



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 3

Agenda Date: March 26, 2024

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing on the Supply SA: Inclusive Procurement Initiative.

SUMMARY:

This briefing will provide an update on the Supply SA: Inclusive Procurement Initiative that seeks to increase local and diverse small business participation in San Antonio public sector contracting. City Council approved \$500,000 in the FY 2023 and FY 2024 Economic Development Incentive Fund (EDIF) adopted budgets to develop and implement this program along with other inclusive procurement initiatives.

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 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 only 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 and developed 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 of 14 participating local public agencies in December 2022. In addition to the City of San Antonio, participating agencies include:

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

The Chief Executives of the 14 participating agencies met four 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. The CEO group met most recently on February 27, 2024, to approve and finalize the plan for Supply SA implementation. As an innovative regional effort to expand the local procurement economy in San Antonio and Bexar County, the CEOs propose implementing a two-year Supply SA pilot program with two focus areas:

- **(1) Implementation Activities**, to be performed by UTSA, including:
 - Supporting participating agencies in connecting with qualified local vendors.
 - Leveraging existing UTSA programs to launch the Procurement Service Center one-stop providing advising, training, and networking for small businesses.
 - Provide 1:1 procurement navigation services to small businesses interested in public procurement opportunities via three (3) dedicated Procurement Navigators.
- **(2) Evaluation and Reporting Activities**, to be performed by an external firm, including:
 - Monitoring, evaluating, and reporting on the effectiveness of the initiative.
 - Developing a regional reporting system.

Internal Initiatives to Complement Supply SA

To complement its efforts to address regional and inter-agency procurement challenges, the City is also addressing its internal procurement processes to promote access for local and diverse small business participation.

First, on November 9, 2023, City Council approved an agreement with public procurement consulting firm Civic Initiatives, LLC, to map current procurement processes and develop an improvement plan. This project will be completed by summer 2024 and will inform the City in its ongoing efforts to develop a more accessible and simpler procurement process that will benefit both City staff and vendors.

Second, recommended amendments to the Small Business Economic Development Advocacy (SBEDA) Ordinance based on findings from the 2023 SBEDA Disparity Study were presented to City Council on December 12, 2023, after a rigorous community outreach and input process. The proposed amendments will support the continued utilization of minority- and/or woman-owned business enterprises (M/WBEs) on City contracts, streamline program processes, and ensure the narrowly tailored application of the program. Staff anticipates requesting City Council approval for the proposed amendments in April 2024.

ISSUE:

To formalize participation in the regional Supply SA: Inclusive Procurement Initiative, an Interlocal Agreement (ILA) among the 13 participating public agencies has been developed. As a participant, the City commits to contribute funding for the Initiative, per agreed upon budget and allocations. Assuming full participation by all agencies in the Initiative, the City's contribution, at 10% of the annual operating budget, will be \$60,821 per year (i.e., a total of \$121,642 for the two-year pilot program).

All participating agencies would commit to implementing the identified priority recommendations, where possible, and provide procurement and spending data for purposes of monitoring and evaluating the effectiveness of the Initiative. UTSA will be responsible for the Initiative's implementation activities and the City will be responsible for identifying and managing the contract with an external vendor for the Initiative's evaluation and reporting activities.

The proposed timeline for implementation calls for all agencies to approve the ILA by the end of April 2024, allowing for service provision to begin between May and July 2024. This timeline ensures alignment with the recommended SBEDA Ordinance amendments which, if approved, will be implemented beginning October 1, 2024.

FISCAL IMPACT:

This item is for briefing purposes only.

ALTERNATIVES:

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RECOMMENDATION:

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