

Proposed 2024 SBEDA Ordinance Amendments



**City Council A Session
December 5, 2024**

**Presenter: Michael Sindon, Administrator
Economic Development Department**

2023 Disparity Study Summary



The **US Supreme Court** ruled that **race- and gender- conscious programs** are subject to “strict scrutiny,” the highest level of judicial review

Key Findings:

- **SBEDA program has been effective** in increasing opportunities for M/WBEs
- **Marketplace disparities found** regarding M/WBE business formation, sales, and payroll rates
- **Anecdotal evidence** supports findings

City Contract Data from 2014 – 2020

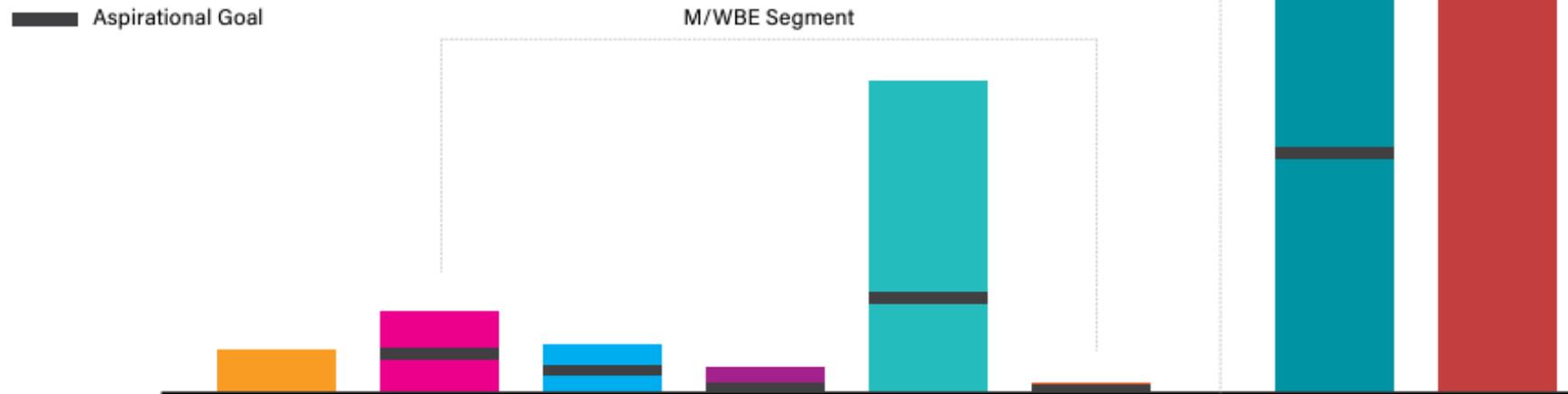
	Weighted Availability	Utilization	Percent Goal Attainment
Black	3.1%	2.7%	-0.4%
Hispanic	14.8%	35.5%	+20.7%
Asian	0.6%	0.1%	-0.5%
Native American	0.5%	0.0%	-0.5%
White Women	5.9%	14.6%	+8.7%
M/WBE	24.9%	53.0%	+28.1%

FY 2023 SBEDA Annual Report



S/M/WBE Utilization

Total: \$575,831,904



SBEDA Certification Type	SBE	WBE*	AABE	ABE	HABE	NABE	M/WBE	S/M/WBE
Aspirational Goal	N/A	5.9%	3.1%	0.6%	14.8%	0.5%	24.9%	N/A
Percent of Dollars Spent	6.5%	6.9%	4.2%	3.1%	35.9%	0.8%	50.8%	57.3%
Total Spent	\$37,280,480	\$39,471,882	\$24,302,739	\$17,849,028	\$206,447,035	\$4,684,104	\$292,754,789	\$330,035,269

