

**ST. PETERSBURG CITY COUNCIL
BUDGET, FINANCE & TAXATION COMMITTEE**

AGENDA

February 22, 2018
8:00 am – City Hall – Room 100

Members & Alternate: Vice Chair Charlie Gerdes, Darden Rice, Ed Montanari, Amy Foster and Gina Driscoll (alternate)

Support Staff: Kewa Wright, City Council Administrative Aide

A. Call to Order

B. Approval of Agenda

C. Approval of Minutes

1. February 8, 2018

D. New/Deferred Business

1. February 22, 2018

- a. Quarterly Grant Report (**Shrimatee Ojah-Maharaj**)
- b. Minority Business Enterprise Disparity Study (**Louis Moore**)

F. Upcoming Meetings Agenda Tentative Issues

1. March 8, 2018

- a. 2018 Property Insurance Renewals (**Chris Guella/Blaise Mazzola**)
- b. Social Action Funding Program (**Theresa Jones**)

2. March 22, 2018

- a. External Audit (**Anne Fritz**)
- b. Review of Recommended Investment Policy Changes (**Anne Fritz**)

G. New Business Item Referrals

H. Adjournment

ST. PETERSBURG CITY COUNCIL
BUDGET, FINANCE & TAXATION COMMITTEE

Minutes

February 8, 2018

8:00 – City Hall – Room 100

Present: Committee Members - Chair Charles Gerdes, Darden Rice, Amy Foster, Ed Montanari and Gina Driscoll (alternate).

Also: Chief Assistant City Attorney, Jeannine Williams; City Administrator, Dr. Gary Cornwell; City Administrator/Deputy Mayor, Dr. Kanika Tomalin; Chief Financial Officer, Anne Fritz; Assistant City Administrator/Budget Director, Tom Greene, Internal Audit Director, Brad Scott; Administrative Aide to City Council, Kewa Wright; Senior Deputy City Clerk, Cathy E. Davis

A. Call to Order

Chair Gerdes called the meeting to order at 8:00 am with the above persons present.

B. Approval of Agenda

In connection with the approval of the February 8th agenda, Council Member Gerdes deferred item “b” to the next meeting. Foster made a motion that the agenda be approved as amended. All were in favor of the motion. Ayes. Gerdes. Foster. Rice. Montanari. Nays. None. Alternate. Driscoll.

C. Approval of Minutes

1. January 25, 2018

In connection with the approval of the January 25, 2018 minutes, Council Member Foster made a motion that the minutes be approved as written. All were in favor of the motion. Ayes. Gerdes. Foster. Rice. Montanari. Nays. None. Alternate. Driscoll

D. New/Deferred Business

1a. Quarterly Financial Reports

Investments: Ms. Fritz reported a book value of \$775.6 million and a market value of \$780.8 million, with a market gain of \$5,213,448 for the first quarter. This is the combination of the City’s General Investment Policy and the Alternative Investment Policy. In terms of the Short Term and Core Portfolio, she provided a breakdown of each portfolio from a diversification standpoint and explained that those investments in the Short Term Portfolio mature in one year or less. In the Core Portfolio, 22% of those investments include US Treasury, U.S. Instrumentalities Bond and Taxable Municipals.

In the Debt Service Portfolio, this is a combination of debt service reserves we are required to keep for our public utility debt. Payments are made semi-annually (April 1 & October 1). In the Bond Proceeds Portfolio, those are funds that have not been paid out for projects that we financed using bonds (i.e. Public Utilities, Pier and Police Headquarters). The ending book value is \$261.6 million and the ending shares amount is \$261.8 million. As for the Water Cost Stabilization Portfolio, those are investments from the proceeds (\$90 million) received from the sale of the well fields. The City's investment earnings as of December 31, 2017 is up 2%. We had a market gain in the index fund of \$2.258 million dollars.

During the 1st quarter, the City purchased 25 instruments totaling a face amount of \$217.4 million, with 9 maturities of \$36 million. The vast amount purchased were in treasury bonds. This is to ensure we have the cash flow needed to line up with those bond proceeds on various projects. In terms of the Liquidity Disclosure, we have \$234.8 million investments that is due to mature within a year. Most of those investments relate to the Bond Proceeds Portfolio. Ms. Fritz explained the diversification in the book value total portfolio and the market value total portfolio.

CM Montanari asked for clarification on the Florida Education Investment Fund and the Concentration Accounts. Ms. Fritz explained that the Concentration Accounts is the City bank account with JP Morgan Chase, and the Florida Education Investment Fund is a money market that is managed by Public Financial Management. CM Gerdes commended Ms. Fritz and her department on their investment strategies in selecting investments and timing their maturity dates to line up with the debt schedule and funding CIPs.

Debt: Ms. Fritz provided a summary of the current outstanding debt and explained the Debt Ratings as it relates to Issuer Default Rating/Underlying Rating, Public Service Tax Revenue Bonds and Public Utility Revenue Bonds under the rate system of Moody's Investor Service, Inc. and Fitch Ratings. These ratings allows us to borrow at very low rates. The two largest debts are the Public Service Tax Revenue Bonds for the Pier and Pier Approach (\$71.7 million) and the TD Bank Non-Ad Valorem Revenue Note for the Police Headquarters (\$41.9 million).

CM Rice inquired about the Professional Sports Facility Sales Tax Refunding Revenue Bond debt. Ms. Fritz explained that we still have an outstanding debt relating to Tropicana Field, wherein \$2 million dollars is received from the state annually for professional facilities, which is slated to be paid off in 2025. Ms. Fritz provided the committee with the funding sources that will pay off debt.

Ms. Fritz explained the huge spike in principal as it relates to the Police Debt. The City should be receiving \$20.2 million before 2021 from Penny for Pinellas to pay for the balloon payment. The recycling trucks are slated to be paid off in FY23 and the Marina Project in FY31. CM Montanari inquired about the high interest in the QECB and the Tax Revenue Bonds for the Pier. Ms. Fritz explained when bonds are issued on a taxable basis, the interest rate is higher and are issued on a 30 year term.

