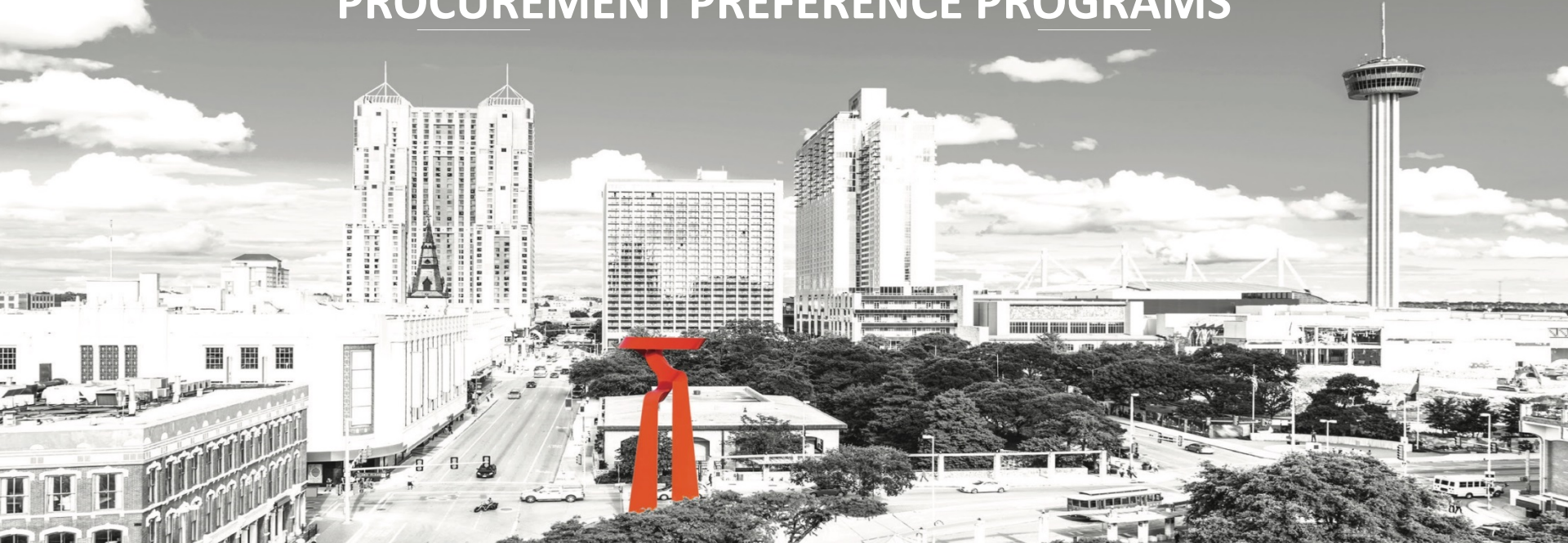


CITY OF SAN ANTONIO PROCUREMENT PREFERENCE PROGRAMS



City Council B Session

February 28, 2018

Troy Elliott, CPA, Deputy Chief Financial Officer

Rene Dominguez, Economic Development Director



AGENDA



- **Overview and Background**
- **Preference Programs**
 - **Local Preference**
 - **Veteran Owned Small Business Preference**
- **Small Business Economic Development Advocacy Program (SBEDA)**
- **High Profile Process**
- **Next Steps**



