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City of Wilmington

2022 Comprehensive Disparity Study Presentation
February 6, 2023



Acknowledgements

For participating in the Disparity Study process for the best interest of those whom they serve, Miller³ Consulting, , Inc acknowledges the leadership and commitment of:

City of Wilmington

The Mayor's Office

Office of Economic Development

Procurement Department

Along with:

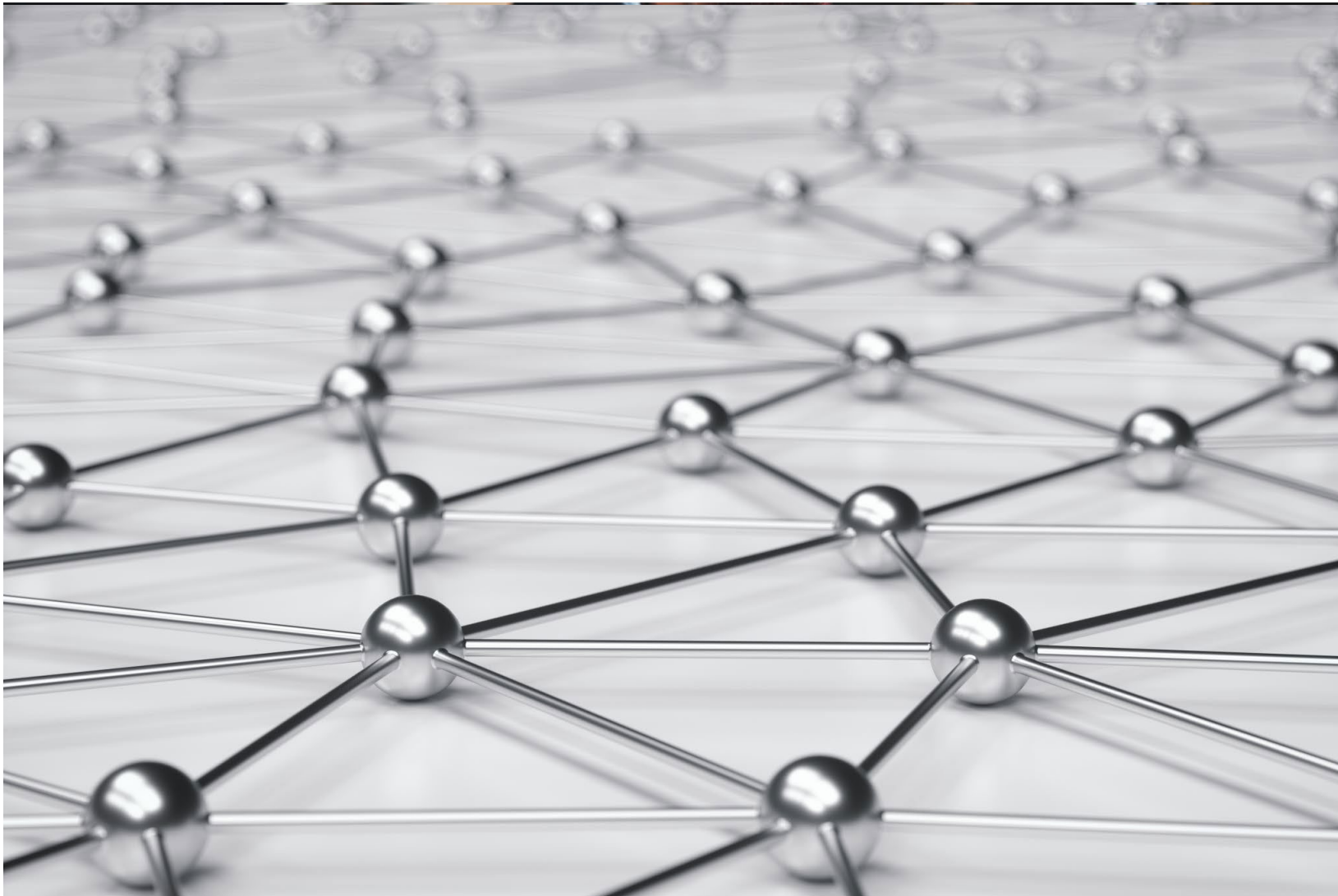
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User Departments



Outline of Presentation



- Miller³ Consulting Background and Experience
- Legal Framework for Race and Gender Conscious Programs and Disparity Studies
- Miller³ Consulting Approach and Methodology
- Statistical Analysis & Disparity Study Qualitative Findings
- Conclusions and Recommendations

M³ Consulting Experience at a Glance



Creators of the Disparity Study industry
& RWA Analysis



30+ years of Inclusive Procurement &
Economic Development Consulting



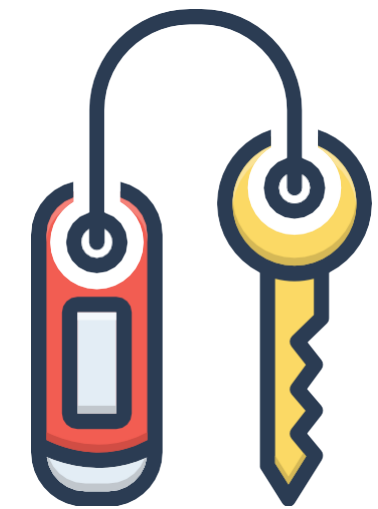
Conducted over 140 disparity studies at
the local, state and federal level



Disparity Studies completed for City of
Philadelphia and 9 Other Public
Entities in Philadelphia



Subconsultant Support: Q&A Research



Successful litigation &
turnkey approach to S/M/W/VBE
service delivery



Legal Framework for Race and Gender Conscious Programs & Disparity Studies

Richmond v Croson and Its Progeny

Richmond v. Croson

U.S. Supreme Court, 1989

Compelling governmental interest provides a factual predicate for an MWBE program

