

E.0 EXECUTIVE SUMMARY

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In November 2006, MGT of America, Inc. (MGT), was retained to conduct a minority and women business enterprise disparity study for the City of San Antonio (COSA) to determine whether there was a compelling interest to establish narrowly-tailored minority- and women-owned business enterprise (M/WBE) program for COSA.¹ The study consisted of fact-finding to examine the extent to which race- and gender-conscious and neutral remedial COSA efforts had effectively eliminated ongoing effects of any past discrimination affecting COSA's relevant marketplace; to analyze COSA procurement trends and practices for the study period September 2004 to December 2007 and to evaluate various options for future program development.

E.1 Findings for M/WBE Utilization and Availability

FINDING E-1: Historical M/WBE Prime Utilization

A 1987 study found that less than 2 percent of COSA contracts were awarded to S/M/WBEs. **Exhibit E-1** shows M/WBE utilization in the 1992 San Antonio Consortium disparity study.

**EXHIBIT E-1
M/WBE PRIME UTILIZATION
CITY OF SAN ANTONIO
FY1986-87; 1989-90**

| | 1986-87 | | 1989-90 | |
|---------------------|--------------|---------|--------------|---------|
| | Dollars | Percent | Dollars | Percent |
| Construction | \$5,497,528 | 7.73 | \$11,927,681 | 5.24 |
| Services | \$5,117,365 | 31.39 | \$5,537,560 | 17.07 |
| Purchasing | \$17,205,518 | 41.5 | \$17,722,683 | 25.71 |

Source: NERA, *The Utilization of Minority and Woman-Owned Business Enterprises in Bexar County*, 1992

FINDING E-2: M/WBE Prime Utilization, Availability and Disparity

The dollar value of M/WBE prime utilization by COSA over the study period is shown in **Exhibit E-2**:

- M/WBEs won prime construction contracts for \$123.4 million (25.95 percent of the total). There was substantial disparity for all M/WBE groups, except Hispanic owned firms for which the disparity was not substantial.
- M/WBEs won architecture and engineering contracts for \$29.2 million (48.08 percent of the total). There was substantial disparity for firms owned by African Americans, Hispanic Americans and Asian Americans.

¹ MGT was hired by the City of San Antonio to conduct the study for a consortium of San Antonio agencies that includes the City.

- M/WBEs won professional services contracts for \$40.3 million (12.2 percent of the total). There was substantial disparity for all M/WBE groups, except in the case of Native American for which there were no available firms.
- M/WBEs won other services contracts for \$5.0 million (29.8 percent of the total). There was substantial disparity for firms owned by African American, Asian Americans and Native Americans.
- M/WBEs won goods contracts for \$81.1 million (23.18 percent of the total). There was substantial disparity for firms owned by Hispanic Americans and Native Americans. Disparity for firms owned by nonminority females was not substantial.

**EXHIBIT E-2
M/WBE PRIME UTILIZATION, AVAILABILITY AND DISPARITY
CITY OF SAN ANTONIO
SEPTEMBER 2004 THROUGH DECEMBER 2007**

| Business Category | African American | Hispanic American | Asian American | Native American | Nonminority Women | Total M/WBE |
|--|-------------------------|--------------------------|-----------------------|------------------------|--------------------------|--------------------|
| Construction Contract Dollars | \$3,275 | \$106,698,047 | \$932,942 | \$21,215 | \$15,748,815 | \$123,404,295 |
| Construction Utilization Percent | 0.01% | 22.44% | 0.20% | 0.01% | 3.31% | 25.95% |
| Construction Availability Percent | 0.48% | 25.04% | 0.32% | 0.16% | 10.37% | 36.37% |
| Construction Disparity | Yes* | Yes | Yes* | Yes* | Yes* | N/A |
| Architecture/ Engineering Contract Dollars | \$5,350 | \$5,011,896 | \$1,353,667 | \$0.00 | \$22,859,992 | \$29,230,905 |
| Architecture/ Engineering Utilization Percent | 0.01% | 8.24% | 2.23% | 0.00% | 37.60% | 48.08% |
| Architecture/ Engineering Availability Percent | 1.16% | 18.02% | 3.49% | 0.00% | 12.21% | 34.88% |
| Architecture/ Engineering Disparity | Yes* | Yes* | Yes* | N/A | No | N/A |
| Professional Services Contract Dollars | \$3,615,804 | \$33,848,203 | \$152,687 | \$0.00 | \$2,761,624 | \$40,378,320 |
| Professional Services Utilization Percent | 1.09% | 10.24% | 0.05% | 0.00% | 0.84% | 12.22% |
| Professional Services Availability Percent | 3.50% | 15.73% | 0.35% | 0.00% | 8.87% | 28.45% |
| Professional Services Disparity | Yes* | Yes* | Yes* | N/A | Yes* | N/A |
| Other Services Contract Dollars | \$99,539 | \$2,825,211 | \$2,100 | \$257 | \$2,075,000 | \$5,002,109 |
| Other Services Utilization Percent | 0.59% | 16.88% | 0.01% | 0.00% | 12.40% | 29.88% |
| Other Services Availability Percent | 0.88% | 13.70% | 0.44% | 0.18% | 5.79% | 20.99% |
| Other Services Disparity | Yes* | No | Yes* | Yes* | No | N/A |
| Goods and Services Contract Dollars | \$19,272,363 | \$33,115,563 | \$5,482,812 | \$45,966 | \$23,100,105 | \$81,016,811 |
| Goods and Services Utilization Percent | 5.51% | 9.48% | 1.57% | 0.01% | 6.61% | 23.18% |
| Goods and Services Availability Percent | 1.29% | 17.68% | 0.12% | 0.29% | 8.02% | 27.40% |
| Goods and Services Disparity | No | Yes* | No | Yes* | Yes | N/A |

