



Dear reader,

The enclosed report, *Localizing Procurement for Wellness-Based Development: Opportunities and Barriers to Anchor Institution Procurement from Minority and Women-Owned Businesses in Central Brooklyn*, is our investigation into possibilities for strengthening the system of connections and contracts between local vendors and institutional procurers in Central Brooklyn today, gained from interviews with anchor institutions and M/WBE vendors alike. We believe these insights are most critical to our findings and to the work ahead:

1. **The NYC economy is booming but many MWBEs are not.** They, like the communities of color they often reside in, are struggling — especially Black owned businesses, and specifically in communities in Central Brooklyn
2. Large purchasing anchor institutions (hospitals, universities, libraries) want to do more to help their communities and contract with MWBEs but they **lack the place-based multidimensional support that is necessary**
3. Existing resources (e.g. the SBS MWBE database) and procurement fairs are of some help but **don't consistently enable anchors to find the right MWBEs** when they are looking for bids nor enable MWBEs to be introduced to anchors or maintain a relationship over time
4. **Most anchors take too long to pay** (30 days is typical, but sometimes much longer). This exposes already vulnerable small businesses to undue risk which makes both sides less willing to work together
5. Many MWBEs miss out on contracts because **they lack a large enough workforce**, are not bonded, or there is not available parking at or near the anchor
6. Businesses take the time to register as MWBEs but **most don't see any benefit**. Many felt misled, that the designation is a "false promise"
7. **Anchors want more MWBEs** in a wider variety of sectors, especially IT and software development
8. Even with the above noted, in the short term there is tremendous opportunity for MWBEs to contract with central Brooklyn anchors in **the areas of construction, catering, office**



supplies, IT, landscaping, and consulting, especially the Brooklyn Public Library and the three One Brooklyn Health System hospitals

9. **MWBEs need more consistent place-based multidimensional support.** Most common was the desire for assistance in marketing and getting contacts to individual anchors but some (especially those in construction) also sought support in negotiating contracts as well as guaranteeing payment
10. **We recommend further research into place-based social enterprises** that can connect vendors to procurement opportunities

We hope you find the report useful as a guide to what can be done to shift the streams of wealth in these communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Menser".

Dr. Michael Menser
Assistant Professor and Director,
Center for the Study of Brooklyn

A nighttime street scene in Central Brooklyn. In the foreground, a dark car is blurred, moving from left to right. The background features a subway station entrance with a staircase and a sign that reads "Marcy Av Station Manhattan Elevator on Marcy Av". To the left, there is a storefront for "American Deli" with a sign that says "FREE DELIVERY 710-782-2666 15". Above the entrance, there is a sign for "Unique Shape". The scene is illuminated by streetlights and the colorful neon signs of the businesses.

