



Building Trades Employers' Association

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CITY/STATE RETREAT

FOR

NEWLY ELECTED CITY COUNCIL MEMBERS

FRIDAY DECEMBER 1, 2017

BARUCH COLLEGE

137 EAST 22ND STREET

OAK ROOM #203



CITY/STATE FORUM FOR NEWLY ELECTED CITY COUNCIL MEMBERS

DECEMBER 1, 2017

GOOD MORNING. I FIRST WOULD LIKE TO CONGRATULATE EACH OF YOU IN WINNING YOUR ELECTION TO SERVE AS A NEW YORK CITY COUNCILPERSON. I CAN ASSURE YOU OF TWO THINGS: 1) YOUR TERM WILL BE FILLED WITH EXCITING CHALLENGES IN CONTINUING TO MOVE THIS CITY FORWARD, AND 2) THE BUILDING TRADES EMPLOYERS' ASSOCIATION AND ITS 1,000 UNION CONTRACTORS LOOKS FORWARD TO WORKING WITH YOU AS A PARTNER IN HOW BEST TO ADDRESS THESE CHALLENGES FOR ALL NEW YORKERS.

ONE OF THE MOST IMPORTANT CHALLENGES YOU WILL FACE, AND THE TOPIC I WOULD LIKE TO ADDRESS THIS MORNING, IS---HOW CAN NYC ACHIEVE ITS 30% M/WBE GOALS AND WHAT CAN YOU AS A COUNCILMEMBER DO TO HELP ACHIEVE THAT SUCCESS?

THE BTEA HAS PRODUCED SEVERAL REPORTS (SHOW THEM) WHICH YOU CAN PICK UP ON THE TABLE OUTSIDE OF THIS ROOM LATER.

THE FIRST REPORT WAS A FIRST OF ITS KIND IN THE NATION CAPACITY STUDY. IT IS NOT A DISPARITY STUDY. THIS REPORT MEASURED THE CAPACITY OF 3,133 NYC CERTIFIED M/WBE CONSTRUCTION COMPANIES BY ANALYZING THE BREAKDOWN OF ACTUAL M/WBE CONTRACT AWARDS BY CITY AGENCIES, BOTH



**PRIME CONTRACTOR AND SUBCONTRACTOR AWARDS, BY SIZE OF CONTRACT,
CONSTRUCTION TRADE, RACE AND GENDER.**

**I DON'T WANT TO SPEND A LOT OF TIME ON THE RESULTS OF THIS STUDY. I
WOULD RATHER FOCUS ON THE OTHER REPORTS THE BTEA SPONSORED WHICH
TALK ABOUT RECOMMENDATIONS ON HOW TO ACHIEVE 30% GOALS AND
WHAT M/WBE CONTRACTORS TOLD US IN A SURVEY THEY NEED TO INCREASE
THEIR CAPACITY TO COMPETE FOR CONTRACT AWARDS.**

**IN SUMMARY, THE CAPACITY REPORT'S MAJOR CONCLUSIONS WILL SURPRISE
NO ONE: 1) M/WBE CAPACITY IS SURPRISINGLY LOW FOR THE LARGEST CITY IN
THE COUNTRY AND THE RELATIVELY LOW LEVEL OF CAPACITY MAKES IT VERY
DIFFICULT TO SEE HOW THE CITY CAN ACHIEVE ITS ASPIRATIONAL GOALS; 2)
AND THIS IS WHERE YOU CAN HAVE A MAJOR IMPACT AS A MEMBER OF THE
CITY COUNCIL—NYC NEEDS TO INVEST MORE FINANCIAL RESOURCES INTO
BUSINESS CAPACITY BUILDING PROGRAMS IN ORDER TO CREATE GREATER
OPPORTUNITIES FOR M/WBE CONTRACTORS.**

**AS A COUNCIL MEMBER, YOU HAVE DIRECT INPUT INTO THE BUDGET PROCESS
AND I WOULD SUGGEST YOU TAKE A CLOSE LOOK AT WHAT PROGRAMS THE
NYC DEPARTMENT OF SMALL BUSINESS SERVICES OFFER, DETERMINE IF THEY**



HAVE SUFFICIENT FINANCIAL RESOURCES TO BE EFFECTIVE, AND HOW THEY COORDINATE AND PARTNER WITH THE BTEA'S PRIME CONTRACTORS WHO IN 2016 WERE RESPONSIBLE FOR PUTTING IN PLACE SOME \$32 BILLION OF CONSTRUCTION IN NEW YORK CITY.

