



# Disadvantaged Business Enterprises

## March 2018 Newsletter

### *Mayor Hosts Conversation on Economic Equity in New Orleans, Releases City’s Disparity Study Draft Report, Touts Economic Opportunity Wins*

**NEW ORLEANS** – On February 28, 2018, Mayor Mitch Landrieu hosted the Mayor’s Conversation on Economic Equity in New Orleans releasing New Orleans’ Disparity Study Draft Report and engaging city Leaders and partners in discussion around how to improve opportunities for women and people of color. Additionally, Mayor Landrieu highlighted the economic opportunity successes of the administration since 2010.

“The success of our small minority- and women-owned businesses is more important to the future of our city now than ever before, and that’s why we commissioned the Disparity Study last year,” said **Mayor Mitch Landrieu**. “With the results of this study, we know that we have to take the Economic Opportunity Strategy to the next level, preparing the most historically disadvantaged businesses for contract and growth opportunities. Our small businesses will help ensure every resident has the opportunity to get a good-paying job for themselves and their families.”

In January 2017, Keen Independent Research began analyzing whether there is a level playing field for minority- and women-owned businesses (MBE/WBEs) when competing for City contracts. Keen assessed what the City might do to increase opportunities for minority- and women-owned firms, and other small businesses.



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### In This Issue

- Page 7 DBE Survey
- Page 8 LED Small Business Resources
- Page 9 DBE Safety Article
- Page 11 Traffic Control Training
- Page 12 Events/Workshops
- Page 16 Tariffs
- Page 18 LADOTD Lettings
- Page 22 LADOTD Letting Results
- Page 25 DBE Subcontractor Information
- Page 26 BTR Disparity Study
- Page 27 Featured DBE
- Page 28 Newly DBE Certified Firms
- Page 29 LADOTD Contact Information
- Page 29 SJB Group DBE Supportive Services

As a result, the 2018 City of New Orleans Disparity Study examines whether there is a level playing field for MBE/WBEs in New Orleans' public and private sector marketplace and offers recommendations on how the City can increase opportunities for small businesses, including minority- and women-owned companies.

**Keen Independent Research Principal David Keen** said, "I have conducted more than 100 disparity studies in communities throughout the country. New Orleans stands out for the large share of businesses owned by people of color and by women. At the City, and only recently, minority- and women-owned businesses are participating in contracts at a level matching availability for that work. There are still gaps for the City, such as low utilization of African American-owned firms in its construction contracts. But the City appears to be doing far better than the marketplace as a whole, where the study found widespread disparities. Not only for equity, but also for economic vitality of the local economy, New Orleans would be a far stronger community if it could level the playing field for the nearly one-half of its local businesses that are owned by people of color and by women."



**The highlights of the City of New Orleans Disparity Study Draft Report include:**

- There is not a level playing field for MBE/WBEs in the New Orleans marketplace. While MBE/WBEs make up more than 40 percent of the firms available for construction, professional services,

goods and other services work in the New Orleans metropolitan area, they do not have the same market opportunities as other companies.

- When analyzing City of New Orleans contracts from 2014 through 2016, 41 percent of contract dollars would be expected to go to MBE/WBEs based on the availability analysis conducted in the study. The actual use of MBE/WBEs was 47 percent for 2014 through 2016, which exceeded availability overall.
- There is no overall disparity between MBE/WBEs availability and utilization on City government contracts for 2014 through 2016. Utilization of MBE/WBE firms for City government contracts went from 29 percent for 2012-2013 to 47 percent for 2014-2016.
- While there is no disparity overall in City government contracts, once examined separately, there were disparities for some MBE/WBE groups in some areas of work. This includes disparities for Asian American- and Latino-owned companies overall, African American-owned firms in City construction, and all MBE/WBE groups for City goods purchases.
- The study identified disparities across industries in the New Orleans metropolitan area. For commercial development projects for the overall marketplace excluding City Government, utilization of MBE/WBEs was only 7 percent for construction general contractors and 10 percent for A&E firms. Only 1 percent of general contractor dollars went to African American-owned firms.
- City of New Orleans spending only makes up a small portion of marketplace spending. Leveling the playing field for New Orleans area MBE/WBEs requires more than City contracts, programs and goals. In order to remedy discrimination, it takes support of the marketplace overall including the private sector and other public entities.

**Office of Supplier Diversity Director Judith Dangerfield** said, “New Orleans can only be a safe, viable and resilient city if all citizens are fully participating in the local economy. While there are gaps to be closed and work to be done in ensuring equity in the City’s DBE program, 47 percent participation by people of color and by women is a major accomplishment and a testament to the leadership of the Landrieu administration and the New Orleans City Council to advance this work. But government alone cannot create economic equity, even when we push public policy to the limits. We need the private sector to mirror our values and our behavior, and we need intentionality in the capital market to support entrepreneurs and business owners of color.”