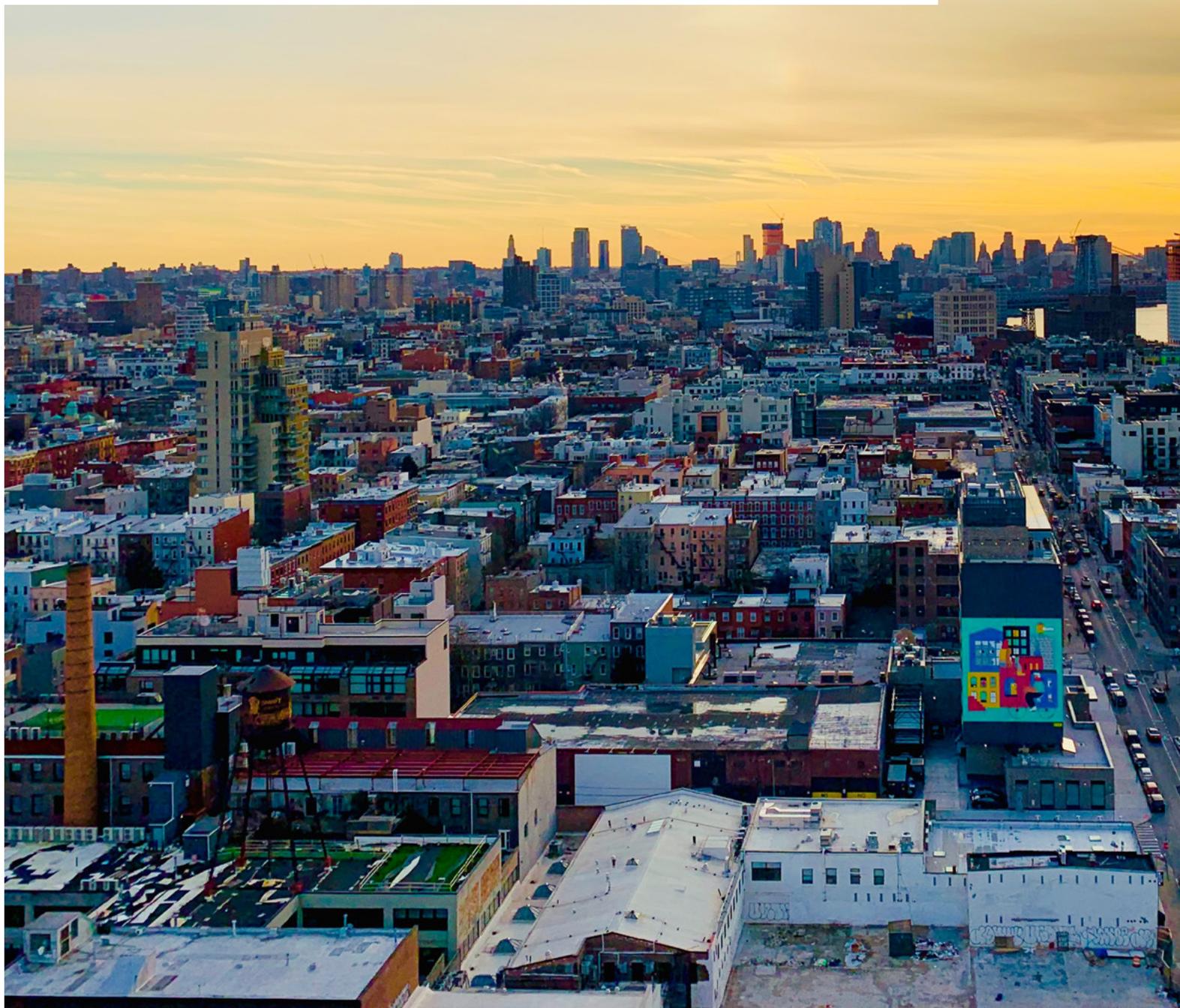
LOCALIZING PROCUREMENT FOR WELLNESS-BASED DEVELOPMENT

Opportunities and Barriers to Anchor Institution
Procurement from Minority and Women-Owned
Businesses in Central Brooklyn

A white paper from the Center for the Study of Brooklyn at
CUNY Brooklyn College

Co-authored by Dr. Michael Menser and Dr. Kobie Coleman

Based on interviews done by the co-authors with Isaiah
Hope and Dr. Gretchen Susi





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Introduction

Despite an economy which is officially booming, communities of color and minority and women-owned business enterprises (MWBEs), particularly those that are Black-owned, often struggle in New York City.¹ This is especially the case in Brooklyn, which is a hotbed of both increasing business development and intense gentrification and displacement of Black and Latinx communities. This is troubling for many reasons, especially since the MWBE category was designed to bring recognition and support to communities unfairly excluded from a critical source of economic activity: government procurement and contracting. Yet **there is hope** because the number of MWBEs is increasing, and institutions such as hospitals, universities, and libraries that possess considerable buying power are located amidst these same communities **and are ready to engage**. Indeed, the “anchor model” framework was designed as a way for these large scale institutions that provide crucial public services to reflect on the ways their employment and procurement practices can support their local communities.²

1. NYC Comptroller Scott M. Stringer, “The New Geography of Jobs: a blueprint for strengthening NYC Neighborhoods,” April 2017. Note that the overall number of MWBEs is growing as challenges for existing (and future) MWBEs remain.
2. See “The Anchor Dashboard: Aligning Institutional Practices to Meet Low-Income Community Needs,” Steve Dubb, Sarah McKinley, and Ted Howard. 2013, The Democracy Collaborative at the University of Maryland.

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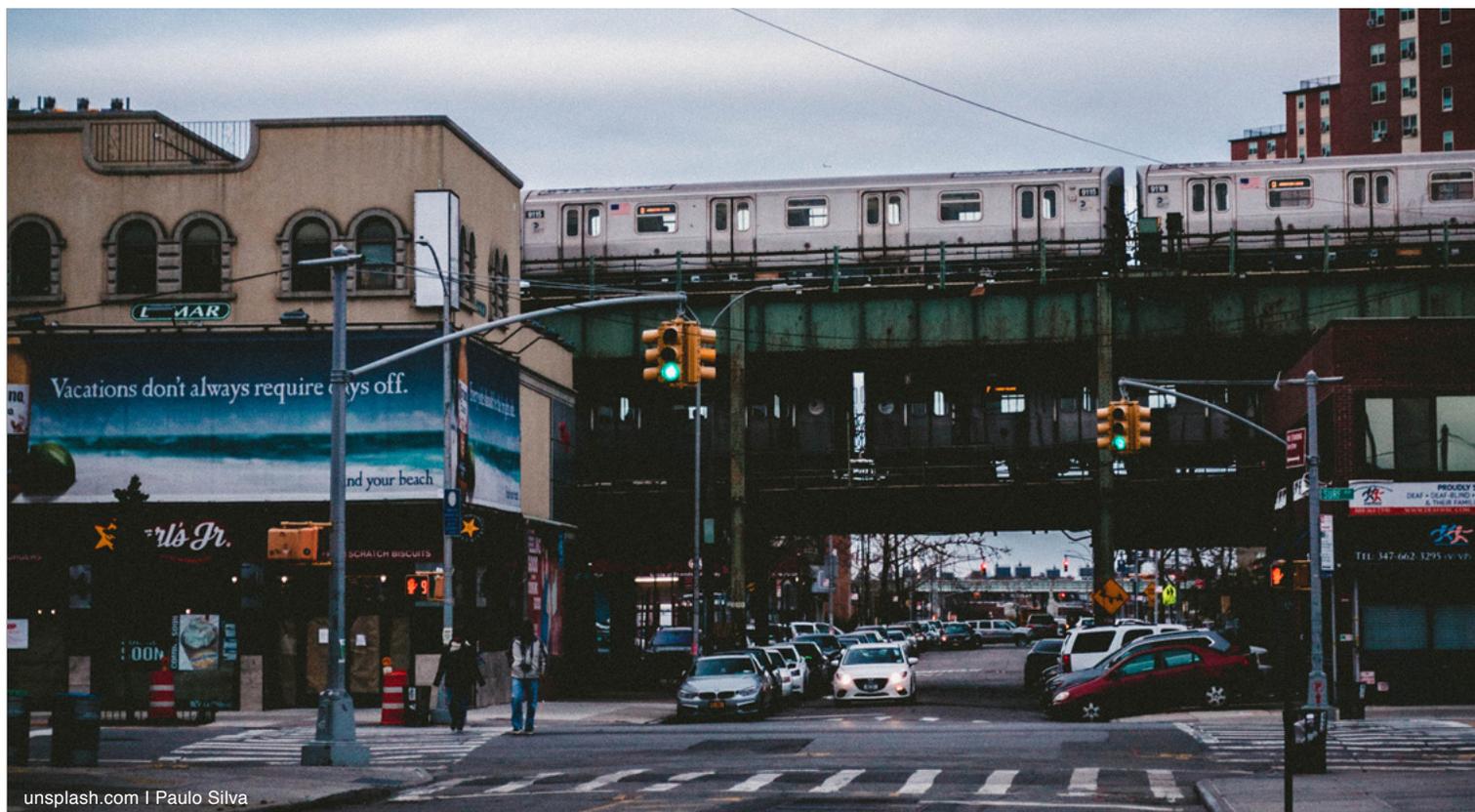
This white paper was born of years of work done by community organizations and healthcare institutions to create a wellness-based development framework. As Interfaith Medical Center was threatened with closure, the Coalition to Transform Interfaith fought to build wellness at scale through the restructuring of the institution. That coalition first saw anchor institution procurement as a possible driver for scaling economic transformation inspired by the Bronx Cooperative Development Initiative. Since then, a base of local stakeholders has grown to support a vision of development based in community wellness. This paper, focusing on opportunities for and barriers to local MWBE procurement at anchor institutions in Central Brooklyn, is one piece in a step to achieve that vision.

