

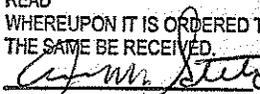
# **A New Paradigm for a Changed City**

Report of the Mayor's Minority and Women's Business Enterprise Procurement Task Force

**Mayor Angel Taveras**  
City of Providence

February 2012

**IN CITY COUNCIL**  
**MAY 17 2012**

READ  
WHEREUPON IT IS ORDERED THAT  
THE SAME BE RECEIVED  
  
CLERK

## **Minority and Women's Business Enterprise Procurement Task Force**

*On April 12, 2011, Providence Mayor Angel Taveras signed an executive order creating the Minority and Women's Business Enterprise Procurement Task Force. A Public Hearing was held on October 24, 2011 in the City Council Chambers in Providence City Hall to solicit community input.*

*We also appreciate the efforts of the following individuals who provided input and perspectives to the Task Force: Alan Sepe, Olayinka Y. Oredugba, Charles Newton, and John Rollins.*

Chair      Michael Van Leesten  
*President, Van Leesten Group, LLC*

Leroy Belona  
*Manager, Black Contractors Association of RI*

Channavy Chhay  
*Executive Director, Socio-Economic Development Center for Southeast Asians*

Carmen Diaz-Jusino  
*Program Manager, Center for Women & Enterprise*

Colin P. Hanrahan  
*President, Independence Health Services LLC*

Lisa A. Ranglin  
*President, Rhode Island Black Business Association*

Edward Santos  
*Vice President, Latino Contractors Association*

James Vincent  
*President, NAACP Providence Branch and  
Manager of Constituent Advocacy, Rhode Island Housing*

City of Providence:      Natalie Lopes, *Director, Pathways to Opportunity*  
Ana Corominas, *Project Manager*

Consultant:              Beth Ashman Collins  
*Principal, Community Economic Futures*

February 28, 2012

Dear Mayor Taveras,

On behalf of the MBE/WBE Task Force, we are pleased to transmit to you our report that provides recommendations on steps to enhance minority and women owned businesses procurement opportunities with the City of Providence. We view this initiative as an important and strategic economic and community development matter for our City.

The City's demographic trends are clear to all. The present MBE/WBE participation in the city's procurement practices is not acceptable and must be changed. Our Task Force views this as a serious business and community economic development matter that has challenges as well as opportunities. This report provides a framework for the development of important policies and programs that engage minorities and women owned businesses and weaves them into the economic fabric of our city's future.

The Task Force is keenly aware of the challenges ahead and recognizes that the first step is to put in place the appropriate policies, administrative oversight, and programs that enhance measurable results. A great resource that is often overlooked in the City is the tremendous degree of untapped entrepreneurship that exists in the emerging demographic and women. We feel that the application of our recommendations will be of value in tapping into this vibrant and under-utilized resource.

We appreciate the opportunity given to us by you and the City Council and look forward to presenting our report to you.

Sincerely,



Michael S. Van Leesten  
Chairman – MBE/WBE Task Force

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## Executive Summary

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The recommendations of this Task Force add up to a new way to do business with the City of Providence, a new way to access information online, new ways for small businesses to get answers to questions and new ways for small businesses to gain new skills which help them to grow and thrive and be positioned to offer the goods and services which the City needs now and into the future. With a City population that is 62% minority and 52% female, Mayor Angel Tavares has called attention to the fact that the City of Providence does not meet its own long-standing goal of using 10% minority and 10% women-owned vendors. Increasing inclusion of minority and women vendors will increase the economic ripple effects of city spending throughout the urban community.

We find that the contributing factors to the City's low rate of purchasing from minority and women owned-businesses (MWBE) include the perception of many minority business owners that pursuing business with the City is not worth the effort as well as the relatively limited capacity of many minority and women-owned businesses. There are extremely low rates of certification among Providence MWBE businesses; there are only 49 in Providence out of more than 5000 of minority and women-owned businesses located in the city. The Task Force has explored national best practices in increasing supplier diversity and come forward with a multilayered set of recommendations outlined below. The City has an opportunity to make changes internally to increase transparency and expand the diversity of its suppliers while at all times securing quality services at a competitive cost. There are a number of actions that can be taken immediately with no changes in ordinances or personnel structure to support the Mayor's goal of increasing city purchasing from minority businesses. In addition we strongly recommend that the City of Providence transition to an online purchasing system, redesign the position of MWBE Coordinator to lead system-wide change within city government, and commit resources to an effective capacity building effort.