IN ADDITION TO ASSESSING THE FINANCIAL NEEDS OF CITY AGENCIES DURING THE BUDGET PROCESS FOR CAPACITY BUILDING EFFORTS, THE OTHER AREA YOU CAN BE EXTREMELY HELPFUL IN IS IN WORKING THE NEW YORK CITY STATE ASSEMBLY AND SENATE REPRESENTATIVES TO PASS LEGISLATION TO IMPLEMENT THE RECOMMENDATIONS OUTLINED IN THE THIRD BTEA REPORT. MOST WILL REQUIRE STATE LEGISLATIVE AUTHORIZATION IN ORDER FOR CITY AGENCIES TO IMPLEMENT THESE CHANGES—THEY CANNOT DO IT ON THEIR OWN OR THROUGH CITY COUNCIL LEGISLATION.

SOME OF THE RECOMMENDATIONS INCLUDE:

- 1) IMPROVING CITY AGENCY CHANGE ORDER AND PAYMENT PROCESSES TO IMPROVE CASH FLOW;**

- 2) INCREASING FINANCIAL WORKING CAPITAL AND BONDING ASSISTANCE;**



- 3) ESTABLISHING SMALL BUSINESS PROGRAMS FOR ALL PUBLIC AGENCIES FOR CONTRACTS \$400,000 AND BELOW, WAIVING BONDING REQUIREMENTS, AND PROVIDING OPPORTUNITIES FOR M/WBE CONTRACTORS TO BID DIRECTLY TO CITY AGENCIES.**

- 4) REQUIRING PUBLIC AGENCIES TO PRE-QUALIFY ALL M/WBE CONTRACTORS; THE CERTIFICATION PROCESS IS NOT HELPFUL IN THIS ASPECT AND SBS DOES NOT HAVE THE FINANCIAL RESOURCES OR EXPERTISE TO DO SO. THE AGENCIES WITH CAPITAL CONSTRUCTION BUDGETS DO.**

- 5) REFORMING AND EXPANDING TECHNICAL ASSISTANCE AND CAPACITY BUILDING PROGRAMS INCLUDING SESSIONS FOR PROJECT LABOR AGREEMENTS. M/WBEs DO NOT LIKE TO BID PLA WORK AND THERE IS OVER \$150 BILLION OF PLA WORK IN NYC.**

- 6) REFORM THE 240 SCAFFOLD LAW;**

- 7) REFORM THE M/WBE REGULATORY PROCESS.**



THE MOST SUCCESSFUL M/WBE PROGRAM IN NEW YORK STATE IS THAT OF THE NYC SCHOOL CONSTRUCTION AUTHORITY. I WOULD STRONGLY URGE YOU TO CALL SCA PRESIDENT LORRAINE GRILLO TO DISCUSS HOW THE SCA M/WBE PROGRAM WORKS.

SIMPLY PUT, THE SCA ALREADY HAS IN PLACE MANY OF THE RECOMMENDED CHANGES I JUST MENTIONED, FROM PRE-QUALIFICATION TO AWARDING CONTRACTS OF \$400,000 WHILE WAIVING BONDING REQUIREMENTS, TO PROVIDING CAPACITY BUILDING AND TECHNICAL ASSISTANCE TO M/WBE COMPANIES. ALL CITY AND STATE AGENCIES NEED TO HAVE THESE TOOLS AND THAT REQUIRES STATE LEGISLATIVE ACTION.

I WANT TO SPEND A MINUTE TALKING ABOUT THE LAST RECOMMENDATION – REFORM OF THE M/WBE REGULATORY PROCESS. WHAT IT MEANS AND WHY IT IS IMPORTANT.

