

To the Mayor and Members of the City Council

November 7, 2023

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SUBJECT: BUSINESS EQUITY PROGRAM

This Informal Report provides an overview of the City’s Business Equity Program, including policies, goals, and results during the past two years.

In 2020, the City hired Colette Holt & Associates (CHA) to perform a Business Equity Firm disparity study to assess the extent to which minority- and women-owned business enterprises (MWBES) and other business equity firms had been participating in the City’s contracting activities. The study is a judicial prerequisite for public agencies to operate a small business program that includes narrowly tailored race conscious goal setting activities that explicitly address racial and gender disparities verified in the public agency marketplace. CHA’s assessment model, which Ms. Holt had developed for the National Academy of Sciences, has been specifically upheld by federal courts and is now commonly recognized as the national standard for designing legally defensible disparity studies. The quantitative and qualitative data presented in the City’s study thoroughly examined the experiences of business equity firms operating in the Fort Worth market. The study analyzed such firms’ utilization by the City as measured by dollars spent, and it examined business owners’ experiences in obtaining City contracts and associated subcontracts, as well as opportunities in the private sector. The study gathered statistical and anecdotal data to provide the evidence necessary to determine whether there is a strong basis that barriers to full and equal contracting opportunities exist on the basis of race or gender in the local market that circumscribe City contract opportunities and, if so, what narrowly tailored remedies may be appropriate.

The study results support the City’s continuing compelling interest in implementing its race- and gender-conscious Business Equity Program. The study’s statistical data and the anecdotal testimony provide a sufficient basis for the continued use of narrowly tailored, remedial race- and gender-based measures to ensure full and fair access by all firms to City prime contracting and associated subcontracting opportunities. Based on the study findings and recommendations approved by the City Manager, the City Council amended its Ordinance on November 17, 2020, to incorporate changes designed to build capacity and expand fair access and opportunity to City-funded contracting and procurement to business equity firms. The amended Business Equity Ordinance (#25165-10-2021) and Program took effect on January 1, 2021.

The City’s Business Equity Ordinance governs access to contracting and subcontracting opportunities on the City’s locally funded contracts. Previous similar studies found disparities in the City’s utilization of business equity firms on contracts in the construction, goods and services, and professional services industries. The study defined the “aggregated weighted availability” of Business Equity Firms (MWBES) located within the City’s marketplace, by ethnicity, for the City’s contracts as follows:

Aggregated Weighted Availability for the City’s Contracts

Black	Hispanic	Asian	Native American	White Women	Business Equity (MWBE)	Non-Business Equity (MWBE)	Total
6.6%	9.2%	1.7%	0.7%	6.9%	25.4%	74.6%	100.0%

The Business Equity Ordinance and Program assign narrowly tailored race-conscious goals to all City-funded projects valued over \$100,000, when appropriate. Business equity firms who qualify to be counted in the program must be located in the City’s marketplace, which study defined to include six counties: Tarrant, Dallas, Denton, Johnson, Parker, and Wise counties. The City’s annual Business Equity goal to be obtained is 25.4 percent as

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indicated in the above table. Before implementation of the Business Equity Ordinance in 2021, the City’s 2011 ordinance was strictly a subcontracting program, in which the certified prime business equity firm’s participation did not count toward the program goals. The current ordinance, however, is narrowly tailored and a certified prime business equity firm’s participation counts toward the program goals.

To be more inclusive in utilizing business equity firms, the Diversity and Inclusion Department has increased its coordination with other City departments, expanded its outreach efforts with other Tarrant County agencies, and formed non-traditional partnerships with outside entities that focus on MWBE capacity building and development. These efforts include:

