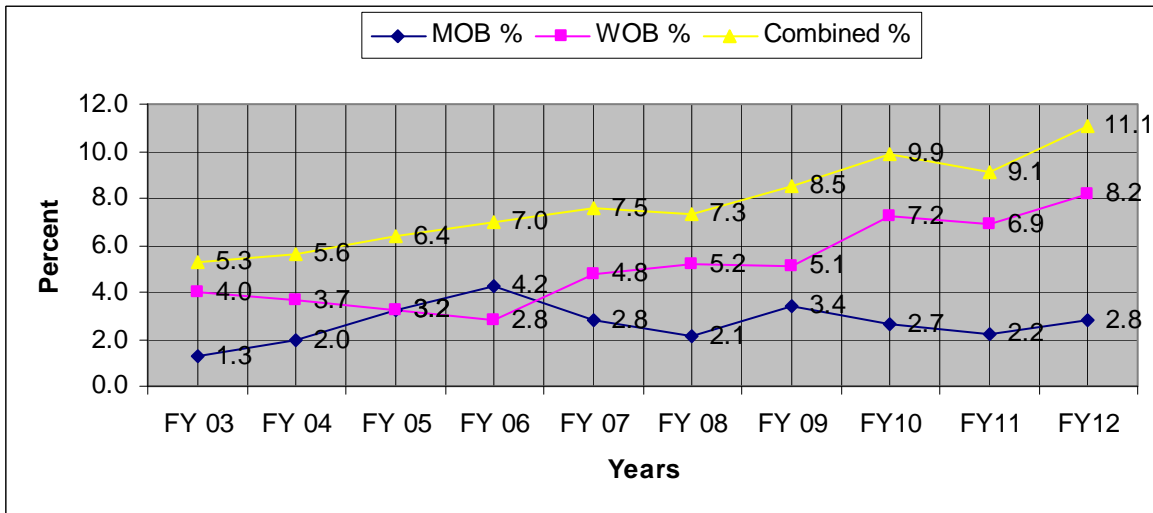


**TO:** CITY OF KNOXVILLE COUNCIL MEMBERS  
**FROM:** BOYCE H. EVANS, PURCHASING AGENT  
**SUBJECT:** FY 12 MID-YEAR DISADVANTAGED BUSINESS ENTERPRISE REPORT  
**DATE:** February 7, 2012

This memorandum provides the Mid-Year Disadvantaged Business Enterprise (DBE) Report for FY 12 to describe how the City of Knoxville is performing with regard to reaching its goal of conducting 10% of all business with minority- and women-owned businesses combined. All information is as of December 31, 2011.

**Overview: Minority- and Women-Owned Businesses.** As depicted in the following chart, the total percentage of business the City did with minority-owned businesses (MOBs) in the first half of FY 12 was 2.8%, for a total of approximately \$494K. The City conducted 8.2% of its business with women-owned businesses (WOBs) for a total of \$1.45M. This means the total amount of business the City did with M/WOBs combined was 11.1%, for a total dollar value of 1.96M, which is an increase of 2% from FY11. Both the women-owned and minority-owned business percentages rose from FY11 to the mid point of FY 12. In sum, we exceeded the 10% goal for the first time.

However, the amount of business conducted with minority-owned firms is still low (2.8%). We believe that the initiatives developed by the Purchasing Division and the Black Business Contractor’s Association, as well as the action plans being developed by Minter & Associates, will improve this figure.