Governing Laws



State Statutes

Texas Local
Government
Code 252

Texas
Government
Code 2254

Texas
Government
Code 2269

Supreme Court

Croson
Decision

City Ordinances

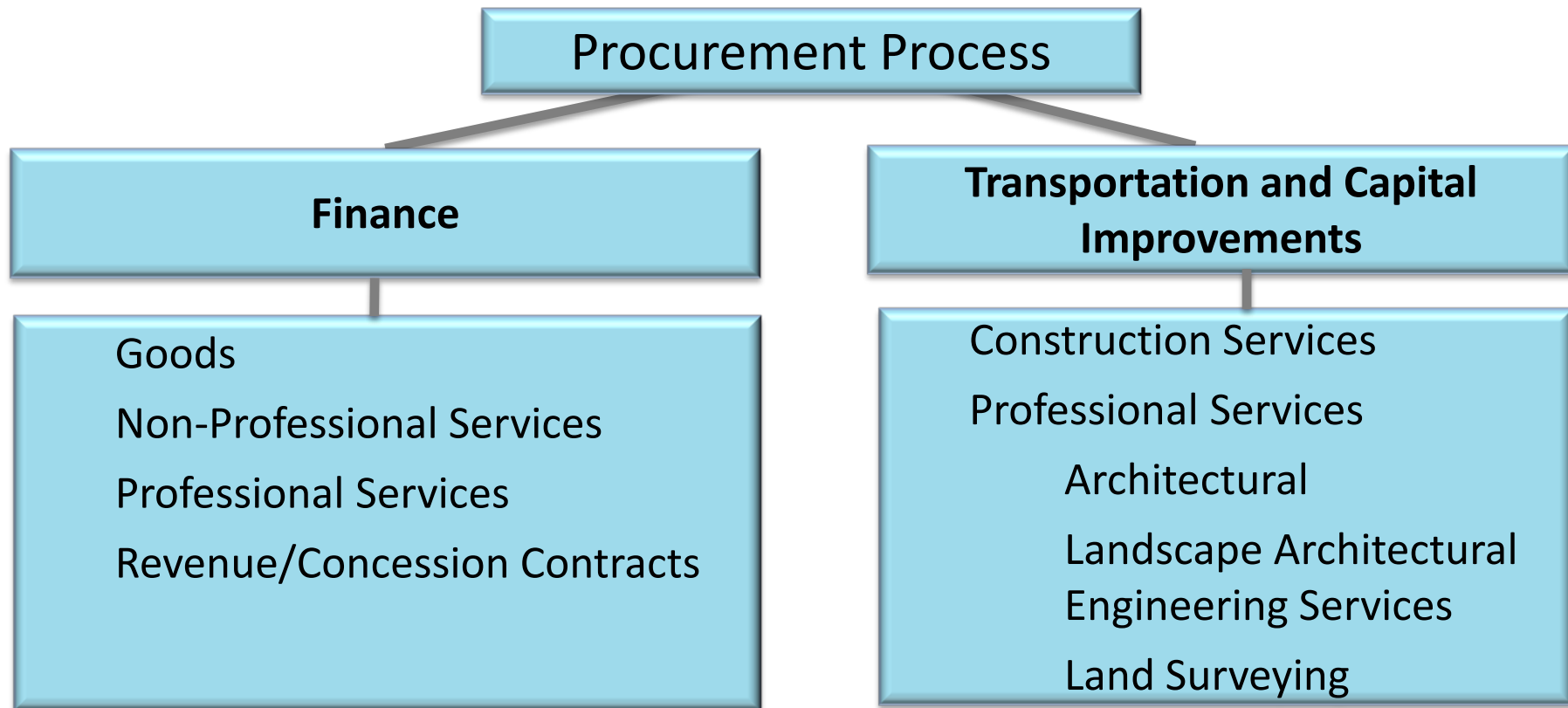
Local Preference
Program

Veteran Owned
Small Business
Preference
Program

Small Business
Economic
Development
Advocacy
Program

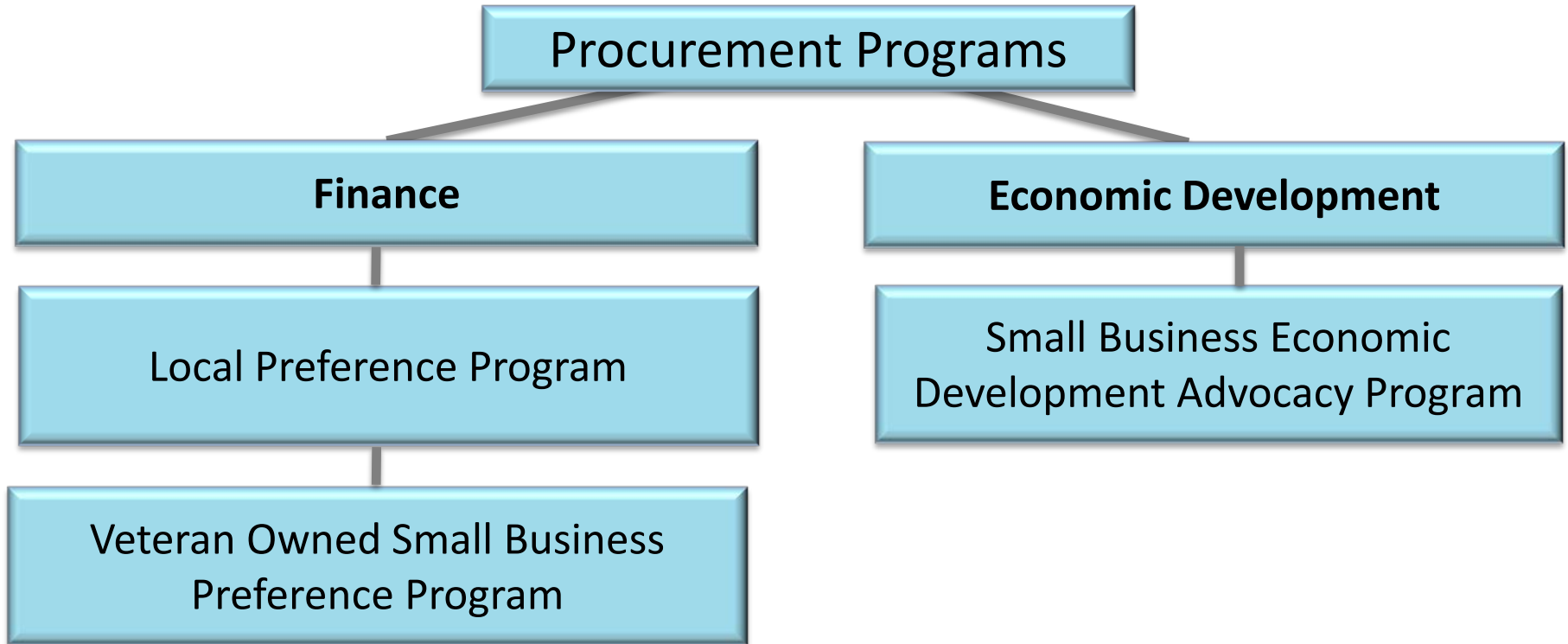


Department Responsibilities





Department Responsibilities





Purpose



- Local Preference Program - Promote tax dollars to remain in the local economy (Governed by State Statute and Local Ordinance)
- Veteran Owned Small Business Preference Program – Promote Veteran Owned Small Businesses in discretionary solicitations (Local Ordinance)
- Small Business Economic Development Advocacy Program - Promote the use of local small, minority, and women-owned businesses on City contracts (Case Law and Local Ordinance)
- High Profile Contracting – Promotes policy inputs and transparency (City Process)



