

COUNTY OF SAN MATEO

INCLUSIVE PROCUREMENT SUPPLIER DIVERSITY STUDY



Public Meeting
May 2, 2024

Prepared by
G|CAP
SERVICES



Welcome!

The meeting will begin in 5 minutes



This meeting will be recorded. Esta reunión será grabada.

Reminders



Keep mics on mute during presentation



Use chat feature to ask questions during presentation



Raise hand to speak during Q&A

We want to hear from you!

- Recording will stop before the Q&A and comments will remain anonymous for the study



- Live Spanish interpretation services provided during the meeting
- Por favor, seleccione el botón de interpretación para entrar en el canal de Español.

Please visit: <https://www.smcgov.org/ceo/supplier-diversity-study>



Welcome and Agenda

Welcome & Introductions

County's Commitment to Equity & Inclusive Procurement

Study Business Categories

Prop 209 Considerations

Study Findings

Q&A and Comments





Introductions – Presenters and Facilitators

County of San Mateo

- Belén Seara (she/her) | Equity and Belonging Manager
- Shireen Malekafzali (she/her) | Chief Equity Officer

GCAP Services

- Ed Salcedo (he/him) | President

BBC Research & Consulting

- Iris McClish (she/her) | Managing Director

Renaissance Entrepreneurship Center

- Jerry Mathis (he/him) | Program Specialist

OnPoint

- Kennia Cobos (she/her) | Spanish Interpreter
- Marta Hinstrosa (she/her) | Spanish Interpreter

Purpose of Today's Meeting



- Share an update on the County's Supplier Diversity Study
- Share how preliminary results may guide the County's future procurement practices and policies to promote more inclusive contracting opportunities
- Hear your feedback about the study's progress, preliminary findings & recommendations



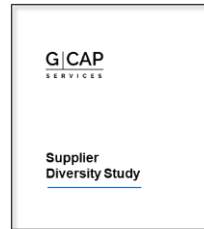
Supplier Diversity Study



Study Objectives:

- Better understand the makeup of the existing County vendors and the availability of local, small, micro, and diverse businesses that could benefit from the economic opportunities generated by the County
- Identify barriers to inclusive procurement in County systems & recommend tailored solutions to improve outreach efforts and capacity building of underrepresented businesses
- Gather data & build a centralized dataset of existing vendors, available businesses in the County market, and improve overall data collection & tracking of local, small, micro, and diverse businesses

County's Commitment



Equity & Inclusive Procurement

- The study is a key strategy and tool to move towards shared prosperity and opportunity to reverse historical inequities by removing barriers for **Local, Small, Micro and Diverse Business Enterprises** (LSMDBEs) to access County procurement opportunities.
- On March 8, 2022, the Board of Supervisor adopted **Anchor Institution** resolution to align its business operations with *equity values and goals*.



What is an Anchor Institution?

What does it mean for the County to be an Anchor Institution?

- Large place-based and mission-driven institutions with robust economic presence
- Align business side of County efforts with value of equity and mission of service
- Ensure that County economic opportunities help to create conditions to allow more residents to reach their full potential





Business Categories for Study

- **Local** = Based (principal office) in San Mateo County
- **Small** = 100 or fewer employees, and annual gross receipts of \$16 million or less *
- **Micro** = 100 or fewer employees and annual gross receipts of \$5 million or less
- **DBE** = Diverse business enterprises & includes the following:
 - Minority Business Enterprise
 - Women Business Enterprise
 - LGBTQ+ Business Enterprise
 - Veteran-Owned Business
 - Service-Disabled Veteran Owned Business



Non-Profits



- Included in Procurement Analysis:
 - Reviewed 3 large non-profit contracts
 - Reviewed procurement documents
 - Incorporated input from outreach, feedback forms, & in-depth interviews
- But not Quantitative Analysis, except Availability Analysis:
 - Provided list of non-profit organizations located in market area



Prop 209 Considerations



- In 1996, California voters passed Proposition 209, which added section 31 to Article I of the California Constitution.
- Section 31 provides:

"The State shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education or public contracting."



Study Project Team



GCAP Services Inc.

