

ORDINANCE 2018-10-18-0835

ADOPTING A NEW FIVE-YEAR DIVERSITY ACTION PLAN TO INCREASE CITY CONTRACT OPPORTUNITIES AND PROMOTE THE GROWTH OF LOCAL SMALL, MINORITY AND WOMEN-OWNED BUSINESSES.

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WHEREAS, on October 11, 2012, the City Council of San Antonio passed an ordinance authorizing the negotiation and execution of 87 professional design services contracts in an aggregate amount not-to-exceed \$37,000,000.00 in connection with the 2012 General Obligation Bond Program at which time several community leaders voiced concerns about the low participation of African American Business Enterprises (AABE) and former Mayor Castro requested an action plan be developed and presented to City Council; and

WHEREAS, in an effort to increase opportunities for the participation by the local minority and women-owned businesses community City staff developed a Five-Year Diversity Action Plan, with input from community stakeholders; and

WHEREAS, on January 2013 City Council passed Ordinance 2013-01-17-0028 adopting the original City of San Antonio Five-Year Diversity Action Plan; and

WHEREAS, City staff and community stakeholders have proposed feedback in preparation of a New Five-Year Diversity Action Plan, which was approved by the Diversity Action Plan Subcommittee and Small Business Advocacy Committee and is now recommended for formal adoption; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

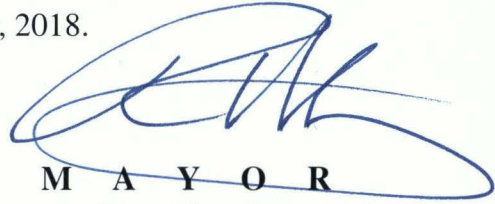
SECTION 1. The City of San Antonio New Five-Year Diversity Action Plan is hereby adopted. A copy of the New Plan is set out in **Exhibit 1**.

SECTION 2. This Ordinance does not have a fiscal impact.

SECTION 3. This Ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

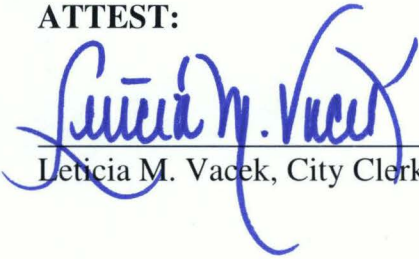
SMB
10/18/18
Item No. 22

PASSED AND APPROVED this 18th day of October, 2018.



M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

Agenda Item:	22 (in consent vote: 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27)						
Date:	10/18/2018						
Time:	09:41:26 AM						
Vote Type:	Motion to Approve						
Description:	Ordinance adopting a new Five-Year Diversity Action Plan to increase City contract opportunities and promote the growth of local small, minority and women-owned businesses. [Carlos Contreras, Assistant City Manager; Rene Dominguez, Director, Economic Development]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x			x	
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

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EXHIBIT 1

City of San Antonio: Diversity Action Plan

Background:

In October 2012, an ordinance was authorized to execute 87 professional design contracts worth an amount up to \$37 million as part of the 2012 – 2017 Bond Mass Selection Process. Of those 87 professional design contracts, several community leaders voiced concerns regarding the lack of participation of African American Businesses (AABEs) responding at the prime consultant level and low participation of AABEs at the subconsultant level. As a result of these issues, former Mayor of San Antonio, Julian Castro, requested an action plan be developed and presented to City Council to increase the opportunities for and the utilization of local small businesses who are also minority and women-owned (M/WBE) on City contracts. In addition, while this comprehensive plan should address all minority and gender groups, such as AABEs, Asian American Businesses (ABEs), Hispanic American Businesses (HABEs), Native American Business Enterprises (NABEs), and Women Businesses (WBEs), the initial efforts should focus on AABEs and ABEs.

When developing the action plan, the City of San Antonio gathered input from City staff, advocacy organizations, trade organizations, and chambers of commerce. The City also researched best practices from municipalities across the country that included Richmond, Virginia; Los Angeles, California; Charlotte, North Carolina; Cincinnati, Ohio; St. Louis, Missouri; Atlanta, Georgia; Houston, Texas; Dallas, Texas and Austin, Texas.

