



City of San Antonio

Agenda Memorandum

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Agenda Date: March 26, 2025

In Control: City Council B Session

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Implementation of Small Business Economic Development Advocacy (SBEDA) Ordinance amendments.

SUMMARY:

This briefing will provide an update of the ongoing implementation of SBEDA Ordinance amendments approved by City Council on December 5, 2024. Amendments are based on findings from the 2023 SBEDA Disparity Study.

BACKGROUND INFORMATION:

The 2023 Disparity Study found that 53% of all City contract payments during the seven-year study period were paid to minority and woman-owned businesses (M/WBEs), which exceeds the 25% availability rate of M/WBEs in the San Antonio marketplace. While M/WBEs overall have achieved or exceeded parity in City contracting, African American-Owned Businesses (AABEs), Asian American-Owned Businesses (ABEs), and Native American-Owned Businesses (NABEs) have not met their respective availability rates in the San Antonio Market Area, suggesting that disparity in City contracting remains. Further, the 2023 Disparity Study also identified continued disparities in the broader San Antonio marketplace through statistical analysis, which show M/WBEs earn less, are less likely to start businesses, and have greater difficulty accessing capital

as compared to non-M/WBEs. On August 31, 2023, City Council adopted the 2023 SBEDA Disparity Study, which was followed by City staff's identification of potential amendments to the SBEDA Ordinance based on Study findings.

With the adoption of SBEDA Ordinance amendments by City Council on December 5, 2024, the City will continue to apply race and gender-conscious tools to address existing disparities as identified in the Disparity Study and implement the remedies recommended by the consultant and from the feedback received from the local business community and stakeholders. EDD staff has shifted the focus on the implementation plan to adopt these changes by July 1, 2025, and creating a comprehensive engagement and outreach strategy that includes targeted communication to impacted businesses.

ISSUE:

City Council adopted the SBEDA Ordinance amendments on December 5, 2024, with an effective date of January 1, 2025. The ordinance allows for up to six months for full implementation. As such, staff has developed a strategy to implement these in two phases. By April 1, 2025, the administrative changes, process improvements and internal updates will be completed. Changes to SBEDA eligibility criteria and updates to available SBEDA tools will be effective July 1, 2025.

Administrative Changes Effective April 1, 2025:

- Sunset of the Goal Setting Committee.
- Consolidation of Diversity Action Plan with outreach and engagement activities.
- Establish monthly, semi-annual, and annual reports to be available online on EDD dashboard.

SBEDA Eligibility & Tool Changes Effective July 1, 2025:

- Continue applying up to 20 race- and gender-neutral prime evaluation preference points for Small Business Enterprises (SBEs) and eliminate the up to 20 race- and gender-conscious prime evaluation preference points for M/WBEs.
- Allow eligible small, minority and woman-owned businesses enterprises (S/M/WBEs) to self-perform SBEDA contracting goals on all city contracts.
- Add Emerging Small Business Enterprises (ESBE) to the SBEDA contracting goal tools.
- Update eligibility requirement that a S/M/WBE must be headquartered in the San Antonio Metropolitan Statistical Area (SAMS).
- Implement a \$2.047M personal net worth eligibility standard.
- Encourage more joint venture respondents by counting their S/M/WBE partner utilization toward SBEDA contracting goal requirements.
- Eliminate SBEDA tools, such as the Joint Venture and Distributorship Development Incentive Programs and HUBZone contracting.

To communicate these changes, EDD staff has developed an extensive communications and outreach plan for targeted messaging to local businesses, Chambers of Commerce, trade associations that includes a combination of virtual and in-person information sessions, direct letters, postcards, and emails outreach suitable to each audience. The communication strategy will focus on assisting all City of San Antonio vendors through this transition and inform the stakeholders and general public of continued support and application of SBEDA Program to

participate on future City contracts.

On February 14, 2025, the SBEDA Committee was briefed on the implementation plan and communication strategy for the implementation to the SBEDA Ordinance amendments.

ALTERNATIVES:

N/A

FISCAL IMPACT:

N/A

RECOMMENDATION:

N/A