

# **Proposed 2024 SBEDA Ordinance Amendments**



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

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**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

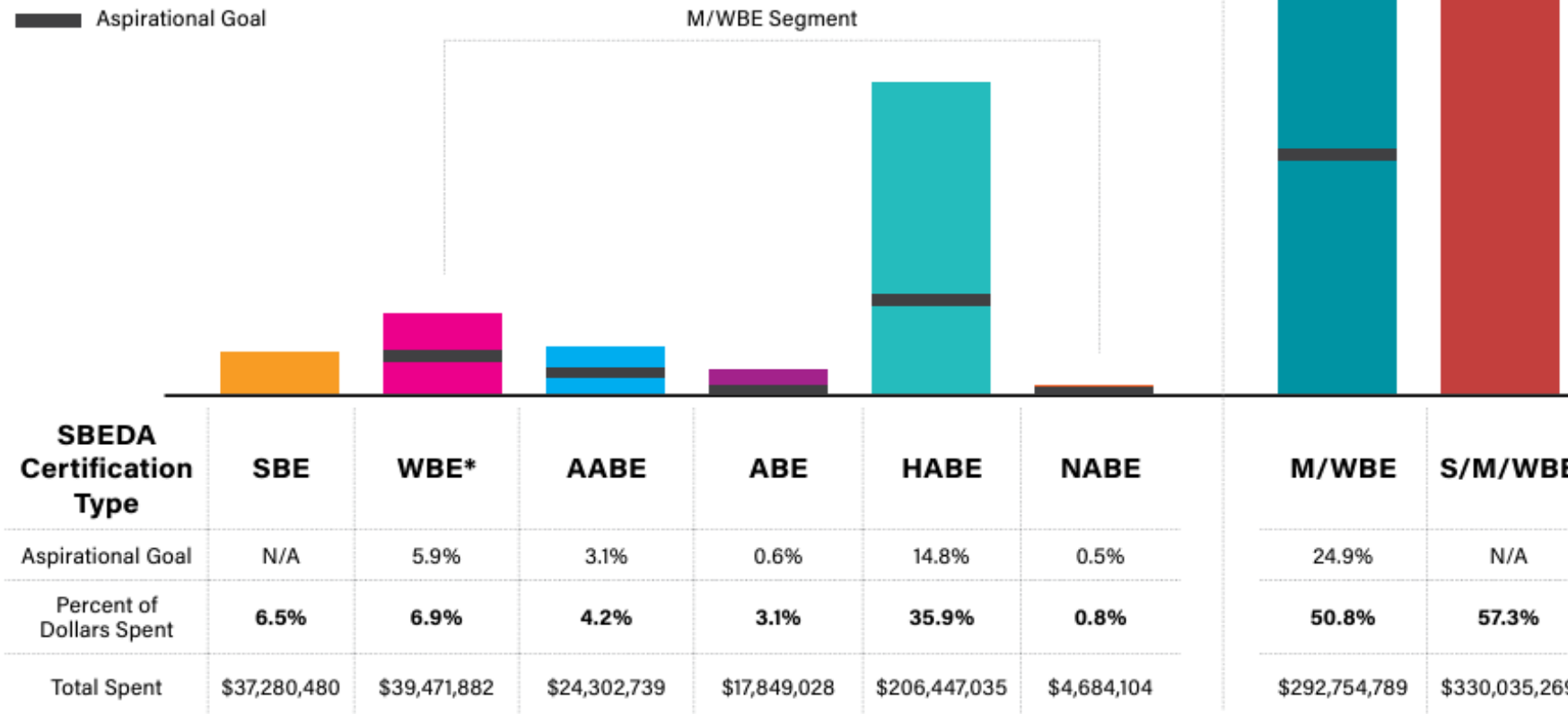
	Weighted Availability	Utilization	Percent Goal Attainment
Black	3.1%	2.7%	-0.4%
Hispanic	14.8%	35.5%	+20.7%
Asian	0.6%	0.1%	-0.5%
Native American	0.5%	0.0%	-0.5%
White Women	5.9%	14.6%	+8.7%
M/WBE	24.9%	53.0%	+28.1%

# FY 2023 SBEDA Annual Report



## S/M/WBE Utilization

Total: \$575,831,904



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

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- **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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December 5, 2024**

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