- Active participant in discrimination
- Passive participant in discrimination

Narrow Tailoring -- program must be focused on remedy to identified discrimination

Richmond v. Croson

U.S. Supreme Court, 1989

In conjunction with or following race neutral efforts, race and gender-conscious initiatives should include:

- Sunset provision
- Graduation provision
- Flexible goals
- Tied to availability
- Limit impact on third parties
- Limited to groups that have suffered discrimination or have shown statistically significant disparity



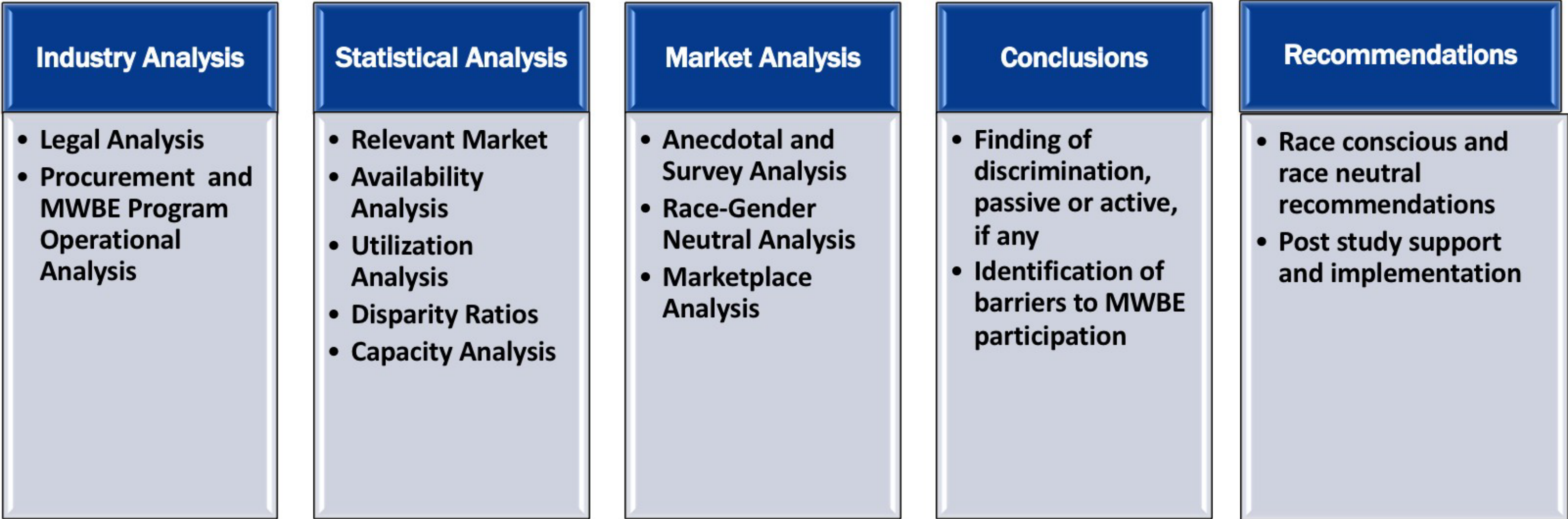
Approach and Methodology

10-Part Methodology

10 Part Methodology for Wilmington Disparity Study

10 Part Methodology

Leads To





Statistical Findings

for Architecture and Engineering, Construction and Construction-Related Services, Non-Professional Services, Professional Services, and Goods and Supplies

- Relevant Market findings
- Availability findings
- Utilization findings
- Disparity findings
- Capacity findings

Note: Observations Reflect The Study Period Of FY 2016 Through FY 2020.

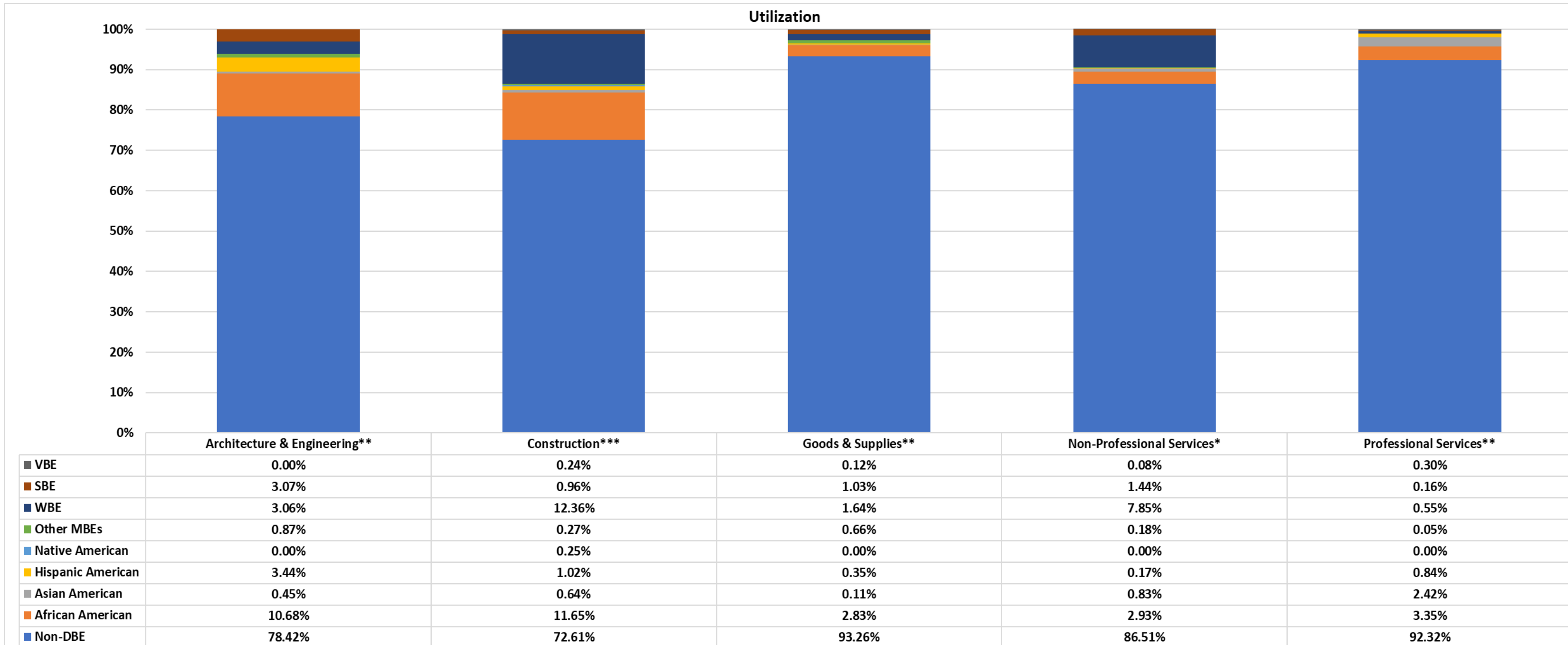
Relevant Market Determination FY2016-FY2020

