

CITY OF SAN ANTONIO PROCUREMENT PREFERENCE PROGRAMS



City Council B Session
March 7, 2018

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Recommendations

Local Preference Program

Maintain geographic boundary

Increase preference from 3% to 5% for low-bid

Exclude Federal and State Lobbying Services

Veteran Owned Small Business Preference Program

Maintain 5 point veteran preference

Addition of 5 point service disabled veteran preference

High Profile Process

Committee review of contracts over \$5M

Exclude On-Call and JOC

Living Wage

Consideration as part of Proposed Plan

Apply to contracts > \$50K

Responsible Bidders Program

Maintain current due diligence checks

Continue to evaluate

> 25 point preference cap

> Legislative action to expand use of Local and Veteran Preference Programs



Local & Veteran Owned Small Business Preference Programs



Overview



- Effective May 1, 2013
- Must be located within San Antonio limits
- Preference:
 - Low Bid: 3% price preference
 - Discretionary: Up to 10 point preference
- Self certification with validation



- Effective January 15, 2014
- No geographic limitation
- Preference:
 - Low Bid: no preference
 - Discretionary: up to 5 Veteran preference points
 - Does not consider Service Disabled Veterans
- Certification by SBA or other entity with same certification requirements



Governed by State Law

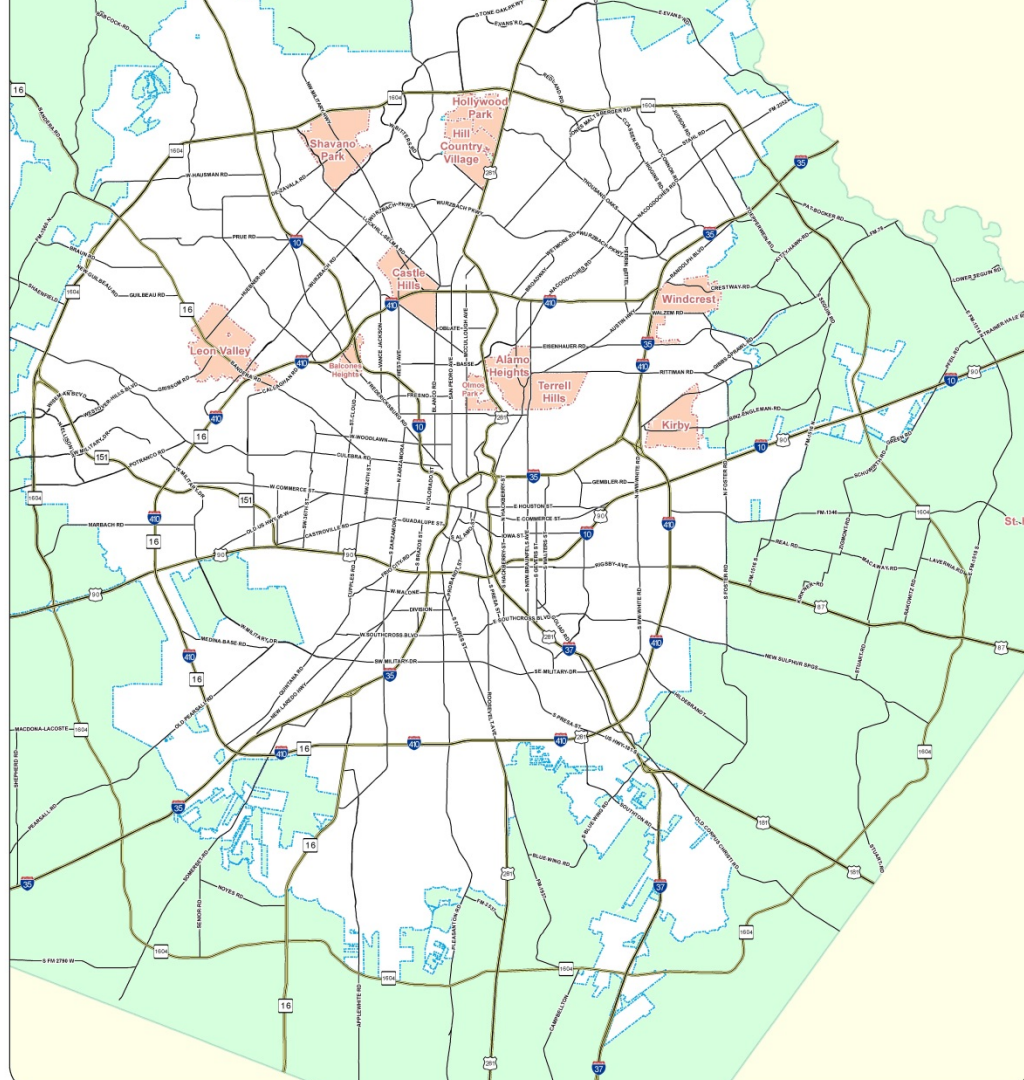


- Statutes for Local Preference Program define:
 - Boundary as municipal city limits
 - Maximum price variance for low-bid contracts
- Statutes for Local & Veteran Owned Small Business Program govern what solicitation types the preferences can and cannot be applied

