



2023 HB-224, ACT No. 230  
Economically & Socially Disadvantaged  
Businesses Set-A-Side  
Summary and  
Best Practices Recommendations

By The Collaborative Best Practices Committee  
August, 21 2023

Economic Development Committee Meeting  
August 29th, 2023  
City of New Orleans  
Council Chambers

Agenda

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|--|---------------------|
| 1. Summary of HB-224, ACT-230                    | Ernest M. Stalberte |
| 2. Comments and Video by<br>State Representative | Delisha Boyd        |
| 3. Comments by Senator                           | Troy Carter         |
| 4. Comments by Collaborative member              | Steven Kennedy      |
| 5. Questions and Answer                          |                     |

## HB-224, ACT-230 Summary

The City of New Orleans completed the 2018 Economic disparity Study, which evaluated the spending , contracting patterns and procurement practice of the city. The results revealed what was widely known, that there is a significant disparity in contract spending between white owned firms, women owned firms, and Minority owned firms. Additionally, it was reported that only two (2) percent of private (non-city) construction contracts was awarded to Minority owned firms. It is clear that this economic disparity is a crisis and is affecting the entire community.

Therefore, HB-224 was initiated by The Collaborative, introduced by Representative Delisha Boyd , unanimously passed by the legislature, and signed into law by Governor Edwards. The purpose of the bill was to address this crisis in a direct and meaningful way. Hb-224, now ACT-230, authorized a Socially and Economical Disadvantage Business Set-A-Side program in the City of New Orleans.

The intent is to establish a narrowly tailored program that would create a fertile pool of work where Small and Emerging Certified DBE firms can compete against firms of like sizes. It should be noted that certified DBE firms can have as much as \$23,000,000 of revenue annually. When you consider the disparity in City contracting, and the disparity in Private contracting, Small and Emerging firms simply cannot compete. A narrowly tailored Set-A-Side program is intended to provide a foot hold of opportunity for these firms. We envision that the existing Economic Business Opportunity program, (EBO) will be modified to incorporate the new Set-A-Side program.

# Best Practices Recommendation

## **New DBE Set-A-Side Program**

1. Develop a new contracting program that would allow certified DBE firms of a targeted size to bid on a pool of Professional Service and Construction Contracts.
2. Un-bundle contracts to create Prime Contracting Opportunities for smaller firms.
3. Select scope of work contracts where the pool of small DBE firms are prevalent.
4. Provide increased funding in the 2024 and 2025 City of New Orleans Budget for the Office of Supplier Diversity to properly staff and execute this program.
5. Develop a timely accelerated payment system for this program.
6. We ask that the leadership of the City of New Orleans would vocally and aggressively roll-out this program to ALL city departments and major agencies.
7. Increase the Bonding Assistance Funding under the Louisiana Economic Development (LED), to \$250,000.00 per applicant using the federal infrastructure funding from Washington DC.
8. Lastly, in order to overcome the negative image of past failures regarding city contracting, Develop a robust public media, and advertising campaign to solicit and encourage small certified firms to participate in this program

## **RÉSUMÉ DIGEST**

**ACT 230 (HB 224)**

**2023 Regular Session**

**Boyd**

Existing law generally authorizes every political subdivision in the state to set aside an amount up to 10% of the value of anticipated local procurement of goods and services, including construction, for awarding to minority-owned businesses. Provides that nothing in existing law should be construed to prohibit the governing authority from setting aside an amount greater than 10%. Provides for eligibility and certification requirements.

Existing law provides an exception for the city of Shreveport (city) and the city of Baton Rouge/parish of East Baton Rouge (city-parish) and any board, agency, or commission of that the city or city-parish. Authorizes the city and its entities to designate and set aside each fiscal year not less than 10% of the value of local procurement of goods and services, including construction, for awarding to economically disadvantaged businesses. Authorizes the city-parish and its entities to designate and set aside not less than 10% and not more than 25% of the value of local procurement of goods and services, including construction or doing of public work, for awarding to socially and economically disadvantaged businesses. Provides for eligibility and certification requirements.

New law provides an exception for the city of New Orleans. Authorizes the city governing authority and any board, agency, or commission of the city to designate and set aside not less than 10% and not more than 25% of the value of local procurement of goods and services, including construction or doing of public work, for awarding to socially and economically disadvantaged businesses.

New law provides for division of contract awards into units to facilitate offers or bids from socially and economically disadvantaged businesses. Authorizes varying the goods and services designated for set-asides.

New law requires the city governing authority to adopt rules and regulations to implement new law. Requires that the rules and regulations include procedures regarding the certification of a socially and economically disadvantaged business. Requires the establishment of a contract award procedure for such set-asides. Additionally requires adoption of a requirement that the prime contractor award a certain percentage, not to exceed 35%, of total dollar bid to socially and economically disadvantaged subcontractors.

New law authorizes the city governing authority, or any board, agency, or commission of the city, to award the balance of procurement set-asides pursuant to existing law solicitation, bid evaluations, and contract award provisions if the city or other entity is unable to award all of its set-asides to socially and economically disadvantaged businesses.

Effective August 1, 2023.

(Adds R.S. 38:2233.5)