Pensions: Ms. Fritz provided the committee with a summary of pensions for ERS, Police and Fire. The investments are managed by each board and the board selects an investment advisor and their own policies.

Weeki Wachee: As of December 31, 2017 we showed an undesignated fund balance of \$960k due to transfers for the Booker Creek Park project, Tree Planting and Tennis Center.

Budget vs. Actual: Ms. Fritz provided the committee with a graph that showed the sources of revenue from the General Funds Group, which consists of 8 funds that roll into the General Fund. The graph included revenue from FY14 to FY18 and showed where the revenue increased in each fund. In addition, Ms. Fritz provided the expenditures for the General Funds Group from FY14 to FY18.

FY18 First Quarter Budgetary Performance Report: Mr. Greene provided revenue and expense estimates for approximately 35 funds Citywide. He also explained the differences between the Finance Department's report and the Budget Department's report. He explained, the Finance Department reports "the facts," revenue collected and expenses paid, wherein the Budget Department reports estimates of how each of the funds will conclude the fiscal year as it relates to revenues and expenses based on the actuals through the first quarter of FY18.

Mr. Greene also gave an overview of the Stoplight Report that shows the balance of the General Fund of \$21.013 million and the Operating Fund balance (excluding BP) of \$19.235 million. The Spotlight Report shows an estimate for revenue and expenditures for approximately 35 operating funds Citywide. Generally, most funds (30 of the 35 funds or 86%) are operating within an acceptable variance of +/- 2%. There are three funds where the revenue projection is more than 5% or more below budget expectation (Golf Course, Marina and Special Assessments). In addition, the expense estimate for two funds (Sunken Gardens and Supply Management) appear to be 5% or more over budget expectations.

In FY17, we ended the fiscal year with a \$3.512 million operating surplus in the General Fund (excluding BP). However, during the reconciliation process or clean up, various appropriations were rolled over into FY18 without corresponding revenue. These roll overs act to reduce the balance of the General Fund. Mr. Greene explained the amendments to FY18 adopted budget of \$250.215 to the FY18 amended budget of \$262.644, which included encumbrances (4.714 million), supplemental appropriations (\$5.278 million) and debris removal (\$2.347 million).

Mr. Greene provided an overview of the revenue projections for FY18, which is \$217k under the amended budget amount of \$250.633 million. As for the General Fund Expenditures (operating and debris removal only), the FY18 amended budget is \$258.322 million with an estimate of \$1.658 million being under budget. Mr. Greene explained that the Core General Fund 5% Target of \$12.486 million is projected to be exceeded by \$2.671 million at the end of FY18. The General Fund Group of Funds 20% Target for FY18 is \$50.142 million and the fiscal year-end balance is \$48.079 million which is \$2.063 million below the FY18 target.

CM Montanari inquired about FEMA reimbursement process. An explanation was given by Mr. Greene and Mr. Scott.

E. Upcoming Meetings Agenda Tentative Issues

1. February 22, 2018

- a. Quarterly Grants Report (**Shrimatee Ojah-Maharaj**)
- b. Minority Business Enterprise Disparity Study – Scope of Work (**Louis Moore**)

2. March 8, 2018

- a. 2018 Property Insurance Renewals (**Chris Guella/Blaise Mazzola**)
- b. Social Action Funding Program (**Theresa Jones**)

F. New Business Item Referrals

G. Adjournment

There being no further business, the meeting was adjourned at 9:22 am.

BUDGET, FINANCE AND TAXATION COMMITTEE					February 22, 2018	
PENDING/CONTINUING REFERRALS						
Topic	Return Date	Date of Referral	Prior Meeting	Referred by	Staff	Notes
Quarterly Grant Reports	Q1: 2/22/18 Q2: 4/26/18 Q3: 8/23/18 Q4: 11/29/18	Quarterly		City Council	Shrimatee Ojah-Maharaj	
Minority Business Enterprise and consideration of a disparity study	2/22/18	8/24/17	1/11/18	Montanari	Louis Moore	8/24/17 referral from Public Hearing - SBE Ordinance. 1/11/18: Will develop a scope of work and return in 6 weeks
2018 Property Insurance Renewals	3/8/18	Annual			Blaise Mazzola/Chris Guella	
Social Action Funding Program	3/8/18	Annual			Theresa Jones	
External Audit	3/22/18	Annual			Anne Fritz	
Review Recommended Investment Policy Changes	3/22/18				Anne Fritz	
Quarterly Financial Reports	Q2: 5/10/18 Q3: 8/9/18 Q4: 11/15/18	Quarterly	2/8/18	City Council	Anne Fritz Tom Greene	
Quarterly Report - SBE contracts	Q2: 5/31/18 Q3: 8/23/18 Q4: 11/29/18		1/11/18	Ordinance	Jessica Eilerman	8/24/17 - Ordinance 293-H - quarterly reports to BFT
Draft Consolidated Plan and Proposed Budget. Approval of draft for publication and comment	Jun-18					
2019 Management Evaluation	10/11/18	Annual		Ordinance	Brad Scott	
2019 Health Insurance Renewal and Status update on current year health plan	12/13/18	Annual		BF&T	Chris Guella and Vicki Grant	

2018 Management Evaluation	TBD	Annual	10/12/2017 1/25/18	Ordinance	Brad Scott	Committee decided to discuss after the 2017 elections and discuss in Feb. 2018. Staff will present a list of all City department accreditations. 1/25/18: Staff will come back with a draft scope of work for the Sanitation Department
Policy change in where we allocate revenue generated from foreclosure auctions and/or disposal of City owned properties	TBD			Amy Foster		Referred at the 2/15 Council Meeting
Discussion of exceptions for legal defense fund suggested by Free Speech for People and process for retaining outside legal counsel	TBD	11/2/17		Kennedy		
Refer PILOF discussion	TBD	1/26/17	8/17/17	City Council - COW 1/26/17	Kornell	Motion for FY19 initial budget presentation to include alternative to a proposed budget.
Customer Assistance Programs for Utilities	TBD		10/26/17		Kim Streeter	CM Gerdes a motion made to ask Administration to look into increased marketing for the voluntary assistance programs to rate payers, increased marketing for the one day a week garbage pick-up and re-implementing the LIFT-UP program
Utility Rate Study	TBD		7/27/17 9/28/17 11/9/17		Claude Tankersley/Anne Fritz	Administration to come back with marketing process and program options.
Water Utility Rates	TBD				Claude Tankersley	
Discussion for use of Tourist Development Tax, including Arts Funding - Follow-up	TBD	8/21/14		City Council	Joe Zeoli	Meeting to include David Downing of the TDC. Gerdes to follow-up

