

City of San Antonio



Minutes Economic and Workforce Development Committee

2023 – 2025 Council Members

Chair: Manny Pelaez, Dist. 8
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | Marc Whyte, Dist. 10

Tuesday, November 28, 2023

2:00 PM

City Hall Complex

The Economic and Workforce Development Committee convened a regular meeting in the City Hall Council Briefing Room beginning at 2:02 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Committee Members present:

Members Present: Manny Pelaez, *Chair*
Phyllis Viagran, *Member*
Dr. Adriana Rocha Garcia, *Member*
Teri Castillo, *Member*
Marc Whyte, *Member*

Members Absent: None

Approval of Minutes

1. Approval of the minutes from the Economic and Workforce Development Committee meeting on October 31, 2023.

Councilmember Rocha Garcia moved to Approve the minutes of the October 31, 2023 Economic and Workforce Development Committee meeting. Councilmember Castillo seconded the motion. The motion carried by the following vote:

Aye: Pelaez, Rocha Garcia, Castillo, Whyte
Absent: Viagran

Public Comments

There were no members of the public signed up to speak.

Briefing and Possible Action on the following items

- 2. Briefing and possible action on the recommended amendments to the Small Business Economic Development Advocacy (SBEDA) Ordinance based on findings from the 2023 Disparity Study.** [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development Department]

Michael Sindon, Small Business Administrator with the Economic Development Department (EDD), provided an overview of the 2023 recommended Small Business Economic Development Advocacy (SBEDA) Ordinance amendments. He stated that the purpose of the Ordinance was to promote the use of Small, Minority, and Woman-Owned Businesses (S/M/WBEs) on City contracts to address current and historically documented disparities found in the San Antonio market area.

Sindon reported that the initial SBEDA Ordinance was established in 1992 and notable amendments were adopted in 2010 and 2016. He reported that amendments included establishment of a compliance module, vendor registration system, contract-by-contract goal setting and self-performance of contracting goals.

According to Sindon, the U.S. Supreme Court ruled that race and gender-conscious programs were subject to “strict scrutiny,” at the highest level of judicial review. He noted that according to the findings the SBEDA Program had been effective in increasing opportunities for M/WBEs. He stated that however, benefits were not spread evenly across all groups, multiple marketplace disparities were found, regarding M/WBE business formation, sales and payroll rates. Sindon also reported that anecdotal evidence supported the findings.

SBEDA amendment goals were to support the continued utilization of M/WBEs on City contracts, ensure the narrowly tailored application of the SBEDA Program and streamline program processes according to Sindon. He stated that the current process to certify small businesses required that firms obtain certification through business tax records and he indicated that size standards differed by industry and were set by the United States Small Business Administration. Sindon stated that the recommendation was to add personal net worth to the criteria and align size standards with the United States Department of Transportation Disadvantaged Business Enterprise Program and align with the limit of \$1.32 million in order to tailor SBEDA Program benefits to economically disadvantaged business owners.

Sindon proposed to eliminate the Goal Setting Committee and also to eliminate the significant business presence eligibility provision included in the current Ordinance and focus only on businesses headquartered in San Antonio. He proposed to add Emerging Small Business Enterprises (ESBE) to all SBEDA contracting goal tools with up to a 40% contracting requirement on specified solicitations/contracts asserting that the ESBE addition would build the capacity of smaller firms to participate on larger contracts.

Sindon recommended maintaining SBE prime points, but eliminating M/WBE prime points as staff research indicated that there would be little impact to MWBE businesses; noting that race neutral programs were effective. Additionally, Sindon recommended removing the race-and gender-

conscious prime contract and joint venture tools leaving only race-and gender-neutral tool versions. He also proposed removing contract term incentive based tools that were historically ineffective, Joint Venture and Distributorship Development Incentive tools as well as removal of the HUB Zone which had not been applied since 2011 due to lack of firm availability.

Sindon stated that amendments to streamline SBEDA processes included allowing S/M/WBEs to self perform contracting goals on all City of San Antonio projects; currently the provision only applied to contracts valued at \$10 million or lower. He noted that additionally, Joint Venture amendments would encourage more joint venture respondents by counting their S/M/WBE partner utilization toward SBEDA goal requirements. Additionally, Sindon proposed to revise the required contracting goal waiver process to allow for additional flexibility. Finally, Sindon recommended sunseting the Diversity Action Plan Ordinance and consolidating it into the SBEDA Ordinance.

Sindon concluded his presentation by providing a timeline for the adoption of the proposed amendments.

