



# City of San Antonio

## Agenda Memorandum

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**Agenda Item Number:** 2.

**Agenda Date:** 1/7/2020

**In Control:** Economic and Workforce Development Committee

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**DEPARTMENT:** Economic Development

**DEPARTMENT HEAD:** Alejandra Lopez

**COUNCIL DISTRICT(S) IMPACTED:** City-wide

**SUBJECT:** Briefing on the FY 2019 Small Business Annual Report

### SUMMARY:

Briefing by the Economic Development Department (EDD) on the FY 2019 utilization of small, minority, women-owned businesses on City contracts.

### BACKGROUND INFORMATION:

The Small Business Economic Development Advocacy (SBEDA) Program combines best practices from around the country to create a robust and comprehensive policy that is designed to remedy disparity of local small, minority and women-owned businesses (S/M/WBEs) on City contracts. The SBEDA program was first established in 1992 and has undergone two major updates following the completion of required disparity studies in 2010 and 2015. Per the legal standard set by the U.S. Supreme Court case, *Richmond v. J.A. Croson Co.* (1989), a disparity study should be conducted every five years to determine if disparities of S/M/WBEs remain.

The first major update to the program was implemented in 2011 following findings from the 2010 disparity study. The program changes established a Goal Setting Committee, compliance module, Central Vendor Registry, and capacity building programs, such as the Mentor Protégé program as well as created various contract specific tools to increase S/M/WBE utilization on City contracts.

The City completed its last disparity study in 2015, which demonstrated the City has progressed in utilization of S/M/WBEs 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 the applicability of its tools for all industries and

ethnicities/genders, as well as allow for S/M/WBE prime contractors to self-perform S/M/WBE subcontracting goals to further build their capacity.

## ISSUE:

The FY 2019 Small Business Annual Report highlights the distribution of dollars paid to S/M/WBEs on City contracts in which the SBEDA program applied. It also highlights specific small, minority and women-owned businesses that benefit from the SBEDA program and showcases their success stories.

A few notable results documented in the FY 2019 Small Business Annual Report include:

- 57% of City contract dollars were paid to 553 unique S/M/WBEs, which amounts to \$253 million of \$448 million of City contracts in which the SBEDA program applied. This figure represents a 3% increase from FY 2018 and the largest percent utilization of S/M/WBEs since 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.
  - Approximately 50% or \$222 million was paid to local minority or women-owned businesses (M/WBEs), exceeding the aspirational overall goal of 41% and represents a 5% increase from FY 2018.
  - The M/WBE aspirational goal was met in three (3) industries: other services, professional services, and architecture & engineering.
- 51% of City construction contract dollars were paid to S/M/WBEs (\$119 million of \$234 million), of which 43% or \$100 million went to M/WBEs;
- 77% of City other services such as landscaping, mowing, and custodial service contract dollars were paid to S/M/WBEs (\$72 million of \$93 million), of which 71% or \$66 million went to M/WBEs;
- 45% of City goods and supplies contract dollars were paid to S/M/WBEs (\$13million of \$29 million), of which 41% or \$12 million went to M/WBEs;
- 47% of City professional services contract dollars were paid to S/M/WBEs (\$26 million of \$56 million), of which 46% or \$26 million went to M/WBEs;
- 65% of City architecture & engineering contract dollars were paid to S/M/WBEs (\$23 million of \$35 million), of which 53% or \$19 million went to M/WBEs.

The Economic Development Department will distribute the FY 2019 Small Business Annual Report to community stakeholders, professional associations and trade organizations in January 2020. In addition, the report will be distributed to various public entities, including CPS Energy, SAWS, and VIA Metropolitan Transit Authority and be available for view and download on the City's EDD website.

**RECOMMENDATION:**

Staff will present a briefing on this item subject to possible action by the Committee.