BUDGET, FINANCE & TAXATION COMMITTEE
WEEKI WACHEE PROJECT LIST

February 22, 2018

<i>TOPIC</i>	<i>DATE REFERRED</i>	<i>REFERRED BY</i>	<i>RETURN DATE</i>	<i>STAFF RESPONSIBLE</i>	<i>SPECIAL NOTES</i>
Youth Sports Field at Thurgood Marshall Middle School	10.06.16	CM Wheeler-Bowman	TBD	McBee/Jefferis	
Maximo Park Project	05.12.11	Kornell	TBD	McBee/Jefferis	Referred to COW on 7/14/16 Scheduled COW on 7/28/16 \$150,000 allocated by council on 8/4/16



Memorandum st.petersburg

Budget and Management Office

TO: Budget, Finance and Taxation Committee

FROM: Shrimatee Ojah Maharaj, Grants Officer, Budget and Management
Elizabeth Makofske, Director, Budget and Management *EM*

DATE: February 14, 2018

SUBJECT: **FY 2018 Q1 Grant Report**

At the February 22, 2018, meeting of the Budget Finance and Taxation Committee we will provide an update on the grants awarded during the first quarter of FY18, (October 1, 2017 to December 31, 2017).

During the first quarter 2018, the city was awarded 8 grants totaling \$4,459,055. Compared to the same period on 2017, the city was awarded 13 grants totaling \$5,482,228. This decrease is mainly due to the decrease in housing funds received for FY 2018. In 2017, Q1, the city received a total of \$4,047,933 in housing funds as compared to \$3,569,862 for FY 2018, that is a \$478,071 decrease in funds received.

Summary of Q1 FY18 Major Grants Received

Major grants received during this reporting period were: three Housing and Urban Development and one State Housing Initiative Program housing grants totaling \$3,569,862. Three grants from the Florida Department of Transportation totaling \$471,256 (High Visibility for Enforcement (HVE) \$72,294; Treasure Island causeway design \$68,962 and 4th Street North landscaping \$330,000). Additionally, the city received \$267,937 from the Florida Department of Health for the city recreation centers after school program (see attached report).

Overview of Grants Reviewed by the Grants Working Group

Of the seven grants reviewed by the Grants Working Group for Q1, the city is awaiting the status of the approval of four grants (57%); received two grants (28.6%); and did not receive one of the grants (14.3%).

Grants Recently Submitted:

Staff recently submitted the following grants to the respective agencies:

- Fire & Rescue: Assistance to Firefighters Equipment Grant to FEMA/the Department of Homeland Security. Amount requested: \$150,000
- Transportation & Parking: Florida Department of Transportation (FDOT) Safe Routes to School Grant (Northshore Elementary). Amount requested: \$1.5 million
- Planning & Economic Development: Forward Pinellas, Place Making Grant (pilot for the Missing Middle Affordable housing). Amount Requested: \$50,000
- Parks & Recreation: Florida Department of Health, .Health in All Policies in Pinellas County. Amount Requested: \$105,500 (*Grant Awarded to the city*)
- Parks & Recreation: American Public Health Association, Healthies Cities & Counties Challenge Interim Award- Food is Medicine. Amount Requested: \$10,000 (*Grant Awarded to the City*)

- Community Services: United Way Suncoast. Cities for Financial Empowerment Fund, Summer Jobs Connect. Amount Requested: Not specified.

Grants Recently Received for Q2 Report

The city recently received the following grants that will be included in the FY 2018 Q2 Report

- Stormwater Management Master Plan Update- \$900,000 Southwest Florida Water Management District
 - *Matching Funds: 50% required. Budgeted in the department's CIP.*
- Little Bayou Costal Improvements- \$20,000. Florida Department of Environmental Protection
 - *Matching Funds: 50/50match required. \$5,000 in cash and the rest is in-kind services*
- Gopher Tortoise Habitat Conservation Program - \$15,000 Florida Fish & Wildlife Conservation Commission
 - *Matching Funds: No Match Required*

Notifications:

Staff received notification recently that the city was not awarded the following grants applied for:

- Planning & Economic Development: National Parks Service, Underrepresented Communities Grant for expanding representation in the National Register of Historic Places. 22nd St South, commercial district and adjacent residential neighborhoods.
- Parks & Recreation: Arbor Day Foundation/TD Green Streets Grant. Tree City USA.

Other Activities

- As part of its' annual audit program, the City's Internal Audit Department conducted an audit of the grants management program in 2017. The objective of the audit was to verify that proper internal controls are in place and operating affectively for the management of the program and to verify that the activities are in compliance with the city and departments' policies and procedures. The report concluded in December 2017, stated there were no significant findings. As part of Grants Management annual training, Internal Audit and Grants Management staff will conduct a training session on compliance for city-wide grants staff.

