

BRIEFING ON PROPOSED UPDATES TO POLICES AND GUIDELINES GOVERNING THE CITY'S EQUAL BUSINESS OPPORTUNITY PROGRAMS

Presented to the Committee of the Whole
October 21, 2025





PURPOSE AND OVERVIEW

This presentation outlines proposed updates to the City's Equal Business Opportunity (EBO) Program to enhance equitable contracting and procurement.

1.

CITY COMMISSION POLICY UPDATES

Revisions to Commission Policies 600-12 and 600-15, last updated in 2018 & 2017 respectively.

2.

ADMINISTRATIVE GUIDELINES

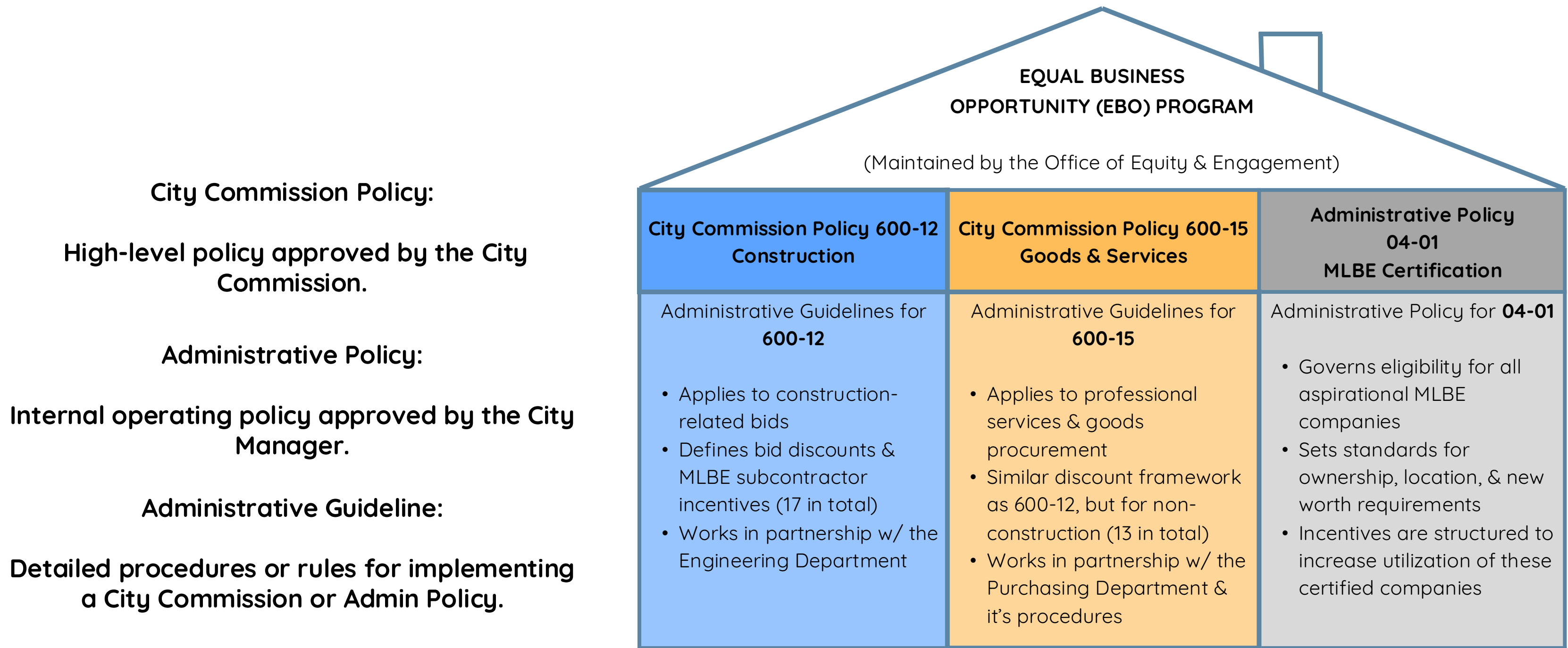
Operational changes to bid discount structures and implementation procedures for policies 600-12 and 600-15.

3.

MLBE CERTIFICATION

Updates to Policy 04-01 defining Micro-Local Business Enterprise criteria.