Costa Mesa, CA

Prime Consultant

Disparity Study Expert / DBE
Program Expert



Shireen Malekafzali
(She/Her), Chief Equity
Officer

Belén Seara (She/Her),
Equity & Belonging
Manager



BBC Research & Consulting

Denver, CO

Disparity Study Expert / Analysis Expert



Davis Research

Calabasas, CA

Survey Expert



Rosales Business Partners

San Francisco, CA

Legal Expert



Renaissance Entrepreneurship Center

East Palo Alto, CA

Community Engagement
Expert



Study Approach

Since May 2023, the Study team has:

Supplier Diversity Study

- Gathered & Analyzed Local, Small, Micro & Diverse Business Enterprise (LSMDBE) Input
- Conducted Quantitative Research to Determine LSMDBE Disparity in County Procurements
- Reviewed County Procurement Documents & Practices
- Identified recommendations for improvement

Goal:

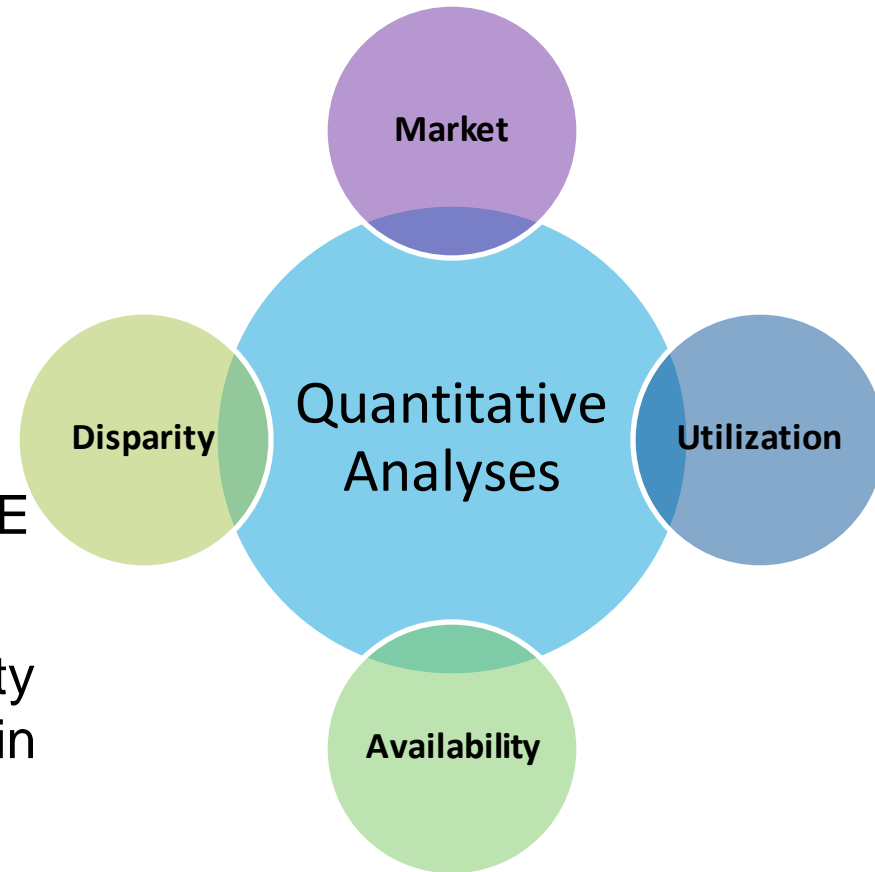
Increase LSMDBE participation in County procurement opportunities