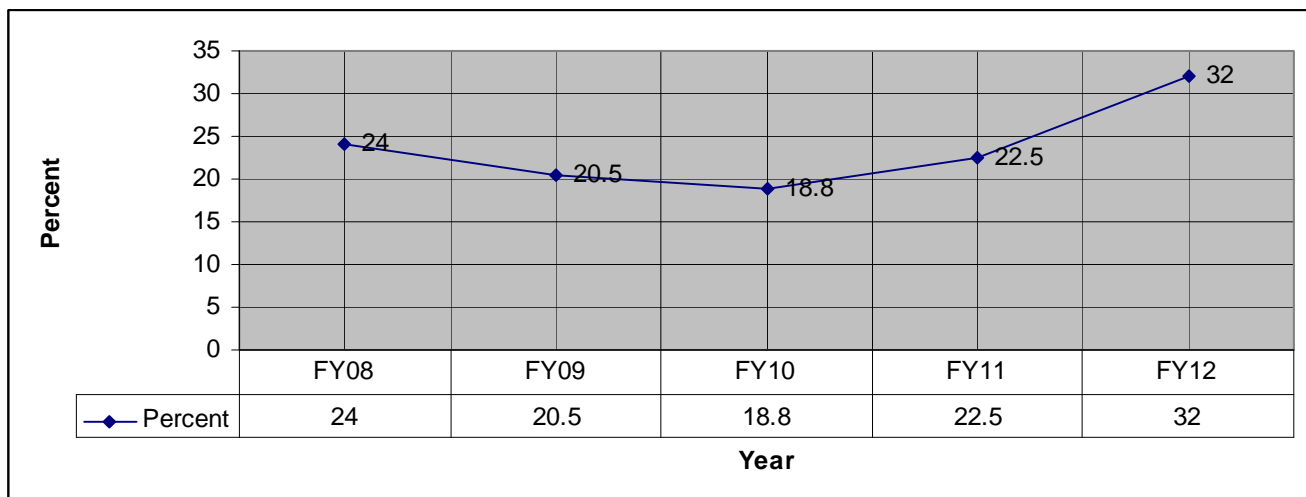
**Procurement Categories.** The next chart depicts how the City performed with regard to DBE business in the categories of Goods & General Services, Professional Services, and Construction.

- **Goods & General Services.** The City conducted a combined total of 10.52% of its business with M/WOBs (\$1.85M), which exceeds the City’s goal of 10% in this specific area.

- Professional Services.** This remains a significant “challenge area” in that we spent \$4.2M on professional services during the first half of FY 12, and only \$358 of this amount went to minority-owned firms. Only 1.9% (\$78K) of this business was conducted with women-owned firms. This is a significant challenge in that there are relatively few DBEs in the local area which provide professional services such as architectural, engineering, accounting, medical, and other professional services.
- Construction.** Construction contracting minority-owned firms remains a significant challenge area in that the City spent \$4.4M on construction-related projects during the first half of FY 12 but only \$43,501 of that amount went to MOBs. On a positive note, however, is the fact that the City conducted 21.1% of its construction with WOB’s for a total of \$934,338.

GOODS & GENERAL SERVICES	Mid Yr FY 12 %	Mid Yr FY 12 \$\$\$
Minority-Owned	4	\$697,558
Woman-Owned	6.52	\$1,150,017
Combined	10.52	\$1,847,575
PROFESSIONAL SERVICES	Mid Yr FY 12 %	Mid Yr FY 12 \$\$\$
Minority-Owned	0	\$358
Woman-Owned	1.9	\$78,301
Combined	1.9	\$78,658
CONSTRUCTION	Mid Yr FY 12 %	Mid Yr FY 12 \$\$\$
Minority-Owned	0.01	\$43,501
Woman-Owned	21.11	\$934,338
Combined	21.12	\$977,839

**Small Business Overview:** As depicted in the following chart, the amount of business the City conducted with small businesses has continued to improve and is yielding good results. Specifically, the City conducted 32% of its business with small businesses for a grand total of just over \$8.4M. We hope this trend will continue.