THE EQUAL BUSINESS OPPORTUNITY HOUSE ANALOGY



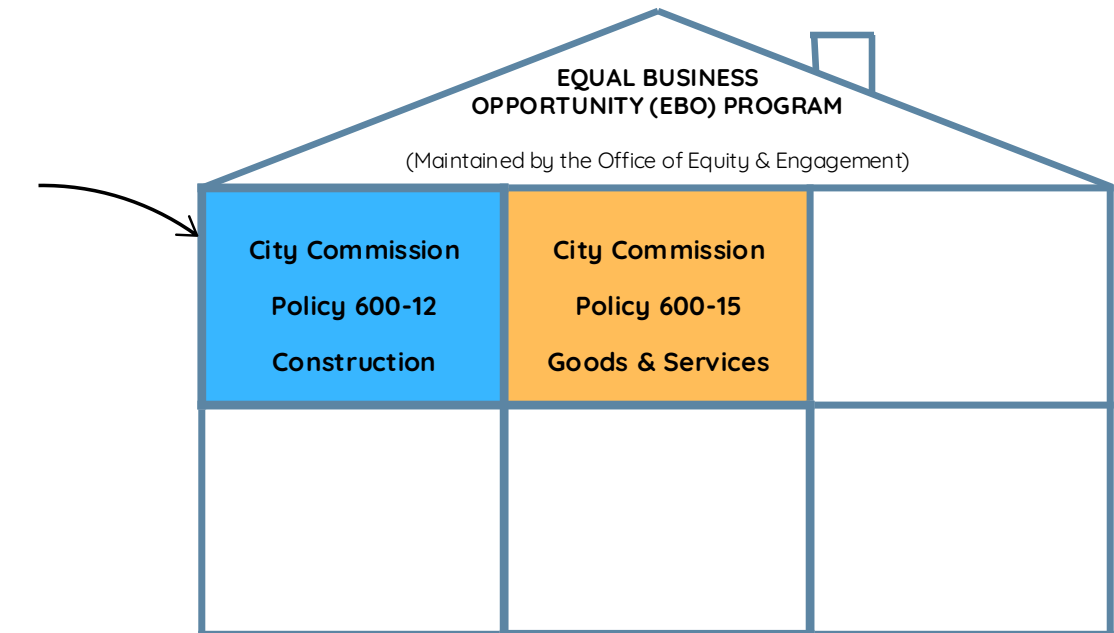
All under one roof and interconnected.

PROPOSED UPDATE TO CITY COMMISSION POLICIES 600-12 AND 600-15

COMMISSION POLICIES

- These set the broad program framework & goals
- Last updated in 2015

WHAT OEE IS PROPOSING TO CHANGE



POLICY 600-12 CONSTRUCTION

- Updating language to match 04-01 MLBE Certification Eligibility
 - Increasing MLBE Eligibility to 35% of NAICS Code
 - Ties SBA Net Worth Letter to \$242,000 in January (2007) and current inflation
 - Stating that personal net worth letter has to be completed by a CPA