Quantitative Analyses



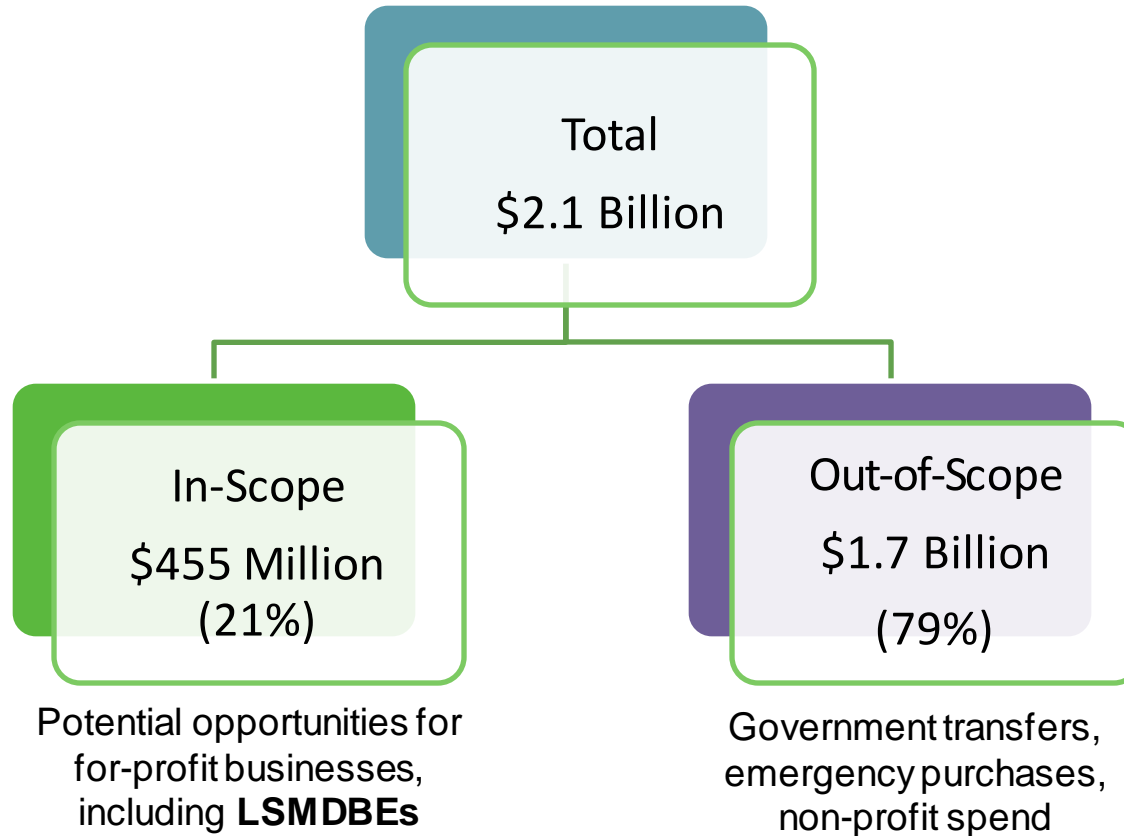
- **MARKET:** Determined geographic area where majority (75%-80%) of County vendors are located
- **UTILIZATION:** Examined actual procurement contracts for last 3 years to determine level of LSMDBE participation
- **AVAILABILITY:** Estimated availability of LSMDBEs that could participate in procurement opportunities
- **DISPARITY:** Determined disparities between utilization and availability of LSMDBEs





Utilization Analysis

Total contract dollars assessed
(April 1, 2020 – March 31, 2023):





Utilization Analysis

Total in-scope contract dollars include:

In Scope Contracts	Contract Total	Percent
Construction	\$206,976,460	45%
Consulting services	\$153,927,141	34%
Goods & other services	\$94,569,464	21%
Total In Scope	\$455,473,065	



Utilization Analysis, Market Area

- Four counties account for 75% of in-scope dollars (RGMA)
- 10% of dollars spent with businesses *based* in San Mateo County

Business Location County	Contract Total	Any Office Location*	Local Business†
San Mateo	\$89,800,741	20%	10%
Santa Clara	\$97,240,173	21%	
Alameda	\$80,070,178	18%	
San Francisco	\$76,383,987	17%	