### Recommendations

- Redesign the position of MWBE Coordinator to be a Supplier Diversity Director reporting to the Director of Administration and having greater responsibility for achieving the City's MWBE purchasing goals and MWBE capacity building program.
- Give community leaders an active role in supporting the implementation of the recommendations of this Task Force by appointing and staffing the "The Providence Commission on Minority and Women Business Development" as established by Providence City Ordinance.
  - Increase openness and transparency through an online purchasing system.
  - Monitor MBE and WBE purchasing to improve performance and produce an annual progress report.

- The Director of Administration should set goals with input from City Departments for major purchasing categories that roll up to meeting the overall city MWBE purchasing goal.
- Increase the MWBE goal over time to reflect the population of Providence from 10% MBE, 10% WBE to 40% MBE and 20% WBE by FY 2018.
- Continually work to write bid specifications to maximize inclusiveness.
- Make it a practice to always include MBE and WBE vendors when soliciting prices for projects not requiring bids.
- Adjust MWBE utilization requirements for construction projects to increase use of MWBE by contractors and strengthen the capacity of MWBE construction firms over time.
  - a) Set project specific MWBE requirements for each major construction project based on the number of MWBE vendors in relevant lines of business. This process of informed goal setting will greatly reduce the need for waivers.
  - b) For a bid to be responsive, MWBE subcontractors must be named and budgeted in the bid.
  - c) To be paid, vendors must demonstrate that MWBE utilization requirements in the contract were met.
  - d) Contracts should define good faith effort on MWBE subcontracting that includes the contractor meeting with the City's MWBE Coordinator, and contacting potential suppliers or business organizations identified by the MWBE Coordinator. Requests for waivers should require the signature of the MWBE Coordinator attesting to the good faith effort prior to consideration by the Board of Contract and Supply.
  - e) Address MWBE concerns about when subcontractors must be paid by the prime contractor and define the process for resolving related complaints.
- Use Community Workforce Agreements with enforceable targets for MWBE and local labor utilization as a tool to maximize the community economic footprint of large City construction projects.
- Increase the familiarity of City buyers with local minority and women-owned businesses through networking events.
- Work with partner organizations to create and market a business development program for MWBE aspiring to increase their sales to the City. The program will build relationships, increase MWBE participation, help make sure MWBE have the necessary access to capital, and enhance MWBE performance. This business development program will support small businesses in partnering with mentors and learning relevant new skills.

We believe that by implementing these recommendations, the City of Providence can surpass its current goal of purchasing from minority and women-owned businesses and achieve a goal of 40% by 2018. By taking these actions, the City of Providence will be in a stronger position to work with other major employers in the City to increase their community economic footprints. Together the City and its major employers can materially expand economic opportunities for urban residents.

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## Introduction

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With a City population that is 62% minority and 52% female, Mayor Angel Tavares has called attention to the fact that the City of Providence does not meet its own long-standing goal of using 10% minority and 10% women-owned vendors. There are many voices in the community calling for the City of Providence to make changes to achieve greater inclusion of minority and women business-owners in City contracting and purchasing. By using more minority and women-owned businesses as suppliers, the city can increase its economic impact on local business. This report responds to Mayor Tavares' charge with recommendations to increase City purchasing and contracting with minority and women business enterprises (MWBE).

There are multiple layers of issues that contribute to the city's low rate of purchasing from minority and women entrepreneurs including the openness of City purchasing processes, MWBE business capacity, and the perception of MWBE that it is not worth the effort pursue business with the City. The Task Force concludes that it is unlikely that much improvement can be achieved without a multilayered effort that includes adapting city processes and MWBE capacity building. This Task Force worked to identify specific actions that will achieve the Mayor's goals of increasing MWBE purchasing without slowing down the city purchasing process or creating new administrative burdens.

Taking action to increase purchasing from local minority and women-owned businesses is just one part of the larger conversations about putting people back to work. The recommendations of the Task Force make mention of Community Workforce Agreements for large construction projects as an important complement to MWBE goals because they insure the employment of local construction workers.

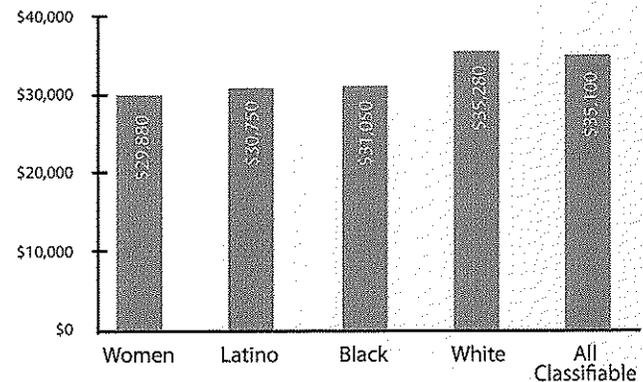
# Overview of Minority & Women-Owned Businesses

Minority and women-owned business enterprises stimulate economic growth by creating more jobs within the urban community. The City of Providence is home to far greater percentages of minority and women owned businesses than the rest of the state of Rhode Island. Even so, minorities own relatively few firms relative to their percent of the labor force (Table 1). For example, Hispanics make up 36% of the Providence resident labor force, and own 22% of Providence businesses classifiable by ownership. Blacks make up 15% of the resident labor force and own 11% of classifiable businesses. Half of the Providence resident labor force is female, while only 32% of classifiable businesses in the City are owned by women.