Types of Procurements



Non-Discretionary
Lowest responsible
bidder



Solicitation Types
Request for Price
Quote
Invitation for Bid
Request for Offers



Used For
Acquisition of Goods,
Non-Professional
Services and
Construction Services

Examples
Transportation and Capital Improvements:
Streets, Drainage, Buildings

Finance: Office Supplies, Vehicles,
Street Materials, Tires



Low Bid Tabulation Example



Opened: February 28, 2018			Vendor A	Vendor B
For: Department Postcards				
610000XXX		TE		
Item	Description	Quantity		
1	8.5"W x 5.5"H Postcards Unit Price	350,000	\$0.0330	\$0.0499
	Total Price Payment Terms		\$11,550.00	\$17,465.00
	Total with discount		Net 30	Net 30
			\$11,550.00	\$17,465.00
	Total Award		\$11,550.00	



Types of Procurements



Discretionary

Experience, Background,
Qualifications
Proposed plan
Price



Solicitation Types

Request for Competitive
Sealed Proposal
Request for Proposal
Request for Qualification



Used For

Acquisition of Goods,
Professional and Non-
Professional Services,
Construction Services and
Revenue/Concession
Contracts

Examples

Transportation and Capital Improvements: Architectural
& Engineering, Land Surveying
Fire Stations, Libraries

Finance: Consulting, Janitorial and Landscaping Services,
Concession and Revenue Contracts



Discretionary Score Matrix Example



Solicitation Name RFCSP 18-XXX	Maximum Points	Firm 1	Firm 2
Score Summary			
A - Experience, Background, Qualifications	20	18.00	14.80
B - Proposed Plan	25	22.40	17.20
C - Price Schedule	20	14.31	20.00
D - SBEDA - SMWBE Prime Contract Program	20	10.00	20.00
E - Local Preference Program	10	10.00	0.00
F - Veteran Owned Small Business Preference Program	5	5.00	0.00
TOTAL SCORE	100	79.71	72.00
RANK BASED ON TOTAL SCORE		1.00	2.00



FY 2017 Contract Awards



Solicitation Method	Number of Solicitations (over \$50K)	Number of Awards	Total Awarded Value
Request for Competitive Sealed Proposals	20	35	\$82,100,000
Request for Proposals	31	41	\$195,200,000
Request for Qualifications	27	89	\$96,000,000
Invitation for Bid	96	139	\$136,700,000
Request for Offers	44	55	\$58,200,000
Totals	218	359	\$568,200,000

*Under \$50K: 111 informal annual contracts with a value of \$3M
8,185 non-contract purchase orders with a value of \$17.7M*



Local Preference Program



Local Preference Program



Purpose

Leverages the City's spending powers
to promote the amount of tax dollars
that remain in the local economy

- State Statute & City Ordinance



City of San Antonio Local Preference Program



Overview

- Administered by the Finance Department
- City Ordinance adopted March 21, 2013
- Effective May 1, 2013
- Revised December 2013 & November 2014
 - Goods and non-professional services when price is the basis for award
 - Added concession & revenue contracts
 - Applies to for-profit City business
 - Headquartered for one year or more
 - Expanded to joint ventures
- Self certification with validation



City of San Antonio

Definition of Local Business



- A business headquartered for one year or more OR
- Meet the following conditions:
 - an established place of business for at least one year in the **incorporated limits of the City**
 - and from which at least 20% of its full-time, part-time and contract employees are regularly based OR a minimum of 100 employees
 - and from which a substantial role in the business's performance if a commercially useful function or a substantial part of its operations is conducted



Local Preference Program



Non-Discretionary (Low Bid)

Adopted City Ordinance

Goods/Supplies¹

- if local bidder is: within 3% of the lowest non-local bidder
- contracts over \$50K

Non-professional services²

- if local bidder is: within 3% of the lowest non-local bidder
- contracts of \$50K to \$500K

Construction contracts²

- if local bidder is: within 3% of the lowest non-local bidder
- contracts of \$50K to \$100K

