



# City of San Antonio

## Agenda Memorandum

**File Number:** 13-1027

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**Agenda Item Number:** 35.

**Agenda Date:** 12/5/2013

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Veteran-Owned Small Business Preference Program

**SUMMARY:**

An Ordinance authorizing adoption of a Veteran-Owned Small Business preference program for specific contracting categories. If approved, the program is proposed to become effective and apply to solicitations issued after January 15, 2014.

**BACKGROUND INFORMATION:**

On June 13, 2013, a Council Consideration Request (CCR) was submitted by Councilman Carlton Soules for City staff to research the development of a Veteran-Owned Small Business Program. This CCR requested consideration of an ordinance granting preference to veteran-owned small businesses and establishment of a formal Veteran-Owned Small Business (VOSB) Program to maximize the economic vitality and development of the City of San Antonio.

The CCR called for establishment of a:

- A veteran-owned small business participation goal
- Assure that veteran-owned small businesses are solicited on bids for which the businesses may be suited
- Assure that participation by veteran-owned small businesses is appropriately factored into the evaluation of proposals for services, goods, or supplies

Based upon a review of veteran preference programs enacted by other governmental entities, similar programs currently administered by the City of San Antonio, existing statutory limitations, and discussion and coordination with the Economic Development Department, staff developed program recommendations. These recommendations were presented to the Governance Committee on September 18, 2013.

The recommendations considered elements of the Federal government's veterans contracting program goal and will align the types of procurements where application of such a preference is allowed for municipalities. In addition, expanded outreach to veteran-owned businesses is included. This proposed program would be used in conjunction with the SBEDA and Local Preference programs currently in use by the City.

The proposed program uses the federal definitions of veteran and veteran-owned small business found in 38 CFR Part 74.

- The term "veteran" means a person who served on active duty with the U.S. Army, Air Force, Navy, Marine Corps, Coast Guard, for any length of time and at any place and who was discharged or released under conditions other than dishonorable. Reservists or members of the National Guard called to federal active duty or disabled from a disease or injury incurred or aggravated in line of duty or while in training status.
- A veteran owned small business is a business that is not less than 51 percent owned by one or more veterans, or in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; the management and daily business operations of which are controlled by one or more veterans and qualifies as "small" for Federal business size stand purposes.

The program will not distinguish between a veteran and a service-disabled veteran owned business and is not limited geographically.

The program will require veteran-owned small businesses responding to City solicitations to be registered in the database of VOSBs maintained by the U.S. Small Business Administration or be certified by another public or private entity that uses similar certification procedures.

The program will apply to contracts that exceed \$50,000 in value. It will apply to procurements of discretionary expenditure and revenue contracts for goods, services, and concessions, where the selection criteria are not limited by state or federal law. For these contracts, a 5 point preference based upon a 100 point evaluation scale would be awarded to prime contractors meeting the definition of a veteran-owned small business.

#### **ISSUE:**

Implementing this program is consistent with the Council's goal of promoting veteran-owned small businesses. However, sufficient data does not currently exist to establish a goal based veteran's program. As a result, VOSB prime and subcontractor utilization data will be accumulated during the first year of the program to assist in the design of a future goal based program. In addition, the City will expand its outreach and marketing efforts to veteran-owned small businesses through organizations such as the Military Affairs Committee of the Greater San Antonio Chamber of Commerce, the UTSA Veteran Small Business Help Center and the Bexar County Veteran Affairs Office.

In future program years, staff will analyze the collected utilization data and the result of outreach efforts to veteran-owned small businesses. Based upon this analysis, staff will explore opportunities to develop a goal based program which may include aspirational goals, City mandatory goals or contract specific goals based upon availability. Staff will also evaluate any additional administrative costs associated with the implementation of a goal based VOSB program

The Finance Department will administer the program and produce quarterly reports starting April 1, 2014, summarizing the dollar amount of procurements awarded to veteran-owned small businesses under this

program.

**ALTERNATIVES:**

Should this program not be approved, the awarding of contracts will continue in accordance with existing State laws and City policies and a VOSB preference cannot be applied to the award of professional service contracts not governed by statute.

**FISCAL IMPACT:**

Departmental budgets may be impacted when the veteran-owned small business preference program is applied resulting in increased costs.

**RECOMMENDATION:**

Staff recommends approval of the ordinance to adopt a veteran-owned small business preference program for specific contracting categories to become effective and apply to solicitations issued after January 15, 2014.