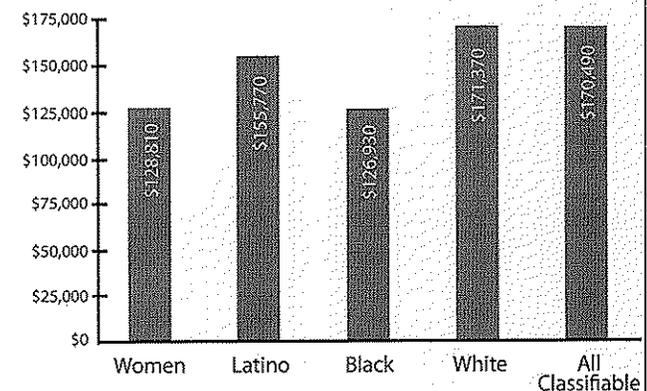
The 2007 Census of Business Ownership found that minority and women-owned businesses are on average smaller, have lower average pay (Figure 1) and lower receipts per employee (Figure 2). These disparities impact the capacity of firms to undertake larger projects and to front the costs of pursuing business with the City.

Another factor that influences City contracts issued to minority and women vendors is the number of vendors in different lines of business. Construction is an area of great prominence in city contracting in which black, Latino, and women-owned enterprises are under-represented. According to the U.S. Census Survey of Business Owners, less than 1% of construction

**Figure 1. Payroll per Employee by Firm Ownership, RI**



**Figure 2. Firm Receipts per Employee by Firm Ownership, RI**



Source for Figures 1 and 2: U.S. Census Bureau. 2007 Survey of Business Owners. Employer firms in Rhode Island classifiable by race, ethnicity, and gender.

**Table 1. Businesses in the City of Providence by Race and Gender of Ownership**

	Number of Businesses	Percent of Businesses	Number of Businesses with payroll	Percent of Providence Resident Labor Force
Hispanic	3,157	22%	173	36%
Black	1,615	11%	70	15%
White	12,409	87%	2877	53%
Women	4,516	32%	481	50%
All classifiable firms	14,294	100%	3188	-

Source: U.S. Census Bureau. 2007 Survey of Business Owners. Percentages are calculated based on firms that are classifiable by the race, ethnicity, or gender of ownership. Providence Resident Labor Force from 2008-2010 American Community Survey.

businesses with any employees are owned by Hispanics and less than 1% are owned by blacks in Rhode Island. Five percent are owned by women.

The share of women-owned enterprises in professional services is on par with businesses as a whole, but blacks and Latino-owned business enterprises have a low share in that category. Latino, women, and especially black owned-businesses are better represented in the area of accommodation and food service. **It will take focused effort by the city to build relationships with vendors in a variety of lines of business.** These disparities are the reason that the City will need to establish MWBE utilization goals for each major purchasing category.

The Task Force heard testimony that there are minority-owned firms in operation in the City that are not bothering to do business with the city because of the perception that it is still an "inside game" and also heard from minority-owned business that unsuccessfully sought contracts from the City and were left with frustration that the system did not work for

them. Despite the presence of over 4,000 minority-owned firms and 4,500 women-owned firms in Providence (Table 1), there are only 49 minority or women-owned businesses certified by the state with Providence addresses (Table 2). It is apparent that many Providence minority and women owned firms are not yet certified as MBE or WBE.

The certification process by the State Office of Minority Business Enterprise is important because it verifies that women or minority-owners own a majority of the firm and it meets the U.S. Small Business Administration definition for a MBE or WBE. Such verification is necessary if the City is to hold itself responsible for meeting its own MWBE purchasing goals.

There are many factors that influence the City's receipt of bids from MWBE vendors (Figure 3). MWBE supplier pipeline for the City needs to be strengthened at every level: the capacity of minority-owned small businesses, the number of certified MBE and WBE, and the number of business seeking business with the City.