Procurement Type	Relevant Market
Architecture & Engineering	Nationwide
Construction and Construction-Related Services	MSA
Non-Professional Services	MSA
Professional Services	Nationwide
Goods & Supplies	Nationwide

- Philadelphia-Camden-Wilmington MSA

Utilization By Procurement Type

Utilization

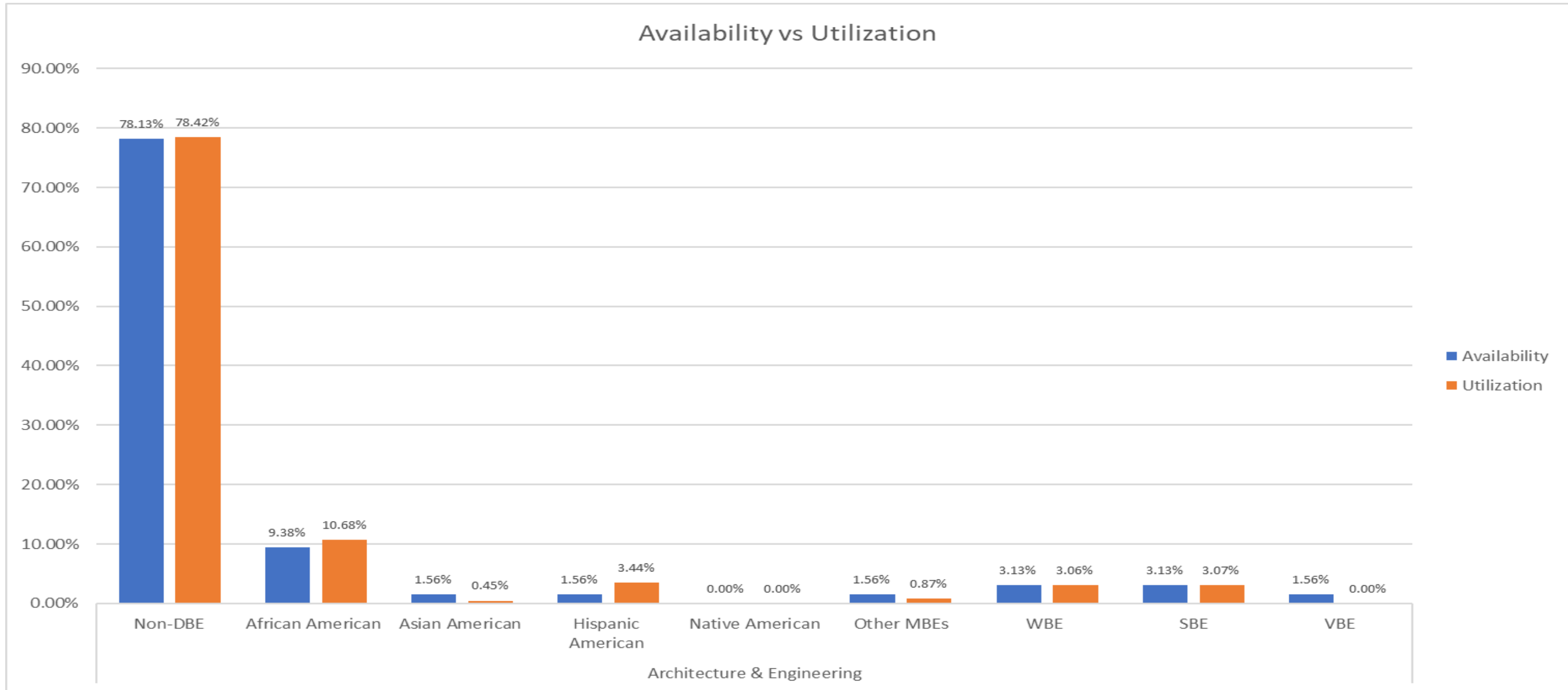


*PO Data, Relevant Market - MSA