DISCUSSION:

Councilmember Castillo supported the proposed amendments, particularly the inclusion of personal tax records to ensure individuals with wealth were not creating small businesses. Councilmember Castillo asked if there might be an impact to subcontractors if we allow more self performance of work. Sindon stated that self performance was included in the 2010 amendment for contracts under \$10 million; however, this tool did not impact the subcontractors and could safely be expanded to larger contracts.

Councilmember Whyte supported the personal net worth amendment and liked dialing the program back to more race neutral programs. Councilmember Whyte thanked the SBEDA Committee and his appointee for their work on the amendments.

Councilmember Viagran recommended more buy local and keeping contracts in San Antonio, and supported the changes including adding personal net worth to the equation. She suggested approving more work for the SBEDA Committee as they were very effective. Councilmember Viagran recommended being more strategic and supported the proposed changes to the Ordinance.

Councilmember Rocha Garcia asked how the disparity study specifically proved the need for the changes to the joint venture and other tools such as renewals. Sindon stated that the joint venture tool had existed since 2011 and had not been utilized so it was recommended to be discontinued.

Councilmember Rocha Garcia did not support removing the race and gender programs simply because there were no available firms, because the City would never grow more firms if it did nothing; noting that marketing was a challenge and recommended marketing in more languages other than English and Spanish. Sindon stated that the amendments would simplify the program and make contracting more accessible to those firms.

Councilmember Rocha Garcia asked how the low utilization was being addressed for African American, Asian and Native American businesses. Sindon stated that the department had utilized segmented contracting goals for African American businesses as there were available firms, but it was more difficult with Asian and Native American businesses so that it did not appear to be a set aside.

Councilmember Rocha Garcia requested information about other cities that used the net personal wealth and suggested that this could be burdensome. Sindon replied that the business community generally supported utilizing net personal wealth and noted that the program was recommended by the consultant. Councilmember Rocha Garcia requested information on firms that might be impacted by removing the “significant business presence” definition.

Councilmember Rocha Garcia asked for clarification on the Goal Setting Committee recommendation. Sindon stated that the Goal Setting Committee was comprised of the Finance Department who would manage the contract, the department buying the bidder service, EDD, one designee from the City Manager’s Office (CMO) and two citizens if the solicitation value was over \$3 million. Councilmember Rocha Garcia requested information on marketing to ensure that local firms were aware of contracting opportunities. Sindon stated that a new individual had been hired to perform marketing and outreach.

Councilmember Rocha Garcia asked why prime points for MWBE were recommended to be eliminated. Sindon stated that the points were more challenging in the eyes of the courts and it was recommended to eliminate the prime points for MWBE because we have improved utilization of MWBEs. Councilmember Rocha Garcia requested information on the benefits of self performance versus requiring more subcontracting. Sindon stated that the small businesses wanted to self perform more on the contracts so that they could be allowed to grow.

Chair Pelaez commented that the SBEDA Program was created to level the playing field and the hope was that eventually the field would be level and he was happy that the City was getting very close but mentioned the national climate might decrease that. Chair Pelaez supported the staff’s recommendation and requested a motion to move the Item forward to the full City Council for consideration.

Councilmember Viagran moved to Approve. Councilmember Whyte seconded the motion. The motion carried by the following vote:

Aye: Pelaez, Viagran, Rocha Garcia, Castillo, Whyte

3. Briefing on the Supply SA: Inclusive Procurement initiative. [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

Ana Bradshaw, Assistant Director of Economic Development Department (EDD), reported that Federal, State and local public procurement in San Antonio accounted for more than \$9 billion in the local economy. She reported that in May 2022, the Aspen Institute launched the procurement playbook process with 14 local entities which culminated in the playbook and the Strategic Plan.

Bradshaw reported the Aspen Institute’s key findings which included that procurement was not consistent within and across local governments and public authorities, supplier diversity was mostly treated as a compliance exercise rather than as an economic opportunity, and suppliers did not have access to financial products, bonding and the capital necessary to take on larger contracts.

Bradshaw stated that the response to the playbook was to create Supply SA which was a two-year Pilot Program of the 14 entities including two working groups: the Chief Executive Officers and Procurement Officers. She added that internal implementation priorities included: access, capacity building and a process which began with procurement process mapping which was already underway.

DISCUSSION:

Councilmember Pelaez recommended engaging all the SBEDA Program stakeholders in the Supply SA discussion and expanding programs already in place such as UTSA’s programs, particularly those on the west side of town.

Councilmember Castillo commented that two years ago she attended a program hosted by the Maestro Center to assist vendors and noted how important this program was in trying to meet the needs.

Item was for briefing only so no action was taken.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 3:03 p.m.

Approved

Manny Pelaez, Chair

Debbie Racca-Sittre, City Clerk