Provided with this memorandum are the following documents: FY18 Q1 Grant Report and Charts with an 18 Year Comparison of Q1 Reports from 2000 to 2018; a 10 Year History of Grant Amounts Awarded/Number of Grants from 2007 to 2018; and a 17 year history (2001-2018) History of the same. Should you have any questions prior to the meeting please feel free to call, Shrimatee 892-5180 or Liz at 893-7435.

cc: Tom Greene Asst. City Administrator
City Council Members
Chan Srinivasa, City Clerk

Attachments: FY18 Q1 Grant Report
Q1 Grants Measurement: Historical Data 2001-2018
Grant Awards and Amounts Historical Data 10 & 17 years

City of St. Petersburg Grants Awarded

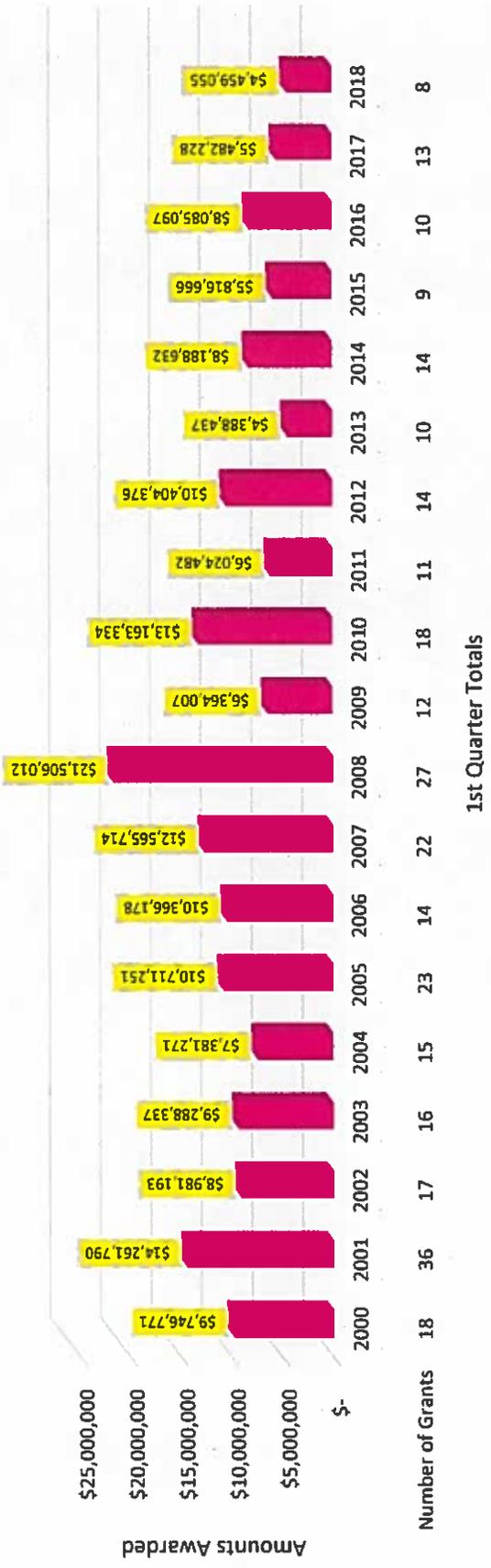
FY18 Reporting: Oct 1, 2017 - Sep 30, 2018

Fiscal Year 2018

Date	Resolution	Agency Type	Funding Agency	Program/Project Title	Award
*8/3/2017	CR2017-449	Federal	Housing & Urban Development	Community Development Block Grant (FY17-18)	\$1,630,521
*8/3/2017	CR2017-449	Federal	Housing & Urban Development	HOME	\$682,978
*8/3/2017	CR2017-449	State	Housing & Urban Development	ESG	\$144,659
*8/3/2017	CR2017-449	State	State Housing Initiative Program	SHIP	\$1,111,704
10/05/17	None		None	None	\$0
10/19/17	CR2017-588	Other	Southwest Florida Water Management District	Low Impact Development (LIDS) Elements Stormwater Treatment Pier	\$150,000
11/02/17	CR2017-614	State	Florida Department of Transportation (Pass-Thru USF)	High Visibility for Enforcement (HVE)	\$72,294
11/09/17	CR2017-634	State	Florida Department of Health, Bureau of Childcare Food Program	After School Program (city Recreation Centers)	\$267,937
11/20/17	CR2017-645	State	Florida Department of Transportation	Design Treasure Island Causeway	\$68,962
12/07/17	None	None	None	None	\$0
12/14/17	CR2017-705	State	Florida Department of Transportation	Highway Landscaping (4th St N)	\$330,000
TOTALS		Awards	8	Award Value	\$4,459,055

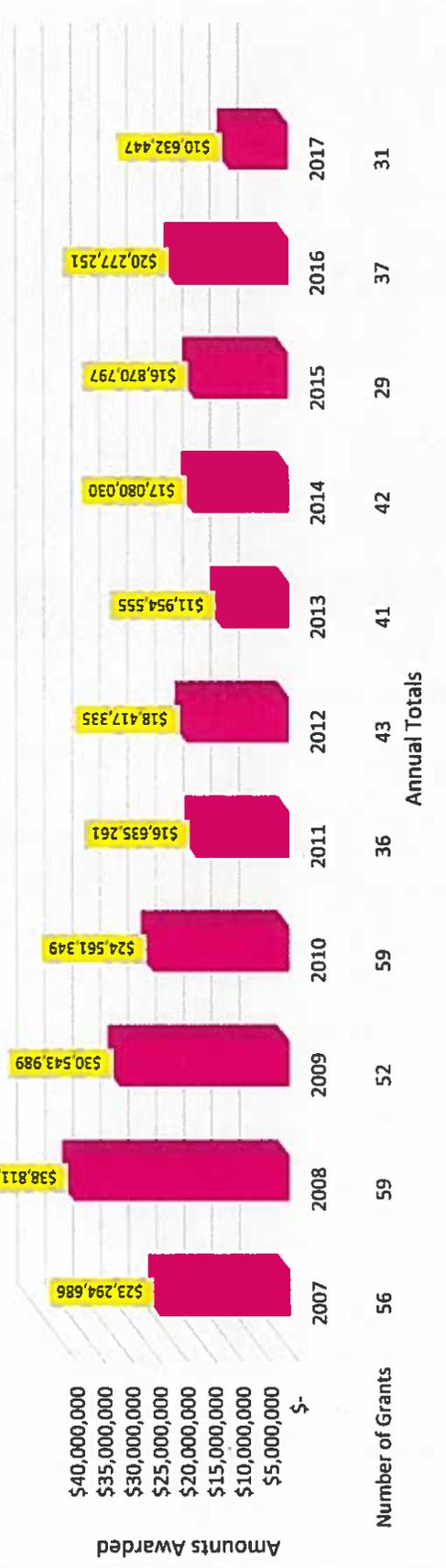
* HUD Disbursement Period

Annual 1st Quarter Comparison



1st Quarter Totals

10-Year history



Annual Totals

17-Year history



Annual Totals

Number of Grants

Amounts Awarded

MEMORANDUM

To: Budget, Finance & Taxation Committee Chair Charles Gerdes
Members: Council Members Ed Montanari, Darden Rice, Amy Foster and Gina Driscoll (alternate)

From: Louis Moore, Director, Procurement & Supply Management *Louis Moore*

Date: February 22, 2018

Subject: DISPARITY STUDY

As requested attached is a Statement of Work for a Women- and Minority-Owned Business Enterprise (W/MBE) Disparity Study.

