

CITY OF CHICAGO - Department of Procurement Services

2020 Budget Hearing November 5, 2020:

Shannon E. Andrews, Chief Procurement Officer

Good Afternoon. I would like to thank Mayor Lightfoot, Chairman Dowell, Vice Chairman Silverstein and the members of the City Council for allowing me to present on behalf of the Department of Procurement Services (DPS). In these challenging times, we have all been focused on protecting the health and safety of our Chicagoland residents. As a service department, our efforts have been driven by supporting the mobilization of every resource at the City's disposal and collaborating with all our local partners and stakeholders to develop a comprehensive and coordinated response to COVID-19.

The early days of the pandemic response stretched all of our resources, but it was the perseverance, resourcefulness and collaboration of our employees, along with the support of our elected officials, that ensured that we were able to do what needed to be done. It required our team to be nimble and creative while delivering needed goods and services swiftly, and responsibly. We did this while simultaneously ensuring conformity with statutory obligations and not losing sight of transparency and access for our diverse business community.

We recognize that whatever disparities were in existence have only grown wider since the onset of the pandemic, and disproportionately impact our local small and diverse businesses. We know that moving the needle towards meaningful change involves the conscious, committed and collective work of many, and we stand united behind the Mayor's charge to work together to take up these challenges on many fronts. We will do this by streamlining processes, improving access to information, increasing educational resources, adding more outreach and engagement, and strengthening enforcement of vendor obligations.

Although we have entered unprecedented times, what continues to be true is that Chicago's small businesses are the heart of our economy and critical to the life of our neighborhoods. We will do our part to ensure that all firms have an opportunity to participate in the business of the City of Chicago.

To that end, overall, from January to September 2020, the City made \$1,000,775,267 in payments to prime contractors. 32% of these payments went to MBE and WBE firms. \$269 million, or 27%, was paid to MBEs and \$54 million, or 5%, went to WBE firms.

As set by ordinance, it is the goal to award 25% of the annual dollar value of non-construction contracts to MBEs and 5% to WBEs. For non-construction projects, payments totaled \$545 million. Of those payments, \$169 million, or 31%, went to MBE firms and \$34 million, or 6% to WBE firms. Certified African American firms were paid \$70 million, or 13%; Hispanic firms were paid \$50 million, or 9%; Asian American firms were paid \$60 million, or 11%; non-minority women-owned firms were paid \$22 million, or 4%.

As provided by the current City ordinance, it is the aspirational goal of the City to award at least 26% of the annual dollar value of all construction contracts to MBEs and 6% to WBEs. This is achieved by setting contract-specific participation goals and through race- and gender-neutral methods such as our Small Business Initiative (SBI) program.

The City is currently working on a new disparity study that will allow the City to reauthorize its MWBE Construction program. As in the past, this study, conducted in partnership with the Department of Law, will review the City's current program and make recommendations for future initiatives and enhancements. It will examine additional factors necessary for entrepreneurial success, such as access to business capital, bonding,

or other resources. It will also gather evidence of any continuing effects of past or present discrimination, and lay the foundation to address systemic injustices. The study includes working with business owners and stakeholders throughout the City, to present a complete picture of our construction program.

Construction payments, made between January and September 2020, totaled \$456 million. Of the total payments made in this period, \$101 million, or 22%, went to MBE firms and \$20 million, or 4% to WBE firms. Certified African American firms were paid \$34 million, or 8%; Hispanic firms were paid \$46 million, or 10%; Asian American firms were paid \$24 million, or 5%; and non-minority women-owned firms were paid \$15 million, or 3%.

We continue to look at various ways to engage with stakeholders and improve the certification and procurement process for our vendor community. We are engaging with over 40 assist agencies throughout Chicago's communities to alleviate barriers and highlight the benefits of certification as a way to open doors for diverse businesses. The service and reimbursement agreement program administered by DPS allows these key partners to directly, and strategically, provide training and resources. In 2020, DPS expanded this program by increasing the maximum potential value of these agreements, as well as partnering with the Department of Aviation to leverage the program to support small businesses impacted by COVID-19.

Operationally, this year has demonstrated a new level of efficiency as our team has embraced the learning curve of new technologies while maintaining customer service to our user departments and business community. DPS expanded eProcurement contracting to all contracting categories and moved bidding to this virtual platform. To aid vendors and potential vendors in navigating the eProcurement process, we developed a Customer Support system and Help Desk. When coupled with training and support, the implementation of eProcurement aims to level the playing field for business of all sizes and types. In addition, in collaboration with the Comptroller, we are taking a close look at our processes and systems to identify ways to create efficiencies and mitigate pain points related to delays in payments for our small businesses.

Outreach and communications are a cornerstone of our operations, demonstrating our commitment to transparency and access. In an effort to increase our educational resources, we have developed a series of publications dedicated to the key areas of procurement, certification and compliance, and will develop training around this critical content. We have pivoted our existing workshop and training programs to a digital environment to ensure that the local vendor community has access to information and resources to help their businesses grow and thrive.

We are committed to working with all of you and the larger community of stakeholders to advance entrepreneurial equity and inclusion. As an agent of economic development, we are creating opportunities for Chicago's vendor community and the City's residents, requiring and prioritizing local hiring as well as providing incentives and opportunities to firms at all stages of their development. We welcome the opportunity to work with all of you on continuing the hard work to identify and find solutions to new challenges as they arise.

Respectfully Submitted,

Shannon E. Andrews, Chief Procurement Officer, City of Chicago