**PO Data, Relevant Market - Nationwide

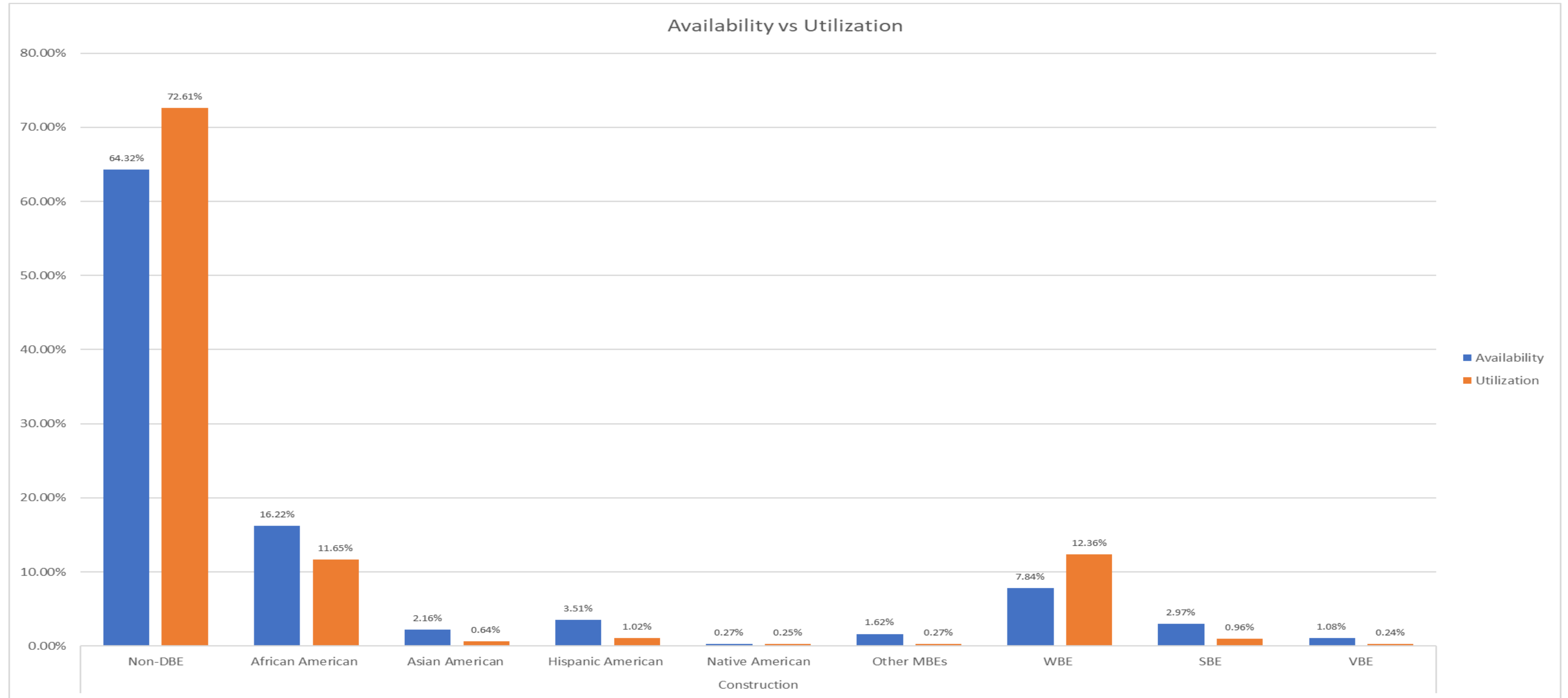
***Contracts Data, Relevant Market - MSA

Level 2 RWASM Availability and Utilization for Architecture & Engineering



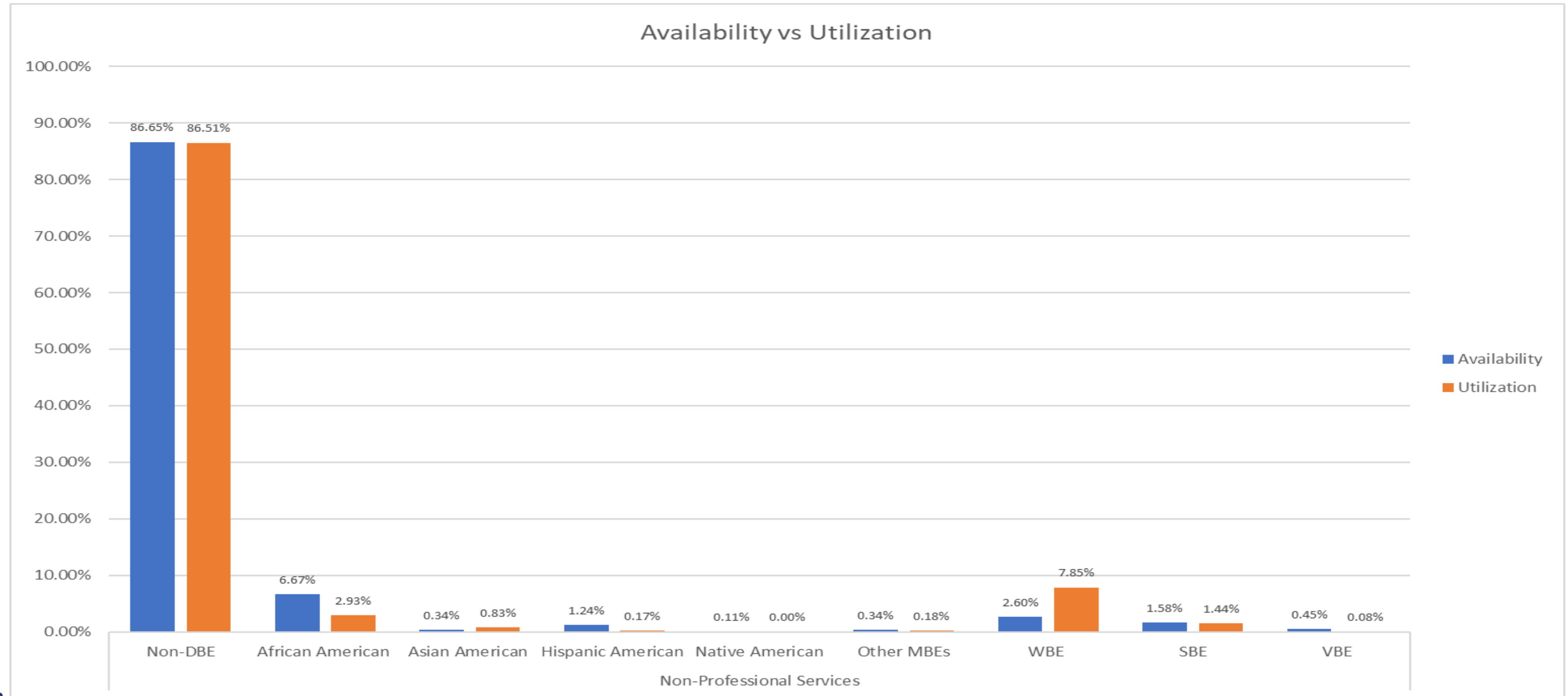
Total Utilization = \$15,406,365

Level 2 RWASM Availability and Utilization for Construction and Construction-Related Services



