

ITEM NO. _____

**CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL,
ASSEMBLED YOUR COMMITTEE OF THE WHOLE to Whom
was Referred a POLICY/WORKSHOP SESSION Regarding
DISPARITY STUDY CONDUCTED ON THE CITY OF PEORIA'S
BEHALF BY BRADLEY UNIVERSITY Regarding MINORITY and
WOMEN BUSINESS ENTERPRISES With a PRESENTATION by
BRADLEY UNIVERSITY Regarding the DISPARITY STUDY For
the CITY of PEORIA, AND A PRESENTATION by EQUAL
OPPORTUNITY OFFICE Regarding REVIEW of the CITY OF
PEORIA DISPARITY STUDY.**

A Policy/Workshop Session was held on Tuesday, July 13, 2004, in the Council Chambers, Room 400, City Hall, 419 Fulton Street, Peoria, Illinois at 6:17 P.M., with Mayor David Ransburg presiding.

ROLL CALL

Roll Call showed the following Council Members Present: Ardis, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Turner, Mayor Ransburg – 10; Absent: Grayeb.

Others present: City Manager Randy Oliver, Corporation Counsel Randy Ray, Finance Director/ Comptroller Jim Scroggins, Assistant City Manager Alan Pennington, EEO Director David Watkins, EEO Specialist Michael Hurt, Public Works Director Steve Van Winkle, Senior Attorney Kimberly King, Human Resources Director Patrick Parsons, City Clerk Mary Haynes, Joan Schaumburg of the City Clerk's Office, interested citizens and members of the media.

PRESENTATION by BRADLEY UNIVERSITY Regarding the DISPARITY STUDY FOR THE CITY OF PEORIA

EEO Director Watkins described the purpose of a disparity study and its significance. He said for this disparity study, Staff had examined the results of the City's contracting efforts for a ten-year period from 1992 through 2001. He further explained the legal requirements of the study, and he said there needed to be a legitimate legal reason to establish a race-preference program. Mr. Watkins then pointed out the four key components that needed to be included in every Study.

EEO Director Watkins introduced Dr. Bernard Goitein, Ph.D. and Dr. Kevin O'Brien, Ph.D. from Bradley University.

Dr. Goitein said when he was approached by the City and the EEO Department regarding the possibility of the Center performing this study, he researched faculty members and Dr. Kevin O'Brien, an economist, consented to be the principal investigator on the project. Dr. Goitein said Dr. O'Brien not only addressed the four components necessary in the project, but he developed a series of policy initiatives that he felt would be useful in the formation, growth, success and survival of minority-owned and women-owned business enterprises and would also be useful in assisting the Council's decision making process. Dr. Goitein then introduced Dr. Kevin O'Brien.

Dr. Kevin O'Brien presented a slide presentation regarding the Disparity Study for the City of Peoria he had prepared, with the assistance of Dr. Bernard Goitein and Camden Bucey, which included the following topics:

- Introduction of Elements of a Disparity Study;
- Availability of Black and Women-Owned Businesses;

- Availability of Black and Women-Owned Businesses in Other Illinois MSA's;
- Disparity Analysis for Black-Owned Business;
- Analysis of Black-Owned Businesses Contacted, Bids and Contracts;
- Disparity Analysis for Women-Owned Businesses;
- Analysis of Women-Owned Businesses Contacted, Bids and Contracts;
- Anecdotal Analysis;
- Disparity and Discrimination - Major Findings;
- Recommendations.

Dr. O'Brien said utilization of a census data was a very common method in determining the availability of black and women-owned businesses, and this study included the Census years from 1992 and 1997. He described the firm availability statistics for the Peoria-Pekin MSA and explained what the proper measure of firm availability was for all firms and firms with paid employees. He said in determining firm availability for this study, he only used those firms who had paid employees, because they were the firms actually receiving the vast share of all the construction contracts in this area.

Dr. O'Brien described the percentages used in the comparison of firm availability in the Peoria-Pekin MSA to other Illinois MSA's. He said in determining Peoria's firm availability, he did not research the metro-populated areas, like Chicago or St. Louis, but only included those MSA communities with a comparable population to the City of Peoria.

Dr. O'Brien explained the formula for a Disparity Index, which consisted of the proportion of total revenues received by black or women-owned business for the Tri-County area divided by the total revenues received by all businesses in the area, which leads to the availability of black or female-owned businesses divided by all businesses available.

Dr. O'Brien reviewed a chart depicting the disparity analysis for black-owned enterprises from 1992 through 2001. The chart illustrated the percentage of dollars received by black-owned businesses for City contracts; the percentage of business available, utilizing only businesses with paid employees, and the disparity index.