POLICY 600-15 GOODS & SERVICES

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PROPOSED UPDATE TO ADMINISTRATIVE POLICY 04-01

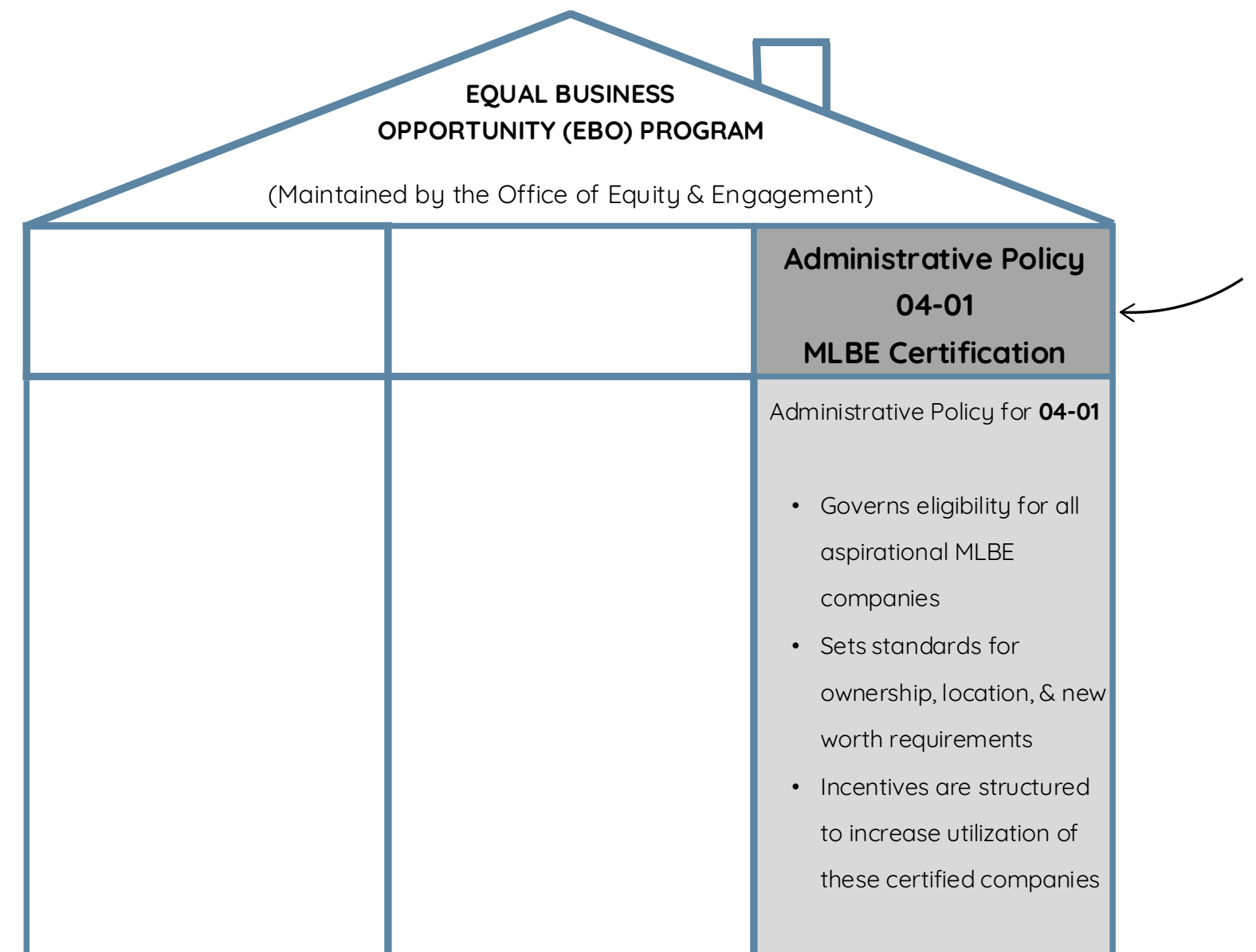
ADMINISTRATIVE POLICIES

- Guides how City departments manage cross-departmental or internal operations.
- Last updated in September 2020