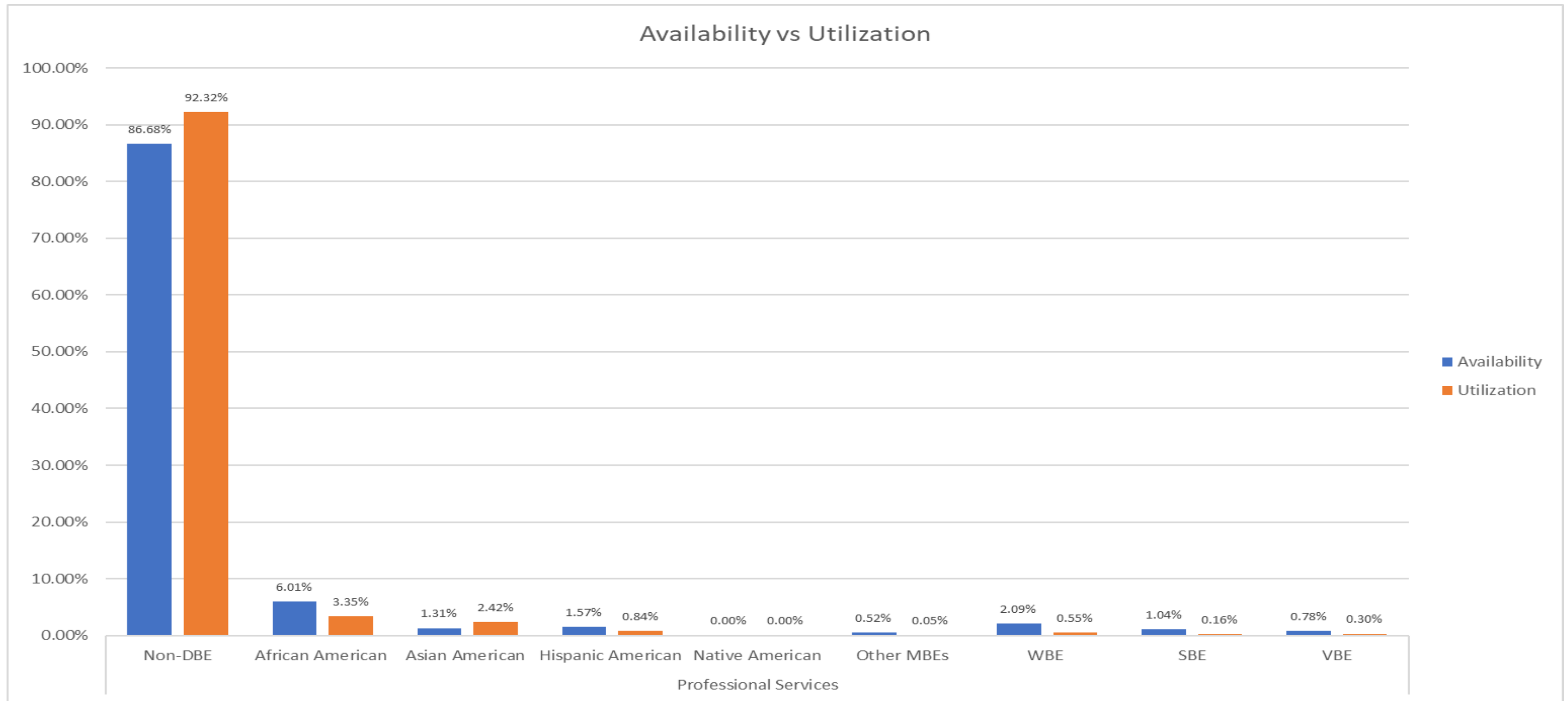
Total Utilization = \$64,924,034

Level 2 RWASM Availability and Utilization for Non- Professional Services



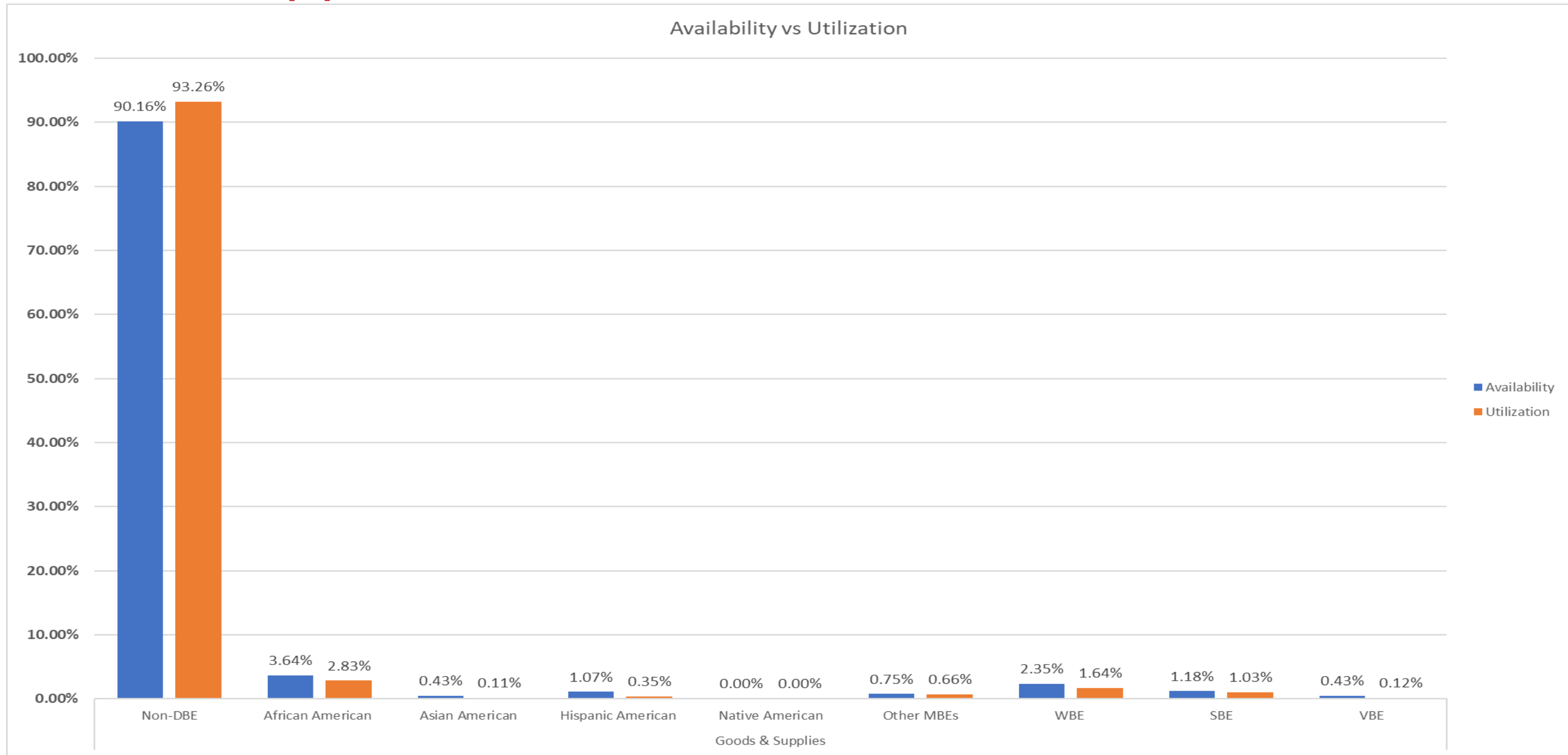
Total Utilization = \$212,298.114

Level 2 RWASM Availability and Utilization for Professional Services