In order for the City to reestablish an W/MBE program, an availability and utilization disparity study must first be conducted. Failure to do so may violate the equal protection clause of the 14th Amendment to the U.S. Constitution.

While a disparity study may not prevent litigation, it ensures a credible defense of an W/MBE program. The City would be much more liable without a disparity study, than with one.

A good disparity study will not only identify whether W/MBEs are underutilized, it will also recognize the factors inhibiting their participation, such as lack of human and financial capital. The study will need to document these findings to help map out a race- and gender-conscious policy.

Attachment

LM:cc

Statement of Work

Women- and Minority-Owned Business Enterprise Disparity Study

A. Intent

The City of St. Petersburg is soliciting proposals from qualified consultants to design and conduct a Women- and Minority -Owned Business Enterprise Availability and Utilization Disparity Study. The consultant will design and conduct a study to examine the extent to which disparities exist in the City's utilization of qualified minority and women-owned enterprises (MWBES) as contractors and subcontractors, through City procurement practices. Once complete, the study will give City leaders a more formal understanding of the marketplace of companies eligible to provide goods, services and construction for the City.

B. Project Objectives.

The Disparity Study shall be functionally separated into the following components:

1. A review of the current SBE program.
2. A review of the City's procurement and contracting practices as it affects SBEs and W/MBEs.
3. An analysis of "availability" and "utilization" data, and an assessment of the disparity between these two characteristics, and anecdotal evidence of discrimination.
4. An assessment of alternative remedies.
5. Preparation of final report.

The Disparity Study Consultant should meet with the City of St. Petersburg Disparity Study Committee to begin planning and to complete background work needed to conduct the study. This meeting will review data requirements of the study and coordinate follow-up meetings with the relevant departments, divisions, and offices (i.e., the Greenhouse, the City Attorney's Office, Procurement, Engineering and Capital Improvements, Technical Services, Finance, and other department representatives).

C. Historical Background

Prior to January 1982, Minority-Owned Business Enterprises (MBEs) had little access to City contracts. In an attempt to remedy the situation, the City adopted its first MBE Ordinance (Ordinance No. 554-F) in January 1982. The ordinance required the establishment of a five percent goal for participation of local MBEs to provide goods and services to the City. MBEs participating in this program included African Americans, Hispanics, Native Americans, Asians and Aleuts. Administration and oversight of this program was the responsibility of the Human Relations Department.

While MBE participation increased during the first four years of this program, the five percent goal was not met. On October 1, 1985, City Council extended the ordinance for an additional three years. It expired without extension on September 30, 1988.

A second MBE Ordinance (Ordinance No. 814-F), was adopted in March 1985. This ordinance was adopted specifically to provide African American, Hispanics and women with access to construction contracts. Administration and oversight of this program was the responsibility of the Public Works Administration.

On January 23, 1989, the United States Supreme Court, in *City of Richmond vs. Croson*, ruled that all race-conscious programs should have "proper findings" to define both the scope of injury and the extent of the remedy necessary to cure the effect of past disparate treatment. The City of St. Petersburg suspended both ordinances and commissioned a disparity study, which was completed in June 1990.

The study, conducted by D.J. Miller & Associates, found disparity in the City's construction and procurement contracts. The following summarizes their findings:

1. Prior to the implementation of any MWBE programs, there was wide disparity in the utilization of available minority- and women-owned businesses by the City.
2. The implementation of the 1982 MBE Ordinance, encouraging MBE participation in the procurement of goods and services, increased utilization, but did not eliminate the pre-program disparity. The City continues to experience minimal participation of M/WBEs in its procurement of goods and services.
3. Before the implementation of the 1985 ordinance, there was significant disparity in the City's utilization of M/WBEs in construction contracts. In 1984, the City was required to meet federal MBE participation goals on contracts that were federally funded. Where contract opportunities with goal requirements were met, M/WBE participation resulted. Non-federally funded contract opportunities resulted in no participation, typical of the City's contract history.
4. The implementation of the M/WBE Construction Program in 1985 lessened the pre-program disparity in the City's utilization of available M/WBEs. However, when the program was suspended in December 1989 due to the Croson decision, utilization of Black Business Enterprises (BBEs) fell sharply, Hispanic Business Enterprises (HBEs) remained consistent, and Women Business Enterprises (WBEs) declined slightly.

In 1990, the City reestablished the MBE ordinance requiring mandatory goals of 8 percent for BBEs and voluntary goals of 7 percent for HBEs and WBEs. On the advice

of the City Attorney, the ordinance was not extended to goods and services because there was insufficient data to justify the program.

In January 2001, City Council adopted an SDBE Ordinance, a race/gender-neutral program to provide assistance to small and disadvantaged businesses to provide goods and services. This program was limited to City of St. Petersburg vendors only. To be eligible for certification, a company had to employ fewer than 25 full-time employees, have an average three-year sales volume of \$3 million for supplies and services and \$5 million for construction.

This race/gender-neutral ordinance was amended in September 2006 to include construction services and expand the program to the five-county Tampa Bay area.

What follows is a chronology of the City's race/gender-conscious and race/gender-neutral ordinances.