¹ Statute allows a 5% preference up to \$500,000

² Statute allows a 5% price preference



Local Preference Program Award Example



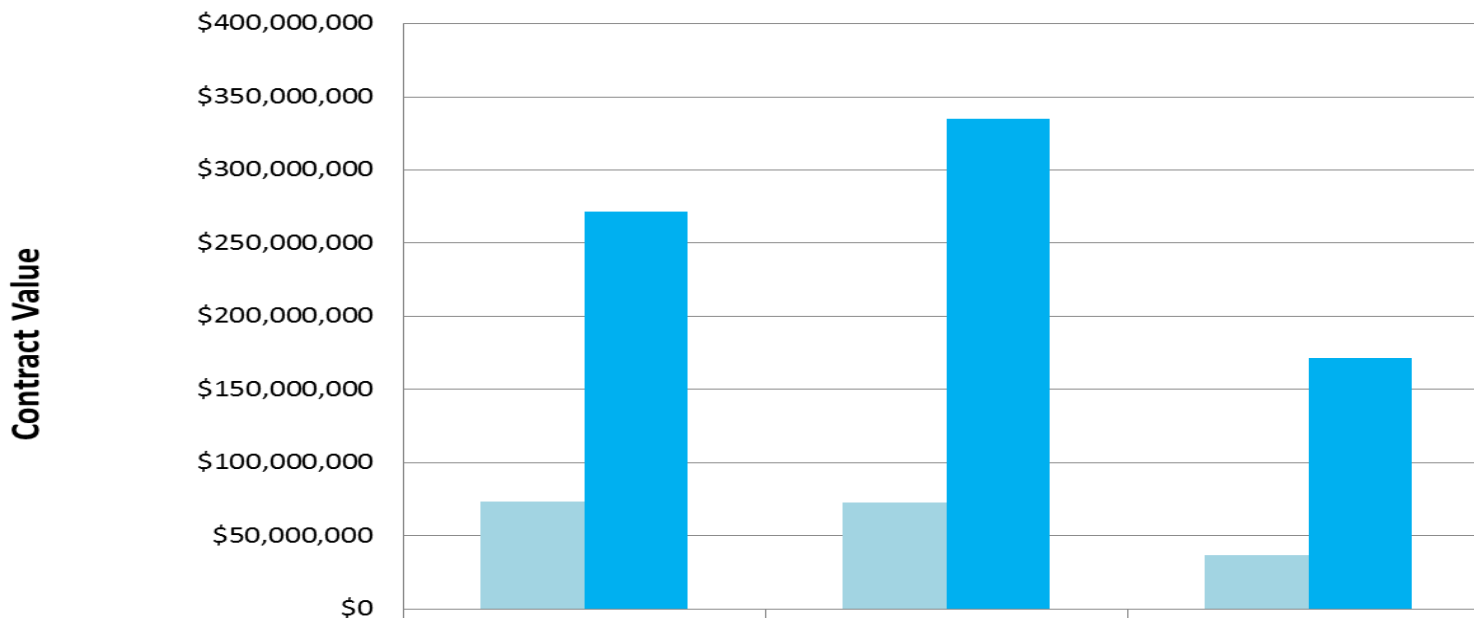
Non-Discretionary Solicitation (Low-Bid)				
	Local Business	Non-Local Business	Price Variance	% Variance
Scenario 1	\$1,100	\$1,000	10%	>3%
Scenario 2	\$1,530	\$1,500	2%	<3%



Local Preference Program Awards



Non-Discretionary (Low Bid)



Value of Local Business Awards	FY 15	FY 16	FY 17
	\$73,316,593	\$73,053,014	\$36,712,866
Value of Contract Awards	\$271,483,147	\$334,995,969	\$171,582,530