Total Utilization = \$64,866,425

Level 2 RWASM Availability and Utilization for Goods & Supplies



Total Utilization = \$80,212,234



Disparity Findings

Note: Observations Reflect The Study Period Of FY 2016 Through FY 2020

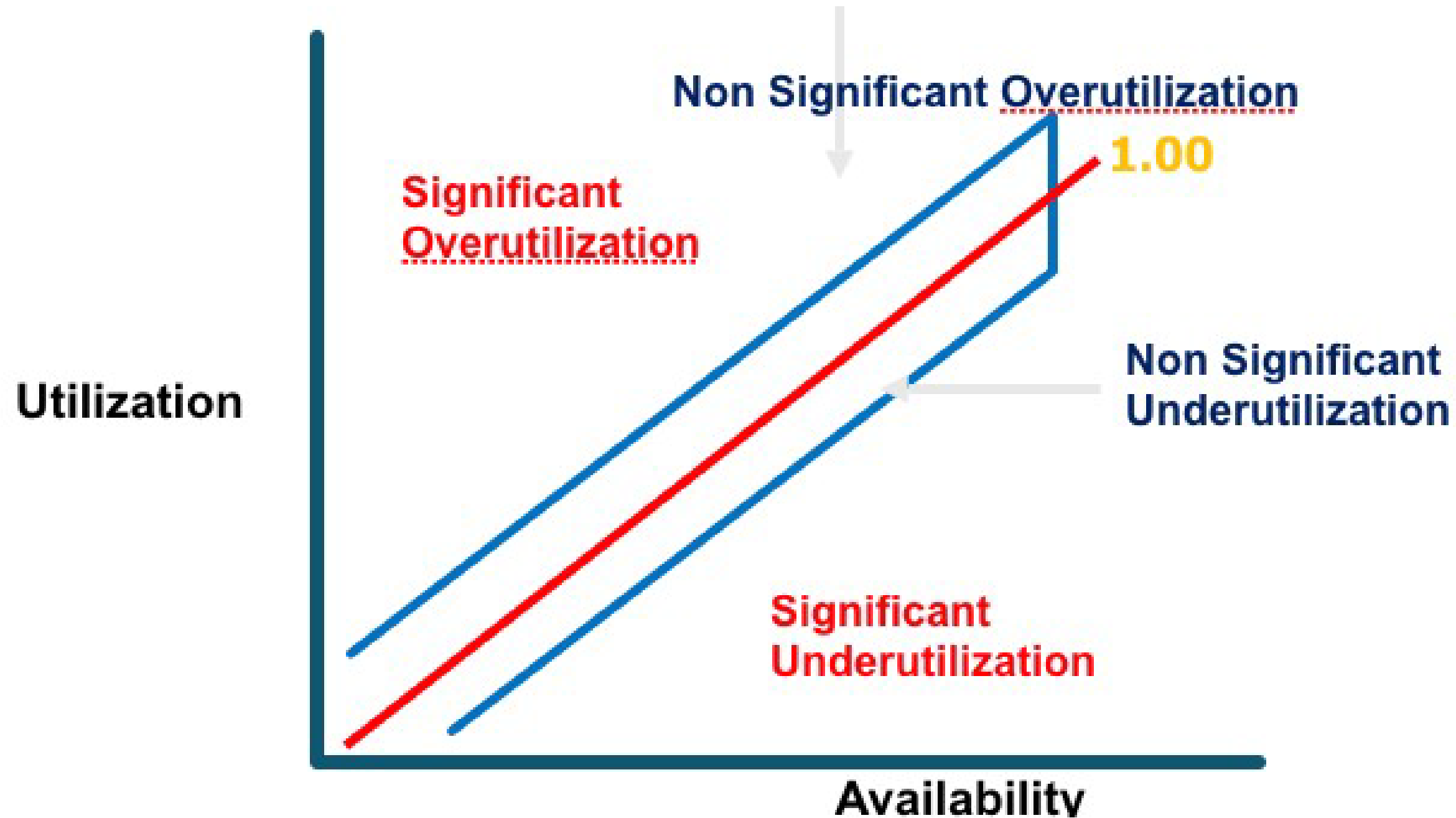
M³ Consulting Disparity Ratio© Calculation

