

City of Minneapolis

Request for Committee Action

To: Committee of the Whole
Date: 9/21/2016
Referral: Committee of the Whole
From: City Coordinator's Office
Lead Staff: Nuria Rivera-Vandermyde, Pam Fernandez, Mwende Nzimbi, Carol Bachun, and Gary Winter
Presented by: Nuria Rivera-Vandermyde, Pam Fernandez, Mwende Nzimbi, Carol Bachun, and Gary Winter
File Type: Ordinance
Subcategory: Code Amendment

Subject:

Target Market Ordinance

Description:

Passage of Ordinance amending Title 2 of the Minneapolis Code of Ordinances relating to Administration, adding a new Chapter 18A, Target Market Program.

Previous Actions:

On February 24, 2016, City Council referred to staff an ordinance amending Title 2 of the Minneapolis Code of Ordinances relating to Administration, adding a new Chapter 18A, Target Market Program. See Leg. File [16-00109](#). Related actions can be found in Leg. File [16-00119](#) regarding Enterprise Racial Equity Plan: Supplier Diversity.

Ward/Address:

All Wards

Background/Analysis:

On Jan 27, 2016, staff presented City Council with an update and work plan regarding its supplier diversity efforts. As part of the multi-year plan, staff referenced development of a race and gender neutral Target Market program aimed at expanding small business contracting opportunities throughout the enterprise.

Subsequently, the Target Market ordinance was referred to staff as part of a staff direction on February 24, 2016, and staff has been working to develop an ordinance and solicit community input that would help inform the proposed ordinance. Among the methods used to solicit input, staff issued a survey targeting small businesses with almost 200 respondents. The survey further revealed that although 45% indicated they had never done business with the City of Minneapolis, at least 74% were likely to participate in such a program should the City offer the opportunity.

Staff also hosted a targeted focus group with over 60 attendees. The comments received through this meeting as well as the additional comments included as part of the survey's response helped staff revise the eligibility criteria for this ordinance to reflect the needs brought forward from the city's local and regional businesses. As such, staff proposes a Target Market program that will:

1. Be race and gender neutral;

2. Be administered by Finance and Property Services;
3. Be limited to purchases/contracts that do not exceed \$100,000;
4. Be limited to businesses that are in a 13 metro county region, which includes Anoka, Benton, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Stearns, Washington, and Wright;
5. Be limited to businesses meeting existing U.S. Small Business Administration (“SBA”) size standards for the North American Industry Classification System Codes (“NAICS codes”) associated with the contract;
6. Be limited to businesses meeting the average annual gross receipts over the business’ previous three fiscal years that do not exceed an amount specified in a general industry category chart for the general industry category associated with the contract. The general industry categories chart will include, at a minimum, a maximum dollar amount for each general industry category, and will be reviewed and published least annually by the Chief Financial Officer. Currently, the five general industry categories related to contracts within the City of Minneapolis include: (1) wholesale; (2) retail; (3) service; (4) construction; and (5) architecture and engineering;
7. Allow for approval of a Small Business Enterprise (“SBE”) through self-affidavits as to size and fulfillment of mandated program requirements and/or allow for full or partial reciprocity with other existing certification programs as approved by Finance and Property Services (including CERT);
8. Establish clear and simple procedures and tools that facilitate businesses contracting with the City (such as establishment of FAQs, creation of web materials and training tools to aid small businesses in navigating the City’s procurement process, development of a portal for use by departments and vendors that will streamline the procurement process including the submission of responses and notification of contracting opportunities, among others);
9. Establish protocols for an administrative hearing review process for any adversely impacted businesses; and
10. Be effective as of January 1, 2017

Staff will also work with the Engagement Design Team in the City Coordinator’s Office to create a robust outreach and communications strategy focused on the small business community.

Financial Review:

No additional appropriation required, amount included in current budget.

Future budget impact anticipated.

Ongoing budgetary impact may be associated with the establishment and maintenance of an online portal, cost of membership in cross jurisdictional certification programs and, depending on growth of the program, may require additional resources in the future. Current estimates are around \$50,000.

Approved by the Permanent Review Committee.

Meets Small and Underutilized Business Program goals.

Attachments:

1. Draft Ordinance
2. PowerPoint presentation