Local Preference Program Boundary

Texas Local
Government Code 271
identifies local as

“a bidder whose
principal place of
business is within the
municipality”





Local Preference Program Boundary



Based on State law, can boundary change?

Low Bid – No

Discretionary – Yes, if not governed by statute



Local Preference Program Boundary



Recommendations:

- Maintain current boundary for both low bid & discretionary contracts to maintain consistency
- Coordinate through the Intergovernmental Relation Committee legislation to expand the local preference boundary to include municipalities within the limits of San Antonio

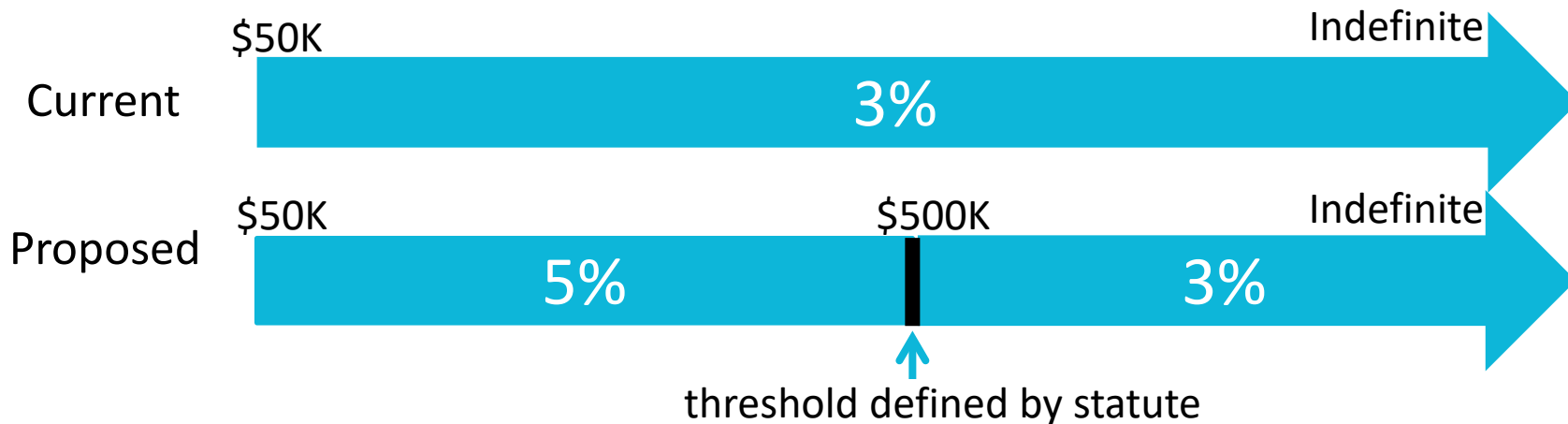


Local Preference Program Low Bid Awards



Increase Price Variance

Goods



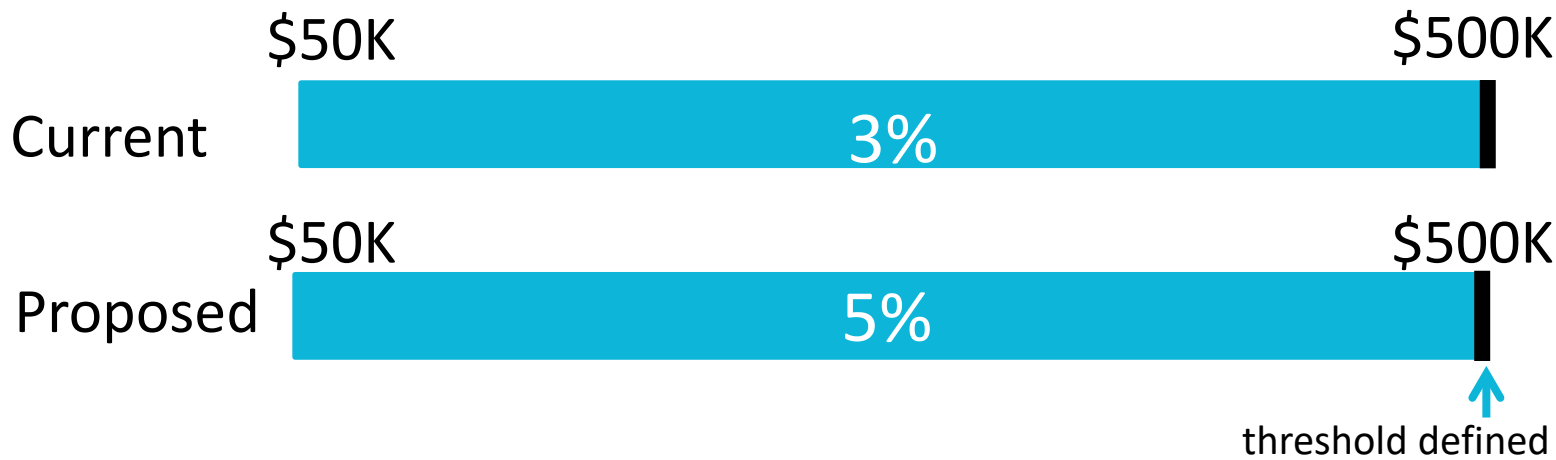


Local Preference Program Low Bid Awards



Increase Price Variance

Non-Professional Services





Local Preference Program Cost Impact



3%

5%

Fiscal Year	3%		5%	
	LPP Award Value	Cost	LPP Award Value	Cost
FY 2015	\$1.2 M	\$22,701	\$420 K	\$16,355
FY 2016	\$2.0 M	\$21,246	\$3.5 M	\$77,382
FY 2017	\$1.9 M	\$18,835	\$2.3 M	\$31,474



Local & Veterans Owned Small Business Preferences



Expand programs to solicitation types controlled by statute

- Chapter 252 – Local Preference Program to Request for Competitive Sealed Proposals
- Veteran Owned Small Business Program to Invitation for Bids & Request for Competitive Sealed Proposals

Chapter 2254 – Professional services governed by statute

Chapter 2269 – Alternate delivery construction methods



Local & Veterans Owned Small Business Preferences



Recommendation:

Coordinate through the Intergovernmental Relation Committee legislation to expand preferences to solicitations governed by Chapter 252:

- Local Preference Program to Request for Competitive Sealed Proposals
- Veteran Owned Small Business Program to Invitation for Bids & Request for Competitive Sealed Proposals



