



MEMORANDUM

TO: Mayor and Council

FROM: Veronica Briseño, Director, Small & Minority Business Resources Department
James Scarboro, Officer, Purchasing Office
Rolando Fernandez, Interim Officer, Capital Contracting Office

DATE: August 8, 2017

SUBJECT: Interim Service Disabled Veteran Business Enterprise Program

This memo is to notify Council that staff has begun development of a procurement program for Service Disabled Veteran Business Enterprises as contemplated in Resolution No. 20121108-053.

Background

On November 8, 2012, Council adopted Resolution No. 20121108-053 directing the City Manager to include veteran business enterprises in the upcoming disparity study that was to be led by the Small and Minority Business Resources (SMBR) Department. The 2016 Disparity Study was subsequently completed and was formally adopted by Council on March 3, 2016. See: <http://www.austintexas.gov/page/disparity-study>

While not conclusive, according to the 2016 Disparity Study, there does appear to be disparities among veteran-owned businesses and other companies available in the Austin business market. The study further concluded that veteran business enterprise programs are common across the country and that these kinds of programs can be applied broadly so long as the certification being recognized is not based on race or gender.

Discussions

Based on the 2016 Disparity Study findings, staff from SMBR, the Purchasing Office and the Capital Contracting Office met with representatives of the City's Commission on Veterans Affairs to discuss the feasibility of a procurement program to begin addressing these disparities. During these discussions, staff and the Commission members discussed multiple approaches to addressing the disparity including the differences between a veteran-owned business program and service disabled veteran-owned business program. At the conclusion of these discussions, staff and Commission members determined that a service disabled veterans business enterprise program would be the most expeditious way to begin a veterans program, leveraging existing certification available through the State of Texas and utilizing weighted preference to be included in specific solicitation processes. The Commission approved staff's recommendation to begin implementing a new service disabled veterans program on May 22, 2017. Staff also presented this recommendation to the Minority and Women Owned Business Enterprise Advisory Committee, who voted to add their support to the establishment of such a program on June 6, 2017.

Interim Program

As the magnitude of the disparity was expressed in general terms and considering this would be a new program for the City and the Austin market, staff intends to proceed with the implementation of an interim program in support of service disabled veteran-owned business enterprises. Using this interim phase staff will be able to begin the program immediately while giving staff the time to evaluate all certification options; to implement necessary IT system changes; to develop process knowledge and any revisions thereto; collect information

related to solicitations and contracting to be used in the determination of the future of the program; determine the optimal amount of the preference in order to affect Council's policy objectives in this area. Within 24 months of implementation of the interim program, staff will return Council with recommendations for a long term program in this regard. The interim program will proceed as follows.

Program Oversight – The interim Service Disabled Veteran Business Enterprise (SDVBE) Procurement Program will be led by the Purchasing Office and supported by the Capital Contracting Office, SMBR and the Law Department.

Applicability – The SDVBE program will apply to all Request for Proposals (RFP) issued by the Purchasing Office and Capital Contracting Office. The preference will apply to the prime contractors responding to RFPs only and not to any subcontractors they may be using.

Start Date – The SDVBE program will begin with any RFP issued on or after November 1, 2017.

Certifications Recognized – This program will recognize the Historically Underutilized Business certification issued to Service Disabled Veteran-owned businesses by the State of Texas. Staff will not separately develop any new certification or recognize other similar certifications at this time.

Preference Amount – The amount of the preference during this interim phase will be three percent (3%) of the total score. . The preference will be applied completely or not at all. The preference will not be applied in increments.

Process – Respondents to RFPs will indicate with their proposal if they are SDVBE certified by the State of Texas. Staff will confirm their certifications during proposal evaluations and apply the 3% preference as applicable.

Objectives – During the interim period staff will collect a variety of data upon which to base their long term recommendations to Council. Staff will also develop process knowledge and process revisions to better enable the program. Data and process knowledge to be developed during this period will include but not limited to:

- Number of SDVBES available statewide and in the Austin market
- Number of SDVBES registered in the City's vendor registration system
- Number of SDVBES responding to City of Austin solicitations, total and by solicitation type
- Number of contracts awarded to SDVBES, independently and as the result of the interim SDVBE Procurement program
- Outreach activities and strategies to identify SDVBES and communicate the availability of the City's program
- Analysis of similar programs provided by other governments as compared to the City's interim SDVBE program
- Recommendations for Council authorization of a long term SDVBE program

Questions concerning the interim SDVBE program may be directed to Yolanda Miller, Deputy Procurement Officer, at (512) 974-2033 or yolanda.miller@austintexas.gov.

copies:

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