



# FINANCIAL SERVICES DEPARTMENT

## *Program Enhancements Pilot - Update: Local and Small Businesses*

James Scarboro  
Chief Procurement Officer  
Financial Services Department

Audit and Finance Committee  
November 12, 2024



# Background / Context

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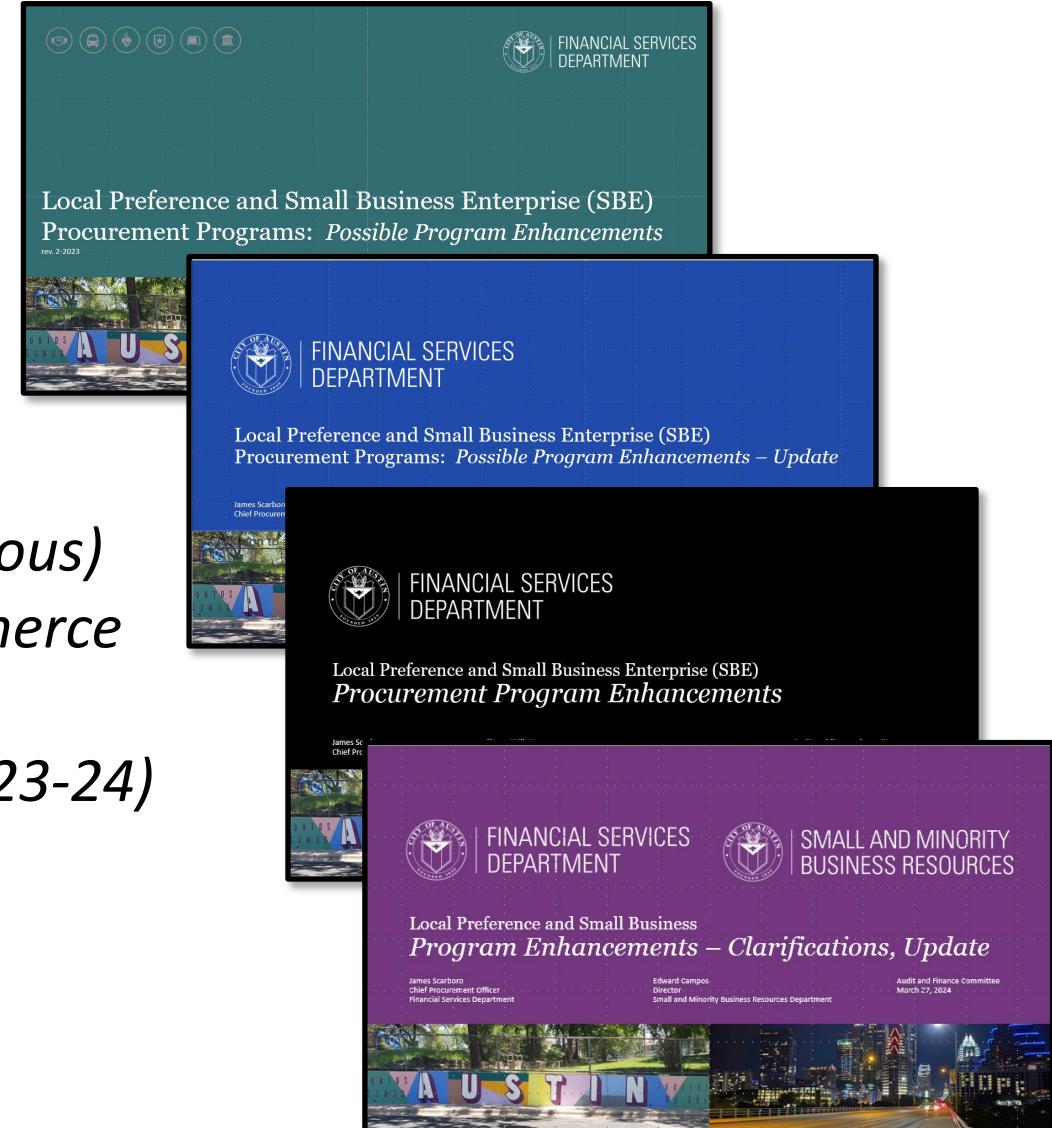
- New Disparity Study
  - *Minority and Women-owned Business Enterprise (MBE/WBE) Procurement Program*
  - *Conducted by Small and Minority Resources (SMBR) Department (2020-2022)*
  - *Showed lower availability of MBE/WBE companies in the Austin market*
  - *Showed higher utilization rates of MBE/WBE companies*
  - *Study was adopted by City Council, October 2022*
- Ordinance Revisions
  - *SMBR revised the City's MBE/WBE ordinance in response to new disparity study*
  - *Council adopted the changes to the ordinance , July 2023*
- Complimentary Procurement Program(s)
  - *Council requested further enhancements to offset changes to MBEWBE program*
  - *Including local / small business preference program(s), specifically*

