



City of San Antonio

Agenda Memorandum

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In Control: City Council A Session

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Ordinance approving an interlocal agreement with various local public agencies for the joint provision of services to improve the effectiveness of public purchasing from local and small businesses through the reorganization of the South Central Texas Regional Certification Agency DBA Supply SA for a total cost of up to \$300,000.00 over two years.

SUMMARY:

This ordinance authorizes an interlocal agreement with various local public agencies for the joint provision of services to improve the effectiveness of public purchasing from local and small businesses through the reorganization of the South Central Texas Regional Certification Agency DBA Supply SA for a total cost of up to \$300,000.00 over two years. The services provided will support local small businesses in obtaining local, state, and federal business certifications, as well as responding to public procurement opportunities through the establishment of capacity building initiatives (i.e., procurement navigators). Funding in the amount of \$200,000.00 is included in the Economic Development Incentive Fund (EDIF) FY 2025 Adopted Budget. Funding for year two of the agreement is contingent upon City Council approval of the annual budget.

BACKGROUND INFORMATION:

According to analysis completed by researchers from Drexel University's Nowak Metro Finance Lab, federal, state, and local government entities collectively spent over \$9 billion on goods and services in FY 2021. This included \$4.2 billion spent by seventeen (17) local public agencies in Bexar County. With the passing of the Bipartisan Infrastructure Law (BIL) and the City's 2022-2027 Bond Program, public spending in the area will continue to grow.

In recognizing the power of procurement as a tool for economic development, the Supply SA: Inclusive Procurement Initiative was launched in May 2022 via the Procurement Playbook. The Playbook was developed by researchers from Drexel University's Nowak Metro Finance Lab, with support from the Aspen Institute Latinos and Society program, the San Antonio Area Foundation, and Congressman Joaquin Castro. The researchers conducted interviews with local public agencies, business support organizations, capital providers and business owners, and identified key challenges that guided the development of a series of recommendations.

The Procurement Playbook and local implementation effort, led in part by the City, Bexar County, and UTSA, with coordination from OCI Group, Inc., identified priority implementation areas and presented them to the Chief Executives (the CEO group) of the participating local public agencies in December 2022. In addition to the City of San Antonio participating agencies included:

- Alamo Colleges
- Bexar County
- Brooks Development Authority
- CPS Energy
- Edwards Aquifer Authority
- Opportunity Home San Antonio
- Port San Antonio
- San Antonio River Authority
- San Antonio Water System
- University Health System
- UT Health Science Center
- University of Texas at San Antonio
- Texas A&M San Antonio
- VIA Metropolitan Transit

The CEO group of the participating agencies met multiple times since that initial meeting in December 2022 and focused on (1) prioritizing recommendations for implementation and (2) making decisions related to the organizational, governance, and funding structures of a long-term initiative. Initially, during a meeting on February 27, 2024, the CEO group decided to establish a new organization called Supply SA, which focused solely on recommendations from the Procurement Playbook, such as procurement navigators. Upon this initial decision, the City's Economic Development Department presented a prior interlocal agreement to City Council, which was approved on April 11, 2024.

Shortly after the City Council authorized the execution of the interlocal agreement, the CEO group was briefed on organizational challenges experienced by the South Central Texas Regional Certification Agency (SCTRCA) that provides local, state, and federal business certifications to firms. Considering that business certifications also play a critical role in assisting local small

businesses access public contracting opportunities, the CEO group met on May 28, 2024 to approve and finalize the integration of local, state, and federal business certifications services into the previously agreed to Procurement Playbook services (i.e., procurement navigators). The CEO group agreed that this integration of services would be accomplished through a reorganization of the SCTRCA, which will now be doing business as Supply SA. As a result of this change, the prior interlocal agreement authorized by City Council on April 11, 2024 was not executed by any of the parties, as substantial revisions were required to incorporate the added services and update the organizational structure of the SCTRCA to do business as Supply SA.

As a collaborative regional effort to expand the local procurement economy in San Antonio and Bexar County, the CEO group proposes that Supply SA implement the following:

(1) Business Certification Activities:

- Support for-profit local small businesses in obtaining local, state, and federal business certifications, as they help local small businesses access public contracting opportunities.

(2) Implementation Activities:

- Support participating agencies in identifying and connecting with qualified local vendors.
- Leverage existing UTSA programs to launch the Procurement Service Center that provides advising, training, and networking for small businesses.
- Provide one-on-one procurement navigation services to small businesses interested in responding to public procurement opportunities.

(3) Evaluation and Reporting Activities, to be performed by an external firm selected by the Supply SA Board of Directors, including:

- Monitor, evaluate, and report on the effectiveness of the Initiative.
- Develop a unified regional reporting system.

ISSUE:

Through this updated interlocal agreement, the City and fellow participating agencies commit to contribute funding for the Initiative, per agreed upon budget allocations. Assuming full participation of the approximate fifteen (15) public agencies in the Initiative, the City's contribution will represent 10% of the annual operating budget for a total of \$237,753 over the first two years. Should some of the entities decide not to participate, the total requested amount of funding to be contributed by the City is up to \$300,000, potentially beyond 10% of the annual operating budget, in order to ensure Supply SA's organization structure and services are successful.

All participating agencies are also committing to implement the identified priority recommendations and provide procurement and spending data for purposes of monitoring and evaluating the effectiveness of the Initiative. With oversight from a Board of Directors from each participating public agency, the SCTRCA dba Supply SA will be responsible for the implementation activities, as well as identifying and managing the contract with an external vendor for evaluation and reporting activities.

The proposed timeline for implementation calls for all participating public agencies, including the City of San Antonio, to approve the interlocal agreement by mid-October 2024, followed shortly thereafter by service implementation.

ALTERNATIVES:

Should this interlocal agreement not be approved, the SCTRCA DBA Supply SA may not receive the funding and support necessary to be operationalized. Current challenges may not be addressed as effectively without a coordinated regional effort. This lack of coordination also negatively impacts small, minority, and woman-owned businesses seeking to participate on contracts with the City and/or other local public agencies.

FISCAL IMPACT:

Funding in the amount of \$200,000.00 is included in the Economic Development Incentive Fund (EDIF) FY 2025 Adopted Budget to support the first year of this interlocal agreement. Funding for future years is contingent upon City Council approval of the annual budget.

RECOMMENDATION:

Staff recommends approval of an ordinance for a interlocal agreement with various local public agencies for the joint provision of services to improve the effectiveness of public purchasing from local and small businesses for a total cost of up to \$300,000 over two years. The initial term of the agreement shall be for the period upon execution by all committed participating agencies through two years which is expected to occur by the end of September 2026.