In January 2013, City Council adopted a Five-Year Diversity Action Plan outlining various strategies and objectives that promote the equitable utilization of M/WBEs on City contracts that are reflective of the San Antonio metro area. The Plan's strategies and objectives address outreach, identification, certification, registration, solicitation planning, capacity building programs, and access to capital for S/M/WBEs. To oversee the Plan's strategies and objectives, a Diversity Action Plan Subcommittee was established that reports up to and is a part of the Small Business Advocacy Committee. The Plan was to be evaluated after its initial five years of implementation to determine its effectiveness and determine if it should be continued.

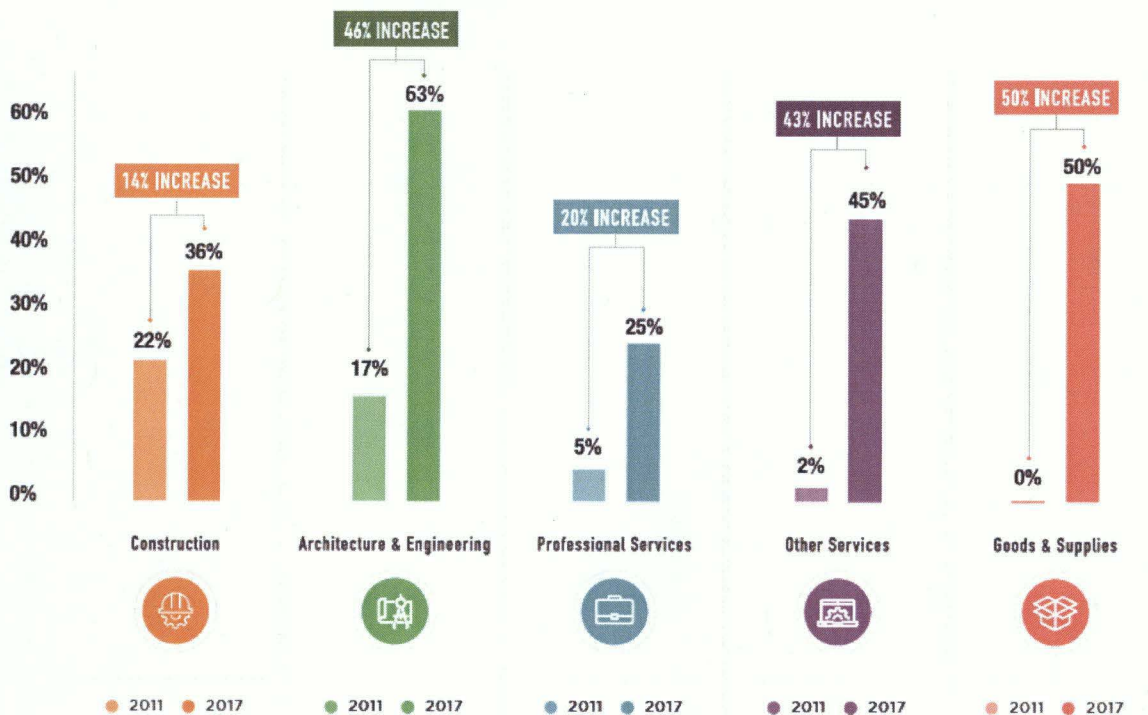
Progress Achieved Post Establishment of DAP:

Since the Five-Year Diversity Action Plan was implemented in 2013, the City has demonstrated significant progress toward many of the strategies and objectives contained in that plan:

- Outreach efforts to M/WBEs improved which included designating Diversity Outreach Coordinators at the City's Economic Development (EDD) and Transportation and Capital Improvements Departments (TCI). These outreach efforts led to the growth of certified M/WBEs and AABEs in the City's Central Vendor Registry (CVR). Since 2013, M/WBEs grew in the CVR from 458 to 760 which is a 66% increase and AABEs grew from 50 to 90 representing an 80% increase.
- Amendments were made to the Small Business Economic Development Advocacy (SBEDA) program to provide more tools for M/WBEs in order to increase their utilization on City contracts and build their capacity. A few major amendments to the SBEDA program include allowing M/WBEs awarded a City contract under \$10 million to be able to self-perform subcontracting goals and expanding prime evaluation preference points and subcontracting goals to all industries for M/WBEs.

