



# St. Louis Disparity Study

## Frequently Asked Questions

City of St. Louis/St. Louis Development Corporation

### What are the Prime Contract Disparity Study Findings?

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*The City conducted the Disparity Study to evaluate its procurement and contracting practices and to determine if there is a significant statistical disparity between the available M/WBE contractors and their utilization by the City.*

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Prime Contractor – All Contracts			
Ethnicity and Gender	Construction Services	Professional Services	Goods and Other Services
African Americans	Yes	Yes	No
Asian Americans	No	Yes	Yes
Hispanic Americans	Yes	Yes	No
Native Americans	No	No	No
Minority Business Enterprises	Yes	Yes	Yes
Caucasian Female Business Enterprises	Yes	Yes	Yes

### What M/WBE Remedies Will There Be at the Prime Contract Level?

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*Prime contract awards from July 1, 2007, to June 30, 2012, were examined. The subcontract analysis was limited to prime contracts awarded from July, 1, 2010, to June 30, 2012. The industries included construction, professional services (including architecture and engineering), and goods and other services.*

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**Incentive Credits** - Incentive credits will be incorporated into the evaluation points assigned to each solicitation for professional services to increase the participation of the M/WBE groups that were found to have a disparity. The incentive credits will apply when the selection process includes a Request for Proposal or Statement of Qualifications. The groups that can receive the incentive credits include African American, Asian American, Hispanic American, and Caucasian Female Business Enterprises.

**Bid Discounts** - A five percent bid discount for evaluation purposes on construction and goods and other services prime contracts will be given to the M/WBE groups that had a disparity. The bid discount, when applied, would reduce the bidder's price by five percent for evaluation purposes. The groups that are eligible for the bid discount include African American, Hispanic American, and Caucasian Female Business Enterprise construction prime contractors; and Asian American and Caucasian Female Business Enterprise goods and other services prime contractors.

### How will the City Ensure that the M/WBEs Listed on Prime Contracts are Utilized?

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*The disparity study identified St. Louis County and the City of St. Louis as the geographic area where the City spent the majority of its dollars.*

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Prime contractors will be required to submit a Subcontractor Utilization Plan that identifies all of the M/WBE subcontractors and non-M/WBE subcontractors to be utilized on the project. The prime contractor will be required to submit with each invoice a payment verification form that identifies all of the payments made to M/WBE subcontractors from the previous invoice. During the term of the contract, the City may conduct random on-site visits, audit invoices and payments, and require contractors to submit other reports and/or documents to verify compliance with the Subcontractor Utilization Plan.

## FREQUENTLY ASKED QUESTIONS

### What are the Subcontract Disparity Findings?

All Subcontractors	
Ethnicity/Gender	Construction
African Americans	Yes
Asian Americans	No
Hispanic Americans	Yes
Native Americans	No
Minority Business Enterprises	Yes
Caucasian Female Business Enterprises	No

*The City will routinely review M/WBE utilization with the submittal of the prime contractor's invoice and at selected points in the schedule of work to determine the percentage of work completed.*

### What are the M/WBE Subcontract Remedies?

**Set Overall Construction Subcontracting Goals-** An overall construction subcontracting goal will be set for African American, Hispanic American, and Caucasian Female construction subcontractors, which are the groups with a disparity. The construction subcontract goals will be based on each group's availability. The availability for African Americans is 21.35 percent, 1.63 percent for Hispanic Americans, and 11.25 percent for Caucasian Female construction subcontractors.

**Professional Services Subcontract Data Collection** - The City will collect complete subcontract records for a 12-month period and perform a disparity study update for this industry. M/WBE utilization forms submitted by prime contractors will be verified by the M/WBE Program Office. The subcontract data collection will include both M/WBE and non-M/WBE subcontractors.

**Require Goal Attainment at Bid Opening** - Prime contractors will be required to meet the subcontract goal at the time of bid opening. Each goal must be met with one or more certified businesses that can provide a commercially useful function.

**Quantify Good Faith Efforts** - The City will enhance its good faith effort policy by assigning a value to each good faith effort element to further improve the attainment of the City's subcontracting goal. A prime contractor may achieve a minimum score of 80 points to demonstrate a bona fide good faith effort.

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*To be counted toward the contract goal, the M/WBE must perform a distinct and commercially useful scope of work for which it has the skill and expertise. The contractor must also perform the work with its own forces, and manage and supervise the work.*

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## FREQUENTLY ASKED QUESTIONS

### What Policy Changes Recommended in the Disparity Study Are Being Reviewed by the City?

**Relax the Insurance Requirements.** Eliminating insurance requirements on contracts valued under \$50,000.

**Debriefing Sessions.** Debriefing sessions made available to unsuccessful bidders. This option would be published on the City's website and included in the Notice of Intent to Award emailed to unsuccessful bidders.

**Mobilization.** When mobilization payments are approved for the prime contractor, the subcontractor would be paid an amount equal to their participation percentage no later than five business days before they are required to mobilize to perform the contracted work.

**Small Contracts Rotation Program.** A Small Contracts Rotation Program would be established for goods and services prime contracts valued at \$5,000 or less. Presently, these purchases are solicited without advertising, with the exception of the Supply Division. The Supply Division will amend its rules to limit the advertising requirement on contracts valued \$5,000 or less to SBEs.

**Payment Verification Program.** In order to monitor compliance with the Prompt Payment Act, the City would verify payments made to M/WBE subcontractors. A payment verification program would allow subcontractors to notify the City of late payments or non-payments. Each

subcontractor listed in a prime contractor's invoice as paid in the previous billing cycle would be contacted electronically to verify that the payment was received.

**Dispute Resolution Standards.** Dispute resolution standards would be established to allow businesses to resolve issues relating to work performance after a contract award. It would apply to disputes between prime contractors and the City as well as disputes between subcontractors and prime contractors.

**Implementation of a Small Local Business Program (SLBE).** The Program would include bid discounts and subcontracting goals for SLBEs to improve access to City contracts for small businesses located within the City. All tracking, monitoring, and compliance standards of the City's M/WBE Program would be extended to the Small Local Business Program.

**Business Advisory Council.** The Council would advocate for SLBEs by advising and making recommendations to the City pertaining to: (1) increasing access to procurement and contracting opportunities for SLBEs; (2) reviewing initiatives, staff recommendations, and policies that impact SLBE participation; and (3) providing a better notification process regarding prospective procurement and contract opportunities for SLBEs.

### How Can I Obtain a Copy of the City of St. Louis Disparity Study?

PDF documents are available online at <https://www.stlouis-mo.gov/government/departments/sldc/post-disparity-study-hearing-4-28-2015.cfm>

