



BOSTON CITY COUNCIL

Committee on Government Operations

Lydia Edwards, Chair

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REPORT OF COMMITTEE CHAIR

December 15, 2021

Dear Councilors:

Docket #1239, order authorizing the creation of a sheltered market program for minority and women owned businesses in the City of Boston, was sponsored by Mayor Michelle Wu and referred to the Committee on December 1, 2021. The Committee held a hearing on December 9, 2021.

Summary of Legislation As Filed:

This order will authorize the creation of a sheltered market program as a pilot tool with the purpose of advancing equity in city contracting. Pursuant to M.G.L. ch.30B section 18, a sheltered market program allows the City to designate certain contracts for procurement from one or more classes of disadvantaged vendors. The purpose of a sheltered market program is to create an environment that allows for small, local, and diverse businesses to build their capacity to compete for contracting opportunities.

Under the provisions of this order, the Chief Procurement Officer for the City of Boston is authorized to establish a sheltered market program in compliance with M.G.L. ch.30B section 18. The authorization applies to contracts for goods, professional services and support services. The authorization is for no more than six contracts which must be awarded by June 30, 2022. The program will be available for disadvantaged minority and women owned vendors for whom there is a demonstrated “substantial disparity” in the City’s 2020 Disparity Study.

Information Gathered at the Hearing:

The following individuals from the Administration participated: Justin Sterritt, Chief Financial Officer, Collector-Treasurer; Chief Celina Barrios-Millner, Equity & Inclusion; and, Michael Miller, Director of Strategic Procurement. Mr. Sterritt provided background on contracting from an equitable procurement lens. Ms. Barrios-Millner reviewed the 2020 Disparity Study explaining that it examined the utilization of minority and women owned businesses in City contracting with the discretionary spending as part of a competitive process. The Disparity Study assessed spending for a five year period and looked at who was out there that the City could contract with. The Disparity Study provided an analysis of whether City contracting is in line with available vendors.

Administration officials explained that the City is taking steps to proactively expand opportunities for disadvantaged vendors. The actions that the City has taken include the Equitable Procurement Executive Order, capacity building, and ensuring that 25% of annual

contracting spending should go to minority and women owned businesses. Administration officials stated that the City has conducted proactive outreach efforts and streamlined the certification process by notifying certified vendors of opportunities where the vendor is available. Administration officials stated that City spending has steadily increased on minority and women-owned businesses.

Mr. Miller provided an overview of policy intervention tools that are available to change the outcomes and increase spending on minority and women owned businesses. These tools will provide pipeline development and assistance with the application process leading to the award of a contract. Mr. Miller stated that the sheltered market program is one of the strongest tools that the City has to develop pipelines and create opportunities.

Mr. Miller reviewed the requirements of the sheltered market program proposed in the order explaining that it is for up to six contracts; the contracts must be awarded in FY22 by 6/30/22; the contracts must be targeted to disadvantaged businesses; the businesses must be able to perform the work; and, there must be three bid responses. The following procedural requirements must be met: the certification of businesses; the designation of contracts; and, the specifics of the contracts.

The Committee discussed the specifics of the proposed order, the state law regarding the sheltered market program and its relationship to chapter 30B, and the types of contracts and industries that the program would apply to. The Committee inquired about how the contracts will be selected. The state law authorizing the sheltered market program requires that the procurement officer establish written procedures for the certification of disadvantaged vendors and also requires that the procurement officer hold a public hearing regarding the written procedures. The City is also required to provide annual written reports and monitoring. Contracts will be selected for the program based upon contracts that are coming up and availability of vendors. The sheltered market program is part of Chapter 30B and does not circumvent the requirements of Chapter 30B according to Administration officials. The industries that will most likely benefit from this program will be support services and professional services,

Rationale and Recommended Action:

Passage of this docket will allow the City to utilize an important tool in order to improve its discretionary spending and awarding of contracts to minority and women owned businesses. This order will authorize the creation of a sheltered market program pursuant to M.G.L. ch.30B section 18, as a pilot tool with the purpose of advancing equity in city contracting. This program will develop a pipeline and expand opportunities for disadvantaged minority and women owned vendors. Approving the pilot sheltered market program will allow the City to examine its effectiveness in Boston in order to build equity in City procurement.

By the Chair of the Committee on Government Operations, to which the following was referred:

Docket #1239, order authorizing the creation of a sheltered market program for minority and women owned businesses in the City of Boston,

submits a report recommending that this docket **ought to pass**.

For the Chair:

A handwritten signature in black ink that reads "Lydia Edwards". The signature is written in a cursive style with a large initial "L" and "E".

Lydia Edwards, Chair
Committee on Government Operations