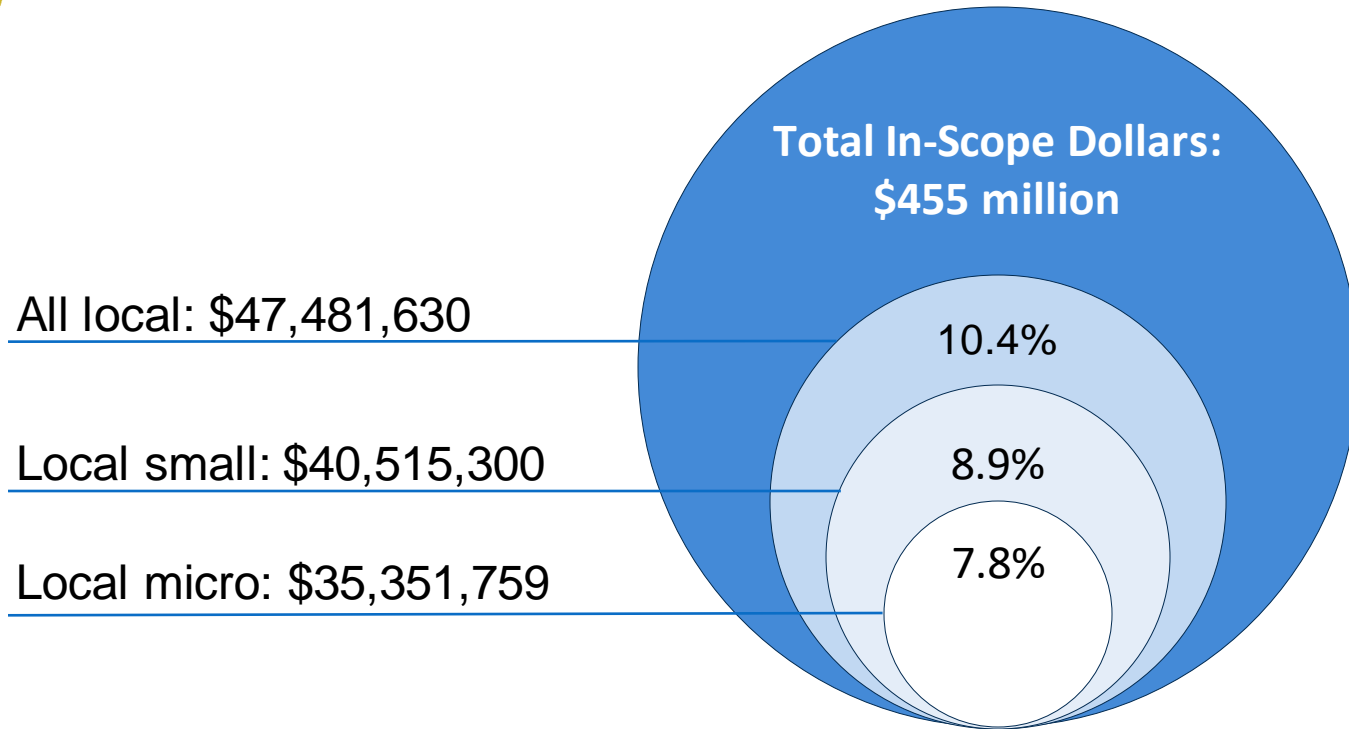
In-Scope
\$455 Million

*Includes businesses that are based in or have an affiliate location in the County

†Includes businesses based in San Mateo County



Utilization Analysis



- The vast majority of spend with local businesses is with local small/micro businesses

*Includes certified and self-identified small and micro businesses



Utilization Analysis

In-Scope
\$455 Million

Utilization of diverse businesses

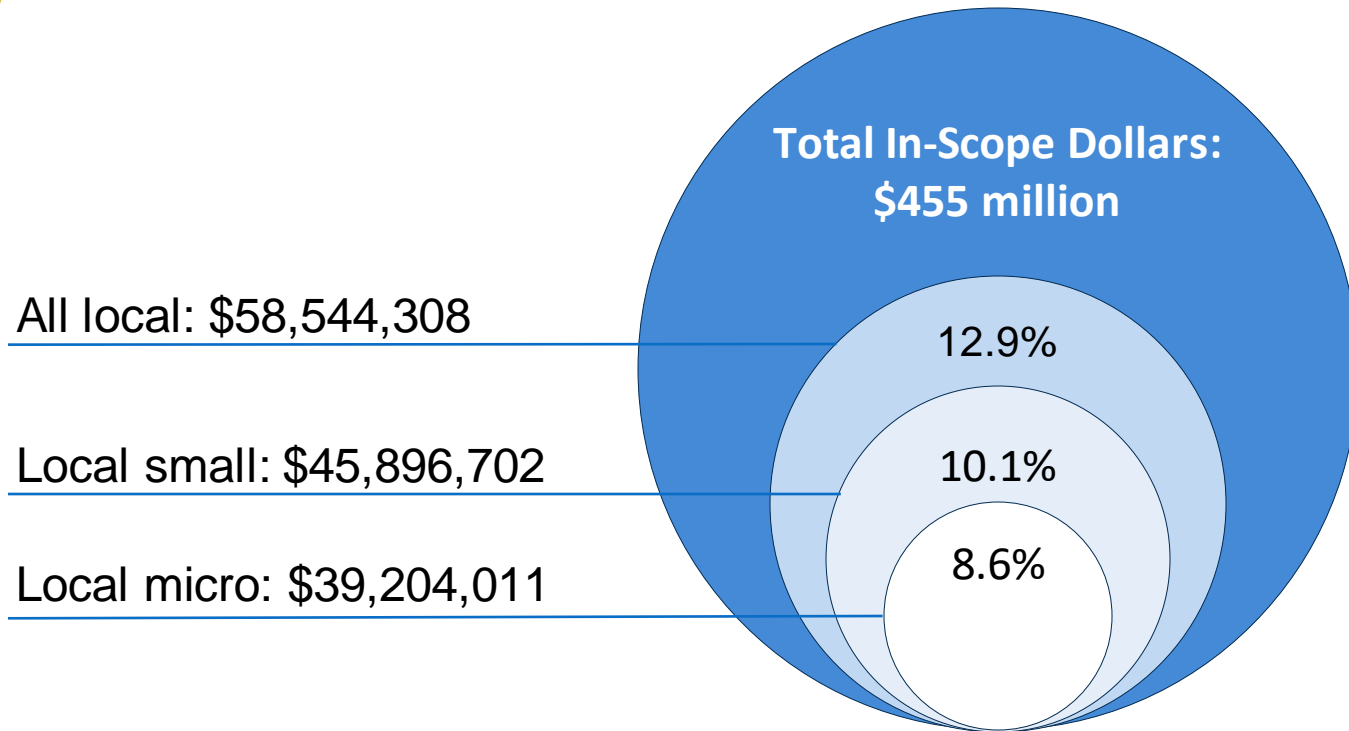
Business Type	Regional Businesses		Local Businesses	
	Dollars	Percent	Dollars	Percent
Minority-owned	\$46,384,517	10.2%	\$8,198,515	1.8%
Woman-owned	\$19,482,522	4.3%	\$4,099,258	0.9%
Veteran-owned	\$5,458,941	1.2%	\$910,946	0.2%
Service-disabled veteran-owned	\$3,093,693	0.7%	\$0	0%
LGBTQ+-owned	\$845,336	0.2%	\$455,473	0.1%

