



City of San Antonio

Agenda Memorandum

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Agenda Item Number: {{item.number}}

Agenda Date: May 12, 2023

In Control: Small Business Economic Development Advocacy (SBEDA) Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing on the 2023 Small Business Economic Development Advocacy (SBEDA) Disparity and Causation Analysis Study (Disparity Study).

SUMMARY:

This briefing will provide an overview, along with findings, from the 2023 Small Business Economic Development Advocacy (SBEDA) Disparity and Causation Analysis Study (Disparity Study) that identifies racial and gender contracting disparities in the San Antonio marketplace and to provides legal support to continue the City’s affirmative action contracting program.

BACKGROUND INFORMATION:

As determined in Supreme Court case of Richmond v. Croson (1989), government contracting policies using race and/or gender as a classification or as a consideration must withstand “strict scrutiny” under federal law and must show a “compelling governmental interest” to establish and to maintain race and gender-specific programs. Essentially, the governmental entity must find

statistical evidence of disparities in the market area, anecdotal evidence of barriers to full and fair inclusion must support the statistical evidence, and remedies must be “narrowly tailored” to address that evidence.

Industry best practice is to update disparity studies every five to seven years. To date, the City of San Antonio has conducted three disparity studies in 1992, 2010, and 2015. The 2010 Disparity Study led to a significant overhaul of the SBEDA Ordinance, which called for the creation of a central vendor registry, compliance module, goal setting committee, and contract specific race-neutral and race-conscious tools such as subcontracting goals, segmented subcontracting goals, and prime evaluation preference points. While the 2015 Disparity Study found a continuing disparity between the availability and utilization of minority and women-owned businesses (M/WBEs) on City contracts, as well as market-based disparities impacting M/WBEs regarding business formation rates and earnings, it also affirmed the City was making progress in the utilization of M/WBEs. As a result, that study called for minor programmatic adjustments, such as the expansion of effective SBEDA tools to all industries (i.e., the M/WBE prime evaluation preference point tool was not available in the construction industry but was expanded to this industry post the 2015 Disparity Study) and the ability for certified vendors to self-perform SBEDA subcontracting goals.

The 2023 Disparity Study, awarded by City Council in August 2021 to Colette Holt & Associates, would update the City’s 2015 Study. The City of San Antonio received a draft of the study in March 2023.

ISSUE:

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FISCAL IMPACT:

This item is for briefing purposes only.

ALTERNATIVES:

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RECOMMENDATION:

This item is for briefing purposes only.