

EXECUTIVE SUMMARY

Supplier Diversity Models

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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On November 16, 2010 the City Council discussed Item Number 331, “Performance Audit of the Subcontractor Outreach Program (SCOPE).” The audit revealed limitations of SCOPE, which is a program that aims to maximize subcontracting opportunities for all qualified and available firms and to provide an equal opportunity for all subcontractors to participate in the performance of City construction work.

During the public comment period of this item there was also concern with equal opportunities for all qualified and available firms in the awarding of City contracts for goods and services, which is done through the Department of Purchasing and Contracting. A member of the public requested that the IBA provide an assessment of supplier diversity program models, address a potential consolidation of Purchasing and Contracting and the Equal Opportunity Contracting Program (EOCP), and the implementation of Information Technology (IT) Enhancements discussed for the past four years. This report addresses these items.

Prior to determining supplier diversity program models to assess, the IBA first researched best practices for implementing a successful model. A report released in December 2009, “U.S. Counties Procurement-based Small Business Development Best Practices” addressed nine best practices for a successful supplier diversity programs in the governmental sector. These best practices are listed in the report.

The three supplier diversity models that were assessed were the City of Los Angeles, San Diego Gas & Electric (SDG&E) and AT&T.

After assessing the three models, two important differences emerged between them and the City of San Diego: 1.) the use of an automated vendor registration system and 2.) systemic reporting of efforts and results.

Based on our review, the IBA recommends that regular status reports be provided by the Purchasing and Contracting Department (P&C) on supplier diversity efforts of goods and services contracts. These reports should include:

- Statistics on the use of Disadvantaged Business Enterprises (DBEs) on goods and services contracts;
- A report on P&C’s outreach and partnership efforts to enhance DBE participation;
- A status update on the vendor registration system and how it can be used to promote equal opportunity efforts.