Source: Utilization findings are taken from the exhibit previously shown in **Chapter 3.0 and Chapter 4.0**. Availability is based on bidder/vendors.

N/A: not applicable.

*substantial disparity

FINDING E-3: M/WBE Subcontractor Utilization and Availability

The 1994 COSA disparity study found that M/WBE subcontractors won \$12.2 million in subcontracts, 14.73 percent of the total, from 1989 to 1990. The dollar value of M/WBE construction subcontractors over the study period is shown in **Exhibit E-3** below:

- One-hundred and four M/WBEs won 335 construction subcontracts for \$43.9 million (24.50 percent of the total).
- There was substantial disparity in the underutilization of available African American, Asian American and Native American construction subcontractors.

**EXHIBIT E-3
M/WBE SUBCONTRACTOR UTILIZATION, AVAILABILITY AND DISPARITY
CITY OF SAN ANTONIO
SEPTEMBER 2004 THROUGH DECEMBER 2007**

| Business Category | African American | Hispanic American | Asian American | Native American | Nonminority Women | M/WBE |
|--|-------------------------|--------------------------|-----------------------|------------------------|--------------------------|--------------|
| Construction Subcontractor Utilization - Dollars | \$1,551,193 | \$16,926,658 | \$1,339,107 | \$747,012 | \$23,392,646 | \$43,956,618 |
| Construction Subcontractor Utilization - Percent | 0.86% | 9.43% | 0.75% | 0.42% | 13.04% | 24.50% |
| Subcontractor Availability - Percent | 3.46% | 7.31% | 1.46% | 0.66% | 8.38% | 21.28% |
| Disparity | Yes | No | Yes | Yes | No | N/A |

Source: Subcontractor bidders; Utilization and disparity findings are taken from the exhibit previously shown in **Chapters 3.0** and **4.0**.

FINDING E-4: M/WBE Underutilization in Private Sector Commercial Construction

M/WBE utilization in private sector commercial construction in the San Antonio Metropolitan Statistical Area (MSA) was quite low, as measured by data from building permits and Reed Construction Data. M/WBE utilization was low in absolute terms (close to 1 percent), in comparison to M/WBE subcontractor utilization on COSA projects (about 24.5 percent), and in comparison to M/WBE subcontractor availability, which was almost 52 percent in the 2002 Survey of Business Owners from the U.S. Census Bureau. This construction data is supported by other evidence of statistically significant private sector disparities.

E.2 Summary of Selected Commendations and Recommendations

Commendations

- Co-sponsoring the annual Small, Minority, and Women Business Owners Conference
- Small Business program and other race- and gender-neutral efforts such as
 - Commercial Anti-Discrimination Policy

- Business development assistance partnership, including the Procurement Technical Assistance Center
- Seeking S/M/WBE utilization in investment banking and other nontraditional areas of professional services
- Seeking S/M/WBE inclusion for economic development projects
- Participation in the regional certification body.
- Implementing the B2G data management system

Recommendations

- Follow, where possible, the U.S. Department of Transportation Disadvantaged Business Enterprise (DBE) approach to M/WBE program design.
- Insure that S/M/WBE program implantation is narrowly tailored with respect to use of race neutral alternatives and project goal setting.
- Set aspirational S/M/WBE goals and seek achievement of these goals as much as possible through race and gender-neutral means, in particular, stronger small business initiatives.
- Consider the use of two-tiered size standards to define small businesses and very small businesses.
- Establish a broader set of performance measures for S/M/WBE program evaluation.