- The City also established a Loan Buy Down Program in partnership with LiftFund totaling \$500,000 between FY 16 and FY 18 that provides 0% interest loans between \$500 and \$50,000 to S/M/WBEs. To date 52 businesses have received a total of \$1,206,023 in business capital.
- In October 2017, City Council awarded 105 professional design contracts that included S/M/WBE utilization greater than the results achieved during the 2012-2017 Bond Mass Selection Process. An estimated 65% of the dollars will be paid to S/M/WBEs, of which 50% will go to M/WBEs. This represents a 4% or \$13.8 million increase in awards to S/M/WBEs and a 3% or \$10.8 million increase to M/WBEs from the 2012 – 2017 Bond Mass Selection Process. Within the ethnicities that make up minority spend, AABEs are estimated to receive 4% of all dollars. These dollars to AABEs represents a 2% or \$1.5 million increase from the 2012-2017 Bond Mass Selection Process. While overall utilization of S/M/WBEs grew, it is important to note that this increase was the result of S/M/WBEs receiving more prime consultant opportunities, including AABEs. One goal that the City had was to turn more S/M/WBEs sub-consultants into prime consultants in order to provide more meaningful contract opportunities, which was achieved.
- The most significant accomplishment since the implementation of the Five-Year Diversity Action Plan is shown in the graph below, as the City has greatly increased the utilization of M/WBEs on City contracts. Overall, M/WBE utilization increased from \$5,805,233 on City contracts in 2011 to \$186,713,192 in 2017. AABEs also had an increase in utilization during that timeframe moving from \$273,109 on City contracts in 2011 to \$10,938,888 in 2017. Overall, 503 unique S/M/WBEs participated on City contracts at both the prime contractor and subcontractor level in 2017 as compared to 103 in 2011.