MBE Ordinances	Race/gender-conscious programs
Jan. 1982:	Adopted MBE Ordinance No. 455-F (5 percent goal for goods and services).
March 1985:	Ordinance No. 814-F (M/WBE Construction).
Jan. 1989:	City of Richmond vs Croson, race conscious programs should have "proper findings." Program suspended. Disparity study commissioned.
May 1990:	Disparity Study, D.J. Miller & Assoc. Findings – BBE participation fell sharply.
June 1990:	Reestablished W/BBE Construction program. (1994 HBE added)
June 1998:	Disparity Study, Policy Research Consulting Inc. Findings – No disparity.
Nov. 1999:	Repealed the St. Petersburg race-conscious MBE program.
SBE Ordinances	Race/gender-neutral programs
Jan. 2001:	Adopted SDBE Ordinance, a race/gender-neutral program to provide assistance to small and disadvantaged businesses for goods and services (City of St. Petersburg only).
Sept. 2006:	Revised SBE program to include construction services and expand program to the five-county Tampa Bay area.

D. Terms and Definitions

Anecdotal Evidence. Unpublished accounts of events by participants, observers, or third-party observers.

Availability. The percentage of minority, women, and white vendors in the relevant market area having appropriate qualifications and interest in doing business with a

government agency. Availability measures can serve as benchmarks for utilization goals in an MBE contracting preference program.

Disparity. The difference between levels of utilization and levels of availability for a given minority group. A measure of disparity in contracting shows the extent to which firms within a particular racial or gender group have been underutilized relative to the availability of these firms.

Good Faith Effort. Actions taken to fulfill requirements of an MBE program, regardless of the success of these actions. Jurisdictions frequently define the actions that constitute a good faith effort on the part of contractors.

Minority-Owned Business Enterprise (MBE). A firm or corporation whose ownership is held by a woman/women, or member(s) of a racial or ethnic minority group. Generally, ownership is defined as holding a minimum of 51 percent of a company's assets and participating substantially in the company's routine operations.

National Institute of Government Purchasing, Inc. (NIGP) Classification. The NIGP classification was developed to classify business establishments by type of activity in which they are engaged. The use of NIGP codes enables the Consultant to categorize all businesses listed in the City's vendor database for analysis.

Race-Conscious Policies. Policies that apply or give preference only to members of a particular race or ethnicity.

Race-Neutral Policies. Policies that apply or give preference to members of a group that is defined by characteristics other than race or ethnicity. For example, the size of a firm's revenues, the number of its employees, or geographic location, may be criteria used to determine participation in race-neutral programs.

Relevant Market Area. The geographic area from which a buyer of goods and services generally will seek a seller. A small proportion of sellers will often be found beyond the relevant market area. For analysis purposes, relevant market area is operationally defined as a geographic area that exhibits 75 percent or more of a City's total contract dollars in a particular industrial or procurement category.

Statistical Significance. A measure of the likelihood that an observed outcome can be attributed to something other than random chance. In this study, an observed disparity is statistically significant if there is less than a five percent chance that the difference between the actual utilization measures and the availability percentages could be explained by chance.

Utilization. The percentage of contract dollars awarded by the City to each business by race or gender within a specific procurement category.

Women-Owned Business Enterprise (WBE). Firms whose ownership is held by a woman or women. Generally, ownership is defined as holding a minimum of 51 percent of a company's assets and participating substantially in the company's routine

operations. In this document, WBE firms are understood to be included when referring to an MBE.

E. MBE Program Review

1. *Determining the Constitutional Basis for a Race- and Gender-Conscious MBE Program.* The program review should begin with a constitutional review to assess how federal, state, and local contracting requirements will affect the design of a race- and gender-conscious W/MBE program. This review will dictate how to execute the disparity analysis. The review shall be grounded in the framework of the landmark Supreme Court cases of **City of Richmond v. Croson (1989)** and **Adarand Constructors, Inc, v. Peña, (1995)**. These cases questioned the validity of all federal, state and local government MBE remedial programs and established a "strict scrutiny" standard of review. The **Croson** decision stated that this level of review requires that all state and local governments establish a "compelling interest" for race- and gender-based remedial goals, based on a factual predicate demonstrating how past discrimination, either on the part of the City, or indirectly through a prime contractor, continues to affect current public contracting. In effect, the case requires state and local governments to conduct disparity studies to establish this factual predicate. **Croson** also required that affirmative action programs be "narrowly tailored" to specific contracting procurement categories evidencing these current effects. The **Adarand** case expanded the ruling to federal race- and gender-based remedial set-aside programs for public contracting.
2. *Determine Effectiveness of the Existing SBE Program.* The Consultant should determine the effectiveness of the SBE program. This portion of the review should involve a session with the St. Petersburg City Council to discuss their concept of "effectiveness." Effectiveness needs to be defined or operationalized in terms that are agreeable to the Disparity Study Committee. For example, one conceptualization of effectiveness may be the number, or proportion, of SBE firms that receive contracts from the City. Another approach to measuring effectiveness is to survey SBE firms certified with the City in order to gauge their opinion of the program. The Consultant, in consultation with the City Council, should also develop survey questions to help explain how and why SBE firms feel about the program.
3. *Assess the Effectiveness of the Existing Race/Gender-Neutral Measures.* The Consultant should assess the effectiveness of the existing race/gender-neutral measures. In order to do so, the Consultant should conduct comparative research to assess the level of MBE utilization before and after the implementation of race/gender-neutral based policies. In particular, this analysis will determine if a statistically significant increase in utilization occurs, and if the increase continues or remains the same over time with the use of existing race/gender-neutral measures.

4. *Review Certification Process and Recommend Improvement.* The Consultant should review the certification process and recommend improvements. While meeting with the City's Disparity Study Committee, the Consultant should interview key City officials and representatives about the certification process. Specifically, the Consultant shall identify what problems the staff perceives in the certification process. The Consultant should also review the format and questions of the certification forms to determine where changes and improvements can be made to ensure the authenticity of SBE firms. Additionally, the Consultant should determine whether the current certification process should be continued or modified.