**Table 2. Rhode Island Certified MBE, WBE, and DBE Companies by Business Address**

	Total Certified in RI total (men/women)	Rhode Island Address total (men/women)	Providence Address total (men/women)
Black	69 (56/13)	42 (36/6)	20 (19/1)
Hispanic	33 (22/11)	22 (16/6)	10 (8/2)
American Indian/ Alaskan Native	4 (3/1)	4 (3/1)	2 (2/0)
Asian American	33 (25/8)	7 (5/2)	2 (1/1)
Portuguese	49 (37/12)	37 (28/9)	3 (2/1)
Multiple race/ethnicity categories	4 (3/1)	1 (1/1)	0
Women	275 (49 MBE)	149 (24 MBE)	16 (5 MBE)
<b>Total Certified Firms</b>	<b>422</b>	<b>239</b>	<b>49</b>

Source: RI Minority Business Enterprise, Online Directory Nov 2011. [www.mbe.ri.gov](http://www.mbe.ri.gov).

Note: Total certified in RI includes companies with out-of-state addresses who have been certified by the RI Office of Minority Business Enterprise.

**Figure 3. Factors Influencing MWBE SBids to the City**

Motivation	Business Capacity	City Process
<p><b>Belief that it is worth the effort to monitor bid opportunities and submit a bid.</b></p> <ul style="list-style-type: none"> <li>➤ perception of fairness</li> <li>➤ perception of the difficulty of doing business with the city</li> <li>➤ perception of own capacity</li> <li>➤ perception of the city's needs</li> <li>➤ perception of the business value of seeking MWBE certification</li> </ul>	<p><b>Ability to deliver competitive value for money and meet capacity criteria.</b></p> <ul style="list-style-type: none"> <li>➤ capacity to prepare bids</li> <li>➤ ability to operate with City's terms of payment</li> <li>➤ bonding requirements</li> <li>➤ other financial requirements</li> </ul>	<p><b>Processes the City uses for purchasing and contracting.</b></p> <ul style="list-style-type: none"> <li>➤ communication channels</li> <li>➤ size of projects</li> <li>➤ when in the process bidders must name MWBE subcontractors</li> <li>➤ terms of city payment to vendors</li> <li>➤ terms for vendor payments to subcontractors</li> <li>➤ difficulty of the process</li> </ul>

# Adapting City Processes

The public purchasing process is guided by economy, efficiency, neutrality, and customer satisfaction. Within this framework there are approaches the City must take to open up purchasing to a more diverse group of suppliers. There are a number of actions that can be taken immediately with no changes in ordinances or personnel structure to support the Mayor's goal of increasing city purchasing from minority and women-owned businesses. In addition we strongly recommend that the City of Providence transition to an online purchasing system and also redesign the position of MWBE Coordinator. Below are recommendations of the Task Force.

**1. Redesign the position of MWBE Coordinator to be a Supplier Diversity Director reporting to the Director of Administration and having greater responsibility for achieving the City's MWBE purchasing goals and MWBE capacity building program.**

The FTE for the MWBE Coordinator needs to be redefined as a role of greater responsibility and leadership for achieving the City's MWBE purchasing goals and MWBE capacity building. The Task Force recommends that the FTE of the MWBE Coordinator be redesigned as a Supplier Diversity Director reporting directly to the Director of Administration to reflect that his or her responsibilities touch all departments (Figure 4). It also recommends redesigning the responsibilities of the position to reflect the need for a change agent and

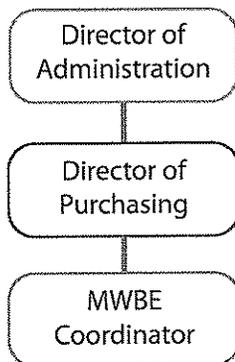
business liaison rather than a compliance coordinator. The Supplier Diversity Director should strive to get to know the minority and women owned businesses aspiring to do and doing business with the City. They will be the lead point person for minority and women-owned businesses to raise concerns, and they will be able to use this knowledge of the small business perspective to work with City departments to improve processes and communication channels around purchasing.

The Task Force envisions these specific duties:

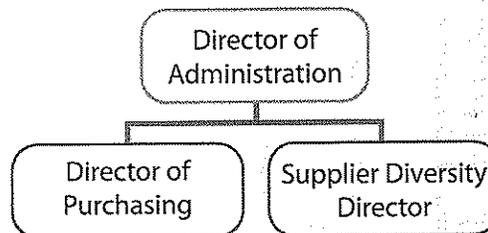
- Support the Mayor and Director of Administration in the implementation of the recommendations of this report.
- Support the Director of Administration and City departments in setting internal annual MWBE goals to aid the City in achieving its overall goals. Track performance and report to the Mayor and Director of Administration no less than quarterly on MWBE purchasing by major category. Establish a process for setting MWBE goals for each major construction project.
- Educate the "buying community" (within City of Providence departments) on ways to maximize openness, transparency, and achieve MWBE goals.