WHAT OEE IS PROPOSING TO CHANGE

POLICY 04-01 MLBE CERTIFICATION

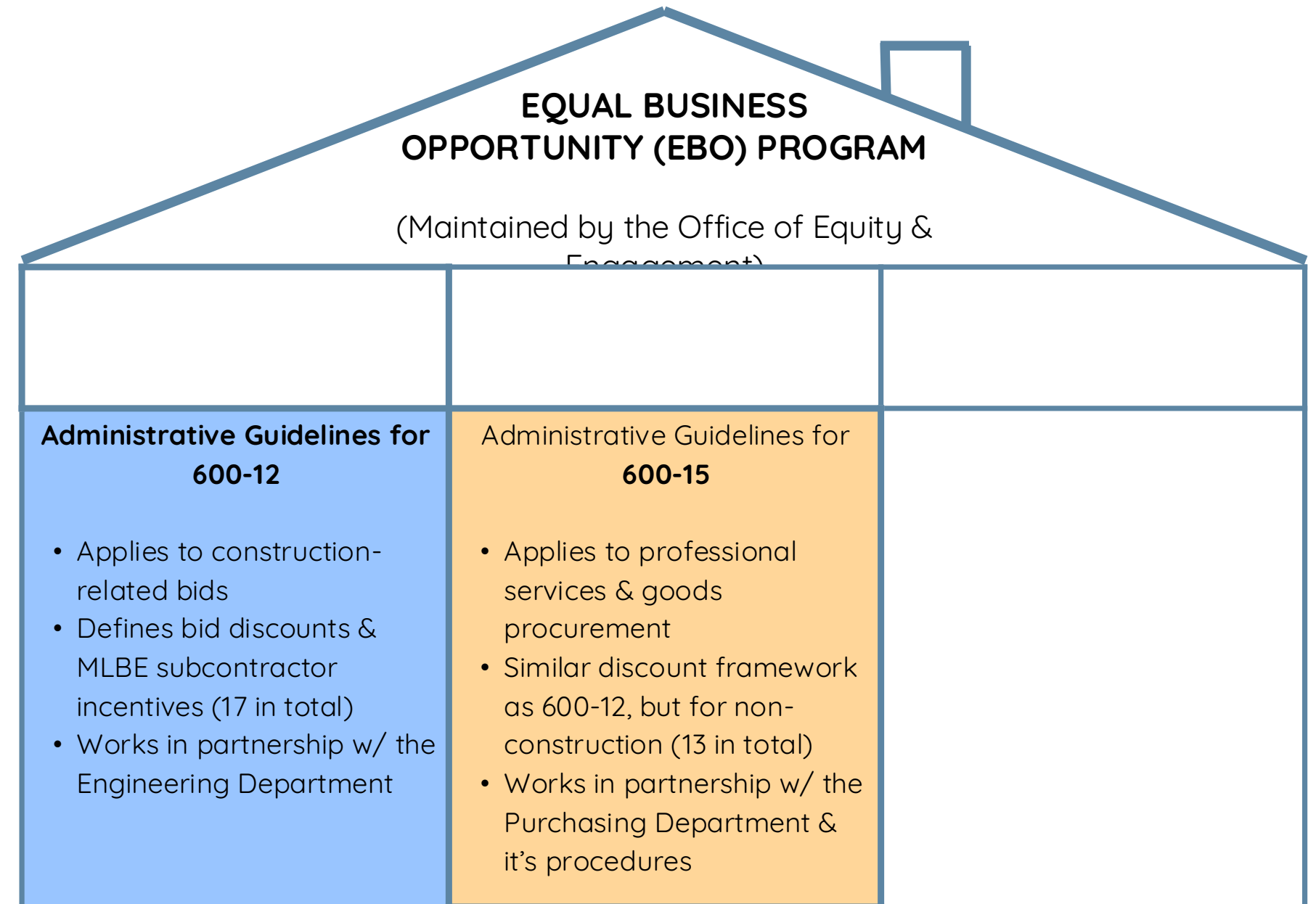
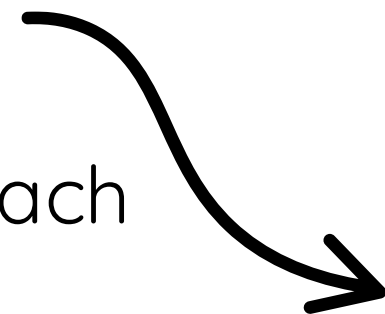
- Updating language and certification requirements.



ADMINISTRATIVE GUIDELINES UPDATE TO CITY COMMISSION POLICIES 600-12 AND 600-15

ADMINISTRATIVE GUIDELINES

- Implementation details for each policy
- Under City Manager's authority
 - Key point: City Manager can approve changes to bid discount percentages & implementation methods



The following slides detail proposed adjustments to Administrative Guidelines, which fall under the City Manager's direct authority and do not require Commission approval.



ADMINISTRATIVE GUIDELINE 600-12 - CONSTRUCTION PROJECTS

1.

LANGUAGE REFINEMENTS

Refine language and correct organization references

2.

NEW BID DISCOUNTS

Add two new bid discounts:

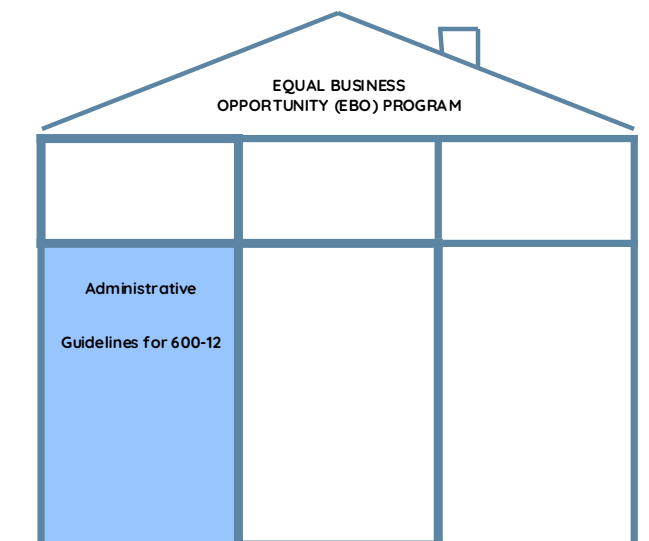
- Employee-Owned Businesses (certified by Certified EO or NCEO) (2%)
- Businesses aligned with Friends of Grand Rapids Parks (1%)

