

**City of Minneapolis**  
**Request for Committee Action**  
**For the Department of Civil Rights**

**To:** Public Safety, Civil Rights & Emergency Management Committee  
**Date:** 6/22/2016  
**Referral:** Ways & Means  
**From:** Department of Civil Rights  
**Lead Staff:** Leslie Woyee  
**Presented by:** Velma Korbelt  
**File Type:** Action  
**Subcategory:** Contract/Agreement

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**Subject:**

Joint Powers Agreement with the State of Minnesota to participate in Joint Disparity Study

**Description:**

1. Authorizing a Joint Powers Agreement with the State of Minnesota, acting through its Commissioner of Administration, to participate in the upcoming Joint Disparity Study in an amount not to exceed \$300,000 covering a period of 2011 through 2015, scheduled to commence June 2016 and be completed by December 2017.
2. Authorizing the Director of Civil Rights to amend or adjust the scope of work requested by the City of Minneapolis to leverage the results of the disparity study for planned future work such as the Target Market Program if feasible and cost effective.

**Previous Actions:**

None

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**Ward/Address:**

Not Applicable

**Background/Analysis:**

A Disparity Study determines whether an agency, either in the past or currently, engages in exclusionary practices in the solicitation and award of contracts to women-owned and minority-owned business enterprises. Disparity studies are commissioned by a city, county, agency, etc., to determine if there is disparity between the availability of firms in a market area and the utilization of those firms by a city, county, agency, etc.

A municipal contracting program, such as the City's Small and Underutilized Business Program, in order to be deemed constitutional, must pass strict scrutiny. First, the legislative body (the City Council) must state a compelling governmental interest. For Minneapolis, this was satisfied when City Ordinance was "enacted to remedy past and ongoing discrimination against women-owned and minority-owned business enterprises found in the city's marketplace, to ensure a "level playing field," to foster equal opportunity in contracts with the City of Minneapolis, and to reduce burdens on small businesses." Second, such a program must be narrowly tailored – it must not be overly broad and must suit the defined, specific purpose for which it was created. A Disparity Study provides the analysis and evidence that satisfies "narrowly tailored."

The most recent City of Minneapolis Disparity Study thoroughly examined the City's procurement process as well as the locations and ownership of companies that do business with the city. The Study also examined the overall marketplace and experiences of women-owned and minority-owned businesses that seek contracts in both the public and private sector. The Study resulted in a finding that a disparity existed for women business enterprises (approx. 13%) and minority business enterprises (approx. 12%).

- Last study analyzed data from years 2003-2007 and was completed in 2010
- Best Practices recommend new data be collected every 5-6 years
- Current data is 9+ years old

The State issued an RFP September 2015 seeking proposers interested in performing the joint disparity study. There were 5 responders and Keen Independent Research was the selected as prime contractor to perform the joint disparity study with an executed contract of \$1,443,693. The State of Minnesota will be the overall administrator of Keen's contract and will also enter into JPAs with each of the participating Government Units. The City's contribution for this work is expected to be less than the \$300,000 currently appropriated for the work. The last disparity study cost approximately \$529,000. By participating in this study, the City could save 40-50%. The State of Minnesota, Department of Administration along with the participating Government Units: MnDOT, Met Council, Metropolitan Airport Commission, Mosquito Control District, MN State Colleges and Universities, Hennepin County, City of St. Paul/Housing Redevelopment Authority, and the City have come together to participate in this joint disparity study.

On March 2, 2016, MDCR requested the extension of Minneapolis Code, Title 16, Chapter 423 from April 1, 2016, to December 1, 2018, so that the SUBP could continue while the disparity study was being performed. The Council approved this extension on March 18, 2016.

The last disparity study was completed October 2010 and is now outdated. This disparity study is expected to commence June 2016 and be completed by December 2017.

**Financial Review:**

**Select financial statement.**

- Future budget impact anticipated.**
- Approved by the Permanent Review Committee.**
- Meets Small and Underutilized Business Program goals.**

**Attachments:**