# Stakeholder Engagement

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- Meetings
  - *Asian Contractors Association*
  - *Austin Asian Chamber*
  - *Austin Black Contractors Association*
  - *Austin Chamber of Commerce*
  - *Austin LGBT Chamber of Commerce*
  - *Local Business Stakeholders, meeting (various)*
  - *Greater Austin Hispanic Chamber of Commerce*
  - *US Hispanic Contractors Association*
  - *Audit and Finance Committee (3 times, 2023-24)*
  - *Small Business Conference (Sept 25, 2024)*
- Survey
  - [www.surveymonkey.com/r/VZSNJ9Z](http://www.surveymonkey.com/r/VZSNJ9Z)



# Stakeholder Feedback

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- Meetings and Survey
  - *Avoid negative impacts to MBE/WBE Program*
  - *Small status – Recognized certs. with SBA Size Standard*
  - *Local status – Headquarters in Greater Austin*
  - *Maintain separate programs for Local and Small*
  - *Equal priority (weighting) for Local and Small*
  - *Include Local and Small subcontractors, if possible*
  - *Continue to explore future enhancements*
- Concerns
  - *May not positively impact all groups equally*
  - *Professional Services and most Construction not applicable*

# Local Business Program – Enhancements

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- Was
  - *Austin, Full Purpose Jurisdiction*
  - *Headquarters or Branch Office*
  - *3-10% Preferences*
  - *Subcontractors Included*
  - *Excluded:*  
*Construction over \$100,000*  
*Professional Services (all)*
- Now
  - *Greater Austin (5-County, MSA)*
  - *Headquarters only*
  - *3-10% Preferences (expanded)*
  - *Subcontractors Not Included*
  - *Excluded:*  
*Construction over \$100,000 (no change)*  
*Professional Services (no change)*

# Small Business Program – Enhancements

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- **Was** (Informal Solicitations, <50K only)
  - *None*
  - *None*
  - *None*
  - *None*
  - *Excluded:  
All*
- **Now** (Formal Solicitations, > 50K also)
  - *Certs. w/SBA Small Size Std. (No change)*
  - *Certs. Recognized:  
COA, State & Federal (For Now)*
  - *3-10% Preferences*
  - *Subcontractors Not Included (For Now)*
  - *Excluded:  
Construction over \$100K (No change)  
Professional Services (All, No change)*

# Both Programs – *Preference Amounts*



		LOCAL	SMALL	BOTH
<b>Invitations for Bids (IFB)</b>	Est. Contract Value	Discount	Discount	Discount
Goods, General Services & Construction	\$50K - \$100K	5%	5%	10%
Goods & General Services	\$100K - \$500K	5%	5%	10%
Goods & Services	\$500K - \$50M	3%	3%	6%
Requests for Proposals (RFP)	Est. Contract Value	Points	Points	Points
Goods, General Services & Construction	\$50K - \$100K	10	10	20
Goods & General Services	\$100K - \$500K	10	10	20
Goods & General Services	\$500K - \$50M	6	6	12

# Program Enhancements – Implementation

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- Two (2) Year Pilot (10/01/2023 – 09/30/2025)
  - *Capped both Programs to Solicitations for Contracts below \$50M*
  - *Monitor and Report on programs performance*
  - *Control against negative impacts to other programs*
  - *Determine program elements that may be revised further*

# Experience to-date

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- By the Numbers (*First Year*)
  - *Solicitations w/ Enhanced Local/Small Preference*..... 115
  - *Responses, Total*..... 443
  - *Responses, Local*..... 124 (28%)  
*Small*..... 54 (12%)
  - *Contracts, Total*..... 149
  - *Contracts, Local*..... 58 (40%)  
*Small*..... 17 (11%)
  - *Solicitation Outcomes changed*..... 4 (3.5%)

# Experience to-date (cont.)

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- Takeaways:
  - **Solicitation participation, no negative impacts**  
→ *Slight improvement, from 3.7 to 3.9 Offers per Solicitation*
  - **Solicitation competitiveness, no major impacts**  
→ *Only 3.5% Solicitation outcomes changed*
  - **Local participation is meaningful, outcomes are significant**  
→ *Local Offerors make up 28% of Responses and 40% of Contracts*
  - **Small participation is limited, outcomes are proportionate**  
→ *Small Offerors make up 12% of Responses and 11% of Contracts*

# Going Forward

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- Continue existing Local program enhancements, As-Is
- Expand Small program enhancements
  - Additional Certifications (Regional Certifying Agencies, other Local Governments)
  - Decouple from Local program *(Apply Small program, when Local program is not allowed)*
  - Include Small Subcontractors *(Partial percentage / points, only when No MBE/WBE Goals)*
- Expand Outreach, both programs

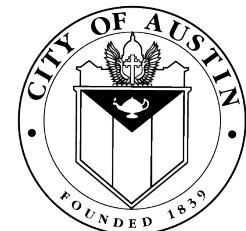
# Questions / Discussions?

*Program Enhancements Pilot - Update:*

## Local and Small Businesses

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