The creation of Localizing Procurement for Wellness-Based Development was funded by New York City Council through a grant from the Bronx Cooperative Development Initiative. It focuses on six anchor institutions situated in Central Brooklyn: the Brooklyn Public Library (BPL; central, branch and system); Brookdale University Hospital Medical Center

(BD), Interfaith Medical Center (IMC) and Kingsbrook Jewish Medical Center (KB) (which together are co-operated by One Brooklyn Health System, Inc. (OBHS)); SUNY

“..This is particularly the case in Brooklyn, which is a hotbed of both increasing business development and intense gentrification and displacement of Black and Latinx communities.”

Downstate Medical Center (SD); and the City University of New York – Brooklyn College (BC) and CUNY Central. Its purpose is to **assess the potential for enabling anchors to contract more with local small enterprises owned by women and/or minorities (MWBEs)** in order to meet their procurement needs in a way that **further strengthens local communities**; and to talk to MWBEs to see if they **seek more business with anchors** to enable greater long-term stability or growth.



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The following is an exploration of the opportunities and challenges to local procurement Central Brooklyn, a community that has been chronically economically excluded and whose average wellness and health outcomes fall far below the majority of NYC neighborhoods. We interviewed hospitals, universities, and libraries in Central Brooklyn³ and found that they have had **limited success contracting with MWBEs⁴ even though the number of MWBEs increased city-wide by more than 30% in 2018.⁵ Indeed, most anchors do not consistently meet the new 30% target (raised from 20% in 2015) set by New York State.⁶ Existing supports, such as the database maintained by the NYC Department of Small Business Services for both vendors and contractors, are of some help but still inadequate from the perspective of most administrators in charge of purchasing. On the other side of the table, many small businesses**

that took the time to register as MWBEs feel that **the designation is barely helpful, and at worst, it has misled them**, stringing them along with false promises. **Almost all of the anchors and MWBEs expressed desire for an intermediary organization to help connect both parties** so that anchors could find the appropriate MWBEs when issuing bids and MWBEs could better market themselves to anchors or receive assistance to negotiate contracts and receive timely payments.

In what follows, we briefly introduce the borough and the area focused upon, lay out the pain points of the anchors and MWBEs our team interviewed, and examine possibilities for short- and medium-term action to support anchors to contract with MWBEs and to improve the well-being of the people of Central Brooklyn.

3. For the purposes of this study, we generally follow the most inclusive definition of Central Brooklyn, which is comprised of ZIP Codes 11203, 11205, 11206, 11207, 11208, 11210, 11212, 11213, 11216, 11221, 11225, 11226, 11233, 11234, 11236, 11237, 11238 and 11239. The State's Vital Brooklyn Initiative uses a similar definition (see <https://www.ny.gov/transforming-central-brooklyn/vital-brooklyn-initiative-0#frequently-asked-questions>).

Population data from US Census Bureau, American Fact Finder, 2012 – 2017 ACS data tables.

4. SUNY Downstate and Brooklyn College came the closest to meeting the NY state-set 30% target. Indeed, BC struggled to meet the 20% target in 2015 but exceeded 40% in 2017/8. Information reported by BC to NY State.

5. The number of MWBEs in NYC in 2014 was 3783, and in 2018 there were 6829.

6. BC/CUNY and SUNY Downstate are state funded and required to aim for 30%. BPL has taken on that goal as well even though they are a non-profit. The other city hospitals are also taking on that number as a goal.

Brooklyn and Central Brooklyn Defined

Welcome to Brooklyn, the most populous of the five boroughs, with approximately 2.6 million residents. In the first decades of the 21st century, Brooklyn has experienced a renaissance as a thriving hub of entrepreneurship and high technology startup firms, having set employment records for eight consecutive years (since 2010) and reduced the unemployment rate to a record low (4%).⁷ Despite these impressive gains, the borough still faces challenges, including poverty, a shortage of affordable housing, gentrification, and dramatic house price increases. One-fifth of all Brooklyn households have incomes below the federal poverty level; and the number of households that devoted at least half of their incomes to rent (the threshold at which rent payment is considered a severe burden) increased by 17 percent between 2007 and 2016.⁸ These developments have left many of Brooklyn's long-term residents behind, the majority of whom are historically disadvantaged people of color. Indeed, new business activity, which in the abstract sounds like evidence of robust economic growth, served as a sign of racialized displacement in NYC during 2000-2015.⁹

Perhaps no area has been hit harder in this regard than Central Brooklyn. With a population of 1.4 million, Central Brooklyn is a large swathe of the borough consisting of several communities, generally east of Flatbush Avenue, including Bedford Stuyvesant, Brownsville, Bushwick, Canarsie, Crown Heights, East New York, Flatbush, and Prospect Lefferts Gardens.¹⁰ Together, these communities demonstrate a robust cultural demographic with respect to race, nationality, ethnicity, religion, and linguistic diversity.