Discretionary Contracts



Considerations:

- Exception to the Local Preference Program for Federal & State Lobbying Services
- Expand Veteran Preference Program to include Service Disabled Veterans



Local Preference Program



Exception for Lobbying Services

- Discretionary, not governed by statute:
 - Federal Lobbying Services
 - State Lobbying Services
- Limited local participation due to nature of and location of services
- Recommend excluding Federal and State Lobbying Services from Local Preference Program



Veteran Owned Small Business Preference Program



Can we expand Veteran Preference Program to include Service Disabled Veterans?

- Low Bid – No
- Discretionary – Yes, if not governed by statute
- Recommend adding up to 5 additional points for Service Disabled Veterans for Discretionary contracts not governed by statute



Preference Program Evaluation Points



Evaluation Preference Points



Current Maximum: 35 points

Recommendation: 25 point cap

	Current	Proposed	
SBEDA	20	20	25 points maximum
Local Preference	10	10	
VOSB	5	10	



Preference Program Weighting

Matrix: Evaluation Points

	Current Matrix	Proposed Matrix	
Experience, Background, Qualifications	20	25	75 points Minimum
Proposed Plan	25	30	
Price	20	20	
SBEDA	20	20	25 points maximum
Local Preference	10	10	
VOSB	5	10	



High Profile Process



High Profile Process



Current Definition

Discretionary contracts valued over \$1 million

High level of community interest or other exceptional interest

Highly complex or technical in nature, or contract terms & conditions that are non-standard or complex

Audit Committee review of discretionary solicitations valued at \$5 million or more

High level of community interest or other exceptional interest

Highly complex or technical in nature, or contract terms & conditions that are non-standard or complex