In response to a question from Council Member Sandberg, Dr. O'Brien clarified the disparity analysis compared the percentage of contract dollars received by black-owned firms from the City of Peoria compared to their availability in the area. He said the EEO developed the MIPP Program in 1998 to help mentor black and women-owned businesses in the area and he felt this program started a trend showing a steady increase in the amount of dollars received.

In reviewing the disparity analysis for women-owned enterprises, Dr. O'Brien said he felt women-owned businesses were underutilized in City contracts. He summarized the chart depicting the yearly contract dollars for black and women-owned firms and said the total amount of contract dollars for black-owned firms was \$486,793, and for women-owned firms was \$1,093,951.

Dr. O'Brien explained a critical part of a disparity study was the anecdotal evidence, which included the method of obtaining information, interviews or surveys, reasons for collecting information, and major findings of the interviews. He said various disparity studies were researched to determine what questions were asked of different contractors and industry and community experts in order to utilize a common questionnaire to obtain consistent information for the study. Dr. O'Brien said one of the most important questions asked was what needed to be done to improve the environment for black and women-owned firms.

Dr. O'Brien reviewed three of the major findings. He said one of the most critical issues was the inability of black contractors to obtain performance bonds. He said this issue was extremely important because it kept black contractors from being considered a prime contractor. He said all the contract dollars for black-owned firms and women-owned firms came from sub-contracting, and the only prime contract obtained over the ten-year period was from a women-owned firm. Dr. O'Brien further described other major findings, which included underutilization of black-owned firms over the ten-year period; the number of black-owned construction businesses in the Peoria-Pekin MSA; general contractors needed to increase their contact rate with black-owned firms and the systematic underutilization of women-owned businesses over the ten-year period.

Dr. O'Brien reviewed the list of recommendations and goals for the City.

In response to Council Member Teplitz inquiry regarding the implementation of training sources in the Peoria area to allow for the improvement of business skills, Dr. Goitein responded that the State was in the process of establishing training resources for critical skills in various regions in the state and in the City of Peoria, which would supply opportunities specifically for training in the construction field.

Council Member Turner said Caterpillar had a program for emerging contractors where they discussed financial and operational issues. He inquired if it was possible for the City of Peoria to utilize some of its resources to make these programs available to minorities and women-owned contracting firms.

Dr. O'Brien said the Turner Center, utilizing government grants, had initiated business assistance start-up programs to provide services for emerging firms at little or no costs.

In further discussion with Dr. O'Brien, Council Member Turner inquired how the City could make contractors aware of the services provided by the Turner Center so they could get the necessary training. Dr. O'Brien said counselors at the Turner Center had contact with construction contractors, both minority and women-owned, and could provide them with information regarding programs that were available to them, and he recommended the EEO monitor City contracts regarding whether black or women-owned firms were contacted for those jobs.

In response to an inquiry from Council Member Spears, Dr. O'Brien clarified the disparity study focused only on construction developers and contractors, and not architects, engineers, and material suppliers which were considered part of the construction industry.

Council Member Sandberg stated that Peoria was the only community in the MSA that had established their own EEO office, and he inquired what the legal obligations were for the remaining two-thirds of the MSA regarding utilization of minority and women-owned firms. In response, Senior Attorney Kimberly King said she did not know whether the other two communities had commissioned disparity studies, and she added anytime public funds were being used for construction projects, affirmative action goals for minority and female participation were required. She further stated there may be some consideration regarding other funding sources in terms of conditions or requirements relating to that money, which would also have affirmative actions goals attached.

Council Member Spears suggested creating a policy similar to the City of Chicago where contractors submitting bids for work in the City must live within the corporate confines of Chicago. He said utilizing contractors living within the City of Peoria corporate limits would lend assistance to School District 150, and give contractors a small advantage in bidding since they would be receiving their dollars back as taxpayers.

Council Member Gulley expressed concern regarding the number of barriers small businesses had to deal with which made it more difficult to compete against larger firms. He said the City needed to be more aggressive in creating opportunities for increasing minority and women-owned businesses.

EEO Director Watkins explained the City of Peoria currently enforced two sets of goals – contractor participation goals based upon a percentage of dollars awarded to a specific contract. He said the second goal for individual participation was initially established based on the population of the City, which included 18% for minority workers and 3% for female workers.

In discussion with Council Member Gulley and EEO Director Watkins regarding the methods used in establishing the NBE and WBE goals for the City of Peoria, it was determined that the Federal Government previously enforced the current goals establishing that 10% of the total contract dollars going to NBE were 5%, and the City adopted those goals. Director Watkins added the goals had not been changed since their implementation in the 1970's.