Central Brooklyn boasts incredible assets. It houses some of the region's top hospitals and universities with their attendant purchasing power; strong growth in construction and the support services sector, including accounting, personal supply agencies, and high-tech computer services firms; and world-renowned cultural venues like the Brooklyn Museum, Brooklyn Public Library, and Brooklyn Botanic Gardens, all of which also serve as a civic trust.

But the situation for communities of color and MWBEs, and for Black-owned businesses in particular, is not as healthy. A report issued in 2017 by the NYC Comptroller showed that between 2007 and 2012, Black-owned businesses in NYC as a whole declined by



7. New York State Dept of Labor. <https://labor.ny.gov/stats/nyc/index.shtm> See also Brooklyn Chamber of Commerce, "Economic Assessment of the Brooklyn Economy—2016 Update," p. 4.
8. Office of the New York State Comptroller. "An Economic Snapshot of Brooklyn." <https://www.osc.state.ny.us/osdc/rpt3-2019.pdf>
9. NYC Comptroller Scott M. Stringer, "The New Geography of Jobs: a blueprint for strengthening NYC Neighborhoods," April 2017, p. 5
10. For the purposes of this study, we generally follow the most inclusive definition of Central Brooklyn, which is comprised of ZIP Codes 11203, 11205, 11206, 11207, 11208, 11210, 11212, 11213, 11216, 11221, 11225, 11226, 11233, 11234, 11236, 11237, 11238 and 11239. The State's Vital Brooklyn initiative uses a similar definition (see <https://www.ny.gov/transforming-central-brooklyn/vital-brooklyn-initiative-0#frequently-asked-questions>). Population data from US Census Bureau, American Fact Finder, 2012 – 2017 ACS data tables.



unsplash.com | Piotr Kwiatkowski

more than 30%. Indeed, startlingly, of the largest 25 cities in the US, NYC was one of only three that saw a decline in the number of Black-owned businesses (along with Detroit and Jacksonville). Reasons for the decline include decreasing Black population, overexposure of Black-owned businesses in the retail space (which is shrinking), and gentrification and the associated higher rents.¹¹

Yet, our interviews and analyses give us reason to believe that Central Brooklyn already has many of the resources it needs to address these challenges. As such, this report started with a question: **if Central Brooklyn-based leaders from government, labor, education, and healthcare partnered with small businesses owned by women and people of color, could they help create an economy that better taps and coordinates local resources, fosters community**

well-being, builds shared wealth, inspires democratic ownership, and supports a larger movement for self-determination?

In many ways, this is what the “anchor model” approach to shared wealth building is all about.

Anchor institutions are major players when it comes to real estate, employment, and procurement. And because of their scale with regard to the last two, they can have a big impact on job markets and supply chains. Hospitals and universities (“eds” and “meds”) are two of the largest employers in the US. Too often in urban areas, universities and hospitals can seem like fortresses fenced off from their surroundings, with high tech machinery and highly paid administrators on the inside and high unemployment and abandoned buildings on the outside. And this is true of parts of Central Brooklyn as well.

11. NYC Comptroller Scott M. Stringer, “The New Geography of Jobs: a blueprint for strengthening NYC Neighborhoods,” April 2017, p. 18

But what if there were partnerships that incubated local businesses to meet these institutions' needs? Hiring locally doesn't just help those workers that are hired, but also gives them money to spend at local businesses and to secure housing. This creates further downstream benefits to schools and students who now have more places to seek employment and to residents who have more active local businesses to frequent, which in turn can reduce crime and inspire more neighborhood confidence. For a particularly robust case, see the "community wealth building" project undertaken in Cleveland with the Cleveland Clinic and University Hospital.¹² In another case in the Bronx, the Northwest Bronx Community and Clergy Coalition, Montefiore Hospital, and St. Barnabas Hospital have joined forces to focus conduct health- and energy-related retrofits in the buildings that drive high rates of asthma-related emergency department and hospital visits across the borough. And as recent research using the social determinants of health lens has shown, addressing the same types of economic concerns around housing, employment, and education can also dramatically improve health outcomes.¹³

Assessment of Anchors' Desire to Procure More from Local MWBEs

We interviewed seven anchors, and six are interested in having more help to secure contracts from MWBEs in Central Brooklyn.¹⁴ Brooklyn College, CUNY Central, Brookdale, Brooklyn Public Library, Interfaith Medical Center, and Kingsbrook had definite interest in additional support procuring from MWBEs. BC and CUNY Central participate in fairs and other statewide events designed to connect major purchasers, both public and private, with MWBEs.

In terms of how they purchase, the three hospitals that are part of the One Brooklyn Health network centrally purchase major items such as medical equipment, software systems, and office supplies. But **many other purchases are decentralized**, including smaller purchases and services like painting, carpentry, copy machines, IT maintenance and repair, etc. Indeed, at the Brooklyn Public Library, there is decentralization at the main branch, so that departments do much of the contracting, and then there is decentralization within the system such that the 59 branch libraries do much of their own procurement.

At BC/CUNY, departments have P cards and purchase many office supplies through the online CUNY-approved vendor Proftech. (For more details, see Table 1 below.)

“...Anchor institutions are major players when it comes to real estate, employment, and procurement.”

12. See <https://community-wealth.org/content/cleveland-model-how-evergreen-cooperatives-are-building-community-wealth> and the paper by Ted Howard, "Owning Your Job is a Beautiful Thing: Community Wealth Building in Cleveland, Ohio," San Francisco Federal Reserve, 2012.