All M/WBE segmented aspirational goals met

- AABE ✓
- ABE ✓
- HABE ✓
- NABE ✓
- WBE ✓
- M/WBE ✓

SBEDA Ordinance Amendments



- Prime Evaluation Points
 - **Maintain SBE points, but eliminate M/WBE points** due to performance
 - **26% of COSA solicitations** are eligible for SBEDA prime evaluation preference points
 - **97% of all prime contractor awards to M/WBEs between FY17 and FY23 would not be impacted** if SBEDA prime evaluation preference points were converted to SBE points
- Personal Net Worth Consideration for Small Business Certification
 - **\$2.047M limit** that excludes equity in primary residence, value of retirement accounts, and value of ownership in the applicant business
 - **Tailors program benefits to economically disadvantaged individuals** and met through attestation
- Significant Business Presence Eligibility Criteria
 - **Must be headquartered in the San Antonio Metropolitan Statistical Area** to qualify
 - **Impacts less than 4% of eligible S/M/WBEs** in the Central Vendor Registry
 - **Approximately 70% of survey respondents** stated that SBEDA program benefits and incentives should only go to businesses headquartered in the San Antonio Metro Area

SBEDA Ordinance Amendments



- S/M/WBE and Joint Venture Self-Performance
 - Allow **S/M/WBEs to self-perform contracting goals** on all COSA projects
 - **Counting S/M/WBE JV partner(s)** toward SBEDA goal requirements
 - **Encourages more joint venture respondents** to COSA projects
- Emerging Small Business Enterprise (ESBE)
 - Include an **ESBE contracting goal requirement**
 - ESBEs are up to 25% the maximum size of a certified Small Business and have **difficulty obtaining City contracts** at the prime contractor and subcontractor levels
 - Additional SBEDA tool **will positively impact approximately 70%** of all registered SBEDA eligible businesses



SBEDA Ordinance Amendments



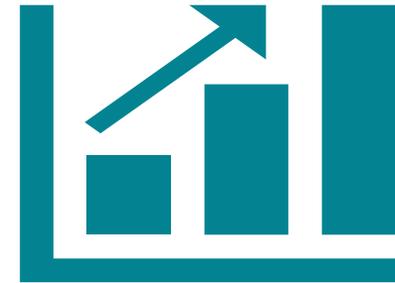
- Joint Venture, Distributorship Incentive and HUB Zone Tools
 - **Eliminate due to ineffectiveness** and difficulty in applicability
 - These SBEDA Tools have **resulted in 0% S/M/WBE utilization** since 2011
- Goal Setting Committee
 - EDD will set SBEDA tools on City solicitations/contracts with **oversight from SBEDA Committee**
 - **0% of SBEDA tools changed** by GSC between FY21 and FY23
 - Change allows staff to **conduct additional outreach** to S/M/WBEs
- Diversity Action Plan
 - Sunset the Diversity Action Plan Ordinance and **consolidate into the SBEDA Ordinance**
 - Oversight by the **SBEDA Committee**

SBEDA Ordinance Evaluation



Post SBEDA Ordinance amendment adoption, results will be measured through three (3) reports:

- Monthly Utilization Dashboard
 - Fiscal year **comparison of payments** to S/M/WBEs
- Bi-Annual Response Analysis
 - Fiscal year **comparison of discretionary solicitation responses** by S/M/WBEs
- Annual Report
 - Fiscal year **evaluation of S/M/WBE aspirational goals** versus S/M/WBE payments



If trend analysis shows SBEDA Ordinance amendments negatively impact S/M/WBEs, future amendments may be considered by City Council before the next disparity study is completed.

SBEDA Ordinance Amendments

Key Facts



If the SBEDA Ordinance is amended in alignment with the 2023 SBEDA Disparity Study, the following program tools will remain and continued to be applied to City solicitations.



Race- and gender-conscious tools will continue

- Contracting goals for minority and woman-owned businesses
- Contracting goals for African American-owned businesses
- Contracting goals for Asian American-owned businesses
- Contracting goals for Native American-owned businesses



Evaluation preference points for small businesses will continue

Includes emerging small business and small business joint venture evaluation preference points



Proactive monitoring of S/M/WBE utilization on a monthly, bi-annual, and annual basis



The SBEDA Committee will continue to have oversight of the program

Staff Recommendation



- **Adoption of the proposed SBEDA Ordinance** amendments based on findings from the 2023 SBEDA Disparity Study
- The revised SBEDA Ordinance anticipated to go into effect **August 1, 2025**

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**City Council A Session – Item 34
December 5, 2024**

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