M/WBE UTILIZATION ON CITY CONTRACTS

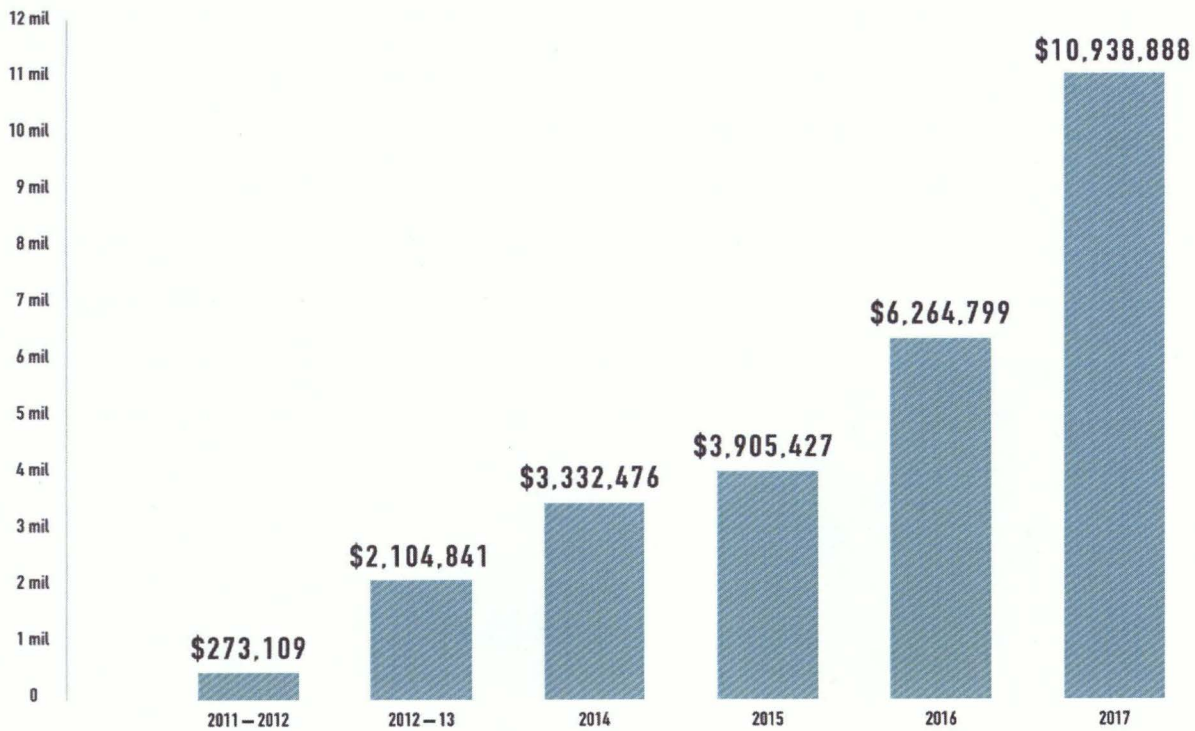


Overall Increase

● 2011
● 2017



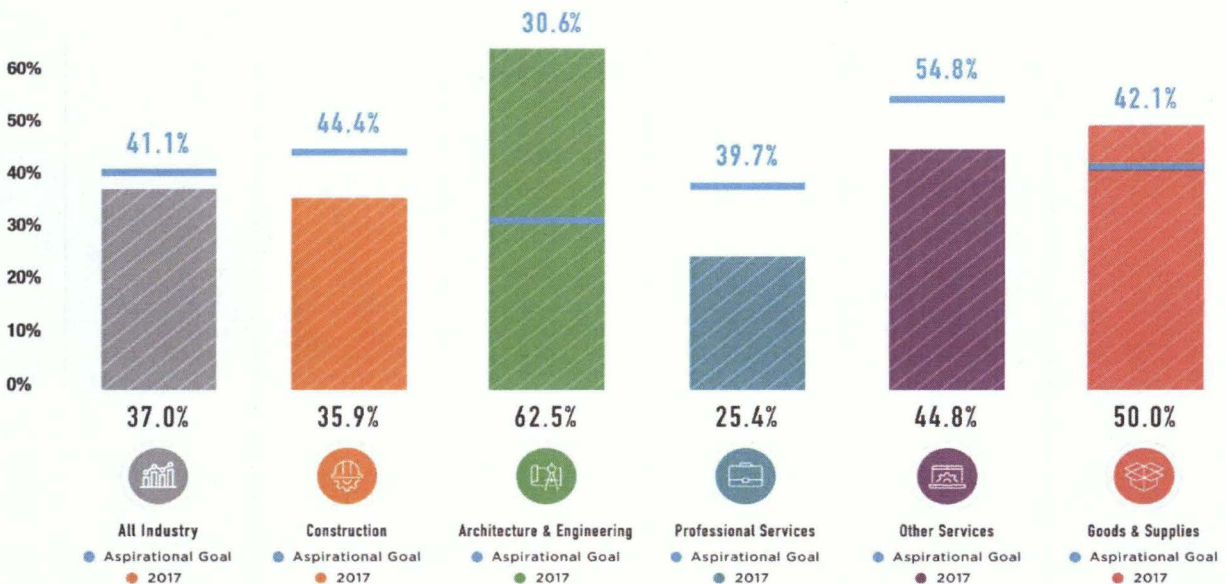
ALL INDUSTRIES ABE SPEND: FY12 TO FY2017



The Need to Continue the Diversity Action Plan:

While the City has demonstrated an increase in the utilization of M/WBEs and AABEs, there is still room to improve and continue the Diversity Action Plan, as the City has yet to attain parity in utilizing all M/WBE groups at a level that is reflective of their availability in the San Antonio metro area. Per the graph below, the City has only met the M/WBE aspirational goal, which is a calculated percentage reflecting availability in the San Antonio metro area, in two of the five industries the SBEDA program measures.