Local Preference Program



Discretionary

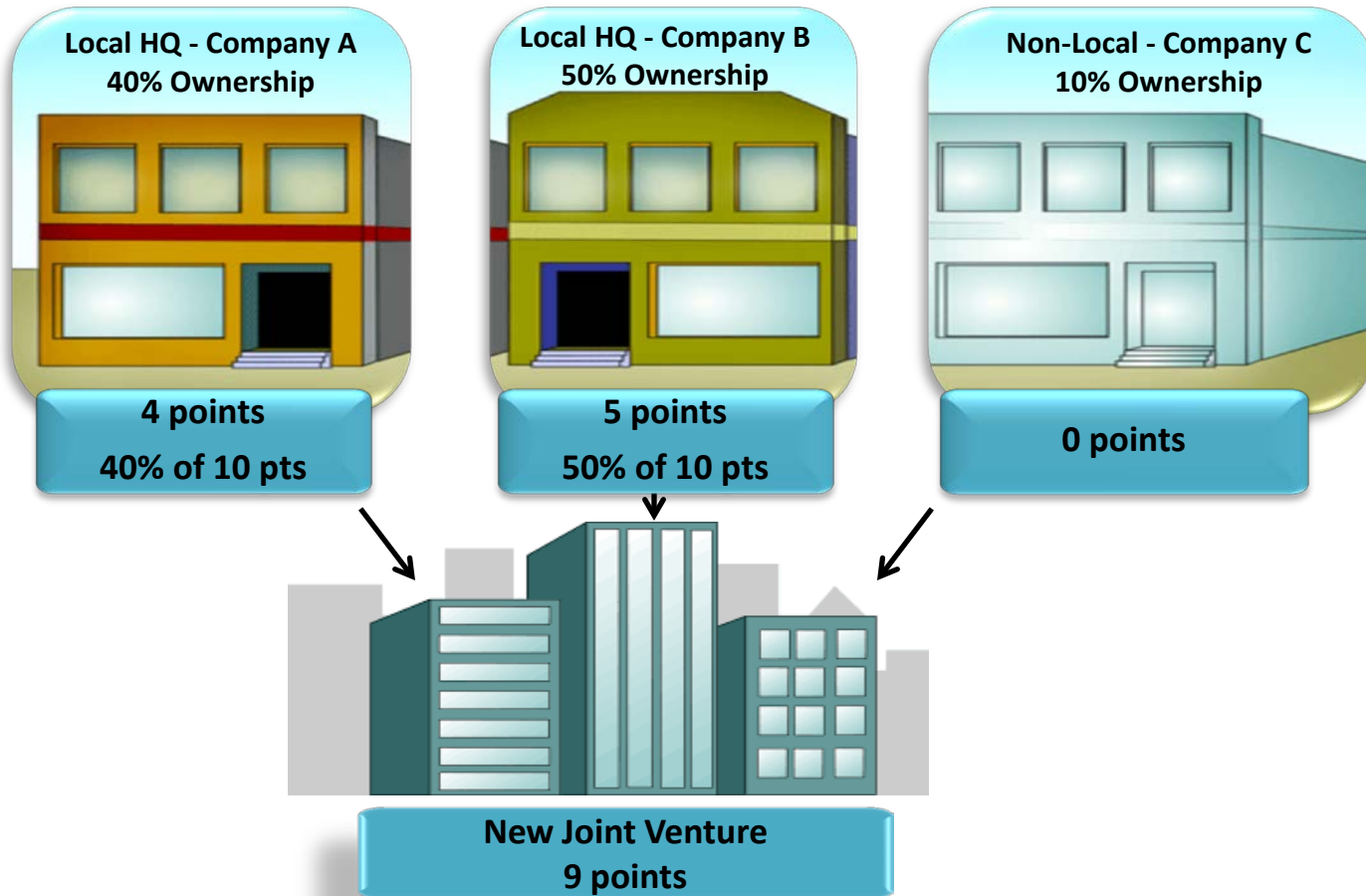
Adopted City Ordinance

- 10 Points
 - headquartered in San Antonio for one year or more
- 5 Points
 - at least 20% of its full-time, part-time and contract employees are regularly based in the City
 - OR
 - have a minimum of 100 employees in the incorporated limits of the City for one year or more
 - points may be apportioned to joint ventures



Local Preference Program

Joint Venture Example

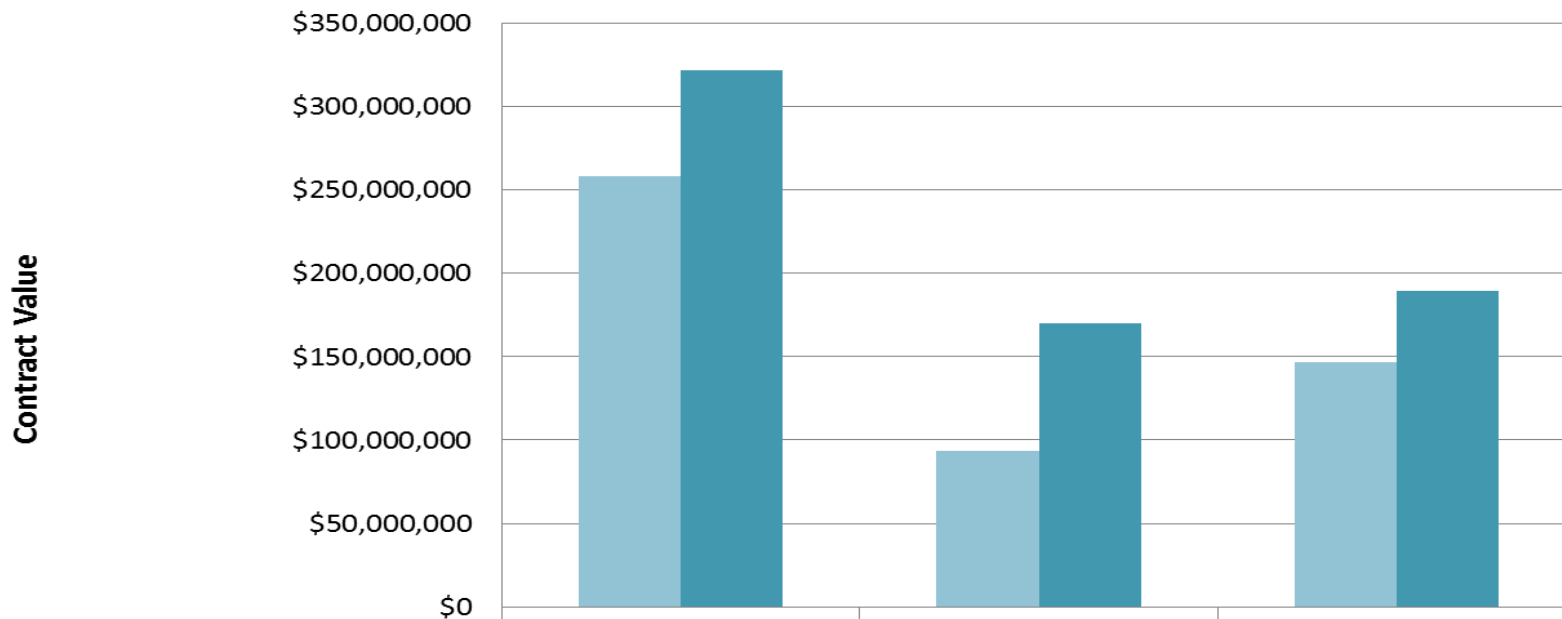




Local Preference Program Awards



Discretionary



Value of Local Business Awards	FY 15	FY 16	FY 17
	\$257,974,660	\$93,455,061	\$146,304,376
Value of Contract Awards	\$321,673,108	\$170,076,121	\$189,430,286



