



City of San Antonio

Agenda Memorandum

File Number:18-1170

Agenda Item Number: 5.

Agenda Date: 1/9/2018

In Control: Economic and Workforce Development Committee

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICT(S) IMPACTED: All

SUBJECT:

Briefing on the SBEDA Program and FY 2017 Small Business Office Annual Report

SUMMARY:

This is a briefing by the City of San Antonio Economic Development Department (EDD) on the SBEDA program and FY 2017 Small Business Office Annual Report.

BACKGROUND INFORMATION:

The SBEDA program combines best practices from around the country to create a robust and comprehensive program designed to remedy disparity of local small, minority and women-owned businesses (S/M/WBEs) by increasing their utilization on City contracts. While the SBEDA program was established in 1992, a major overhaul to the program was completed in 2010 that created multiple contract specific tools to boost S/M/WBE utilization on City contracts and also established a Goal Setting Committee, compliance module, Central Vendor Registry, and capacity building programs, such as the Mentor Protégé program.

Per the legal standard set by the U.S. Supreme Court case *Richmond v. J.A. Croson Co. (1989)*, the City completed its third disparity study in 2015 that showed the City's progress in utilizing S/M/WBE on City contracts, but disparity of S/M/WBEs in the San Antonio market area remains. As a result, the SBEDA program was amended in 2016 to expand its tools to all industries and ethnicities, as well as allow for S/M/WBE prime contractors to self-perform thgrS/M/WBE subcontracting goals to perform a greater percent of the contract and further build their capacity.

ISSUE:

The Small Business Office (SBO) annual report for FY 2017 highlights the City's various programs and initiatives to help local small businesses succeed, whether they are at the ideation, startup, or growth phase. These programs include the SBEDA program, the Business Empowerment Plan, administered in partnership

with Alamo Colleges, that includes the Bonding Assistance and Mentor Protégé programs, and Launch SA, administered in partnership with LiftFund.

The primary focus of the report centers on the SBEDA program and the distribution of dollars paid to local small, minority and women-owned businesses (S/M/WBEs) on contracts in which the SBEDA program applied during FY 2017. It also highlights specific small businesses who helped by the SBEDA program to create success stories.

A few notable results in regard to the SBEDA program include:

- \$246 million (49% of approximately \$504 million) was paid to S/M/WBEs. These figures represent a \$38 million or 4% increase from FY 2016 and represents the largest spend to date since the establishment of the SBEDA program in 1992, in which a disparity study found that only 10% of city contract dollars were paid to S/M/WBEs.
 - \$187 million or 37% was paid to local minority or women-owned businesses;
 - \$128 million or 25% was paid specifically to local businesses owned by ethnic minorities; and
 - \$59 million or 12% was paid to local women-owned businesses.
- Each industry demonstrated an increase in the percentage of dollars paid to S/M/WBEs from FY 2016 to FY 2017, except for the professional services industry.
 - The architecture & engineering industry accounted for the highest participation with \$13 million (82% of \$16 million) being paid to S/M/WBEs.
 - The goods & supplies industry accounted for the largest growth in participation with \$18 million (52% of \$34 million) paid to S/M/WBEs in FY 2017 as compared to \$3 million (14% of \$20 million) in FY 2016.

The Economic Development Department will distribute the SBEDA annual report for FY 2017 to a variety of organizations, professional associations and trade organizations. In addition, the report will be distributed to various public entities, including CPS Energy, SAWS, and VIA Metropolitan Transit Authority.

RECOMMENDATIONS:

This briefing is for informational purposes only and no action is necessary.