Proposed solutions detailed in the Disparity Study Draft Report include:

- Retaining and strengthening of the City’s current programs
- Limited-competition programs for small City procurements in which only State and Local Disadvantaged Business Enterprise (SLDBE) firms compete for direct procurements
- Increased access to capital and bonding programs

- Additional outreach to Latino and Asian-American contractors
- Prompt payment requirements
- Advances to certified firms for contract mobilization
- For the full report, visit [noladisparitystudy.com](http://noladisparitystudy.com).

**The Collaborative Member Barbara Major** said, “As a long standing supporter of this work and advocate for economic parity and equity for all local, small and disadvantaged businesses in New Orleans, The Collaborative is excited to view the Disparity Study Draft Report. The findings give us the insight needed to be able to continue to help New Orleans work toward creating equity across businesses for people of color and for women. We believe that access to business opportunities is vital to growing a stable and sustainable marginalized business class in New Orleans. With the release of this study, we are more committed than ever to helping the City of New Orleans achieve that.”

**Dr. Silas Lee and Associates Director Dr. Silas Lee** said, “The Disparity Study Draft Report clearly demonstrates the pernicious effect of historic and institutionalized racism and sexism in society and how it has a disproportion impact on the social and economic mobility and inclusion of people of color and women in society and in the business world. It shows the intersection of economic inequality and ability of women and people of color to grow and expand.”



In 2010, Mayor Landrieu, in partnership with business and civic leaders, formed the New Orleans Business Alliance (NOLABA) —the first public-private partnership for economic development—to employ the best practices in economic development to reposition New Orleans as the ideal intersection of commerce and culture. In 2014, Mayor Landrieu introduced a comprehensive strategy to connect disadvantaged job seekers and businesses to new opportunities, unveiling an economic opportunity strategy and the Network for Economic Opportunity. Together, these organizations have worked diligently to promote economic growth and create jobs, vigorously pushing to attract major retailers, business startups and new private investments.

Since 2010, the City has created over 20,000 new jobs and opened more than 140 new retail and restaurant openings. The City’s African-American male under-employment rate decreased from 52 percent to 48 percent.

In 2011, the City launched the Goldman Sachs 10,000 Small Businesses Program in partnership with Delgado Community College. The program provides an opportunity for small business owners gain the practical skills, tools, and support necessary to take their companies to the next level. Most businesses in the program see an increase in revenues and hiring within six months of graduating.

Mayor Landrieu created a robust Office of Supplier Diversity to track and enforce compliance with the City’s goal for DBE participation.

In 2015, the City launched BuildNOLA, which prepares businesses for sustainable growth by focusing on increased revenues, new contracting opportunities, and job creation. Since its launch, the program has created 74 new jobs and generated over \$5 million in public and private contracts to graduates.

In 2015, the City launched STRIVENOLA seeks to connect disadvantaged jobseekers to employment opportunities by providing workforce case management, job readiness training and supportive services. Since the program’s start, over 300 people have been connected to work opportunities with a 75% job placement rate and 72% job retention rate of nine months or more.

To address the capital needs of local small businesses & contractors, the City launched the BuildNOLA Mobilization Fund in 2016 to provide financing and mobilization capital for local small businesses and contractors. The Fund has directly created 69 new construction jobs by ensuring over \$6 million in municipal contracting opportunities for multiple African-American vendors.

As an extension of STRIVENOLA, the City announced STRIVE Future Leaders to support young adults ages 18-24 who have been involved in the justice system. Additionally, STRIVE Fresh Start was launched to support adults 25 and older released from incarceration within the last six months or under supervision.

In 2016, the City raised the minimum wage for all City employees through the Great Places to Work Initiative. The City also introduced new living wage and local hiring policies so that the people of New Orleans will be the ones rebuilding this city and will be paid a living wage in the process.

The City has raised the minimum wage for City employees to \$10.10 and for contractors to \$10.50. Unemployment has been nearly cut in half since its peak in 2010 and over seven years.

To ensure the people of New Orleans are the ones who rebuild New Orleans, the City created Hire NOLA to increase the number of residents employed in the City's unprecedented rebuilding effort. In its first year, Hire NOLA has more than doubled the local workforce participation rate on city-funded projects.

In 2017, Mayor Landrieu announced a new business model for economic development led by the New Orleans Business Alliance (NOLABA). Consolidating the Network for Economic Opportunity's programming into NOLABA, this new model will sustain economic opportunity investments and create a new way to provide economic and workforce development in New Orleans.

**Chief Administrative Officer and Deputy Mayor Judy Reese Morse** said, "From the beginning, we have been committed to creating a city that every resident of New Orleans could benefit from. Through a number of initiatives including BuildNOLA, STRIVENOLA and the Disparity Study, we have been able to create pathways to prosperity and connect the people of New Orleans to real opportunities. As we approach the City's 300th birthday, we stand confident in the legacy of our work and are thankful for the countless partners and residents who helped New Orleans stand and be all that she is today."