**Fourteen Planned Initiatives for FY 12.** To increase the amount of business the City conducts with both minority- and women-owned companies, the City is continuing to implement some of the initiatives developed jointly between the Purchasing Division and the Black Business Contractor's Association. We believe these will yield positive results. The fourteen initiatives we are implementing are provided below and the status of each is listed in bold italics by each project. The list of initiatives and the respective status of each follows:

1. Use the results of departmental M/WOB utilization as criteria for evaluating staff performance for departmental directors and division chiefs. (*Still to do/working*)
2. Attempt to advertise opportunities in a timely manner in M/WOB general circulation publications. (*Still to do/working*)
3. Raise the bond threshold (with City Council's approval) for contracts requiring bid bonds from \$10,000 to \$100,000. (*Complete*)
4. Adjust evaluation criteria in RFPs and RFQs to consider prime contractor's past record of using small businesses as sub-contractors on non-publicly funded projects. The adjustment would consist of asking prime contractors to describe their track record with regard to utilizing small businesses as sub-contractors. The past performance would be considered as part of the point allocation. The intent is to encourage primes to use small businesses as part of their ongoing endeavors. (*Still to do/working*)
5. Send notifications soliciting quotes, bids, qualifications, and proposals to M/WOBs and local small businesses. (*Complete & Ongoing*)
6. Strive to include more minority representation on evaluation committees for RFPs, RFQs, etc. (*Still to do/working*)
7. Publish a bimonthly contracting outreach newsletter which states: who won various contracts and the scope of services entailed; supplier prices; and upcoming procurement opportunities. The newsletter would also state the results of our purchases between \$5K and \$25K which will be beneficial to small businesses. (*First newsletter to be published in February 2012*)
8. Reduce size of contracts and un-bundle large purchases of goods/services where practical. (*Complete/Ongoing*)
9. Initiate joint venture programs. (*Still to do/working*)
10. Publish procurement opportunities requiring at least three quotes (\$5,000 to \$25,000 category) on the procurement website and publish the results of these purchases on the website. (*Complete/Ongoing*)
11. Develop a "certified" M/WOB vendor directory. (*Still to do/working*)
12. Provide frequent orientations to departments depicting where they stand regarding conducting business with M/WOBs and small businesses. (*Complete/Ongoing*)

13. Compile and disseminate a list of sureties. Purchasing will post this list on its website in order to let firms know who they can contact to acquire bonds. The list will also be referenced in our ITBs, RFPs, RFQs, and LOIs. *(To be posted in the newsletter which will be initially posted in February)*
14. Develop a prompt payment policy for small businesses that is quicker than the City's normal "net 30" policy. *(Still to do/working)*

**Summary.**

The City conducted 11.1% of its business with minority- and women-owned firms for the first half of FY 12 for a total value of \$2.9M. This exceeds the 10% goal by 1.1%. Additionally, the City conducted 32% of its business with small businesses during the first half of FY12 and hopes to continue this growth trend in the future.

The focus area for FY 12 remains increasing the amount of business conducted with minority-owned firms. As stated in a previous report to Council, a primary reason that the amount of business conducted with minority-owned businesses remains relatively low is that the City receives few bids from minority-owned firms. To rectify this situation, the City has contracted with Minter & Associates (M&A) to have them determine why the City does not receive a greater number of bids, proposals, etc., from minority-owned businesses (Phase I), and to develop an action plan to assist the City in acquiring more submissions from minority-owned businesses (Phase II). M&A has completed Phase I and is now developing various action plans to help the City acquire more bids, proposals, and qualifications from minority-owned firms. We hope to begin implementing some of the action plan during FY 13. Moreover, we believe that execution of the fourteen initiatives developed by the Purchasing Division and the Black Business Contractor's Association will also improve performance in this area.

For questions regarding this report, please contact the Purchasing Agent (Boyce H. Evans) at 865-215-2069 or by email at [bhevans@cityofknoxville.org](mailto:bhevans@cityofknoxville.org)

cc: Madeline Rogero, Mayor, City of Knoxville  
cc: Eddie Mannis, Chief Operating Officer and Deputy to the Mayor  
cc: Bill Lyons, Chief Policy Officer and Deputy to the Mayor  
cc: Thomas Strickland, Director, Community Relations  
cc: James York, Director, Finance & Accountability Department