**Figure 4. Current and proposed Organizational Chart**

**Current Org. Structure**



**Proposed Org. Structure**



- Act as an advocate for supplier diversity by questioning the stated requirements for bids and coaching City staff that write such requirements to write them to be as inclusive as possible.
- Host specialized networking events to increase the familiarity of relevant City of Providence staff with Providence minority and women-owned businesses.
- Organize programs to educate the “seller community” on doing business with the City of Providence. Identify priority areas for increasing MWBE vendor capacity and work with outside partners to offer capacity building assistance.
- Provide direct guidance to vendors from the community in doing business with the City regardless of their MWBE status.
- Oversee communication and marketing for improving MWBE purchasing and increasing the community economic footprint of City of Providence operations.
- Participate in planning for the transition to an online purchasing system to assure that the system will support the City’s need to track progress in MWBE purchasing.
- Keep abreast of best practices in the field and be provided with a reasonable budget for attending relevant conferences and professional development.
- Work with the Advisory Committee (see recommendation 2) to make the City’s Supplier Diversity efforts responsible to community input.

**2. Give community leaders an active role in supporting the implementation of the recommendations of this Task Force by appointing and staffing the “The Providence Commission on Minority and Women Business Development” as established by Providence City Ordinance.**

To assure a continuing outside community voice to provide leadership and momentum for these efforts, there should be an Advisory Committee including leaders from minority and women business associations and capacity building organizations. City Ordinance Article II, Sec. 21-52(l) already

provides for a nine member Commission and members of this Task Force have expressed a willingness to continue their involvement to see this process through to achieve results.

**3. Increase openness and transparency through an online purchasing system.**

Today the City of Providence posts bid opportunities on its own website however suppliers cannot download full bid packages. The disadvantages of this are that suppliers need to spend an extra step to search the City of Providence website because it is not part of a larger online portal and suppliers often need to visit City Hall for bid packages.

The Task Force recommends that all purchasing and contracting opportunities with the City of Providence be visible on a Rhode Island online marketplace, such as the RIFANS Supplier Portal at RI.gov (Box 1), that is searched by vendors seeking to do business with governments in Greater Providence. The RIFANS Supplier Portal makes electronic versions of materials necessary for bidding available for download so that it is no longer necessary for people to track down bid packets in person. The Municipal Vendor Bidding and Notification serving Newport, East Providence and 11 other government units is another example.

**Box 1. Benefits of the RI.gov Supplier Portal**

*The Rhode Island (RIFANS) Supplier Portal illustrates some of the benefits of an online purchasing system:*

- *It gives suppliers the ability to register and search bid opportunities with the State and many external agencies including quasi-public agencies, cities, and towns – all in one portal.*
- *Suppliers can download full bid packages and respond to bid requests online.*
- *Registered suppliers can sign up for email notifications.*
- *It gives suppliers direct access to real-time information regarding the procure-to-pay life cycle.*
- *It provides greater transparency around public purchasing.*
- *It improves customer service, while increases efficiency and productivity.*
- *It provides a channel for feedback to support continual improvement of the system.*

E-government enabled record keeping can help the City achieve its MWBE goals without creating new paperwork or cumbersome processes. This Task Force stresses the importance of the City developing a purchasing technology plan as soon as is practicable. Best practices are to use a unified online vendor registration and purchasing system used by many buyers with the ability to produce detailed bid and award data by MBWE category and location of business. If Providence is serious about meeting MWBE purchasing goals, it will need a purchasing management system that collects this information for all vendors, regardless of which department made the purchase, the size of the contract, or whether the purchase was subject to bidding or MWBE requirements.

**4. Put in place a monitoring system to track MWBE purchasing to improve performance and produce an annual progress report.**

Before selecting an integrated online purchasing system the City needs to investigate how easy it will be to generate data on MWBE status of all bidders and selected vendors so that monthly progress reports can be easily generated. The City's Purchasing Department has plans to work with ProvStat in 2012 to create a system for make it easier to generate reports and summary statistics. The Task Force strongly recommends integrating the statistics and reporting system with an online purchasing system so that the City can generate complete reporting on MWBE purchasing without increasing the administrative cost to the City. Producing an annual progress report will help keep attention on efforts to increase MWBE purchasing. The Report should measure

- progress toward doubling the number of certified MWBE in Providence;
- participation in capacity building programs and their outcomes;
- number of bids received by MWBE by major category; and
- number and total value of MWBE purchasing by major category.