3.

GEOGRAPHIC FOCUS

Shift focus from Target Market Areas to Neighborhoods of Focus

OEE reviewed and updated 600-12 to implement these changes. The following slides outline targeted MLBE-related changes under this guideline.



CHALLENGES TO MLBE GROWTH AND PARTICIPATION

- Limited capacity of frequently used MLBEs
- Over-reliance on a small group of MLBE firms
- Bonding limitations for emerging businesses
- Gaps in Engineering Department prequalifications
- Workforce capacity and administrative infrastructure challenges

600-12 OPPORTUNITY – NEW MLBE GROWTH MARKET DISCOUNT

ELIGIBILITY

MLBE prequalified as a prime contractor at **\$250,000 or less**, including bonding.

DISCOUNT STRUCTURE

- \$25,000 – \$75,000 → 3.0%
- \$75,001 – \$150,000 → 4.0%
- \$150,001 – \$250,000 → 5.0%

PURPOSE

- Support scalable MLBE subcontractors
- Encourage primes to engage emerging firms
- Align incentives with equity and workforce goals



OPPORTUNITY – BID DISCOUNT ENHANCEMENTS (3-YEAR PILOT)

PROPOSAL

Launch a 3-year pilot increasing the bid discount cap from 5% (up to \$100,000) to **10% (up to \$200,000)** for categories with high economic impact

ELIGIBLE CATEGORIES

- MLBE Subcontractor Utilization
- MLBE "Growth Subcontractor" Utilization (new)
- Mentor-Protégé Agreement Participation
- Joint Venture with MLBE Partner

OBJECTIVE

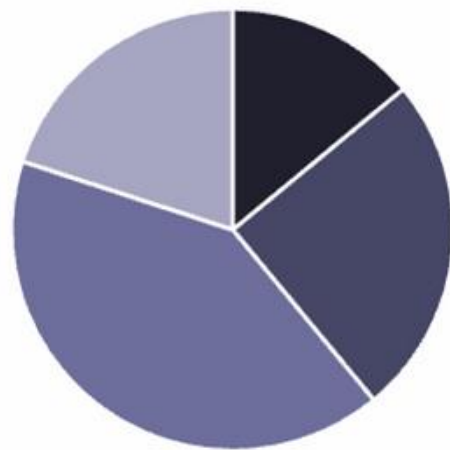
- Collect performance data
- Evaluate policy impact
- Scale up MLBE engagement opportunities