13. "Healthy Brooklyn: Community Centered Study: Proposed Health and Wellness Interventions in Brownsville and East New York," Community Care of Brooklyn, 2016.

14. The one that is not, SUNY Downstate, had no interest in favoring local MWBEs, where "local" is defined as "headquartered and/or doing the largest part of one's business in Central Brooklyn." Though SD was certainly interested in contracting with MWBEs throughout NY state – having been among the top half of anchors to achieve past success in this regard – because they are state funded and operated, there was no way to justify favoring Central Brooklyn over other competitors, and they expressed no interest in placing additional focus on Central Brooklyn, especially since they rely on state-level help to find and secure contracts with MWBEs.

Pain Points for Anchors

Pain points for anchors centered around locating relevant local MWBEs when a need arose, ensuring compliance of general contractors to subcontract MWBEs at the 30% mark, paying on time so as not to place MWBEs in a vulnerable financial position with regard to cash flow, and a desire for MWBEs in a wider variety of sectors.

Capacity to find enough and/or the right kind of MWBE was mixed. A key resource for assisting all the anchors was Frank Cerullo, Senior Analyst and Trainer at Vormittag Associates (VAI), Inc. Nearly every anchor institution named Mr. Cerullo as a MWBE contractor source who **enabled them to secure the services of a select few MWBEs**, typically the same four or five women or Black-owned businesses. Other anchor institutions use internal or online databases to promote jobs and locate vendors. Some send requests for quotes and/or bids (or recommendations) to vendors with whom they already have an established relationship. **SD has the most focus on MWBE hiring of any anchor: for**

four years now, they have employed a person whose specific duty is MWBE procurement. CUNY also has an operations position dedicated to seeking out diversity in procurement. BC/CUNY and IMC had a decent familiarity with existing MWBE databases, but Kingsbrook and Brookdale did not. Indeed, one used a database that is explicitly not a database for MWBEs but is for disadvantaged business enterprises (DBEs) which is used by transportation agencies such as MTA and Port Authority.¹⁵ But these latter two did actively seek out local vendors (MWBE and non-MWBE). Also, one anchor (BPL) does much contracting with businesses that are minority and women-owned but are not registered as MWBEs and have generally not been interested in doing the work to obtain certification.

Another difficult issue identified by two anchors (as well as three vendors; see below) is that when an anchor hires a general contractor who in compliance with a state mandate promises to subcontract 30% of the

15. <https://nysucp.newnycontracts.com/>

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total commission to MWBEs, this promise is practically impossible to enforce.

Indeed, instances were cited where it was clear that general contractors had made the 30% promise but were nowhere near their stated goal.

Relatedly, all the HVAC and construction firms we interviewed expressed dismay with the state of the construction sector on two fronts: not being able to secure contracts despite a construction “boom,” and a dramatic increase in the number of times they were paid late, not paid for all the work contracted, having their scope of work increased after signing the contract, and/or not being paid at all. The older firms said that both of these phenomena dated back to around 2008 but had started in the early 2000s. They reported that race and the “old boys network” were significant factors in their mistreatment and not getting contracts. They also reported that many MWBE firms that they had known over the years—two had been around since the early 1990s—were no longer in business and that “surviving” was one of their greatest business achievements. Two felt strongly that an intermediary organization would be of great benefit for MWBEs while the other felt that being the prime or the lead and not having to deal with construction managers or general contractors was a highly preferable model. All cited project labor agreements as a source of problems as well.

Most anchors also reported difficulties with timely vendor payment (though this seemed to be less of a problem at BPL, BC, CUNY, and SD). Cash-strapped circumstances

at OBHS hospitals can make timely payment challenging. It’s not a question of “if” vendors will get paid (they will), but “when.” Payment terms typically fall between 120 – 150 days after work is completed at the hospitals, whereas most businesses require payment within 90 days and some within 30 days (and some within 48 hours, as reported below). BC/CUNY and BPL have payment processes that take 30 days or so (depending how long vendor verification paperwork takes), but due to a lack of financial capital at many MWBEs, these terms can be difficult for them to accept nonetheless. A related concern is that MWBEs are often a more expensive option and their bids cannot compete with better situated firms. One anchor complained that in general the bidding process is too competition-oriented which not only puts MWBEs at a disadvantage but is time-intensive for the procurement staff and does not usually improve quality or price. Also, some MWBEs are able to do the work but are not bonded, which makes them ineligible on a range of contracts. On a different note, more than one anchor stated there are too many MWBEs focused on too few interests (too many “marketing firms,” janitor/sanitation, etc.) and that MWBEs in general would do well to diversify.





unsplash.com | Krisztina Papp

Pain Points for MWBE Vendors¹⁶

We interviewed nine businesses, eight MWBEs, and one business that is in the process of certification. The nine businesses operate in three sectors: construction broadly defined (painting, carpentry, masonry etc.), HVAC, and food.¹⁷ Their main pain points were with respect to marketing and payment. All were interested in help with marketing and increasing access to large purchasers, seven were interested in having a “middleman” organization that could help negotiate the contract or that would actually hold the contract, subcontract to a vendor, and remit

payment in a more timely manner. If such an organization were formed for Central Brooklyn, six would sign up immediately. All interviewees had a **shared concern with the cumbersome nature of bureaucracy and the paperwork required to gain certification**; and all complained that registering as an MWBE either secured them no contracts or bids (six vendors) or not nearly enough to justify the investment of time required to manage the process (six vendors). Two emphatically stated that they had been let down by the political machinations of

16. Securing vendors to be interviewed was challenging. This is true of most research surveys, and there are non-sector-specific reasons – lack of time and/or trust to name two – but some MWBEs expressed particular reasons for not wanting to be interviewed: some were interested in contracting with large purchasers but not any in our set (e.g. they sought contracts with New York City public schools, for example); or some were not interested in selling to any of our purchasers (no reason given); while others did not want to be included in a report that was “public.” Also, most vendors we spoke with had a negative perception of the category MWBE, so appealing to them in this manner could have been a turnoff for many. One business that had a positive perception of the category was the one still going through certification. The owner said they were doing so, though they found it cumbersome, because many told them that they could benefit from receiving contracts from city agencies – they were unaware that non-agencies also valued the category.

