



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

- 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

- 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*



- 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



- 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



- **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
Invitations for Bids (IFB)	Est. Contract Value	Discount	Discount	Discount
Goods, General Services & Construction	\$50K - \$100K	<u>5</u> %	5%	10%
Goods & General Services	\$100K - \$500K	<u>5</u> %	5%	10%
Goods & Services	\$500K - \$50M	<u>3</u> %	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



- 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

- 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.)



- 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



- 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?

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