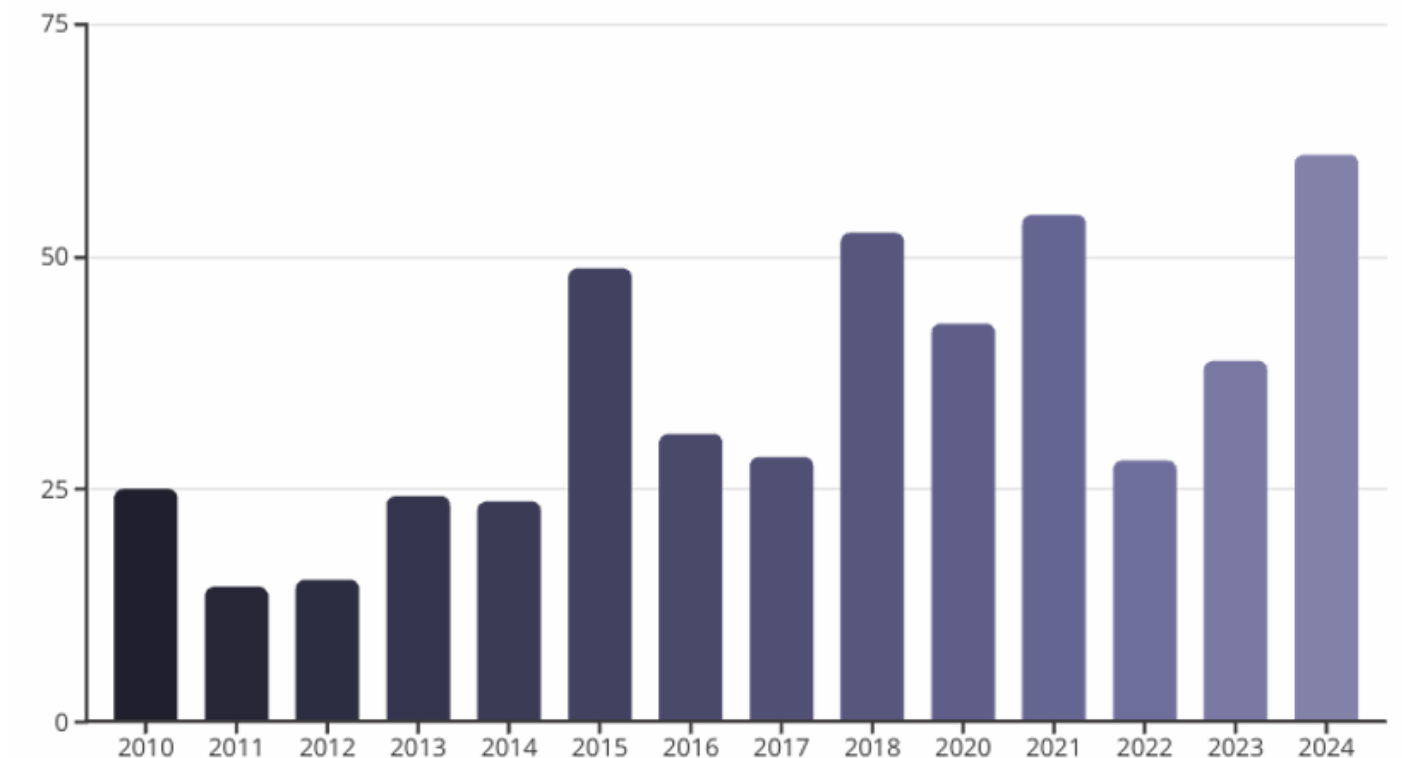
A DATA-INFORMED JUSTIFICATION FOR INCREASING THE BID DISCOUNT CAP

2024 GC PROJECT BREAKDOWN (51 PROJECTS)

- 7 projects (14%) could have flipped to MLBE with a higher discount
- 13 projects (25%) unaffected by the discount level
- 21 projects (41%) had MLBE potential but were not utilized
- 10 projects (20%) were EBO-ineligible