17. We interviewed businesses from a range of geographic areas within Central Brooklyn focused on the following zip codes: 11201,11203,11205,11206,11207,11208,11210,11221,11233

City administrators and that MWBEs were consistently overpromised work and benefits while results remained few and far-between. “It has been more than twenty years of promises to help, from one administration to the next, but nothing ever really happens, and nothing ever changes,” said the chief executive of one of the construction companies we interviewed. Another complained that becoming an MWBE doesn’t penetrate the old boys’ network to get contracts, that it is better to “be a friend from the golf course.”

MWBEs we contacted find it **difficult to connect with, or even find, an appropriate purchaser**. Even when a database is available, it is not easy to search or to find the right contract (this was explicitly stated by all vendors we interviewed), and most interviewees struggled with marketing their products and services. The vendors in construction both shared a strong desire to expand their Internet presence and seek expert direction in website management and marketing. The food vendors already had unique and interactive websites maintained by professional servers. One food vendor was selected to participate in a nationally-syndicated television program, which greatly enhanced their local and national profile. But even they sought direction on how to develop strategies to keep this positive momentum and continue to grow their business.

All MWBEs noted difficulties in getting paid in a timely fashion, and most reported experience dealing with some contractors who never paid: this was especially the case in construction. Payment timeline needs varied depending on sector. Food vendors required total payment up front or within 48 hours, with exceptions made for unusually large orders or private label contractors. Large orders could be invoiced, whereas some type of long-term contractual agreement would be reached with private label providers. Additionally, food

vendors were usually paid online via credit card transaction and other times with cash or check (or credit card) upon delivery.

On the other hand, construction jobs required partial payment upfront, one-third to one-half of the total contract or “mobilization money,” with the balance to be invoiced and paid, ideally, within fourteen to thirty days. Payment was made by credit card or bank/cashier’s check. The construction industry, however, is notorious for prolonged payments and contentious negotiations for payment due – or no payment at all – particularly with respect to small, Black or minority-owned businesses. And two of our interviews said it had gotten worse since the early- to mid-2000s (see above).

See Table 1 on the different Anchors Purchasing Processes.



Anchor Institution



Procurement Process

“Procurement hierarchy” starting from preferred sources to state/city contracts. Use of internal + CUNY Central databases. Vendors access website for job postings. Bid process is cumbersome and intimidating (for vendors). Otherwise, local spending is not tracked. No effort to engage local vendors.

Departmentalized between Procurement, Services, & Facilities, but one person hired specifically for MWBE retention. Jobs posted in trade journal. Bid process is cumbersome & intimidating (for vendors). Use of tier system. Evaluation by committee (at anchor site). Again, local spending is not tracked. Minimal effort to engage local vendors (existing protocol is informal).

Procurement Dept fields requests from other hospital sectors. Dept conducts cost-benefit analysis and consults NY State database not exclusive to MWBEs. Requests bids from vendors on major contracts.

Positive Outcomes

State mandates 30% of business goes to MWBEs, last year hit the mark. Good personal relationship w/2-3 vendors.

Facilities Dept has had most success with MWBEs in design and construction. Also new contract for cafeteria management went to MWBE farm upstate. Compliance with state mandates acknowledged if not quite yet achieved. New AIX tool for procurement and Empire State Development Website.

Personal relationships with MWBEs exist here but many are informal: Johnson Security, Red Rabbit (food services), Ace Repairs (HVAC), FM Office Express (office supplies), Halberg Electrical.

Problems

Payment process: if/when billing cycle exceeds 30 days, becomes difficult for MWBEs to compete (a common problem, see below). MWBEs offer non-competitive quotes. Too many MWBEs focused on too few interests.

List of available MWBEs “unimpressive.” Information Technology at SUNY Downstate is ripe for MWBEs, but New York State does procurement for these contracts. No problem with MWBEs currently contracted; problem is with hospital’s primary contractors who pay lip service to subcontracting MWBEs but do not follow through.

Most vendors’ payment cycle 30 days, Brookdale payment cycle 90-120 days. This means that MWBEs can’t afford to take some contracts because pay period is too long. Also, One Brooklyn Health needs “consistency.” Work on consolidation of all spending. Community needs more non-medical MWBEs.

**Procurement
Process**

Internal meetings with senior officials at OBHS hospitals. MWBEs with whom they have a current relationship also offer recommendations. Send requests out to various vendors. Consults no database, just asks locally and/or internally for recommendations. No tracking of MWBEs or anything else.

Takes referrals. Also consults MWBE database. Focus 1st on Brooklyn vendors, then statewide. Take vendor bids through RFP: compare prices, meet, have walk-throughs. Final choice made internally based on quality, references, and (most importantly) payment terms. Local purchasing is not tracked.

Each of the 59 branches handles its own procurement. For jobs over \$5k, they issue Purchase Order and solicit bids from vendors using City database or trade publications. No MWBE database. No tracking of local purchases.

**Positive
Outcomes**

Informal relationships with FM Office Supply, Red Rabbit (food services). Gilley Vending. May consider centralizing copier service (TGI Copiers is a local business who could move in when the XEROX contract expires). Or perhaps Gilley Vending could partner with Red Rabbit to have fresh meals stacked in vending machines.