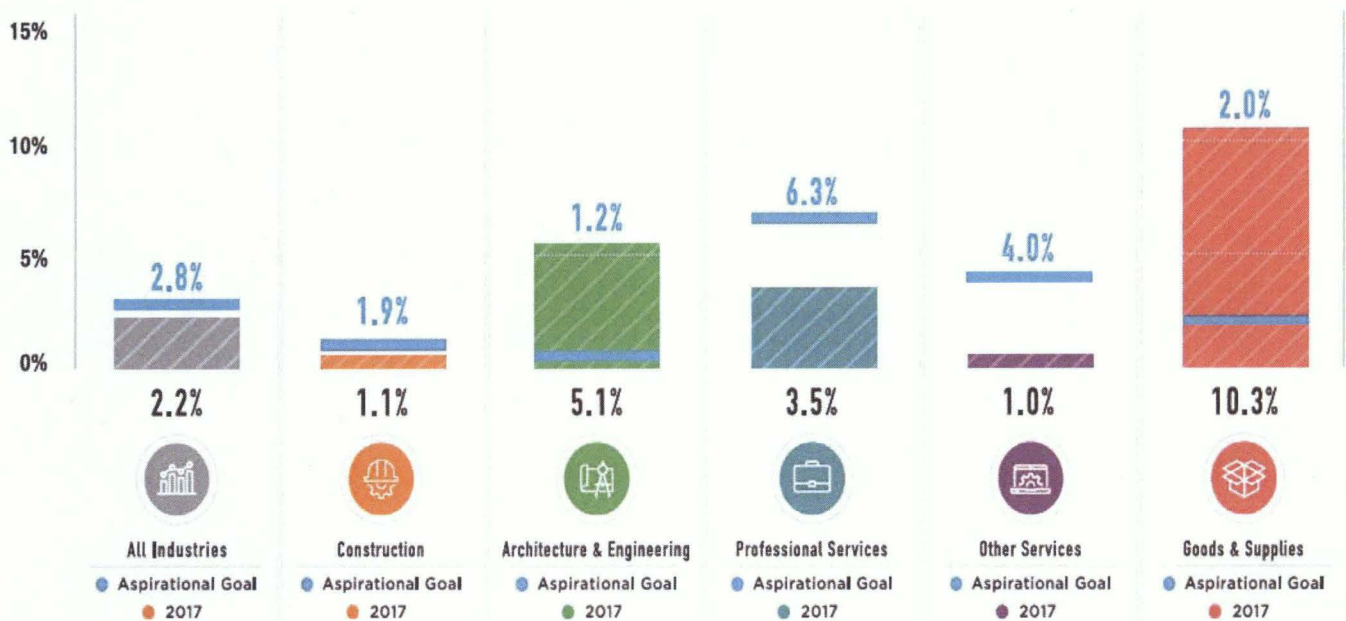
M/WBE UTILIZATION VS. M/WBE AVAILABILITY



In addition to M/WBEs as a whole, AABEs, ABEs, HABEs, NABES, and WBEs are also not meeting their aspirational goals in all industries the SBEDA program measures.

M/WBE ASPIRATIONAL GOALS MET PER INDUSTRY					
	AABE	ABE	HABE	NABE	WBE
Construction					✓
Architecture & Engineering	✓		✓		✓
Professional Services					
Other Services		✓	✓		
Goods & Supplies	✓	✓			✓
All Industries					✓

AABE UTILIZATION VS. ASPIRATIONAL GOALS



Further, the 2015 Disparity Study indicated various market disparities that affect M/WBEs, in particular AABEs, in comparison to non-M/WBEs, which the City strives to address. These market disparities found for M/WBEs include lower business formation rates, lower business retention rates, lower loan approval rates, and higher interest rates when a loan was approved.

Plan Expectations:

While the Diversity Action Plan includes a variety of measurable strategies and objectives, the Plan also calls for certain expectations that the City of San Antonio must follow at all times:

- Consult with vendors, advocacy groups, trade organizations, and chambers of commerce to identify barriers to S/M/WBEs doing business with the City of San Antonio. To facilitate this effort, the City's Finance Department, EDD, and TCI will each designate a Diversity Outreach Coordinator.
- Review each formal solicitation's scope of work and identify debundling opportunities to use tools that will maximize the utilization of S/M/WBEs on City contracts.
- Identify, implement and maintain S/M/WBE capacity building initiatives and programs, such as the Small Business Economic Development Advocacy (SBEDA) program and Business Empowerment Plan.
- Assist S/M/WBEs seeking certifications from the South Central Texas Regional Certification Agency (SCTRCA), by facilitating connections with SCTRCA staff and identifying efficiencies to SCTRCA processes.
- Assist S/M/WBEs registering in the City's CVR, by facilitating connections with City staff who oversee the CVR and identifying efficiencies to CVR registration and system processes.
- Conduct outreach and education on City small business programs to San Antonio area businesses, focusing on S/M/WBEs, and as an additional effort, include businesses owned by veterans, people with disabilities, and lesbian, gay, bisexual, transgender and queer (LGBTQ).
- Promote and provide S/M/WBEs a debriefing meeting, upon request, for unsuccessful bids to help them understand how to improve their response and be more competitive on future solicitations.
- Review insurance requirements on all solicitations to align with the scope of work/specifications requested to potentially lower insurance limits for lower risk projects in order to make them more accessible for S/M/WBEs.
- Ensure the Goal Setting Committee, Small Business Advocacy Committee, and Diversity Action Plan have no vacancies that last longer than 120 days.
- Ensure diversity on the City's evaluation committees when reviewing bids for discretionary City solicitations.
- Ensure new and existing City staff associated with procurement is informed of the SBEDA program.