The ratio of the percentage of MWBEs in the market (availability) compared to the proportion of dollars spent with those businesses (utilization).

$$D = \frac{U}{A}$$

M³ Disparity Ratio Concept©

Disparity = Utilization/Availability



City of Wilmington Disparity Findings

Based on Utilization and Level 2 RWASM Availability

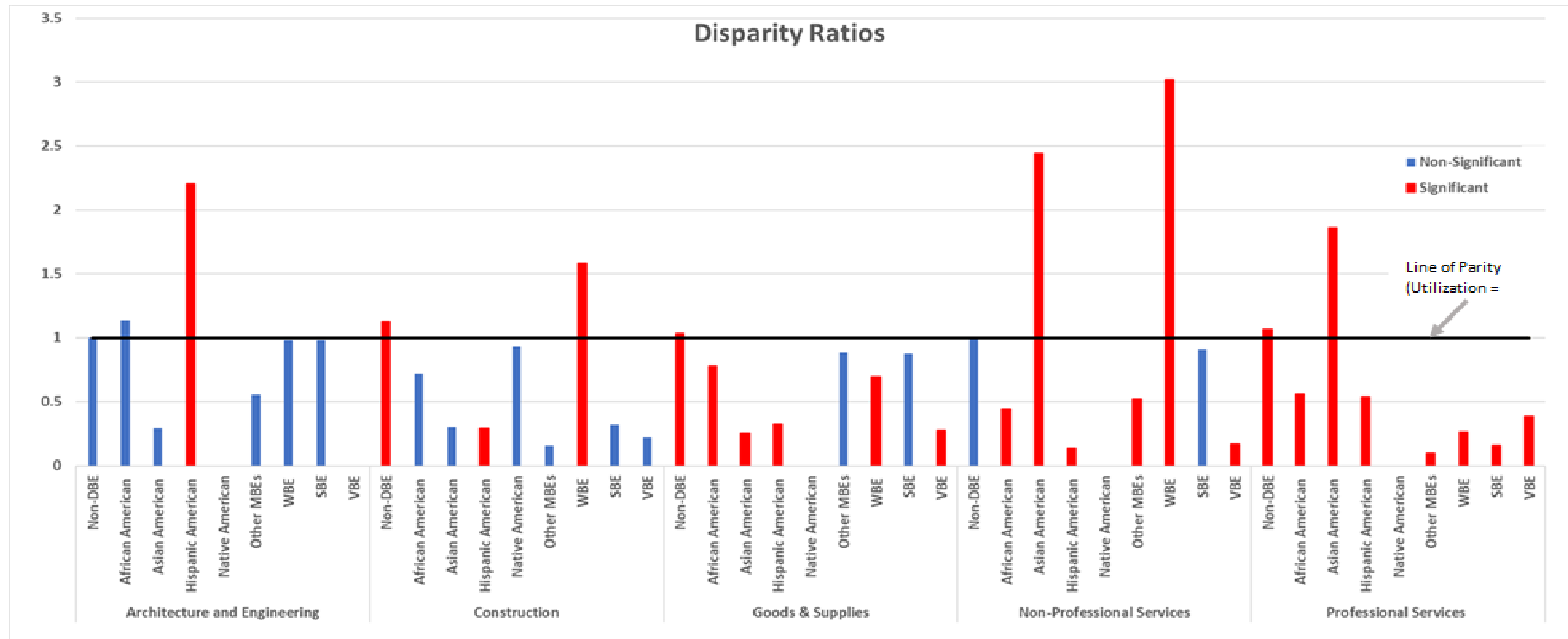
(by Relevant Market and Percent, FY 2016 - FY 2020)

Ethnicity	Architecture & Engineering (Purchase Orders)		Construction & Construction-Related Services (Contract Awards)		Non-Professional Services (Purchase Orders)		Professional Services (Purchase Orders)		Goods & Supplies (Purchase Orders)	
	Ratio	Sign.	Ratio	Sign.	Ratio	Sign.	Ratio	Sign.	Ratio	Sign.
Non-DBE	1.00	NS	1.13	S	1.00	NS	1.06	S	1.03	S
African American	1.14	NS	0.72	NS	0.44	S	0.56	S	0.78	S
Asian American	0.29	NS	0.30	NS	2.44	S	1.86	S	0.26	S
Hispanic American	2.20	S	0.29	S	0.14	S	0.54	S	0.32	S
Native American	0.00	S	0.93	NS	0.00	S	0.00	S	0.00	S
Other MBE	0.56	NS	0.16	NS	0.52	S	0.10	S	0.89	NS
<i>Total MBE</i>	<i>1.10</i>	<i>NS</i>	<i>0.58</i>	<i>S</i>	<i>0.47</i>	<i>S</i>	<i>0.71</i>	<i>S</i>	<i>0.67</i>	<i>S</i>
WBE	0.98	NS	1.58	S	3.02	S	0.26	S	0.70	S
Unknown DBE	0.00	S	0.00	S	0.00	S	0.00	S	0.00	S
Total DBE	1.08	NS	0.83	NS	1.06	NS	0.63	S	0.68	S
SBE	0.98	NS	0.32	NS	0.91	NS	0.16	S	0.88	NS
VBE	0.00	S	0.22	NS	0.17	S	0.39	S	0.28	S

City of Wilmington Disparity Findings

Based on Utilization and Level 2 RWASM Availability

(by Relevant Market and Percent, FY 2016 -- FY 2022)



Statistically significant disparity shown by red bars and below the line of parity reflects disparity for which race/gender-conscious remedies may be utilized; Non statistically significant disparity below the line of parity are shown by blue bars and can be attributed to chance.