1. Support and Management of Chamber Contracts – The Diversity and Inclusion Department supports and manages the City agreements with the Fort Worth Metropolitan Black Chamber of Commerce (FWMBCC), and the Fort Worth Hispanic Chamber of Commerce (FWHCC) by creating and updating the scope of work, supporting the success of and measuring goals and outcomes set forth within the agreements. The chambers submit quarterly progress reports to DVIN and collaborate on outreach, engagement and networking events and activities that educate and connect Business Equity firms in our marketplace to opportunities for contracting. As part of the established agreement, the chambers also assist in capacity building efforts for local Business Equity Firms (BEF) that increase availability of firms, stabilize and or grow BEFs in our marketplace.
2. Partnership with the Beck Group – The Beck School of Construction (BSOC) partnership with the City is in its fifth year. The goal of the program is to provide training to help certified minority businesses located within the City’s six-county marketplace increase their knowledge of the construction industry, and to help them be competitive in bidding on projects with the City, the Beck Group, and other public and private organizations. Business equity firms who attended the BSOC over a three-year period were awarded more than \$22 million in contracts by the City and the Beck Group.
3. Proactive Coordination among City Departments – The Diversity and Inclusion Department works closely with other departments in reviewing proposals during the planning phase, participating in vendor proposal reviews, evaluations, and vendor interview committees as subject matter experts in contracts and contracting firm performance. The department is involved with Fort Worth Housing Solutions on several multifamily projects and working closely with Economic Development and its developers and contractors. The department attends bi-monthly contractor Table Talk meetings hosted by the Transportation and Public Works Department. Diversity and Inclusion is an active participant on the agenda and has access to information about the twelve-month look-ahead for upcoming projects.
4. Enhanced Systems and Training – Diversity and Inclusion and the IT Department have created a Business Equity Collaboration Wizard (similar to M&C Wizard) that allows all projects to be entered and tracked by all departments from inception to completion. The Wizard eliminates a large influx of paper bids as well as excessive and lost emails, and has a timetable set to avoid late responses. All correspondence is done inside the Wizard and the status of the projects is viewable by all parties. Diversity and Inclusion has provided training to all departments and the Wizard is being used across City government.
5. Business Equity Ordinance Training – Diversity and Inclusion has provided training for all departments on the Business Equity Ordinance, including clarification on program requirements and how business equity goals are set, and Program requirements. Diversity and Inclusion has also provided ordinance compliance training for City contractors. Promoting the Business Equity Ordinance is done consistently at advocacy events and invitations to be on speaker panels, more than 25 times annually. Our goal is to ensure that all current and potential vendors, and city departments, understand and comply with the City’s ordinance.

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- 6. Advocacy – Diversity and Inclusion, in collaboration with other City departments and advocacy partners, has hosted, participated in, and attended more than 100 community events within the past two years. Diversity and Inclusion is the lead organization for the Tarrant County Business Opportunity Fair held at the Will Rogers Memorial Center each year.

In fiscal year 2022, the City achieved an annual Business Equity awards rate of 20.8 percent. In addition to changes in proactive process changes with city departments (proactive review of proposals with departments in planning phase, participating in vendor proposal reviews, evaluations, and vendor interview committees), this figure includes a business equity firm as the prime contractor for program management services associated with conversion of the former Pier 1 Building into the future City Hall.

For FY2023, the annual Business Equity awards rate was 17.1 percent. While the proactive process remained in place, the Business Equity Division had an extended time period during the fiscal year with severe staffing shortages and unfilled positions. Additionally, the total number of Prime awards to business equity firms decreased by 14 percent, and the value of these awards decreased by 39 percent. However, the total number of subcontracting awards to business equity firms increased by 37 percent, but there was a 27 percent drop in the total value of the awards.

However, awards to business equity firms that were owned and operated by African American or Black, Hispanic/Latino(a), Asian/Pacific Islander, Native/Indigenous but not certified or located within the City’s marketplace increased in the number of firms by 96 percent over FY2022, and the total value of these contracts increased by 86 percent over the same period. Although we track awards to these firms the values cannot count in the business equity program.

Ethnic/gender breakouts for both fiscal years appear below.

Ethnic/Gender Participation, FY2022

ALL Project Types		\$ 495,219,806.04						Total All M/WBEs Awarded			\$ 102,921,568.54
M/WBE Summary		African American	Asian American	Hispanic	Native American	Other	Caucasian Female	Caucasian Male	Total		
FY 2021-2022	Male	\$ 28,226,010.40	\$ 9,659,726.55	\$ 32,572,323.91	\$ 119,894.00	\$ -	\$ -	\$ 392,298,237.50	\$ 70,577,954.86	14.25%	
	Female	\$ 872,350.00	\$ 1,328,453.80	\$ 11,442,985.04	\$ -	\$ -	\$ 18,699,824.84	\$ 32,343,613.68	6.53%		
	Total Participation	\$ 29,098,360.40	\$ 10,988,180.35	\$ 44,015,308.95	\$ 119,894.00	\$ -	\$ 18,699,824.84	\$ 392,298,237.50	\$ 102,921,568.54	20.78%	
	% Participation of M/WBEs based on All M/WBE Awards	28.27%	10.68%	42.77%	0.12%	0.00%	18.17%				
% Part. To M/WBEs based on Overall Awarded		5.88%	2.22%	8.89%	0.02%	0.00%	3.78%	79.22%			

