



City of San Antonio

Agenda Memorandum

File Number:18-5796

Agenda Item Number: 22.

Agenda Date: 10/18/2018

In Control: City Council A Session

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICT(S) IMPACTED: City-wide

SUBJECT: An 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.

SUMMARY:

An Ordinance amending the Five-Year Diversity Action Plan and extending it for another five years. The Plan promotes the utilization of local small, minority, and women-owned businesses on City contracts by outlining various strategies and objectives for additional vendor outreach, Central Vendor Registry enhancements, easier certification processes, and increased access to capital. The Plan is developed in partnership with the Transportation and Capital Improvements Department, Finance Department, and Economic Development Department.

BACKGROUND:

As part of the 2012 - 2017 Bond Mass Selection Process, no African American-owned businesses (AABEs) responded to the solicitations at the prime consultant level and AABE utilization at the subconsultant level was low. As a result of these issues, an action plan was developed and approved by City Council in 2013 through Ordinance 2013-01-17-0028 to increase the participation of local small businesses that are also minority and women-owned (M/WBEs) on City contracts, with a focus on AABEs. When developing the action plan, the City gathered input from numerous advocacy organizations, trade organizations, and chambers of commerce.

The Five-Year Diversity Action Plan outlined various strategies and objectives to promote the equitable utilization of M/WBEs on City contracts. The Plan's strategies and objectives addressed outreach, identification, certification, registration, solicitation planning, capacity building programs, and access to capital for local small, minority, and women-owned businesses (S/M/WBEs). To oversee the Plan's strategies and objectives, a Diversity Action Plan Subcommittee was established that reports to and is a part of the Small Business Advocacy Committee. The Plan was to be evaluated after five years of implementation to determine its effectiveness and whether it should be continued.

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

- Outreach efforts have led to a 66% increase in M/WBEs and an 80% increase in AABEs registered in the Central Vendor Registry (CVR).
- The City established a Loan Interest Buydown Program in partnership with LiftFund totaling \$500,000 between FY 16 and FY 18 that provides 0% interest loans to S/M/WBEs to address disparities related to access to capital.
- Amendments suggested as part of the Five-Year Diversity Action Plan were made to the SBEDA program to provide more tools for M/WBEs to increase their utilization on City contracts.
- During the 2017 - 2022 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. In addition, AABEs are estimated to receive 4% of all dollars and two (2) AABEs were awarded prime consultant opportunities. These figures represent an increase from the 2102 - 2017 Bond Mass Selection Process.
- M/WBE utilization increased from 13% on City contracts in 2011 to 37% in 2017. AABEs also had an increase in payments during that timeframe moving from \$273,109 on City contracts in 2011 to \$10,938,888 in 2017, which represents a near 4,000% increase.

Since January 2018, the City's Transportation and Capital Improvements Department, Finance Department, and Economic Development Department conducted significant outreach with over 20 advocacy organizations, trade organizations, and chambers of commerce to review potential amendments to the Plan.

ISSUE:

The proposed amendments to the Five-Year Diversity Action Plan focus on five major strategies: Outreach and Marketing, Central Vendor Registry Improvements, Collaboration with Governmental Agencies, Reporting of City Small Business Programs, and Access to Capital and Mentorship. Under these strategies, the proposed Five-Year Diversity Action Plan contains 34 objectives, of which 21 are new. Objectives to highlight include:

- Development and distribution of a City Annual Procurement Plan.
- Diversifying outreach and marketing efforts to include a mix of print, digital, and community events.
- Integration of vendors certified with the South Central Texas Regional Certification Agency (SCTRCA) into the City's Central Vendor Registry (CVR).
- Enhancements to the CVR to develop a more positive user experience and to enhance the ease of submitting online bids.
- Collaborate with other governmental agencies to share vendor lists and unify similar events to maximize vendor's access to information and programming citywide that assist S/M/WBEs.
- Work to establish relationships with local banks to grow the Loan Interest Buydown Program to provide more 0% interest loans to S/M/WBEs.

On May 16, 2018, the Diversity Action Plan Subcommittee voted in support of the proposed amendments, and on July 13, 2018, the Small Business Advocacy Committee also voted to support the proposed amendments and to continue the Five-Year Diversity Action Plan for another five years.

The proposed amendments to the Five-Year Diversity Action Plan along with the continued implementation of the SBEDA Program will continue to address barriers and disparities documented in the City's 2015 Disparity Study, which will enhance the City's utilization of S/M/WBEs.

ALTERNATIVES:

If the Five-Year Diversity Action Plan is not amended and continued by City Council, the Plan will come to an end as the five year pilot term concludes.

FISCAL IMPACT:

There is no fiscal impact.

RECOMMENDATIONS:

Staff recommends the approval of the proposed amendments to the Five-Year Diversity Action Plan, and the extension of the plan for another five years.