Plan Strategies and Objectives:

<i>Strategy A: Outreach to S/M/WBEs</i>				
	Objectives	Metrics & Implementation Plan	Responsible Party	New Initiative
1	Establish an annual marketing budget at a minimum of \$25,000 to advertise the City's small business programs.	Established on 10/1/2017.	EDD, Finance, and TCI	X
2	Advertise City small business programs in local newspapers and magazines, such as the Heartbeat, La Prensa, SA Current, San Antonio Observer, San Antonio Register, Southside Reporter, The Black Book, The Herald, and others as identified. These advertisements should be spread equally among the different publications	Advertisements must occur in at least one (1) newspaper or magazine monthly.	EDD, Finance, and TCI	X
3	Advertise City small business programs through nontraditional marketing efforts such as bus banners, bus stop banners, street banners, billboards, and radio stations such as KROV and others as identified.	Conduct 2 (two) nontraditional marketing efforts annually.	EDD, Finance, and TCI	X

4	Advertise City small business programs on TVSA.	Advertisements must occur daily.	EDD	X
5	Advertise City small business programs on the City's Telephone Hold Messaging System.	Advertisements must occur daily.	EDD	X
6	Advertise City small business programs on social media, such as Facebook, Twitter, NextDoor and others as identified.	Advertisements must occur multiple times a month.	EDD	
7	Email an Anticipated Solicitation Newsletter inclusive of SBEDA/ACDBE/DBE projects to vendors registered in the City's CVR, as well as advocacy groups, trade organizations, and chambers of commerce.	The newsletter must be sent every two weeks.	EDD	
8	Email a newsletter containing important City small business programs or SBEDA/ACDBE/DBE project information to advocacy groups, trade organizations, and chambers of commerce.	The newsletter must be sent every month.	EDD	
9	Maintain the Small Business Office website to contain up-to-date programming, events, advocacy group/trade organization/chamber of commerce information, and S/M/WBE utilization dashboard.	Maintenance, events, and the S/M/WBE utilization dashboard must be updated monthly.	EDD	X
10	Conduct vendor outreach events citywide, such as Vendor Orientation, to connect businesses with City small business programs.	Conduct six (6) vendor outreach events annually.	EDD	
11	Conduct outreach to S/M/WBE realty groups and boards regarding real estate opportunities.	Conduct one (1) informational workshop annually.	CCDO and TCI	X
12	Meet advocacy groups, trade organizations, and chambers of commerce regarding City small business programs or to cover important updates such as the SBEDA Annual Report.	Make presentations or attend twelve (12) events annually.	EDD	
13	Organize prime contractor/consultant and subcontractor/subconsultant meet and greets. In addition, build this topic into pre-bid meetings.	Organize two (2) meet and greets annually.	EDD, Finance, and TCI	

14	Send notification to newly certified businesses with the SCTRCA, but not registered in the CVR, that explains City small business programs along with City contact information.	Send letter every month to newly registered businesses.	EDD	X
15	Create and distribute an annual procurement plan for all City departments.	Organize and publish the plan annually in January.	EDD, Finance, and TCI	X
16	<p>Develop training/informative videos in the following order for vendors to learn how to do business with the City. Note this is not an exhaustive list.</p> <ol style="list-style-type: none"> 1. Register in the CVR 2. Complete certified payroll 3. Manage your PRIMELink profile 4. Complete a Utilization Plan 5. Obtain certification with the SCTRCA 6. Report payments to your subcontractors in the City Contract Management System 7. Understanding a Bid 	One-time creation of videos with updates if policies or procedures change.	EDD, Finance, and TCI	X

Strategy B: Central Vendor Registry (CVR)