Ethnic/Gender Participation, FY2023

ALL Project Types		\$ 455,925,913.80						Total All M/WBEs Awarded			\$ 77,961,355.64
M/WBE Summary		African American	Asian American	Hispanic	Native American	Other	Caucasian Female	Caucasian Male	Total		
FY 2022-2023	Male	\$ 5,252,302.00	\$ 9,135,825.00	\$ 41,795,863.53	\$ 656,844.00	\$ -	\$ -	\$ 378,109,643.16	\$ 56,840,634.53	12.47%	
	Female	\$ 257,487.50	\$ 142,795.00	\$ 3,046,410.62	\$ 166,597.20	\$ -	\$ 17,527,430.79	\$ 21,120,721.11	4.63%		
	Total Participation	\$ 5,489,789.50	\$ 9,278,620.00	\$ 44,842,274.15	\$ 823,441.20	\$ -	\$ 17,527,430.79	\$ 378,109,643.16	\$ 77,961,355.64	17.10%	
	% Participation of M/WBEs based on All M/WBE Awards	7.04%	11.90%	57.52%	1.06%	0.00%	22.48%				
% Part. To M/WBEs based on Overall Awarded		1.20%	2.04%	9.84%	0.18%	0.00%	3.84%	82.93%			

Over a five-year period, FY2018-2019 through FY2023, we have seen consistent growth in awards to Hispanic-owned firms, and in FY2023 this group has exceeded parity of 9.2 percent by .64 percent, achieving 9.8 percent.



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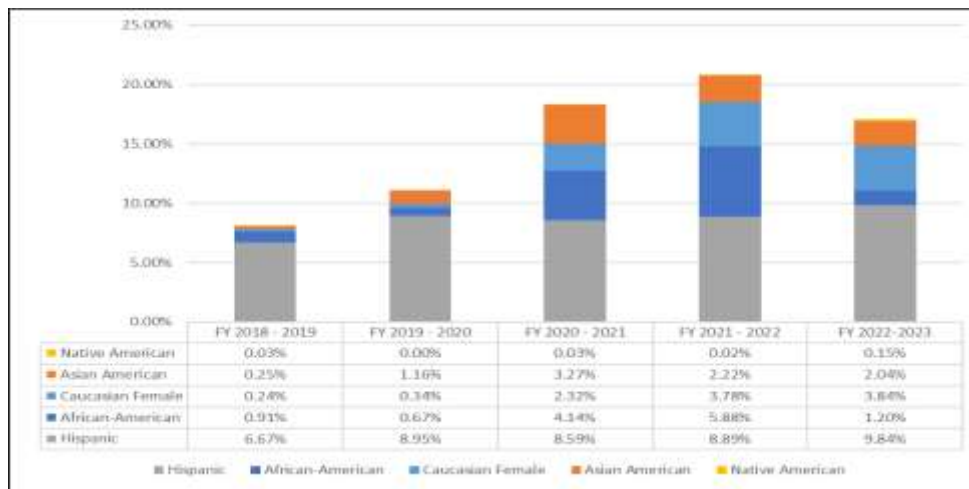
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African Americans, similarly have seen consistent growth as well, starting below 1.0 percent in FY2018-2019 to achieving 5.9 percent (parity is 6.6 percent) in FY2022. Alternatively, in FY2023, awards to African American firms declined significantly, receiving only 1.2 percent of total awards. One African American firm received a significant prime award in FY2022, and zero prime awards in FY2023. Respectively, the number of subcontracting awards to African Americans declined by 35 percent, and the value of these awards decreased by 412 percent.

Ethnic/Gender 5-Year Trend

Based on MWBE Percentage of Total Awards



As mentioned in items 1 through 5 above, Staff will continually assess the effectiveness of these strategies and adjust as appropriate to ensure the goal of building capacity and utilization of Business Equity Firms is being achieved. If you have any questions, please contact Christina Brooks, Director of Diversity and Inclusion, at 817-392-8988.

David Cooke
City Manager