*Includes diverse businesses of all sizes

Includes certified and self-identified diverse businesses



Availability Analysis



- Most local businesses potentially available for County work are small/micro businesses

*Includes certified and self-identified small and micro businesses

Diverse Business Availability, Limitations and Considerations



The study team assessed the availability of diverse businesses throughout the region, not just those based in San Mateo County

- **Market size:** Relative to its neighboring counties, San Mateo County is relatively small
- **Sample size:** Relatively small sample of diverse businesses in availability database
- **Marketplace realities:**
 - San Mateo County is part of a broader economic region
 - Barriers diverse businesses face reflect regional and historical challenges



Availability Analysis

Availability of regional diverse businesses

Business Type	Dollars	Percent
Minority-owned	\$137,492,951	30.2%
Woman-owned	\$41,929,302	9.2%
Veteran-owned	\$18,302,508	4.0%
Service-disabled veteran-owned	\$10,414,985	2.3%
LGBTQ+-owned	\$4,903,138	1.1%

In-Scope
\$455 Million

*Includes diverse businesses of all sizes

Includes certified and self-identified diverse businesses

Disparity Analysis



$$\frac{\text{Dollars received}}{\text{Dollars available}} \times 100 = \text{DISPARITY INDEX}$$

100 or less = underutilization

80 or less = substantial underutilization



Disparity Analysis

Disparity results, local small and micro businesses

Business Type	Overall	Work Type			Contract Role	
		Constr.	Prof. Svcs.	Goods and Svcs.	Prime	Sub
All local	81	74	65	100+	74	100+
Small local	88	100+	49	100+	80	100+
Micro local	90	100+	52	100+	79	100+



Disparity Analysis

Disparity results, regional diverse businesses

Business Type	Overall	Work Type			Contract Role	
		Constr.	Prof. Svcs.	Goods and Svcs.	Prime	Sub
Minority-owned	34	16	54	20	32	42
Woman-owned	46	4	100+	40	48	38
Veteran-owned	30	79	29	5	15	100+
Service-disabled veteran-owned	30	76	32	1	2	100+
LGBTQ+-owned	17	3	33	2	18	1



Vendor Engagement

- 4 Initial Public Meetings*
- Telephone surveys
 - ✓ Availability – 6,028 attempted/ 584 Completed
 - ✓ Utilization – 1,205 attempted/ 322 Completed
- 30 In-depth interviews*
- 45 Feedback online forms*

*Includes Non-Profits



Qualitative Feedback



Top Barriers in Doing Business

- Timely payment or release of retainage by the customer or prime
- The bidding or contracting process
- Learning about bidding opportunities, finding potential project partners, and or marketing your firm
- Finding, retaining and/or training personnel
- Obtaining financing, bonding or insurance
- Administratively burdensome public sector solicitation requirements
- Competition
- Lack of resources to advertise or promote business



