs only received 31 of the 475 contracts, which represented



3% of the total dollars on contracts valued under \$50,000. For contracts valued under \$5,000, MBEs received only 0.20% of the total dollars.

4. Evaluate the Use of Universal Term Agreements

The use of UTCs should be reviewed to determine the number of small contract opportunities removed from competition because they are awarded to one vendor under a UTC. The UTC solicitation should apply the race and gender remedies for prime and subcontracting.

5. Revise Informal Bid Process

The City should require that the solicitation of quotes for informal bids include at least one M/WBE.

6. Implement Sheltered Market Program

A Sheltered Market Program should be implemented to maximize the award of contracts valued at \$20,000 and under to minority, woman-owned, and other small business enterprises.

7. Implement an Owner-controlled Insurance Program

An Owner Controlled Insurance Program (OCIP) should be established to consolidate risk management costs and reduce the burden of the insurance premium for M/WBEs and small business owners.

8. Waive Bond Requirements on Small Contracts

Bonding requirements should be waived when the engineer's estimate is less than \$25,000. A small contracts bond waiver provision could serve as a significant incentive for small businesses to bid on City projects, potentially increasing the number of M/WBEs awarded small contracts.

ii. Post-Award Recommendations

1. Standardize Subcontractor Substitution Standards

Standards for formal subcontractor substitution should be included in each solicitation and prime contract.

2. Enhance the City's Financial Management System

Critical information was missing from the prime contract dataset maintained by the City's financial management system. Mason Tillman recommends several modifications to track comprehensive M/WBE and non-M/WBE prime contractor and subcontractor data:

- Centralize the financial management system



- Develop a Subcontractor Payment Verification Program to include complete contact information for each subcontractor and the subcontractor award and payments on the first two tiers
- Implement a cloud-based contract compliance reporting system to track the participation of all subcontractors, subconsultants, suppliers, and truckers for the duration of each contract as detailed below

3. Institute a Subcontract Payment Verification Program

The proposed data tracking application should also monitor compliance with the City's prompt payment policy set forth in the Ohio Revised Code Section 4113.6. The application should allow subcontractors to notify the City in real time of late payments or non-payments. In addition, each subcontractor listed as paid for the previous billing cycle should be contacted electronically to verify that payment was received. The verification program would eliminate reliance on self-reporting by the prime contractors.

4. Publish Prime Contractor Payments

Prime contractor payments should be posted on the City's website to allow subcontractors to track the City's payments of prime contractor's invoices. Payment data should be updated weekly or bi-weekly on the same day of the week.





MASON TILLMAN
ASSOCIATES, LTD

www.mtaltd.com