Good relationship with local MWBEs in plumbing (Aqua) and Bernie Glass for plexiglass needs; also, a flower shop, an auto repair shop, a bakery, and a local painter are frequently used and looking for more (have a need in landscaping, recycling, dietary services, and construction/maintenance). Used an MWBE to repair flood damage two years ago, a large contract with great success. The ongoing, long-term relationships have been mutually beneficial. New relationship with Carver Bank (Black-owned and well-established) will lead to more referrals, ideally, and enable IMC to meet 30% MWBE city/state quota.

Several new construction projects upcoming (new branches in Sunset Park and DUMBO), plus need for sustainable products and services to facilitate transition of all branches to LEED certified. Also, MWBEs have been essential for programming activities in life skills, community development, and the arts. The main architect for the central branch is MWBE.

Problems

Payment terms typically fall between 120 – 150 days after work is completed, whereas most businesses require payment within 90 days, some 30 days. Cash strapped circumstances at OBHS hospitals makes it difficult to connect with MWBEs. Often, MWBEs are a more expensive option. And so, they can't compete with the major contracts. Also, OBHS lacks leadership: no clear leader in facilities, housekeeping, or supply chain, so competing ideas intervene and bog things down. Plus, everyone is on a different system. Finally, MWBEs are underrepresented in major hospital/medical industries, like MRI machines, software systems, and other big-ticket items. But cheaper contracts offer low margins and stiff competition.

IMC emerged from bankruptcy protection in 2014, but vendors today still express a lack of trust, some vendors will only contract on a COD basis. Payment terms that extend past 30 days a problem for MWBEs here, too, as elsewhere. Also, no MWBEs selling major purchase items for hospitals like medical equipment and supplies, especially not in BKLYN. MWBEs in the food sector often cannot compete with high-volume orders, and all MWBEs frequently submit non-competitive bids, regardless of sector.

Payment cycle of 30-45 days is not bad, better than hospitals and on par with BK/CUNY, but still can be problematic for smaller MWBEs, as we have seen. Many Black or woman-owned businesses are not registered as MWBE. Many are neither bonded, insured, or certified, and lack capacity or financial capital for larger jobs. Also, the library is run like a city agency, which limits contractual relationships to 4 years, thus increasing turnover. Bidding system is competition-driven and many MWBEs cannot compete.

Anchors' Needs and Opportunities for MWBEs

All anchors but one are looking for local MWBEs. The full list of needs for each is below, but in general, there is considerable need for MWBEs in some areas where there are already existing MWBEs (but maybe not enough): catering, construction and construction-related industries, landscaping, office supplies, as well as areas where there are too few MWBEs or none: IT, software development, consulting. Several anchors expressed confidence in helping sustain an MWBE presence in the office supply sector specifically, as seen with FM Office Supply (a Black-owned local business), but there are low margins in this sector and MWBEs often can't compete with corporations like Staples. Centralizing the purchase of copy machines may be useful here. One anchor mentioned TGI Copiers as a Black-owned local business that could move in when the Xerox contract expires at end of the fiscal year. In food service, Kingsbrook also mentioned that perhaps Gilley Vending, a woman-owned business, could partner with Red Rabbit, a

Black-owned food service and meal prep, to have fresh meals stocked in vending machines (however, Gilley is not local.)

Other possibilities abound. BC/CUNY shared a particular need for MWBEs that specialize in higher ed consulting, higher ed executive search, higher ed software development/implementation, and information technology. BC/CUNY expressed a strong interest in doing business with MWBEs in these fields. There is also a possibility of BC/CUNY contracting for small scale food purchases by academic departments and programs (mostly \$250-\$1000) but not for the CUNY cafeteria vendors which are now centralized.

BC/CUNY reported a need for vendors in consulting, marketing and executive searches, respectively, but there is a paucity of vendors, not excluding MWBEs, who could meet these needs which, in a sense, are specific to higher education. Overall, there was definite interest in additional database help from the majority of anchors.

“It has been more than twenty years of promises to help, from one administration to the next, but nothing ever really happens, and nothing ever changes,”



LIST OF VENDOR SERVICES NEEDED BY ANCHORS¹⁸:

	BC	BD	BPL	CUNY	IMC	KB	SD
Bakeries					●	●	
Car service that takes Metrocard		●			●		
Composting pick-up			●		●	●	
Dental supplies					●		
Food/catering	●	●	●	●	●	●	●
Furniture			●		●	●	
Gas supplier					●		
HVAC		●	●		●	●	
Higher ed hiring consulting				●			
Information Technology			●			●	
Landscaping			●		●	●	
LED lighting					●		
Marketing			●	●			
Office supplies	●	●	●	●		●	
Painting			●		●	●	
Pest control			●		●	●	
Record storage and shredding			●		●		
Refrigerant supplier					●		
Snow removal			●		●	●	
Vending machine vendor			●		●	●	

Finally, the Brooklyn Public Library, which has 59 libraries in its system, ten of which are in Central Brooklyn, offers a range of opportunities for existing and future MWBEs (especially those that are local) for each branch. In addition to the ones named in the chart above, the public libraries also seek

MWBES that do promotion items, electrical and plumbing firms that can provide 24 hour service, printers, services for the mentally ill and homeless; audit firms, and change machines; and their landscapers and gardeners contract expires in 2021.

18. Brooklyn College (BC), Brooklyn Public Library (BPL), Brookdale Hospital (BH), CUNY Central (CUNY), Interfaith Hospital (IMC), Kingsbrook Hospital (KB), SUNY Downstate (SD).

Conclusion

Most anchor institutions in Central Brooklyn want to be positive forces for local economic development and community well-being. Also, most anchors desire to contract with and encourage the growth in the number and type of MWBEs, and many MWBEs are interested in contracting with anchors but existing support services are not enough. And in construction in particular, racialized barriers from our (albeit small) sample reported that things have gotten worse since the 2000s. Indeed, when compared to major cities across the US, NYC is one of only a handful that has a Black business sector that is shrinking. Clearly an array of more robust supports is needed.

