

CITY OF ST. LOUIS POST-DISPARITY STUDY HEARING

April 28, 2015





MEETING AGENDA

- Disparity Study Objectives
- Research Methods
- Statistical Findings
- Recommendations
- Post-Study Services



DISPARITY STUDY OBJECTIVES

- Identify Prime and Subcontract Awards and Payments
- Determine Existence of Prime Contract and Subcontract Disparity
- Determine City Practices Affecting Documented Disparity
- Assess Effectiveness of Race and Gender-Neutral Program Components
- Recommend Best Management Practices to Remedy Documented Disparity

INDUSTRIES AND STUDY PERIOD

Prime Contracts: July 1, 2007 – June 30, 2012

Sub Contracts: July 1, 2010 – June 30, 2012

Construction

Professional Services (including
Architecture and Engineering)

Goods and Other Services

Subcontractor Disparity Analysis Performed for Construction Only



UTILIZATION ANALYSIS

TOTAL PRIME PAYMENTS

June 1, 2007 – July 30, 2012

Market Area: City and County of St. Louis

Total Dollars

Within Market Area

\$375,626,482

79.30%

Outside Market Area

\$98,030,163

20.70%

PRIME CONTRACTS: ALL INDUSTRIES

Industry	Total Number of Prime Contracts	Total Dollars Expended
Construction	1,256	\$256,398,463
Professional Services	949	\$69,464,627
Goods and Other Services	3,087	\$147,793,555
Total	5,292	\$473,656,645

DISTRIBUTION OF PRIME CONTRACT DOLLARS

Total Expenditures	\$473,656,645
Total Utilized Vendors	969
Total Prime Contracts	5,292

Vendor	Total Dollars Awarded	Percent of Dollars	Number of Contracts	Percent of Contracts
17 Vendors Received	\$ 239,714,805	51%	670	13%
27 Vendors Received	\$ 285,822,313	60%	765	14%
44 Vendors Received	\$ 332,121,822	70%	1,127	21%
925 Vendors Received	\$ 141,534,823	30%	4,165	79%
969 Vendors Received	\$ 473,656,645	100%	5,292	100%

PRIME UTILIZATION: ALL INDUSTRIES

Ethnicity	Number of Contracts	Percent of Contracts	Amount of Dollars	Percent of Dollars
African Americans	411	7.77%	\$30,434,027	6.43%
Asian Americans	18	0.34%	\$1,334,840	0.28%
Hispanic Americans	10	0.19%	\$815,073	0.17%
Native Americans	4	0.08%	\$172,433	0.04%
Caucasian Females	256	4.84%	\$16,853,970	3.56%
Non-Minority Males	4,593	86.79%	\$424,046,299	89.53%
TOTAL	5,292	100.00%	\$473,656,644	100.00%

CONSTRUCTION SUBCONTRACT UTILIZATION BY ETHNICITY

Ethnicity	Number of Contracts	Percent of Contracts	Amount of Dollars	Percent of Dollars
African Americans	125	12.63%	\$ 14,793,430.19	12.54%
Asian Americans	2	0.20%	\$ 12,168.76	0.01%
Hispanic Americans	3	0.30%	\$ 83,753.04	0.07%
Native Americans	1	0.10%	\$ 19,070.00	0.02%
Caucasian Females	127	12.83%	\$ 9,095,722.75	7.71%
Non-Minority Males	732	73.94%	\$ 93,940,476.51	79.65%
TOTAL	990	100.00%	\$117,944,621.25	100.00%



DISPARITY ANALYSIS

DISPARITY ANALYSIS

A Statistical Comparison of Utilization to Availability
Produces a Disparity Ratio

Availability:
35.46%

Utilization:
10.47%

Disparity Ratio Equals:

$$\frac{\text{(Availability) } 35.46}{\text{(Utilization) } 10.47}$$

*Disparity Ratio Less Than 1.0 is Subjected to Statistical
Test to Determine if the Underutilization is Due to Chance*

PRIME CONTRACT DISPARITY ANALYSIS: CONSTRUCTION

Ethnicity/Gender	All Contracts	Contracts under \$500,000
African Americans	Yes	Yes
Asian Americans	----	----
Hispanic Americans	Yes	Yes
Native Americans	----	----
Caucasian Female Business Enterprises	Yes	Yes

(----) denotes an underutilized group with too few available firms to test statistical significance.

PRIME CONTRACT DISPARITY ANALYSIS: PROFESSIONAL SERVICES

Ethnicity/Gender	All Contracts	Contracts under \$500,000
African Americans	Yes	Yes
Asian Americans	Yes	Yes
Hispanic Americans	Yes	Yes
Native Americans	----	----
Caucasian Female Business Enterprises	Yes	Yes

(----) denotes an underutilized group with too few available firms to test statistical significance.