AS WE STAND HERE TODAY, THE ASSOCIATED GENERAL CONTRACTORS OF NEW YORK STATE HAVE FILED A LAWSUIT, AND WON, AGAINST 7 NYS AGENCIES FOR FAILURE TO PROVIDE THE INFORMATION THEY USED IN IDENTIFYING HOW THOSE AGENCIES ESTABLISH M/WBE GOALS ON THEIR PROJECTS WHILE REQUIRING A 30% M/WBE GOAL. THIS LAWSUIT IS VERY



DANGEROUS FOR BOTH THE CITY AND STATE M/WBE PROGRAMS. WHEN SIMILAR LEGAL CHALLENGES WENT TO COURT IN CHICAGO, PHILADELPHIA, ATLANTA, BALTIMORE AND NEW JERSEY—THE COURTS ELIMINATED THOSE M/WBE PROGRAMS IN THEIR ENTIRETY. THE BTEA HAS NO INTEREST WHATSOEVER IN HAVING THAT OCCUR IN NEW YORK.

THE BTEA WAS ASKED TO JOIN THAT LAWSUIT AND WE SAID NO. WE PREFER TO WORK WITH CITY AND STATE OFFICIALS ON MAKING THE REFORMS NECESSARY TO ENSURE THE SUCCESS OF M/WBE PROGRAMS BECAUSE WE BELIEVE THEIR SUCCESS IS CRITICAL TO THE SUCCESS OF THE NEW YORK ECONOMY AND FOR ITS RESIDENTS.

OUR MANTRA IN THIS EFFORT HAS BEEN AND REMAINS AS BEST DESCRIBED BY AN OLD CONFUCIOUS QUOTE WRITTEN IN 500 BC:

**“WHEN GOALS CAN’T BE REACHED, DON’T ADJUST
THE GOALS ADJUST THE ACTION STEPS.”**

CONFUCIUS (500 BC)



YOU AS A NEWLY ELECTED CITY COUNCIL MEMBER WILL HAVE AN UNPRECEDENTED OPPORTUNITY TO DO SOMETHING INCREDIBLY BENEFICIAL FOR NEW YORK AND ITS M/WBE CONTRACTORS. WITH CONSTRUCTION SPENDING IN NEW YORK CITY PROJECTED TO BE SOME \$150 BILLION OVER THE NEXT 3 YEARS—THERE HAS NEVER BEEN A GREATER OPPORTUNITY TO DO SOMETHING AS PROGRESSIVE AND MEANINGFUL AS OPENING THE DOOR OF BUSINESS GROWTH AND OPPORTUNITY FOR M/WBE CONTRACTORS AS WE HAVE NOW.

HOW DO WE TOGETHER ACHIEVE OUR MUTUAL GOALS? YES, I SAID MUTUAL GOALS. IT WILL REQUIRE 2 THINGS:

- 1) FOCUS ON HOW TO MAKE M/WBE PROGRAMS BECOME BUILDING THE CAPACITY OF M/WBE CONTRACTORS TO COMPETE FOR CONSTRUCTION CONTRACTS;**

- 2) TO WORK IN PARTNERSHIP; BTEA PRIME CONTRACTORS, M/WBE CONTRACTORS AND ADVOCATES AND PUBLIC OFFICIALS, TO ADOPT THE CHANGES NECESSARY THAT WILL LEAD TO EXPANDING THE CAPACITY OF M/WBE CONTRACTORS TO COMPETE FOR CONSTRUCTION CONTRACTS.**



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AS A NEWLY ELECTED CITY COUNCIL REPRESENTATIVE, YOU HAVE A HISTORIC OPPORTUNITY TO MAKE A KEY CONTRIBUTION TO THIS EFFORT. AND I PLEDGE TO YOU, THAT THE BUILDING TRADES EMPLOYERS' ASSOCIATION STANDS READY TO WORK WITH YOU IN PARTNERSHIP TO BUILD M/WBE CONTRACTOR CAPACITY. NEW MEMBERS OF THE CITY COUNCIL, THE TIME TO DO THIS IS NOW. THANK YOU.