Disparity Study Overview

Briefing for the Government Audit & Oversight Committee



CITY & COUNTY OF SAN FRANCISCO

January 19, 2023 City Administrator's Office

Background

Supervisor Melgar and Supervisor Dorsey introduced a resolution urging the City Administrator's Office to conduct an LBE study to analyze disparities in CCSF's contracting to women-owned, minority-owned, and disabled Veteran-owned businesses.

FILE NO. 221209

RESOLUTION NO.

[Urging the City Administrator's Office to Conduct a Disparity Study of the LBE Program]

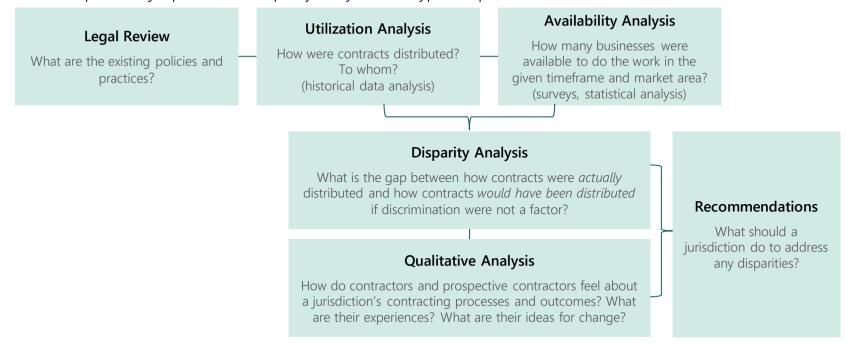
Resolution urging the City Administrator's Office to conduct a Local Business Enterprises (LBE) disparity study to analyze disparities in the City and County of San Francisco's contracting to women-owned, minority-owned, and disabled Veteran-owned businesses.

How are disparity studies usually conducted?

- In its simplest form, a disparity study is an analysis of business utilization vs. business availability.

 Understanding the gap between utilization and availability helps identify whether a disparity exists.
- There are consultants who **specialize in conducting disparity studies**. These consultants typically have a tested methodology and approach.
- Disparity studies often involve multiple components and phases.

An example of major phases of a disparity study and the types of questions addressed in each:



- The recommendations will range in specificity particularly if a study produces recommendations on numerical targets, such as how large a bid discount should be or the percentage of contracts that could be targeted for certain groups.
- Typical recommendations might include:
 - o Changes in contracting thresholds
 - Staffing and resourcing recommendations, including resourcing of enforcement mechanisms
 - o Price preferences, bid discounts
 - o Evaluation point preferences
 - o Networking and mentorship programs
 - Engagement/outreach expansion, increased partnerships with local trade and business organizations
 - o Expanding the pool of certified contractors
 - o Technological recommendations, including online bid platforms and process automation

- Changes to evaluation scoring systems
- Requiring certain types of communications between primes and subs
- o Broadly offering debrief sessions
- Review and improve process for unbundling larger contracts
- o Expedited payments
- o Developing program manuals
- o Increasing set asides
- o Regular, periodic disparity studies
- o Bonding assistance
- Capacity building

Which jurisdictions have disparity studies?

- Many jurisdictions have commissioned disparity studies. This includes cities, states, and special districts – like airports or ports – or individual departments within a larger jurisdiction.
- Below is an incomplete list of jurisdictions that have conducted a disparity study at some point in time.

New York City; City of Toledo, OH; Port of Houston; City of Frederick (MD), North Carolina Department of Administration; North Carolina Department of Transportation; Charles County (Md); Mecklenburg county; City of Chattanooga; City of Tacoma; City of Memphis; City of Savannah; Georgia Department of Transportation; SFMTA; BART; Cuyahoga County; City of Aurora; Charlottesville; Albemarle County; City of Oakland; Oregon Depart of Transportation; Bexar County; Santa Clara County; City of San Jose; City of Austin; City of Seattle; State of Connecticut; City of Chicago; City of San Diego; City of Boston...

- **Disparity studies typically take 1 3 years to complete**, though the exact duration of a disparity study depends on its scope. Note: A publication from the Government Alliance on Racial Equity suggests, "[a] disparity study has about a five-year shelf life."
- The cost of disparity studies varies, and jurisdictions usually issue a competitive solicitation to identify a firm. A jurisdiction should probably be ready to budget at least \$400,000 for a comprehensive study.

Disparity Study	Projected Cost
County of Santa Clara (current, ongoing)	NTE \$500,00
City of Oakland (2017)	<u>\$490,875</u>
City of Oakland (2022)	NTE \$600,000
City of San Jose (current, ongoing)	\$500,000 budgeted for consultant;
	\$200,000 for temporary staffing to
	manage study and implementation
City of Austin	\$1 million budgeted
City of Seattle	\$800,000 budgeted
Dallas Fortworth International Airport (2017)	<u>\$710,000</u>
Harris County (2018)	<u>\$600,000</u>
Washington State Dept. of Enterprise Services (2019)	<u>\$989,950</u>
Port of Portland	<u>\$450,000</u>

- The City Administrator's Office (CAO) would work with policy makers to define the study's scope.
- 2. The CAO would need to **conduct a solicitation process** to procure a consultant to conduct the analysis and issue the report.
- 3. The **CAO can manage the firm** and serve as the single point of contact for the City for the consultant, departments, and participating LBEs.
- 4. In order to conduct the study, the City's procurement office and any departments with relevant data will have to share contracting data with the firm conducting the study.
- 5. Depending on the quality of data, City staff will likely need to work with the firm to **clean and validate data**.
- 6. Departments may also need to support in **vendor/contractor outreach** efforts and in qualitative analyses.
- 7. LBEs and local small businesses will be asked to participate in interviews and focus groups.

- A disparity study is an analysis of **business utilization vs business availability** that typically results in a wide range of recommendations including some programs the City already manages to address existing disparities.
- There are **vendors that specialize** in conducting disparity studies.
- There is a framework consultants use to conduct the study, including a **legal analysis**, data/statistical analysis, and qualitative research.
- A disparity study can take **1-3 years** and costs anywhere between **\$400k \$1M**.
- Many jurisdictions have conducted disparity studies, including Oakland, NYC, Chicago, San Diego (to name a few).