5. *Analyze Staffing, Operations, Tracking, Monitoring and Reporting System.* The Consultant should analyze staffing and SBE program operations, including the tracking, monitoring and reporting. While analyzing the operations of the SBE program, the following key questions should be addressed:
 - a. Should the SBE program be better organized and staffed in order to provide a more effective monitoring process;
 - b. Are there clear lines of responsibility and authority between the Greenhouse, Procurement Department and other key departments pertaining to the recruitment of specific SBE firms for certain purchases of goods and services in order to increase SBE participation;
 - c. To what extent does the City maintain and update lists of qualified and eligible SBEs; and,
 - d. How much staff time is required to maintain and update SBE files and reports?

These questions should guide this component of the program review.

6. *Purchase Orders and Contract Awards.* The Consultant should analyze purchase orders and contract awards. Purchase orders should be the primary unit of analysis for the disparity analysis and should be used to measure "utilization." All purchase orders (POs) should be collected and organized according to the City's major procurement categories: (i.e., construction, engineering, professional service/consultants, and other relevant categories). The contract dollars should be obtained from the City's POs, along with the vendor identification number, race/gender, and NIGP classification codes. These variables should be used to break down the PO dollar amounts to reflect utilization data -- by race/gender within specific procurement categories. Descriptive statistics should be compiled to determine the proportion of dollar amounts awarded by race/gender for each procurement category. This approach will help to develop a profile of firms receiving awards. This step will also lay the groundwork for a comprehensive data set that profiles MBEs for the City.

7. *Impact of Bonding and Insurance Requirements.* The Consultant should examine the impact of bonding and insurance requirements. This concern should be addressed during the anecdotal analysis. Underutilized MBEs must be surveyed about their experiences with the City's bonding and insurance requirements. Responses to these items should also be correlated with survey items, focusing on their business capacity, to determine if difficulties meeting bonding and insurance requirements are attributed to their level of financial capital. On completing the program review and disparity analysis, the Consultant shall recommend how the City should modify its bonding and insurance requirements for registered and unregistered MBEs within the City's relevant market area.
8. *Examine Vendor Payment Procedures.* The Consultant shall examine vendor payment procedures. This should be conducted simultaneously with the examination of POs. This step will determine how long it takes vendors to receive payments for services rendered. This information should be supplemented with additional survey data gathered from MBEs to assess whether payment schedules interfere with the performance of MBE firms.

F. MBE Availability and Utilization Analysis

1. *Determine Relevant Market Area.*
 - a. The Consultant should determine the relevant market area to justify race- and gender-based remedial goals. This should be done by establishing statistical disparities between the proportion of MBEs awarded City contracts and the proportion of MBEs available in the relevant market area. In order to conduct a disparity analysis consistent with *Croscon*, MBE "availability" and "utilization" data should be collected prior to establishing the relevant market area.
 - b. Availability data should be obtained from the City's vendor data base and the certified SBE list. This data should be used to create the population of available and qualified MBEs by procurement category. This information would establish the relevant "market area" stipulated by *Croscon*.
 - c. Utilization data should be obtained from POs and contract dollars awarded to all vendors, irrespective of race or gender, and should be measured in two ways: (1) the extent to which MBEs receive contracts (number of contracts); and (2) the extent to which they receive sizable contracts (dollars) in relation to their representation in the appropriate relevant market area.
 - d. Utilization data should also be obtained from the City's Finance Department, specifically accounts payable, to acquire more recent purchase order and

authorization-to-pay data. Each contract dollar amount shall be matched with the appropriate procurement category (i.e., construction, engineering, professional service/consultants, other relevant categories, etc.). All transactions within procurement categories will be used for each fiscal year. Utilization will then be broken down by race and gender within the procurement category.

- e. The Consultant should also meet with City staff to assess the feasibility of downloading purchase order data to disk. The objective is to download the following information to disk for each fiscal year: (1) vendor's name; (2) vendor's address; and (3) contract dollar amounts (aggregate or total for each vendor). This data will then be organized by procurement category assigning specific NIGP codes.
- f. On establishing the relevant market for each procurement category, the availability data (i.e., the number of bidders, certified SBEs, and subcontractors) should be arranged according to the relevant area. Upon delineating the availability data by the relevant market area, the bidders, certified SBEs, and subcontractors should be aggregated. The proportions of ready, willing, and able vendors should then be computed by race/gender for each procurement category. This process would establish the availability data for the disparity analysis.
- g. Completing the organization of "utilization," "availability," and "market area" data is preliminary to the completion of the disparity analysis. The analysis will then allow the City to devise narrowly tailored approaches to reconcile identifiable discrimination and establish the rationale for a race/gender-conscious policy.

2. *Utilization Measures.*

- a. The Consultant should establish utilization measures. Utilization measures should be derived while *establishing* the relevant market. Utilization is measured as the proportion of contract dollars awarded to *MBE* and non-*MBE* firms. This data will be collected from automated vendor data files in the Procurement Department, the accounts payable division of Finance, or the Greenhouse. Collection of this data will require the Consultant to obtain the following information: (1) vendor names; (2) vendor addresses; (3) contract dollar amount; and (4) the project number or project description. (This information will enable prime contractors contacted by the Consultant to provide the amount they paid to subcontractors).

- MBEs and the total percentage of MBEs in the population of the relevant market area among procurement categories.
- b. The Consultant should employ a statistical technique called the "student's t-test." This technique seeks to determine if the disparity between the observed values of utilization and availability of MBEs in the relevant market area is attributed to chance or some systematic effect. In particular, the t-test indicates how many standard deviations (larger or smaller) the percent of dollars spent on a subset of MBEs is from the proportion of MBEs in the population of the relevant market area. Moreover, the t-test indicates the degree of confidence one can have that the proportion of dollars spent on a sample of MBEs is more or less than the percentage of MBEs represented in the relevant market area.
 - c. If the t-test suggests that the observed proportion of dollars allocated to a subset of MBEs is different or deviates from the proportion of MBEs in the relevant market area with 95 percent or more certainty, then a disparity exists. In this case, the disparity is considered to be statistically significant. T-tests will be performed for each group, by race (including majority), women, and ethnicity for each procurement category exhibited by the City. If a disparity is found to be statistically significant, it is assumed to be produced by a systematic effect and not chance. T-tests that yield a statistically significant underutilization of MBEs in procurement categories will warrant an assessment of alternate race/gender-neutral and race/gender-conscious remedies.