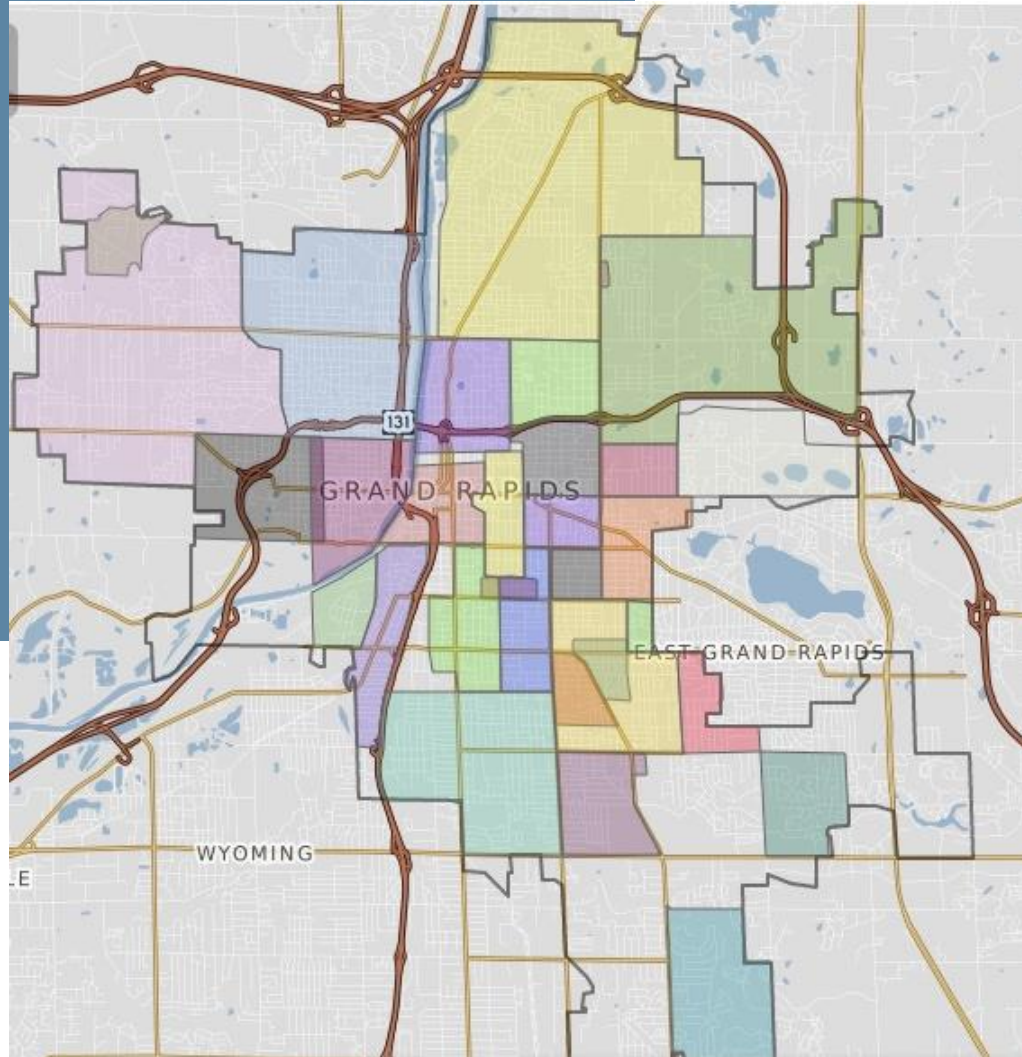


Spending Over Time (GC Projects)



Conclusion: A higher cap enables better engagement of MLBE firms in a growing capital investment environment.

ADMINISTRATIVE GUIDELINE 600-15 – GOODS & SERVICES / PROFESSIONAL SERVICES



NEW DISCOUNTS

Addition of a 2% bid discount for Employee-Owned Businesses. Businesses aligned with Friends of Grand Rapids Parks (1%)

GEOGRAPHIC FOCUS SHIFT

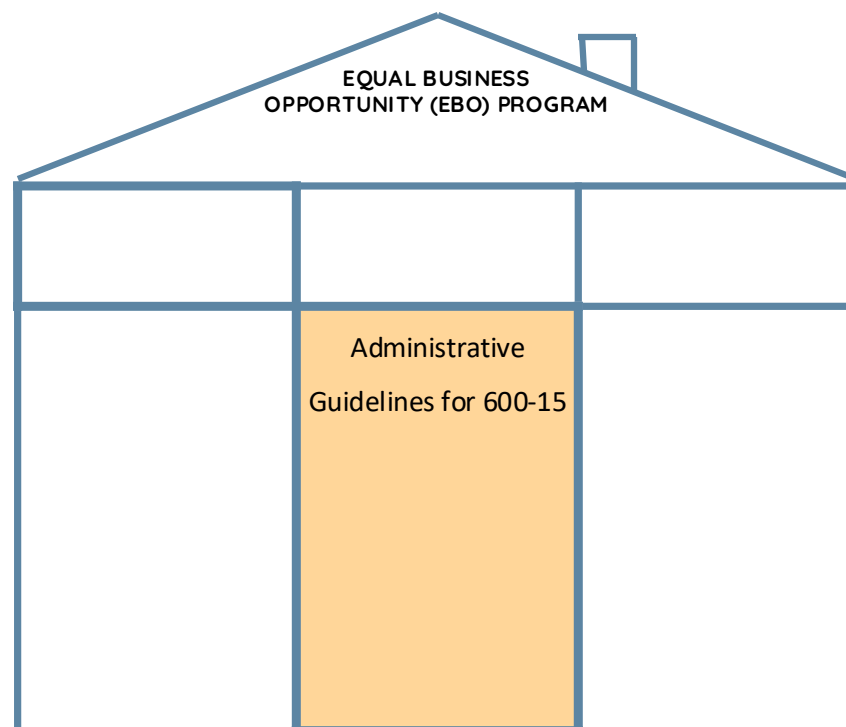
Geographic shift from Target Market Areas to Neighborhoods of Focus.

