



Charlotte Business INClusion Policy Revision

Disparity Study Recommendations

City Council Strategy Session
June 1, 2020

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OBJECTIVES

PRESENT WORKFORCE AND BUSINESS DEVELOPMENT COMMITTEE'S RECOMMENDATION TO AMEND THE CBI POLICY TO REFLECT DISPARITY STUDY RECOMMENDATIONS.

- ADDRESS THE QUESTION: WHAT IS A DISPARITY STUDY
- REVIEW OF THE 2017 DISPARITY STUDY CONSIDERATIONS
- PRESENT RECOMMENDATIONS AND POLICY AMENDMENTS

ANSWER THE QUESTION OF WHAT IS A DISPARITY STUDY

- **What is a disparity study?**
 - A determination of whether disparity exists between the number of minority-owned business enterprises (MBEs) and/or women-owned business enterprises (WBEs) available to perform on city contracts and the city's utilization of these firms. (Availability/Utilization)
 - A determination of the extent to which any disparity is attributable to discrimination.
- **Why should the City conduct a disparity study?**
 - Offers an objective analysis of contracting practices over a five year period.
 - Ensures a thorough approach to understanding and addressing disparities that exist.
 - Provides a legal justification for race-conscious and gender-conscious goal setting if disparity is shown in specific areas of contracting.

REVIEW OF THE 2017 DISPARITY STUDY RECOMMENDATIONS

Key CBI Policy Provisions	2017 Disparity Study Policy Considerations
Annual Citywide Aspirational MWSBE Prime Goals	<ul style="list-style-type: none">• Consider 20.9% as basis for annual aspirational MWBE goal• Continue efforts to unbundle contracts
MWSBE Subcontracting Goals	<ul style="list-style-type: none">• Expand use of subcontracting goals to address identified disparities• Consider separating the use of SBE and MWBE subcontracting goals• Continue counting MWSBE participation towards subcontracting goals
SBE Designated Contracts	<ul style="list-style-type: none">• Expand SBE Designated Contracts Strategy

REVIEW OF THE 2017 DISPARITY STUDY RECOMMENDATIONS

Key CBI Policy Provisions	2017 Disparity Study Policy Considerations
SBE and MWBE Certification & Eligibility	<ul style="list-style-type: none"> • Consider establishing business size thresholds for MWBEs • Consider personal net worth thresholds for MWBEs
Mandatory Subcontracting Requirements	<ul style="list-style-type: none"> • Consider implementing mandatory subcontracting requirements
Data Tracking and Reporting	<ul style="list-style-type: none"> • Implement centralized diversity management software

POLICY AMENDMENTS

CBI Policy Revisions	CBIAC and ED Committee Recommended	CBI Policy Revision Cross Reference
✓ Provide history of and legal justification for adoption of 2017 Disparity Study	Yes	<i>Part A, Section 1.1</i>
✓ Give bidders twenty-four hours to finalize CBI Form 3.	Yes	<i>Part B, Section 3.1</i> <i>Part C, Section 3.1</i>
✓ Change “Breaking Down Work” Good Faith Effort from fifteen points to ten points.	Yes	<i>Part B, Section 5.3.3</i>
✓ Change “Negotiating in Good Faith with MWSBES” Good Faith Effort from fifteen points to ten points.	Yes	<i>Part B, Section 5.3.7</i>

POLICY AMENDMENTS

CBI Policy Revisions	CBIAC and ED Committee Recommended	CBI Policy Revision Cross Reference
✓ Increase the duration of SBE certification from three years to four years	Yes	<i>Part E, Section 2.17</i>
✓ Lower construction subcontracting threshold from \$300,000 to \$200,000	Yes	<i>Part A, Section 2.1 Part A, Section 3.1 Part B, Section 2.5 Part D, Section 1.1</i>
✓ Eliminate the ability to count a single MWSBE towards a MWBE Goal and SBE Goal on a single contract. Firm would count towards either the MWBE Goal or SBE Goal	Yes	<i>Part B, Section 3.1 Part C, Section 3.1</i>
✓ Non-substantive administrative changes (e.g. revisions to improve clarity, consistency, and document flow)	Yes	<i>Various sections</i>

NEXT STEPS

Request For Council Action

June 8th – Amendments on agenda for adoption

July 1st – Revisions become effective

DISCUSSION