Major categories should at least be able to separate construction, professional services, and goods and supplies. It would also be important to be able to examine success with MWBE purchasing for smaller (non-bid) purchases separately from purchases made through formal bids.

**5. Set goals for major purchasing categories that roll up to meeting the overall city MWBE purchasing goal.**

The City of Providence has the processes in place and a demonstrated track record of meeting MWBE requirements and reporting practices for DOT and HUD/CDBG funds as required by the funding agency. The City also has set high MWBE utilization goals on some major construction projects. This gives the Task Force confidence that City departments can meet MWBE purchasing goals when they are held accountable for meeting them.

The Task Force recommends that the Mayor direct the Director of Administration to set internal goals for major categories of purchases that roll up to the overall goal and hold departments responsible for meeting these goals. Best practices for supplier diversity look at each category of purchasing separately (i.e. legal services, professional services, cleaning services, construction) and set goals based on the City's needs relative to the supply of certified MWBE vendors. When setting MWBE utilization goals for construction contracts, the City should likewise set the goals higher or lower on specific projects based on the number of qualified MWBE.

To set specific goals, the City needs clarity about how the percent of MBE and WBE purchasing goals in the City ordinance translate into a dollar figure in each budget year. This requires establishing a denominator, which excludes personnel costs and may also exclude large items such as health insurance for which the City does not have a choice of MWBE vendors. The Director of Administration will need to make a full accounting of the correct denominator to be used and allow the Advisory Committee a chance to review and comment on the established denominator and dollar amount of the MBE and WBE goals for each fiscal year.

**6. Increase the MWBE goal over time to reflect the population of Providence.**

City ordinance establishes a 10% MBE and 10% WBE purchasing goal (by value of contracts). Significant action by the City of Providence will be required simply to meet (and document meeting) these established goals. However they are also unreasonably low goals for a city that is 62% minority, 52% female. The Task Force recommends that the goal be increased by 5 points each year starting in FY 2012 until it reaches 40% MBE and 20% WBE in FY 2018.

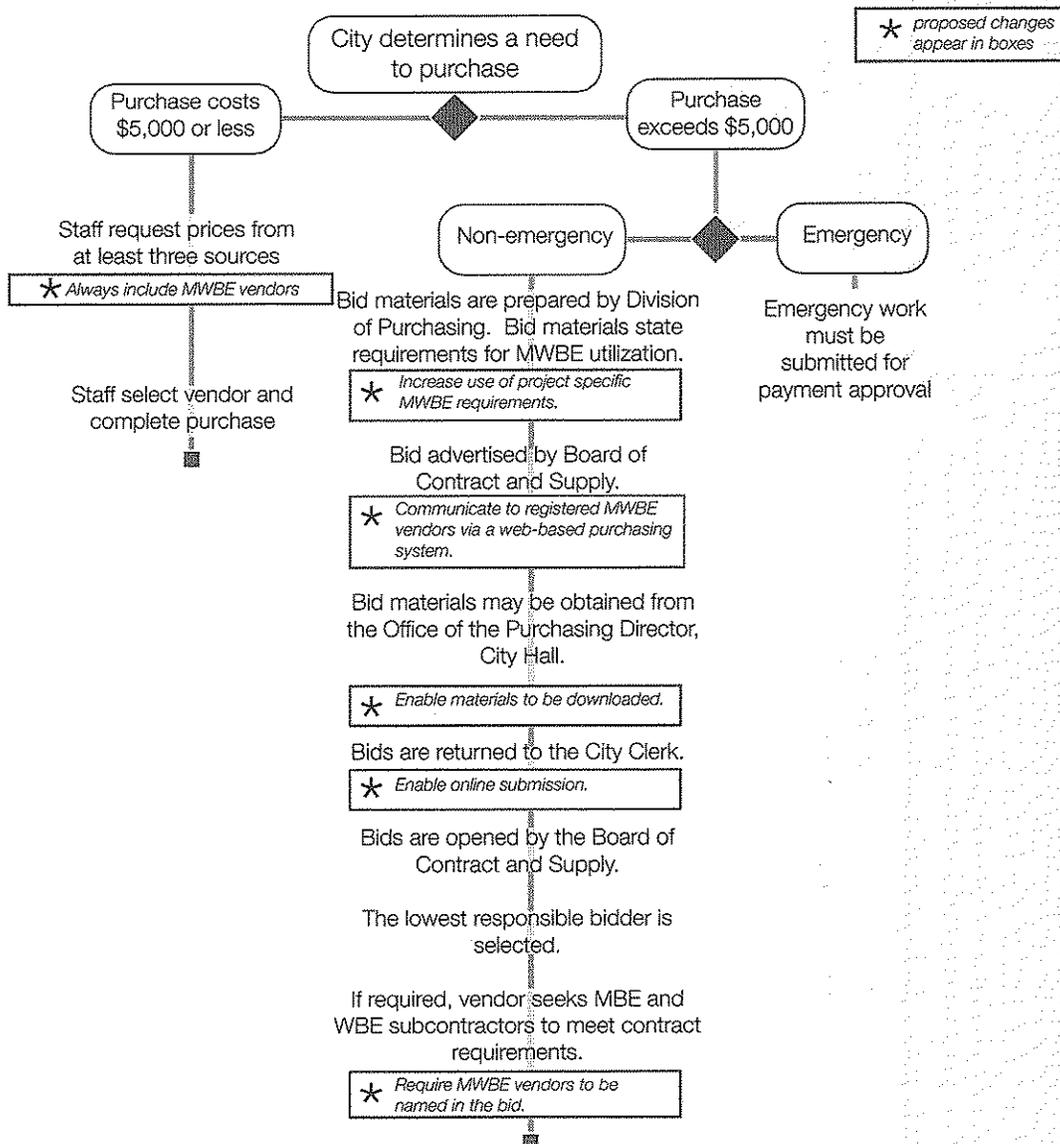
**7. Continually work to write bid specifications to maximize inclusiveness**