ORGANIZATIONAL ALIGNMENT

Organizational reference updates to align with 600-12.

SYSTEM LIMITATIONS

In alignment with the new ERP system, OEE staff hopes to use procurement data to fully assess MLBE impact.



FUTURE CONSIDERATIONS – 600-15 BID DISCOUNT PILOT



ALIGNMENT WITH ERP SYSTEM

Complete rollout of Oracle system to improve data collection capabilities.

EFFECTIVENESS EVALUATION

Evaluate effectiveness in driving MLBE participation.

PILOT PROGRAM LAUNCH

Launch a 2-year pilot to test increased bid discounts in goods and services.

PROGRAM EXPANSION

Apply the same data-driven approach used in construction to goods and services once system capability improves.



POLICY 04-01 – MLBE CERTIFICATION UPDATES

These key changes to certification standards aim to maintain program integrity while expanding opportunities for qualified businesses.



1.

PERSONAL NET WORTH CAP INCREASED

From **\$305,000** to **\$375,000** for 51%+ controlling owners. Adjusted from original \$250,000 for inflation. Last updated 2019.

2.

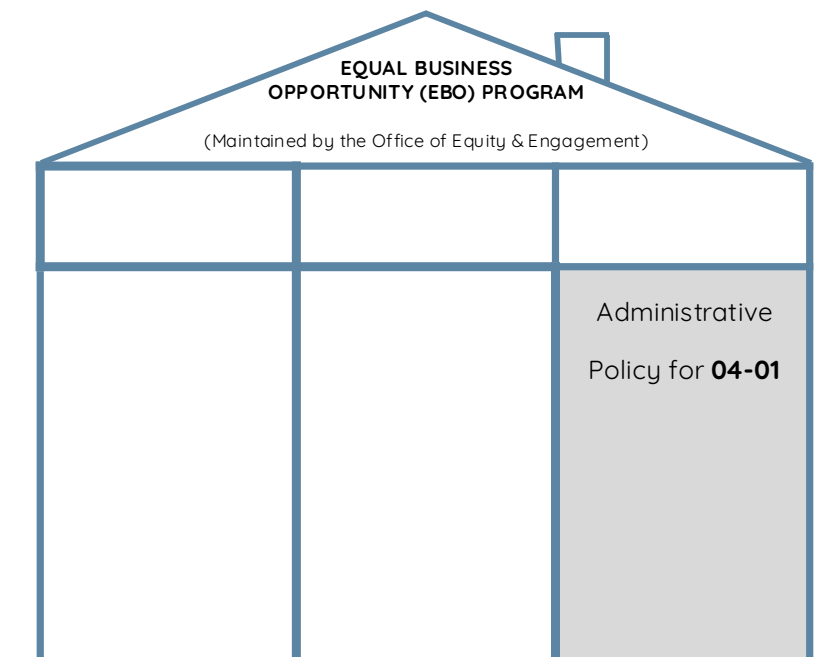
CPA VERIFICATION REQUIREMENT

Personal net worth documentation must be signed by a **licensed CPA**.

3.

CERTIFICATION EXTENSION LIMIT

Extensions (5 Years) limited to **two per business** to preserve focus on emerging firms.



600-12, 600-15 & 04-01- REVIEW & UPDATE TIMELINE

POLICY HISTORY

Last updates were in 2017, 2018, & 2020 respectively

INTERNAL CONSULTATIONS

Interdepartmental stakeholder collaboration meetings from December 2024 through April 2025.

ADMINISTRATIVE REVIEW

City Manager preliminary review in May 2025, followed by Monday Group review July 2025.

Engagement/ Education

Continued engagement with MLBE & wider Business Community.

INITIAL POLICY REVIEW

Office of Equity & Engagement (OEE) begins comprehensive review in May 2024.

DRAFT REVIEW

OEE Managing Director conducts Guideline review in May 2025.

FINAL APPROVAL

City Manager signature expected Fall 2025, with alignment on City Commission Policy, Administrative Policy, and Administrative Guidelines



QUESTIONS