Local Preference Program



Program Applicability

	Goods & Nonprofessional Services	Goods	Construction Services	Professional Services
Procurement Method	Contracts \$50K - \$499,999K (within 3% of lowest bid)	Contracts \$500K or more (within 3% of lowest bid)	Construction Service Contracts less than \$100K (within 3% of lowest bid)	Up to 10 points for local respondents
Invitation for Bid	✓	✓	✓	
Request for Competitive Sealed Proposal				
Request for Offers	✓	✓		
Request for Qualifications				✓ ¹
Request for Proposal				✓ ¹

¹ Professional services not governed by statute



Local Preference Program



Legislation

- Bill introduced in 84th Legislative Session (2015)
- Sponsored by Representative Diego Bernal and Senator José Menéndez
- Vetoed by Governor June 20, 2015
- Local preference applicable to Request for Competitive Sealed Proposal (price not the sole factor)



Veteran Owned Small Business Preference Program



Purpose of VOSBP



**To promote Veteran-Owned Small
Businesses in discretionary
solicitations**

- *City Ordinance*





Veteran Owned Small Business Preference Program



Overview/Applicability

- Administered by Finance Department
- City Ordinance adopted December 5, 2013
- Effective January 15, 2014
- Revised November 2014
 - Expanded to joint ventures
- No geographic limitation
- Certification by Small Business Administration or other entity with same certification requirements
- Up to 5 point preference for discretionary contracts not governed by statute





City of San Antonio Definition of Veteran Owned Small Business



- Small business is:
 - 51% owned and
 - controlled and managed by an honorably discharged veteran or veterans
 - must be U.S. citizen or legal resident
- Veteran is a person:
 - served active duty
 - reservist or members of the National Guard
 - honorably discharged



Veteran Owned Small Business Preference Program



Applicability of Program

	Professional Services
Procurement Method	Up to 5 points for VOSB
Invitation for Bid	
Request for Competitive Sealed Proposal	
Request for Offer	
Request for Qualifications	✓ ¹
Request for Proposal	✓ ¹

¹ Professional services not governed by statute



Small Business Economic Development Advocacy Program



Purpose

The Small Business Economic Development Advocacy (SBEDA) program promotes the use of local small, minority, and women-owned businesses on City contracts.



Legal Standards

City of Richmond v. J.A. Croson Co. (1989):

United States Supreme Court provided the framework to implement and execute the program legally.

- Statistical evidence of disparities in the market area.
- Anecdotal evidence of barriers to full and fair inclusion.
- Remedies must be “narrowly tailored” to that evidence.





SBEDA Amendments

A 2010 Disparity Study showed 16% of City contract dollars were paid to local minority and women-owned businesses

2010 SBEDA Amendments: Effective January 2011

- Major overhaul that established the following:
 - Central Vendor Registry, Goal Setting Committee, Robust Compliance Module

A 2015 Disparity Study showed 23% of City contract dollars were paid to local minority and women-owned businesses

2016 SBEDA Amendments: Effective July 2016

- Established the following:
 - Creation and Expansion of program tools specifically targeting local minority and women-owned businesses at the prime level



When does SBEDA Apply

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- City solicitations over \$50,000
- Cooperative agreements
- Funding agreements
- Developer agreements