Procurement Review

- Detailed review of Procurement Documents and Non-Profit Contracts
- Analysis of Department/Division Questionnaires, Departmental Interviews, Online Feedback Forms, and Prop 209 Considerations
- Benchmarking of 7 Similarly Situated Public Agencies
- Identified preliminary findings and recommendations
 - ✓ Further informed and refined by Local, Small, Micro, & Diverse Business Enterprise input and quantitative analyses

Key Findings



- A. Although the County administrative policies encourage the use of local and small business vendors, the County is currently exploring local and small business programs and policies to explicitly promote participation.
- B. Collection and reporting of subcontractor data is limited to few departments and improvements are needed in actively tracking and maintaining data.
- C. The County recently implemented a new procurement management system – OpenGov, but there are still improvements to be made to better collect and track local, small, micro, and diverse businesses.
- D. LSMDBEs typically have limited resources, capacity, and/or experience making it difficult to meet some County procurement requirements such as insurance requirements.

Key Findings



- E. The vast majority of spend with local businesses is with local, small and micro businesses. Small/micro businesses are more likely to be diverse business enterprises.
- F. Local, small, and micro businesses are underutilized in County prime contracts.
- G. All diverse business groups are underutilized in key contract sets, including prime contracts.
- H. Within the four-county relative geographic market area, San Mateo County is the smallest in terms of population, number of self-employed individuals, and business availability.
- I. The relative geographic market area is an integrated market with small and micro businesses facing similar challenges and barriers in public sector procurements.

Preliminary Recommendations



- A. Develop and implement an inclusive supplier diversity program that will support outreach to and capacity building for local, small, and micro business enterprises
- B. Consider the adoption of inclusive procurement policies
- C. Develop inclusive and relational outreach programs and strategies for local, small, micro, and diverse business enterprises
- D. Establish and improve data collection and monitoring systems for local, small, micro, and diverse business

Preliminary Recommendations



- E. Explore opportunities to reduce barriers in solicitation and contract requirements where possible and permitted by law
- F. Incorporate inclusive procurement practices to create equitable access to contracting opportunities including prime contracts
- G. Update supporting resources and increase training opportunities for internal staff on inclusive procurement practices
- H. Coordinate regionally with public agencies and anchor institutions to maximize the participation of small and micro business in public procurement opportunities



Next Steps



Draft Report



**Presentation to
the Board of
Supervisors**



Final Report

We Want to Hear From You



We welcome you to stay and participate in the Q&A and comments session.



Participant Guidelines

Cultural Humility Group Agreements

- LISTEN AS IF THE SPEAKER IS WISE; LISTEN TO UNDERSTAND
- PRACTICE "I" STATEMENTS WHEN SPEAKING
- OKAY TO RESPECTFULLY DISAGREE
- TAKE RISKS
- NO PRESSURE TO SPEAK
- BE DISCIPLINED ABOUT NOT MAKING ASSUMPTIONS
- NO BLAMING, NO SHAMING
- CONFIDENTIALITY IF STORIES ARE SHARED
- COURAGE TO INTERRUPT IF SOMETHING IS GOING AMISS OR BEING LEFT UNSAID: MAKE THE INVISIBLE VISIBLE
- VOICES, THOUGHTS, IDEAS, EXPERIENCES WELCOME
- PAY ATTENTION TO WHAT MOVES YOU: USE OOPS AND OUCH



Q&A and Comments



- Do you have questions about the Study findings and recommendations?
- Did we capture your major challenges and/or barriers for doing business with the County?
- Do the recommendations resonate with you? What are we missing?
- Other?



For additional comments, email: SMCSupplierDiversity@gcapservices.com

Small Business Resources



Renaissance Entrepreneurship Center – San Mateo	rencenter.org (650) 395-9130	1900 O'Farrell Street San Mateo, CA 94403
Renaissance Entrepreneurship Center – Half Moon Bay	Rencenter.org (650)726-8380	637 Main St. Half Moon Bay, CA 94019
Small Business Development Center – San Mateo	www.sanmateosbdc.org (650) 395-9130	1900 O'Farrell St #380 San Mateo, CA 94403
Economic Advancement Center – South San Francisco	eac@ssf.net	366 Grand Avenue South San Francisco, CA 94080

Thank You



Sign Up for  **OPENGOV**
Procurement and Subscribe to
the County of San Mateo here:



Questions/Comments to:

SMCSupplierDiversity@gcapervices.com



Visit study website to get updates and learn more:

www.smcgov.org/ceo/supplier-diversity-study