	Objectives	Metrics & Implementation Plan	Responsible Party	New Initiative
1	Ensure S/M/WBEs certified with the SCTRCA who are also interested in working with the City are automatically uploaded into the CVR.	One-time enhancement to the CVR.	EDD, Finance, and ITSD	X
2	Allow Suppliers to have access to any "published" solicitation through the CVR.	One-time enhancement to the CVR.	Finance and ITSD	X
3	Make submission of bids easier through the CVR.	One-time enhancement to the CVR.	Finance and ITSD	X
4	Make assignment of National Institute of Government Purchasing (NIGP) codes to CVR vendor profiles easier.	One-time enhancement to the CVR.	Finance and ITSD	X
5	Improve Vendor Profile Management (security logon self-management, eliminate partial registration and provide dashboard).	One-time enhancement to the CVR.	Finance and ITSD	X

Strategy C: Collaboration with Governmental Agencies				
	Objectives	Metrics & Implementation Plan	Responsible Party	New Initiative
1	Communicate with local governmental agencies and request S/M/WBE vendor registration lists. Compare against those registered in the CVR and reach out to those not registered with the City.	Perform outreach and comparison once a year in May.	EDD	X
2	Attend local governmental agency events to promote City small business programs such as the S/M/W/VBE Bexar County Conference, SBDC Symposium, VIA Portal to Diverse Opportunities, BOTS, PTAC Trainings, BOA and others as identified.	Attend ten (10) events a year.	EDD	
3	Develop and maintain a contact list of governmental agencies that utilize the SCTRCA to be distributed to newly certified businesses.	Contact list should be provided daily to newly certified businesses.	EDD	X
4	Work with the member entities of the SCTRCA to develop a digital application for S/M/WBEs to submit or renew their certification to the SCTRCA.	One-time enhancement to the SCTRCA database.	EDD	X
Strategy D: Reporting of City Programs and Initiatives that Help S/M/WBEs				
	Objectives	Metrics & Implementation Plan	Responsible Party	New Initiative
1	Publish a Small Business Office (SBO) Annual Report containing the achievements of the City's small business programs and Diversity Action Plan.	Conduct one (1) report annually to be published in January. Meet the aspirational goals for each industry and ethnicity/gender. In addition, 55% of all dollars paid at the prime level during the fiscal year should be spent with S/M/WBEs. Highlight the key metrics of the Diversity Action Plan.	EDD	
2	Report utilization of S/M/WBEs on City contracts in comparison to the previous fiscal year.	Conduct twelve (12) reports annually to be posted online. Meet the aspirational goals for each industry and ethnicity/gender.	EDD	

3	Report utilization of S/M/WBEs on City contracts by departments.	Conduct one (1) report annually to be distributed to SBAC in February. Indicate how each City department met the aspirational goals for each industry and ethnicity/gender.	EDD	X
4	Report on S/M/WBEs in the Business Empowerment Program.	Conduct four (4) reports annually on a quarterly basis. Include the ethnicity/gender of participants, industry, job creation, and revenue increases.	EDD	
5	Report on the City's spending with various local advocacy groups, chambers of commerce, and trade organizations.	Conduct one (1) report annually to be distributed to DAP in August.	EDD, Finance, and TCI	X

Strategy E: Access to Capital for S/M/WBEs & Mentorship

	Objectives	Metrics & Implementation Plan	Responsible Party	New Initiative
1	TCI to maintain their quick pay process to help firms with cash flow.	TCI will allow firms to submit invoices on a weekly basis and will strive to pay invoices within 15 days (current term of contract is 30 days).	TCI	
2	Implement the COSA Loan Buy Down Program to provide a minimum of \$250,000 of loan interest rate buy down assistance in coordination with LiftFund.	COSA to spend a minimum of \$250k to buy down interest rates of loans obtained by S/M/WBEs from LiftFund. Set and meet S/M/WBE aspirational goals for each ethnicity/gender, with an AABE goal set at a minimum of 15%.	EDD	
3	Partner with ACE Mentor Program to provide mentoring opportunities for high school students.	50% of the high school students should be minority or women students.	TCI	
4	Facilitate a consortium of banks and financial institutions to work with contractors to provide all levels of banking services. The consortium of banks should strive to provide more flexible lines of credit to businesses or participate in the COSA Loan Buy Down Program.	Establish MOUs with local banks and financial institutions. Develop some type of reporting standard for them to show the City which S/M/WBEs they helped or how much they contributed to the COSA Loan Buy Down Program.	EDD, TCI, and Finance	X