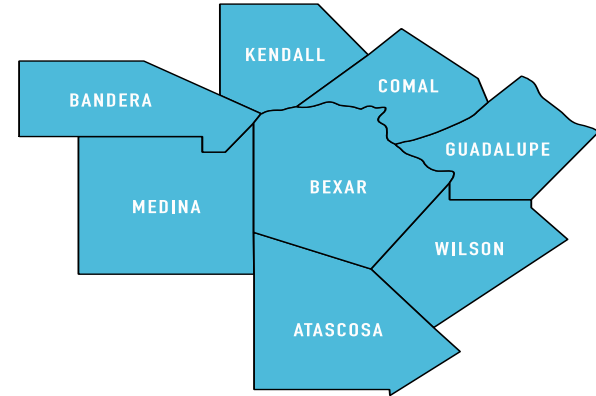




SBEDA Eligibility



**Certified by the South Central Texas
Regional Certification Agency as a
Small Business Enterprise**

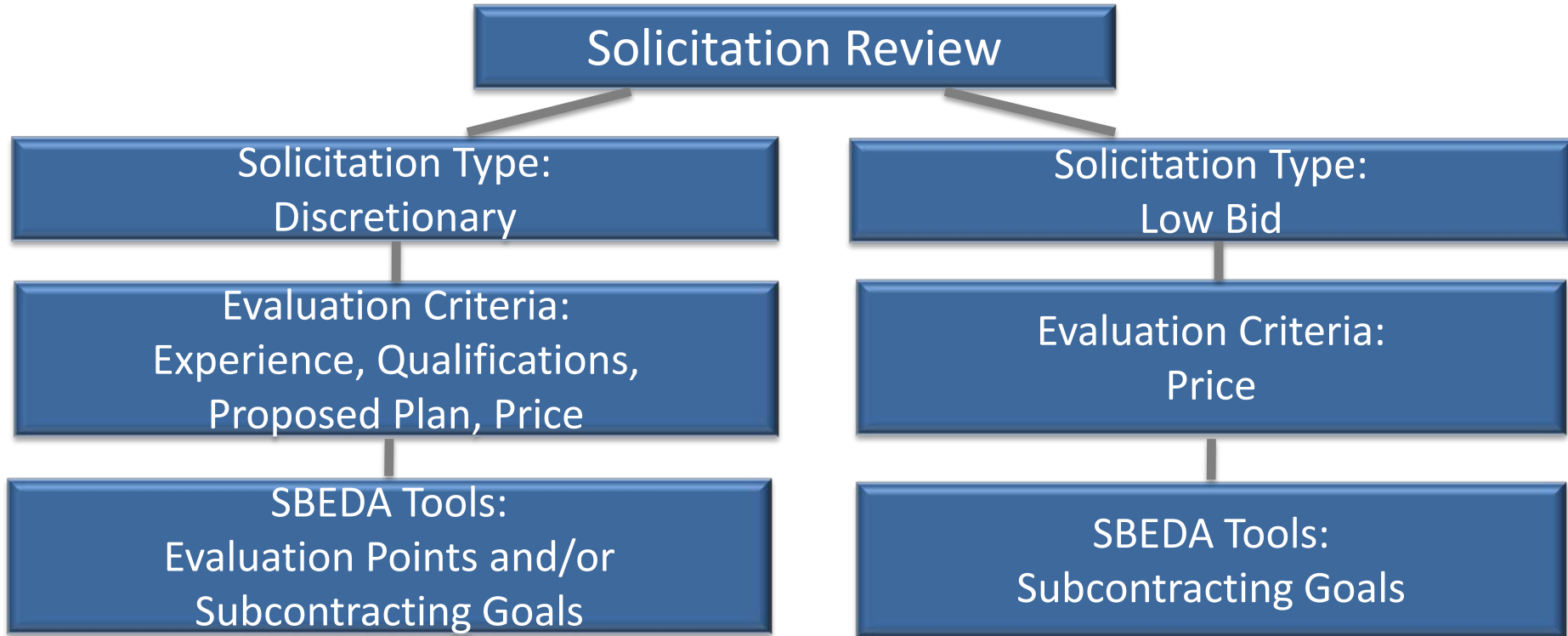


**Headquartered or Significant
Business Presence in San Antonio
Metropolitan Statistical Area (SAMSA)**

Significant business presence requires a firm to have an office in the SAMSA for 1 year and 20% of the firm's employees must work out of that SAMSA office.



SBEDA Applicability



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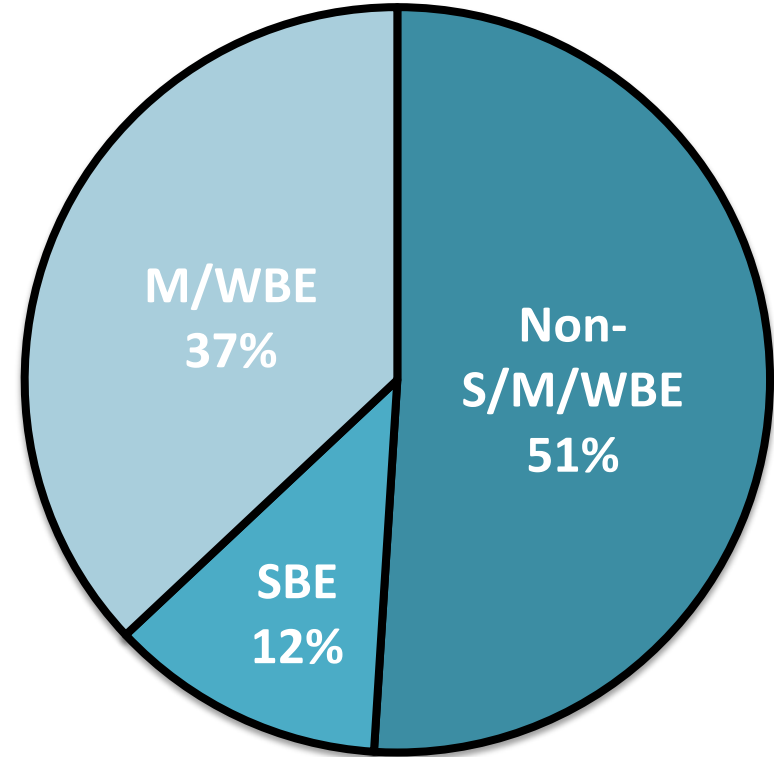