Exclude On-Call Contracts and Job Order Contracts

Proposed Process

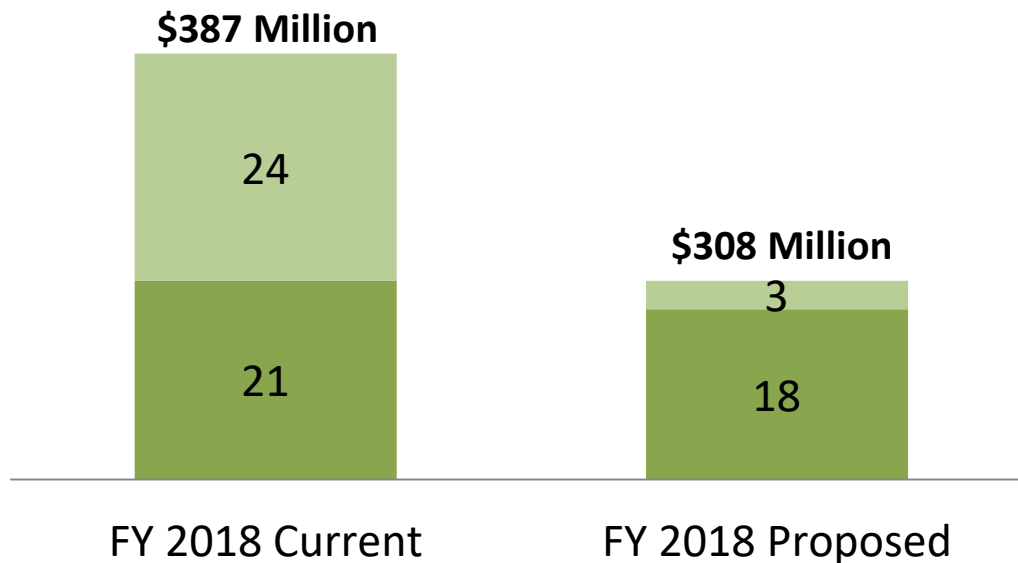


High Profile Considerations



High Profile Solicitations

■ Individual ■ Consent





Living Wage



Living Wage Background



- **Council Consideration Request filed by Councilman Saldana**
 - Requested new scoring category with weighted points for the employee compensation package offered by contractors
 - Applicable to contracts, leases, and P3 partnerships where city land or tax dollars are involved



Living Wage Considerations



Governing Law

Selection requirement

- Clear legislative authority
- Selection criteria directly related to quality of good or service

Attorney General Opinions

Other Cities

- Dallas
- Houston
- Austin

Recommendation

- Consider Wage & Benefits for City Contracts within proposed plan



Living Wage – Evaluation Matrix Example



Applicability Of Program

- Contracts over \$50K
- Service Contracts
- Prime Contractors and Subcontractors Program
- Contracts in which labor constitutes 20% or more
 - RFCSP
 - P3
 - Lease/Concession Agreements
- Not construction contracts (prevailing wages)

Wages & Benefits can be considered within Proposed Plan points criteria

Solicitation Name RFCSP 18-XXX	Maximum Points	Firm 1	Firm 2
Score Summary			
A - Experience, Background, Qualifications	30	14.55	16.55
B - Proposed Plan	25	16.82	9.55
C - Pricing	20	16.21	12.36
D - SBEDA Program	10	10.00	0.00
E - Local Preference Program	10	0.00	10.00
F - Veteran Owned Small Business Preference Program	5	0.00	5.00
TOTAL SCORE	100	57.58	53.46
RANK BASED ON TOTAL SCORE		1.00	2.00



Responsible Bidders Program



Responsible Bidder Program



What is a responsible bidder?

- Definitions vary by cities, construction and trade organizations
- Primarily focuses on public works projects
- Ensures City awards to responsible contractors providing the highest quality work efficiently, safely, on-time and on-budget