In response to Council Member Gulley's inquiry regarding if the City could change its goal to 30% with the condition the contractor must reside within the City limits, EEO Director Watkins stated the Ordinance allowing participation goals for individual hours worked indicated the Fair Employment and Housing Commission had the authority to establish those goals, and any policy change would need to be approved by the City Council.

PRESENTATION by EQUAL OPPORTUNITY OFFICE – REVIEW of the CITY OF PEORIA DISPARITY STUDY.

EEO Director David Watkins explained in 1995 the City had established a program known as ECHO (Exchanging Contracts Helps Opportunities), a trade fair event with emphasis on small firms, particularly minority and women-owned businesses, to familiarize them with the City's purchasing process in providing goods and services to City businesses.

Director Watkins reviewed the major findings listed in the Disparity Study and gave a brief summarization of the City's comparison analogy regarding those findings, and he explained the City's responses to the recommendations presented by Dr. O'Brien and Dr. Goitein in the Study.

Director Watkins said new guidelines would be implemented for contractors and he said a meeting would be held with prime and sub-contractors to address these guidelines.

In discussion between EEO Director Watkins and Council Member Nichting, it was determined the methods utilized by the City to assure compliance by firms, was to direct the firm to provide the City with tangible proof that minority firms had been contacted, and to notify minority and women-owned businesses in writing, of the opportunities to sub-contract, and return that letter as verification. It was further determined that prime contractors were encouraged to request assistance from the Afro-American Contractors Association and the Peoria Black Chamber of Commerce to help identify those persons who might be available to provide services.

Several Council Members and Staff discussed the benefits and disadvantages of bond requirements for City construction projects.

Hearing no objections, Mayor Ransburg granted Privilege of the Floor to Citizens wishing to address the Council.

Fred Danage, Jr., President of Afro-American Contractors Association of Central Illinois, 307 S. Western, said he felt the Study should have been restricted to the City of Peoria. He said he felt the City needed to establish several programs to assist minority and women-owned firms regarding bonding, funding for education and training and a revolving loan program. He said he felt prime contractors along with their sub-contractor's bids should be submitted at the same time.

Floyd Barlow, Jr., President of Black Americans Business Association, 1025 W. Butler Street, said the City commissioned this study and it should have focused on the City in order to provide a more accurate analysis of statistical findings regarding minority and women-owned businesses. He expressed concern that other communities were included in a study to determine the utilization of minority contractors.

Mr. Larry Ivory, 2200 N. Ellis, President of Illinois State Black Chamber of Commerce and advocate for black businesses, challenged the City Council to examine the Study carefully and make the necessary improvements to balance the economic flow throughout the City. He said he felt the citizens of Peoria were capable of working together to create a stronger community.

Mr. John Sims, 4003 Richards Way, made a suggestion regarding the participation goal that the prime contractor provide a signed contract from the sub-contractor he hired before receiving his notice to proceed with the project. He said this would be one method of monitoring and assuring minority participation.

Mr. Leroy Davis, President of Peoria Black Chamber of Commerce, 4400 N. Pleasant Ridge Ct., stated he felt IDOT's attitude served as a positive example regarding the inclusion of minorities in their workforce. He said he felt this positive attitude was prevalent in other City entities to make Peoria a better community.

City Manager Randy Oliver said Staff would proceed to implement the recommendations presented by the EEO Office and for the Council to submit additional issues for consideration.

Council Member Teplitz moved to implement the recommendations presented by the EEO Office and for Council to submit additional issues for consideration; seconded by Council Member Thetford.

Approved by viva voce vote.

In response to comments made by citizens, Council Member Sandberg said he agreed the City of Peoria needed to assume responsibility for goals to improve its community, but he said these were also society's goals and other communities needed to assume responsibility. He added there should be a goal establishing the same values and principles for all regions.

Council Member Gulley made the following suggestions: 1) The prime contractor needed to prove he had sub-contracted or made a good faith effort prior to being awarded the contract, or the City would approach another bidder; 2) Make it a priority to move forward immediately on providing bonding solutions; 3) Explore whether the City Council could initiate new policies; 4) Research the statewide uniform system regarding the implementation of a certification policy.

City Manager Oliver clarified he would implement the recommendations made by the EEO Department and bring the information regarding various issues addressed by Council back for further deliberation.

ADJOURNMENT

Council Member Spears moved to adjourn the Policy/Workshop regarding a Disparity Study conducted by Bradley University regarding Minority and Women Business Enterprises; seconded by Council Member Ardis.

Approved by viva voce vote.

The Policy/Workshop session adjourned at 9:30 P.M.

Mary L . Haynes, MMC
City Clerk, Peoria, Illinois

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