Disparity Ratios – Basis for Race/Gender-Conscious Goals

By Race/Ethnicity/Gender By Procurement Type					
	A&E (POs)	Construction & Construction- Related Services (Contract Awards)	Non-Professional Services (POs)	Professional Services (POs)	Goods & Supplies (POs)
African American	No Disparity	Disparity	Disparity*	Disparity*	Disparity*
Asian American	Disparity	Disparity	No Disparity*	No disparity*	Disparity*
Hispanic American	No Disparity*	Disparity*	Disparity*	Disparity*	Disparity*
Native American	No Disparity	Disparity	No Disparity	No Disparity	No Disparity
WBE	Disparity	No Disparity*	No Disparity*	Disparity*	Disparity*

Blue denotes reflects disparity for which race/gender-conscious remedies may utilized; * reflects statistical significance.



Disparity Study Qualitative Findings

Procurement
Anecdotal
Marketplace
Race Neutral

Observations Impacting MWBE Participation in City of Wilmington Procurement System During FY 2016 - FY 2022

Procurement Findings

- Limited Knowledge and Staff Training Related to Inclusive Procurement and DBE Program
- Limited and Inconsistent Implementation of DBE Policies/Strategies
- Overuse of Bid Waiver
- Repeated Use of Same Vendors at Informal Level
- Lack of Enterprise-wide Ownership of DBE Program Policies and Procedures
- Limited Vendor Registration
- Inconsistent and Limited DBE Reporting
- Limited Forecasting and Notification of Opportunities
- Limited Diversity Firm Outreach and Matchmaking
- Decentralized Process is leading to Limited Transparency and Accountability

Anecdotal Comments Reflecting Interviewees' Perceptions & Experiences

Anecdotal Participants
5 Focus Group—20 participants

Anecdotal Themes

- DBE certifications not useful in securing contracts with the City.
- Limited OED and M/WBE staff support and enforcement of inclusion of DBEs in the City's contracting.
- Inability to obtain work with the City of Wilmington, even though securing work with private and public sector agencies
- Lack of access to procurement staff or appropriate user department staff
- Lack of notice or bidding of
 - Small-dollar contracts
 - Professional Services
 - A&E
- Repeated use of the same vendors
- Minority and Women Fronts
- Long payment terms
- Prime contractors not utilizing DBEs in the private sector or in the absence of goals; primes list DBEs without intention to utilize

Race Neutral Analysis Findings

Race Neutral

Review 41 Race Neutral Provider Programs

9 Executive Director Interviews

Race Neutral Themes

- Importance and availability of capital (funding);
- Insufficient access to information, communication, and/or technology;
- Need for improved City commitment to and processes supporting M/W/DBEs;
- Need for training and education on bid process, running a business, and/or goal-based program requirements;
- Need for improved engagement with the Hispanic community and other “non-English as a first language” communities; and
- Lack of parity, inclusiveness, diversity, and/or discrimination.



Recommendations

Note: Observations Reflect The Study Period Of July 1, 2017, Through June 30, 2021.

Recommendations: Enhancements to Procurement and DBE Procedures and Practices

Change focus to inclusive procurement, as opposed to simple goal attainment.

Address decentralized nature of the City of Wilmington procurement process and impact on DBE participation

Identify community economic development and inclusive procurement objectives

Provide procurement and DBE training and development to all staff throughout the City that impact the “buy-decision”

Recommendations: Enhancements to Procurement and DBE Procedures and Practices, cont.

Fully implement existing DBE Programmatic Initiatives and address prior internal audit concerns

Conduct a culture audit to understand values, perceptions, traditions and biases that may impact the “buy decision”

Address data capture issues to allow the City to effectively monitor and track all procurement decisions

Implement procurement focused budgeting, forecasting and scheduling to allow maximize identification of opportunities

Monitor contracts for issue of concentration

Recommendations: Long-Term Availability and Capacity Building Initiatives—Increasing Pipeline of MBEs

Youth Entrepreneurship Initiatives

- Emphasis on exposure to entrepreneurs instead of large corporations.
- Determine how the City can engage in Youth entrepreneurship programs utilizing access to its vendors.

Increasing pipeline of DBEs

- Using outreach techniques drawing upon Master List of M/W/DBEs
- Developing relationship and access to Management, Financial and Technical Assistance providers who are identifying and supporting DBEs throughout the MSA.

Expanding competition by conducting a deeper dive into the City's procurement and bidding practices that eliminate competition on specific bids.

Recommendations: Expand DBE Initiatives

Promote DBE participation at the prime contractor level

Develop DBE program which addresses requirements of large construction and development projects by looking at opportunities at the 7 stages of development: Planning, Financing, Designing, Construction, Equipping, Maintaining, Operating

Implement small business set-asides and sheltered market projects

Address concerns about slow payments

Develop bonding and insurance program related to project-based procurement process

Maximize use of joint ventures, mentor-protégé programs, and distributorships

Develop effective matchmaking and outreach programs

Recommendations: Expand DBE Initiatives

Develop detailed and effective monitoring and tracking reports -- overall and project-by-project

Develop and assign post-award compliance responsibilities

Partner with technical assistance providers to increase City's ability to utilize its opportunities for capacity building

Develop working capital loans and paymaster programs + prompt pay requirements particular with minority-owned banks and partners, which should provide the City with assurances that financial management issues will not negatively impact contractor performance, while at the same time providing DBEs with critical financial support and advocacy

- A paymaster is authorized by the firm to handle the firm's receipts and payment of expenses, including payroll and subcontractor payments.



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