PRIME CONTRACT DISPARITY ANALYSIS: GOODS AND OTHER SERVICES

Ethnicity/Gender	All Contracts	Contracts under \$500,000	Contracts \$5,000 and Under
African Americans	No	No	No
Asian Americans	Yes	Yes	No
Hispanic Americans	----	----	----
Native Americans	----	----	----
Caucasian Female Business Enterprises	Yes	Yes	No

(----) denotes an underutilized group with too few available firms to test statistical significance.

SUBCONTRACT DISPARITY ANALYSIS: CONSTRUCTION

Ethnicity/Gender	All Contracts
African Americans	Yes
Asian Americans	----
Hispanic Americans	Yes
Native Americans	----
Caucasian Female Business Enterprises	No

(----) denotes an underutilized group with too few available firms to test statistical significance.



PROGRAM RECOMMENDATIONS

RACE-AND-GENDER-SPECIFIC REMEDIES

- Prime Contracts
 - Incentive Credits for Professional Services Contracts
 - Bid Discount for Goods and Other Services and Construction Prime Contracts
- Subcontracts
 - Professional Services
 - Continue Current Program
 - Collect Comprehensive Subcontracting Records
 - Perform Update in 12 Months

RACE-AND-GENDER-SPECIFIC REMEDIES

- Subcontracts
 - Construction
 - Set Overall Goal

Ethnic and Gender Groups	Availability Percentage
African American	21.35%
Hispanic American	1.63%
Caucasian Female	11.25%

- Require Goal Attainment at Bid Opening
- Assess Penalties for Not Achieving Goals
- Quantify Good Faith Effort Criteria

RACE-AND-GENDER-NEUTRAL REMEDIES

- Track and Monitor Contracts
 - Prime Contracts and Subcontracts
 - Require Reporting All Subcontractor Awards and Subcontractor Payments
 - TIF Redevelopment Projects
 - Assess Penalties for Non Compliance
- Maintain Database of Awarded Contracts
- Publish Compliance Reports Online

RACE-AND-GENDER-NEUTRAL REMEDIES

- Administrative Recommendations
 - Fully Staff SLDC Minority Business Development Office
 - Unbundle Large Procurements
 - Expand Solicitation Notification Criteria
 - Provide Adequate Lead Time when Advertising
 - Publish Proposal Evaluation Criteria
 - Revise Insurance Requirements
 - Provide Debriefing for Unsuccessful Bidders
 - Pay Mobilization to Subcontractors

RACE-AND-GENDER-NEUTRAL REMEDIES

- Administrative Recommendations
 - Publish Business Processes
 - Use Direct Contracting to Award Small Contracts
 - Establish a Direct Purchase Program for Construction Contracts
 - Enforce Prompt Payment Act
 - Institute Payment Verification Program
 - Implement Dispute Resolution Standards

RACE-AND-GENDER-NEUTRAL REMEDIES

- Implement SLBE Program
 - Set Overall SLBE Subcontracting Goal
 - Institute SLBE Bid Discounts
 - Designate Small Prime Contracts SLBEs Can Perform
 - Create SLBE Rotation Program
- Eligibility Standards
 - Require St. Louis Principal Place of Business
 - Define Small Business Size Standards

BUSINESS PROFILE BY ANNUAL REVENUE

Annual Revenue	State of Missouri	City of St. Louis
Less than \$500,000	45.00%	41.76%
\$500,000-\$999,999	24.34%	30.28%
\$1,000,000-2,500,000	16.34%	14.05%
\$2,500,001-\$4,999,999	6.06%	5.37%
\$5,000,000-\$10,000,000	3.78%	3.47%
More than \$10,000,000	4.49%	5.07%
TOTAL	100.00%	100.00%

Source: referenceUSA®



NEXT STEPS

POST STUDY SERVICES

- Track M/WBE and Non-M/WBE Utilization in Modified Financial System
 - All Prime Contracts
 - Tax Incentive Financing Projects
 - Redevelopment Projects
- Prepare a 12-Month Update Report
- Coordinate Professional Services Update
 - Draft Language for Solicitations, Contracts, and Procurement Policy to Collect Subconsultants
 - Monitor Prime Consultants' Compliance with Reporting

POST STUDY SERVICES

- Revise Employee Handbook
 - Detail New M/WBE Policies and Procedures
- Prepare Staff Training Manual
 - Train City/SLDC Staff on Revised M/WBE Policy
- Provide Implementation Supportive Services to Staff



QUESTIONS?

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THANK
YOU!

謝謝!

Спасибо!

Gracias!