One of the proposed responsibilities of the Director of Supplier Diversity is to question the stated requirements for bids and coach City staff that write such requirements to write them to be as inclusive as possible (i.e. how many years of what kinds of experience are really required? How will the City apply the requirement that the vendor must have similar experience with projects of similar scale? Should the project be broken down into separate projects?).

**8. Make it a practice to always include MBE and WBE vendors when soliciting prices for projects not requiring bids.**

One of the simplest actions the City can take to assure increased minority purchasing is to contact local MWBE firms when soliciting prices for purchases that fall under the \$5,000 threshold for requiring a bidding process. Having MWBE vendors registered online would facilitate sending out these requests via email to the relevant MWBE firms. When necessary to meet City MWBE goals, the purchasing office can choose to send such opportunities out to a list of firms, all of which are MWBE firms (see outline of city purchasing process and proposed changes Figure 5).

**Figure 5. Outline of Current City Purchasing Process with Potential Modifications to Increase Supplier Diversity**



### ***Improve Compliance with MWBE Utilization Requirements Construction Projects***

The City of Providence should make the following adjustments to project MWBE utilization requirements to increase use of MWBE by contractors and strengthen the capacity of MWBE construction firms over time.

- a) Set MWBE requirements for each major construction project based on the number of MWBE vendors in relevant lines of business. This process of informed goal setting will greatly reduce the need for waivers.
- b) Contracts should define good faith effort on MWBE subcontracting to include the contractor meeting with the City's Supplier Diversity Director and contacting potential suppliers or business organizations identified by the Supplier Diversity Director. Requests for waivers should require the signature of the Supplier Diversity Director attesting to the good faith effort prior to consideration by the Board of Contract and Supply.
- c) To be responsive, MWBE subcontractors must be named and budgeted in the bid.
- d) To be paid, vendors must demonstrate that MWBE utilization requirements in the contract were met.
- e) Address MWBE concerns about when subcontractors must be paid by the prime contractor and define the process for resolving related complaints.

### ***Use Community Workforce Agreements with enforceable targets for MWBE and local labor utilization as a tool to maximize the community economic footprint of large construction projects.***

While the City of Providence can and should use contract language to set project specific MWBE utilization requirements for construction projects, greater opportunities can be realized for Providence's residents through the Community Workforce Agreement model. The Task Force strongly recommends that the use of Community Workforce Agreements become standard practice for sizable construction projects because this tool sets enforceable

project-specific targets for employment of Providence residents, giving urban minorities and women construction experience that will be necessary if they are ever to start their own construction business. Community Workforce Agreements can support the success of urban youth seeking to enter construction careers by negotiating with vendors to utilize construction apprentices.

Community Workforce Agreements or Community Benefit Agreements, which often seek a broader array of benefits, are legally binding contracts between a developer and community groups that promise specific benefits to the community, usually including quality jobs for local residents (*see Annie E. Casey Foundation. 2007*). These agreements set project-specific goals for use of local MWBE subcontractors, employment of local residents in construction jobs, and employment of local construction apprentices. The agreement usually includes community-based workforce training partners, an accountability system, and a means to convene parties for collaborative problem solving and strategizing to meet the established goals.