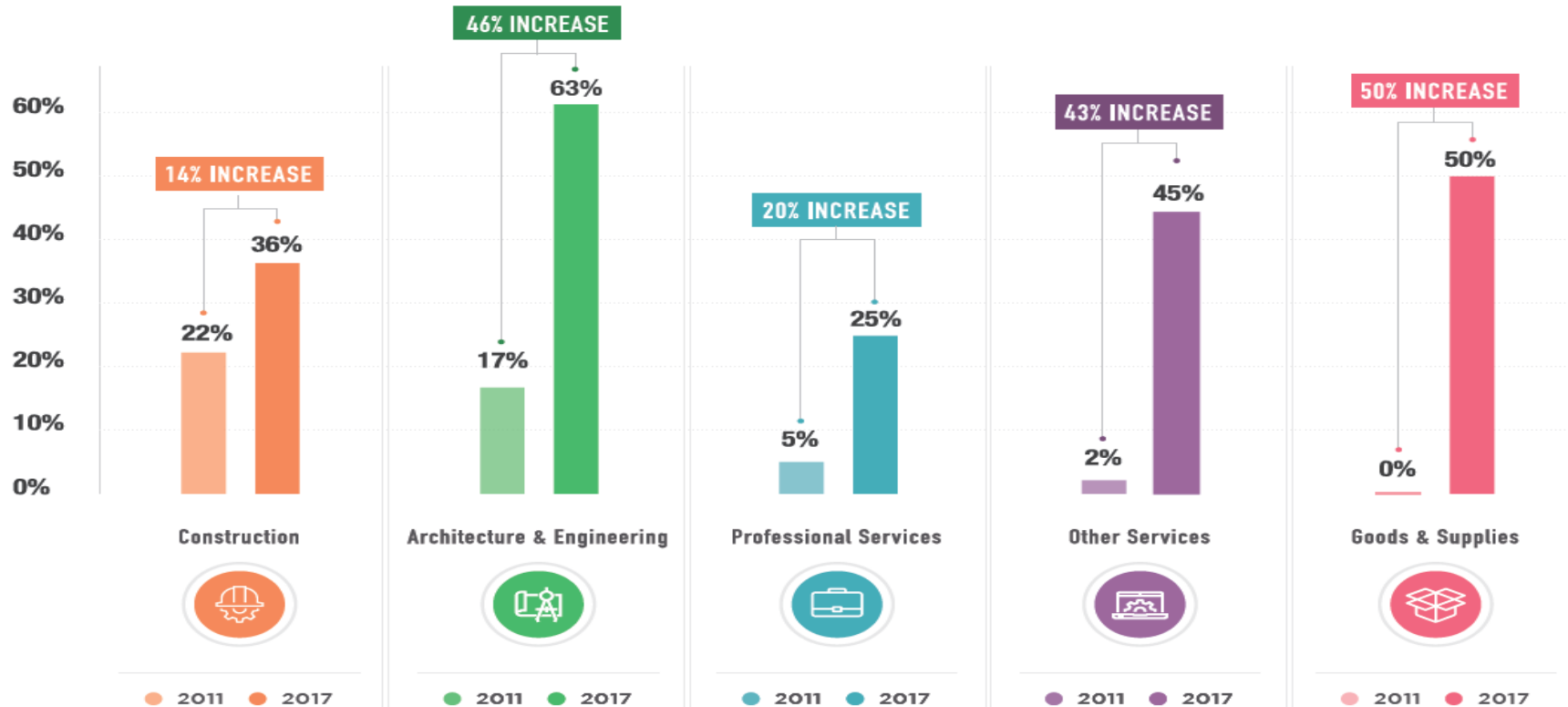
SBEDA FY 17 Annual Report

Total	\$504,179,886
Non-S/M/WBE	\$258,169,626
S/M/WBE	\$246,010,260

**\$264 million was paid to
503 local S/M/WBEs**

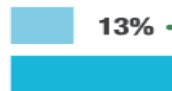


M/WBE UTILIZATION ON CITY CONTRACTS



**Overall
Increase**

2011
2017



24% INCREASE



High Profile Process



High Profile



Purpose

Promotes policy inputs and transparency

- *City Policy*



High Profile 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



High Profile History



2002 - Definition Established



2004 - City Code Amended - Adoption of Campaign Finance Regulations



2009 - Detailed Selection Process Guidelines Established



2012 - High Profile Contract Council Committee Created



2013 - Ethics Code and City Policy revised



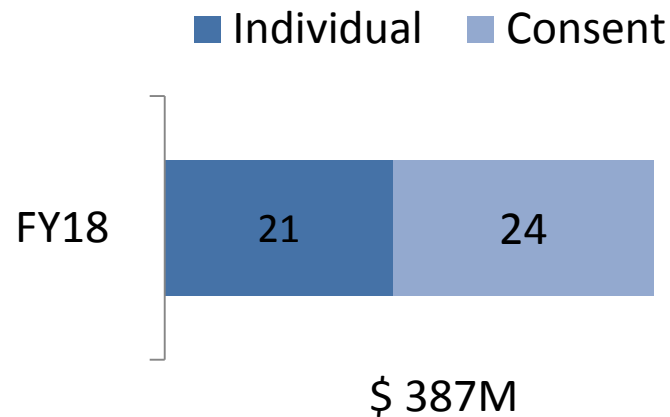
High Profile Process



Audit and Accountability Committee

- Provide policy direction and input
- Provide oversight of procurement process
 - Annual forecast
 - Pre and Post solicitation briefings
 - Due diligence

Volume of FY 17 High Profile Solicitations





Next Steps



Next Steps



- March 7th B Session presentation
- Provide recommendations regarding enhancements to current programs:
 - Local Preference Program
 - Geographic boundaries
 - Increase price variance for low bid contract
 - Exceptions for certain procurements
 - Legislative changes
 - Veteran Owned Small Business Preference Program
 - Legislative changes
 - Limitation on combined preference program points
 - Modification of High Profile Process



Next Steps



- Additional Topics:
 - City Council Request Living Wages
 - Responsible Bidder Ordinance
 - Labor Peace Agreement
- Coordination with stakeholders

Questions?