MWBEs and anchors in Central Brooklyn expressed the need for an intermediary organization that can interconnect, negotiate, and subcontract. For these purposes, it would be useful to further research, the BronXchangea social enterprise building community wealth by localizing the procurement power of large institutions in the Bronx. In the short term, there may be opportunities for contracts between the anchors and MWBEs we interviewed without such an intermediary for catering events and in HVAC. Because the construction firms we interviewed feel a strong need for a third party mediator, it is not clear that they would accept a contract where the payment schedule was unreliable or more than 30 days.

Circulating more of these institutions' millions of dollars in procurement through local MWBEs is one initial step toward building

an ecosystem that both supports wellness and creates shared wealth for people of color in Central Brooklyn. There is a flourishing network of groups who are undertaking this

work right now, with the understanding that redirecting more of healthcare institutions' dollars locally can support this ecosystem while ameliorating conditions for community wellness and addressing social determinants of health. The Coalition to Transform Interfaith has worked with leadership in the One Brooklyn Health System, and there is buy-in from key leadership and a real conversation happening with community organizations and local partners. Continuing to connect community leadership with key administrative staff and with elected officials and city agencies such as SBS creates an ecosystem through which anchors, small businesses and communities can work together in a systematic, long-term, capability developing and trust building manner. Partnering more deeply with educational institutions – both K-12 and university – as the Coalition is attempting to do is key for the medium and long term. But a key short-term piece is getting the right kind of support infrastructure to existing MWBEs and anchors as they reorient their approach to procurement. We hope that this report can be an instrumental piece in achieving that pursuit.

Appendix

Co-authors and Interview Team Bios

Michael Menser, (Co-author and interviewer) Acting Director, Center for the Study of Brooklyn (CSB)

Dr. Menser received his Ph.D. from the CUNY Graduate Center and teaches philosophy, urban sustainability studies, and Caribbean studies at Brooklyn College, and earth and environmental sciences and environmental psychology at the CUNY Graduate Center. He is the author of *We Decide! Theories and Cases in Participatory Democracy* (Temple 2018) and is a contributor to *Prospects for Resilience: Insights from New York City's Jamaica Bay* (Island 2016). He is the co-founder and president of the Board of the Participatory Budgeting Project and helped launch one of the first PB processes in New York, working with the residents of Flatbush. He has taught at Brooklyn College since 1995 and has lived in several neighborhoods across Brooklyn. His current focus is on building partnerships with many of the great public institutions of the borough and with local residents and small businesses, especially in the areas of health, food, civic engagement, and sustainability/resilience.

Kobie Coleman, (co-author and interviewer), Development Associate, CSB

Dr. Coleman received his Ph.D. from Michigan State University. He is the author of four books, the latest of which is *New Black Soul*, which examines racial injustice in our world and explores what is required to destroy the legacy of racism. He has provided writing for several independent film and theater companies throughout the greater New York area, including playbills and director's statements for award-winning productions like *Romeo & Juliet* at Teatro LATEA in New York's Lower East Side, as well as a screenplay based on the life of Nina Simone that is currently in pre-production. An adjunct professor in the Department of Philosophy at Brooklyn College and recent owner/proprietor of CAC, Inc., a publishing, research, and

development firm, his research has focused on the violence of oppression, and the difficulties, limitations, and possibilities, of a black peoples' pursuit of identity, existence, and power.

Isaiah Hope (Interviewer), Student Intern, CSB

Mr. Hope graduated from Brooklyn College this spring with a Bachelor of Arts degree in Economics and Finance. Throughout his four-year tenure, Mr. Hope has earned numerous scholarships, awards, and certificates from the Murray Koppelman School of Business and has been a fixture on the Dean's List. He placed third nationally in a trading competition using the Chicago Mercantile Exchange and Chicago Board of Trade platform. He's also earned multiple distinctions in Math, Advanced Math, Principles of Accounting and Economics; and was ranked top 10 across the Caribbean in Advanced Math, Principles of Accounting, and Economics. Upon graduation, Mr. Hope will work to obtain the Chartered Financial Analyst (CFA) designation with the eventual goal of opening an advisory firm to help small businesses grow and thrive in the local community.

Gretchen Susi (Interviewer), Project Lead for Wellness Empowerment for Brooklyn

Dr. Gretchen Susi received her PhD in Environmental Psychology from the CUNY Graduate Center. Gretchen Susi's work focuses on youth & community development. Her research has included a participatory action research effort in public housing, a feasibility study on converting public housing to shared equity cooperatives, and a participatory community satisfaction survey in public housing. She has substantial fundraising experience. Her work has been supported by foundations including Ford, Atlantic Philanthropies, WK Kellogg, AE Casey, among others and has authored numerous publications and reports, including the plan for the CREAR Futuros collective impact initiative, and *Ten Lessons for Taking Leadership on Racial Equity*.

291A
VARIETY
• JEWELRY • SHOES • GENERAL GIFTS

La Isla Restau
293



MY DELI GROCERY
BREAKFAST - LUNCH - DINNER - HOT & COLD SANDWICHES - BOARDS HEAD PRODUCTS
293 COFFEE - TEA - COLD CUTS - LOTTO - CIGARETTES - MAGAZINES - ETC.

BREAKFAST SPECIAL
REGULAR
EGGS & CHEESE
\$2.50

BREAKFAST SPECIAL
Bacon, Eggs & Cheese on Roll \$2.50

BOAR'S HEAD
HAM 12 lb \$3.49

WE ACCEPT
FOOD STAMPS
EBT CARDS