Importantly, Community Workforce Agreements or Benefit Agreements are a tool that can be used with public or private development projects. By making it City policy to seek Community Workforce Agreements, the City will increase its ability to seek Community Workforce Agreements with private developers proposing major construction projects within the city. According to the Casey Foundation, some cities have required Community Benefit Agreements for all projects receiving city development incentives. The Community Benefits Agreement model traces its origin to the Staples Center expansion in Los Angeles in 2001. Since then, dozens of projects in Los Angeles have had agreements. Other cities that have successfully used Community Benefit Agreements include New York, Milwaukee, Denver, Atlanta, Santa Rosa (CA), Oakland, San Diego, and New Haven. The New Haven Community Benefit Agreement was reached with Yale University and a coalition of 22 community groups with support from the city regarding the construction of a new cancer center in 2006. Provisions of the Yale Community Benefit Agreement included affordable housing, job training and local hiring, traffic and parking, union organizing rights, and environmental issues.



***Increase the familiarity of City buyers with local minority and women-owned businesses.***

The Supplier Diversity Director will organize matchmaking events to build familiarity with MWBE businesses and introduce them to economic buyers within the City and also primary tier contractors. One possibility is for the City to co-sponsor a Greater Providence Minority and Women Business Enterprise Trade Fair and encourage relevant staff to participate in this and other specialized networking events. This fair can kick off a campaign to double the number of certified Providence MBE and WBE and increase the community economic footprint of major institutional employers in Providence.

## Capacity Building

Achieving high MWBE procurement goals require business capacity programs customized to meet those goals. The City of Baltimore, Maryland provides examples of the types of programs that support vendors seeking to do business with the city (see *Box 2*). In this extremely tight budget environment, it is our hope that the the City of Providence will be able to partner with existing business development programs with related missions to tailor events and programs for this purpose.

12.

*Work with partner organizations to create and market a business development program for MWBE aspiring to increase their sales to the City. The program will build relationships, increase MWBE participation, help make sure MWBE have the necessary access to capital, and enhance MWBE performance. This business development program will support small businesses in partnering with mentors and learning relevant new skills.*

The Task Force has become aware of many models for such capacity building programs, but there is further work for the Advisory Commission to design a program that will achieve results for the City within the current tight budget environment. Partnerships with existing business development organizations and procurement assistance resources will be a key to success. The City of Baltimore offers an example of a robust capacity development program run by a City government (*Box 2*). Closer to home, the objectives of the RI Department of Transportation's (DOT) Mission 360° program provide a model. This DOT program works to build relationships between the DBE (Disadvantaged Business Enterprises) community, DOT, and construction and engineering industries. The program objectives are to:

- Increase participation by underutilized DBEs in transportation related work.
- Enhance performance of DBEs currently under RIDOT contracts.
- Increase DBE participation and improve performance through business development and greater access to resources.

Similarly the Task Force recommends that the City's capacity building program combine the objectives of increasing participation and enhancing performance. Providence needs a capacity building model that will deepen its relationship with the local MWBE community. It is our hope that by working with existing business development organizations, the City can find an affordable and effective model for program delivery.

### **Box 2. Baltimore, Maryland Purchasing System and Capacity Building to Support MWBE Purchasing**

*The City of Baltimore supports its 40% MWBE procurement goal with capacity development programs run by the Mayor's Office Of Minority And Women-Owned Business Development.*

*CityBuy is the online marketplace for doing business with the City of Baltimore. It is used to post all procurement requests, and all vendors interested in participating need to register.*

*The City of Baltimore defines the "best value" according to public procurement best practices: delivering the right good or service, at the right time, to the right place, from the right source, and at the right price.*

*Baltimore City Local Contractor Development Program - designed to assist local companies with technical assistance and bonding as related to construction projects with the Department of Public Works and the Department of Transportation.*

*Annual Procurement and Outreach Fair - a comprehensive procurement fair featuring workshops, business opportunities, and networking sessions with City buyers for all agencies.*

*Women's Business Forum - an opportunity for business women to meet other business women in and around the City of Baltimore and to hear from various City agencies representatives that procure goods and services that they provide*

*Vendor Seminar Series - to expose business owners to the proper policies, procedures and processes, including the law for conducting business with the City of Baltimore.*

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## Conclusion

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These recommendations add up to a new way to do business with the City of Providence, a new way to access information online, and new ways for small businesses to get answers to questions, as well as to grow and thrive as businesses. To succeed economically, the City of Providence must include minorities and women in its growth strategies. Increasing access and inclusion of minority and women vendors will increase the economic ripple effects of city spending throughout the urban community. The City has an opportunity to make changes internally to increase purchasing transparency and expand the diversity of its suppliers while at all times securing quality services at a competitive cost.

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