Responsible Bidder Program

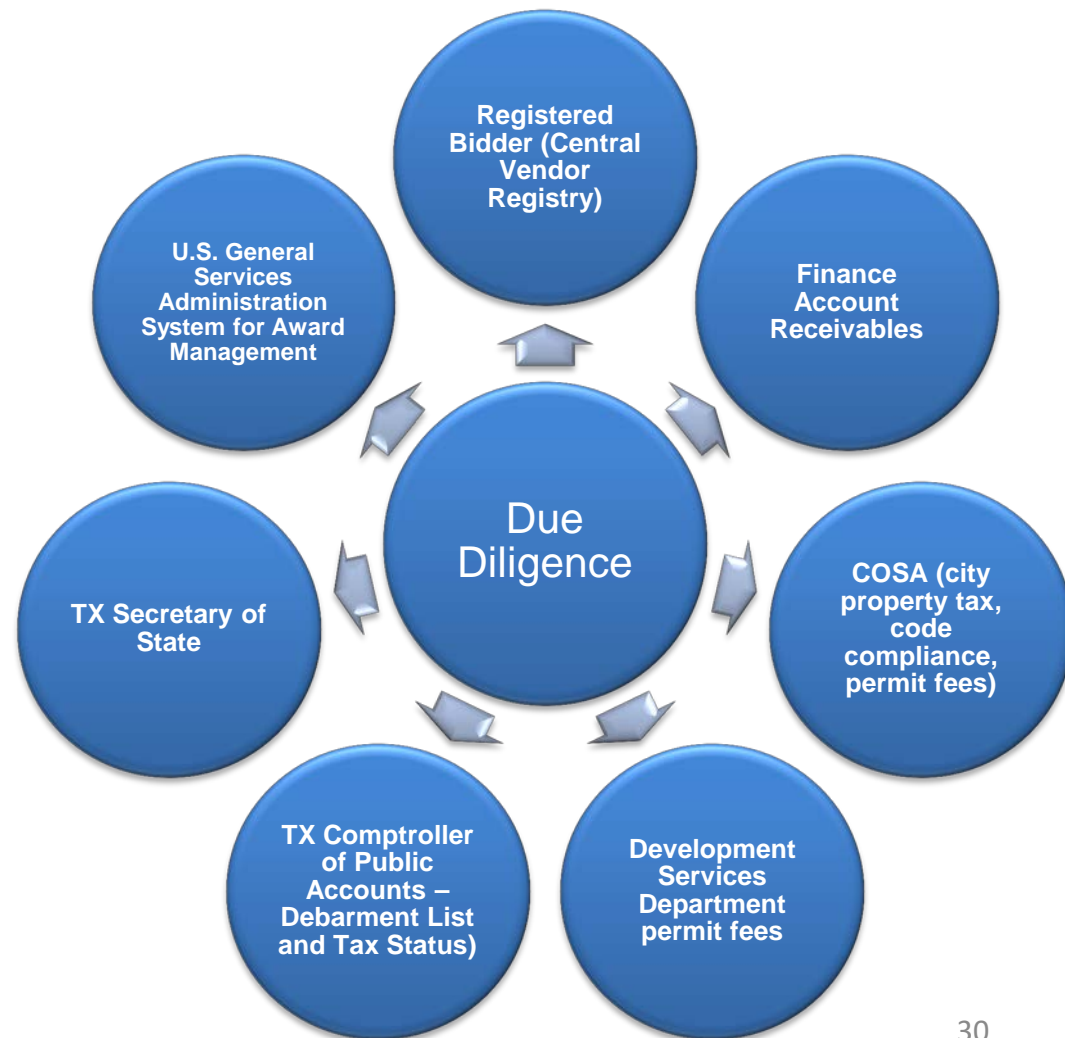


Statute provides the following guidance in determining a responsible bidder:

- Statutory requirements of competitive bidding
- Experience, manpower, equipment and supervisory requirements
- Bidder's financial resources, business judgment, ability, efficiency, reliability, reputation, facilities, and capacity to perform required work
- Bidder's performance on similar contracts and the quality of the goods or services offered

Current Due Diligence

Conducted by both
Finance and
Transportation and
Capital Improvement
Departments





Current Due Diligence



Additional Due Diligence conducted on a case-by-case basis:

- Internet Search
- References
- Financial Stability
- Site Visits
- Review/testing of samples
- Validate required licenses/permits
- Validate certifications
- Administrative review meeting

Additional Contract Protections:

- Insurance Requirements
- Bid Bonds
- Performance Bond
- Payment Bonds
- Letter of Credit



Responsible Bidder Program



Additional Considerations for Further Research:

- Participation in Apprenticeship Program
- Disclosure of any judgment related to employee compensation claims
- Compliance with OSHA Training Requirements
- Participation in training programs (sexual harassment, workplace violence, diversity, etc.)
- Debarment Program



Responsible Bidder Program Recommendation



- Maintain existing due diligence practices
 - Apply to contracts over \$50K in value
 - Conduct at prime contractor level
 - Feedback from Stakeholders



Summary of Recommendations

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Next Steps



- **Stakeholders**
 - **Chambers of Commerce**
 - **Small Business Advisory Council**
 - **Industry Organizations**
 - **Associations**
 - **Unions**
 - **Vendor Focus Groups**

Questions?