6. *Methodology and Assessment.*

- a. The Consultant should provide a valid methodology that assesses reasons for disparities. Underutilization of MBEs in specific procurement categories must lead to a profile analysis of these vendors. This analysis should help provide insight into the disparities by offering an explanation of factors affecting contract awards to MBEs. Survey data should be obtained from MBEs, both prime and subcontractors, focusing on the level of financial, technical, and social capital of perceived discrimination. This step shall require the construction of a survey instrument to measure past discrimination and the effects of financial, human, and social capital on contract awards. The survey shall be developed in consultation with the City Disparity Study Committee.
- b. This part of the study must help tailor appropriate MBE policies for the City of St. Petersburg. For instance, if this section of the analysis reveals that underutilization is due to insufficient capital (i.e., inadequate business management skills, automation, access to manufacturers, financing, etc.), then a race/gender-neutral policy is appropriate. If the opposite is found, then a race/gender-conscious policy should be recommended. Participation goals will

- be outlined for specific procurement categories based on the relevant market data discussed earlier. For those procurement categories that lack sufficient data for MBEs, a race/gender-neutral policy should be recommended.
- c. Where appropriate, multiple regression analyses should be used to assess how measures of capital requirements (i.e., human/technical, financial, and social) and perceived discrimination affect the size of contract awards. As a result, regression will determine whether or not the award of a contract is due mostly to measures of capital requirements, education of the MBE owner, size of the MBE firm, access to manufacturers, level of bonding, gross earning, automation, bid experience, or past discrimination.
 - d. Other explanatory variables should be considered in consultation with representatives of the City. In those situations where the sample size is too small to administer regression techniques, detailed descriptive statistics will be performed comparing the frequency of past discrimination to measures of financial, human, and social capital. This approach will indicate if past discrimination predominates in types of procurement categories compared to the other measures. Where discrimination is found to predominate, the survey will elicit anecdotal accounts from MBEs in order to provide specific accounts of the nature of discrimination within the appropriate procurement category.
7. *Assessment of Alternative Remedies.* The Consultant should evaluate the efficacy of race/gender-neutral and race/gender-conscious remedies. This task should involve a review of statistical disparities and anecdotal/regression analysis to ascertain where apparent discrimination is a major cause of underutilization. This review shall be broken down by procurement category to document specifically where past discrimination exists. Based on this review, the Consultant and the City Disparity Study Committee should examine where race/gender-neutral and race/gender-conscious policies are legally acceptable. This task should also review where commitments of resources should be made to implement these policies and where increased program monitoring is needed.
8. *Decision Support System.* The Consultant should develop of a Decision Support System. It should enable the City to track changes in "availability" and "utilization" to monitor the viability of MBE policies over time without the expense of another disparity study. The MBE Disparity Decision Support System should be developed specifically for the City of St. Petersburg concurrently with other tasks. This system will be designed to track changes in the relevant market area and in the proportion of contract dollars awarded to MBEs. The objective of the decision support system service is to enable the City of St. Petersburg to determine whether disparities remain and consequently assess the feasibility of changing MBE policies. The Consultant should provide a designated level of system management support to

update the original disparity study as necessary, including training City of St. Petersburg staff to conduct data collection and analysis.

9. *Develop Goal Setting Methodology.* The Consultant shall develop a goal setting methodology, where past discrimination has been documented in the anecdotal/regression analysis. The Consultant should review with the Disparity Study Committee where disparities exist and the reasons for the disparity. The Consultant should review whether separate goals should be established for women, African Americans, Hispanics and Small Businesses. In addition, this approach will discuss the feasibility of collapsing specific groups. However, changes in availability will have to be monitored closely so goals stay constitutionally correct.

G. City's Responsibilities

Throughout the preparation of the study, the City should provide the following:

- a. Access to the past 10 years of records, contracts and POs.
- b. Utilization of office space and supplies during on-site work.
- c. Access to, and coordination with, the Mayor's Small Business Liaison and/or other relevant departments.
- d. Assistance in identifying and obtaining data regarding the number of contracts and subcontracts actually awarded to MBE and non-MBE firms.
- e. Opportunity for in-progress reviews with responsible City officials and representatives, in order to obtain management feedback.

For the duration of the project, the City should establish an ad-hoc Disparity Study Committee to interface with the Consultant. The Disparity Study Committee will serve as the main communications conduit between the Consultant and the City.

The Disparity Study Committee will be responsible for facilitating the following:

- a. Study parameters
- b. Structure/processes of the existing SBE program and the project's relationship to various departments in the organization (such as Procurement, Finance, Technology Services, the City Attorney's Office and the Greenhouse);
- c. SBE staff and contractors experiences with the procurement process; (4) the workload of SBE staff;
- d. Requirements of the City's staff in terms of data access;
- e. Staff empowerment to monitor changes in utilization and availability; and
- f. How staff will implement an action plan based on the study.

The Consultant will work closely with the Disparity Study Committee to obtain information and documents regarding procurement practices, operations, staffing, and other relevant information critical to conducting the program review. As such, the Disparity Study Committee will be asked to review the data requirements of the study

and coordinate meeting times with the necessary department, division and office representatives.

Finally, the Consultant will provide the City Disparity Study Committee with the following project products for initial review and comment:

- a. Project methodology;
- b. Work plan, and time schedule;
- c. Survey instruments and focus group sessions;
- d. In-progress review and draft final report.

H. Prepare Final Report

1. The Consultant, in collaboration with the Disparity Study Committee and focus groups, shall develop recommendations and tactical plans for modification to the City's W/S/MBE program. The results of this process will be combined with hard "availability" and "utilization" data to become the basis of the final set of prioritized recommendations and tactical plans.
2. The Consultant should conduct one or more workshops with the City Disparity Study Committee to review findings and recommendations in a draft final report. A Final Report incorporating the Disparity Study Committee's response will then be prepared. The Consultant should prepare a formal presentation of study findings and policy recommendations for the approval of the City of St. Petersburg City Council and subsequent disparity study closure.