



FINANCIAL SERVICES DEPARTMENT

Local Preference and Small Businesses *Procurement Program Enhancements*

James Scarboro
Chief Procurement Officer

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Audit and Finance Committee
August 24, 2023



Why we're here – *Changes to the City's MBE/WBE Program*



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- Upcoming changes to MBE/WBE Program
 - *Completed newest Disparity Study in 2022*
 - *Study outcomes driving changes to City's MBE/WBE Program*
 - *Council adopted Disparity Study in Nov. 2022, including further direction*
- Direction from Council with their adoption of the Disparity Study
 - *Explore new race/gender neutral program(s) that would also benefit MBE/WBE firms*
 - *Include local preference and small businesses in this review*
 - *Align implementation of any new program or revisions, with changes to the City's MBE/WBE Program*

Stakeholder Engagement and Feedback



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- Engagement
 - *Met with several local Chambers and stakeholders (list available)*
 - *Conducted online survey*
 - *Review of similar programs of other governments*
- Feedback
 - *Continue supporting existing MBE/WBE Program (strong emphasis)*
 - *Maintain Local and Small programs separately*
 - *Equal priority for Local and Small (percents / points)*
 - *Include Local and Small subcontractors, if possible*
 - *Small status based on federal Small Size Standard*
 - *Local status based on Greater Austin*
 - *Local status based on Headquarters*
 - *Concern that enhancements may not positively impact all groups equally*

Program Enhancements – (*New*)



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- Begin 2-Year Demo Period (10/01/2023 – 09/30/2025)
 - *Cap both programs to \$50M (single solicitation / contract limit)*
 - *Monitor and Report on program(s) performance*
 - *Control against negative impacts to other programs*
 - *Determine program elements that may be revised further*
- Local Preference
 - *Revise & streamline program criteria*
 - *Optimize preferences where necessary*
- Small Business
 - *Implement Small Business elements above \$50,000*
 - *Mirror Small Business preferences consistent with Local Preference*



Local

Local Preference

Small

Local Preference – City's Program (*Current/New*)



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- What is Local?
 - *Companies with Headquarters or Branch Office in the Local Area*
 - *Limit to Companies with Headquarters in the Local Area only*
- Where is Local Area?
 - *Austin, Full Purpose Jurisdiction*
 - *Expand to Greater Austin (5-County, "Austin-Round Rock, MSA")*
- Preference Conditions and Amounts
 - *Goods & Services (Above \$50K: 3% Invitation for Bids (IFB), 10 pts Request for Proposals (RFP))*
 - *Construction (Below \$100K: 5% IFB, 5 pts RFP)*
 - *Goods, Services & Construction (Below \$100K: 5% IFB, 10 pts RFP)*
 - *Goods & Services (\$100K - \$500K: 5% IFB, 10 pts RFP)*
 - *Goods & Services (\$500K - \$50M: 3% IFB, 6 pts RFP)*
- Subcontractors
 - *Goods and Services only*
 - *Limit to Prime Contractors only during demo period*



Local

Small Businesses

Small

Small Businesses – City's Program (*Current/Proposed*)



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- What is Small?
 - *Federal Small Business Size Standard / Continue same*
- Who is Small?
 - *City of Austin (MBE, WBE, Small Business Enterprise (SBE) / Continue same)*
 - *State of Texas (Historically Underutilized Business (HUB) / HUB & SBE)*
 - *Federal (Disadvantaged Business Enterprise (DBE) / DBE & Small Business Admin. (SBA))*
- Preference Conditions and Amounts
 - *Goods & Services (\$5K-50K): Solicitations may be limited to Small Businesses only / Continue same*
 - *Goods, Services & Construction (Below \$100K: 5% IFB, 10 pts RFP)*
 - *Goods & Services (\$100K - \$500K: 5% IFB, 10 pts RFP)*
 - *Goods & Services (\$500K - \$50M: 3% IFB, 6 pts RFP)*
- Subcontractors
 - *Limit to Prime Contractors only / Continue same*



Local

Local Preference & Small Businesses Programs Combined

Small

Preference Compounding – *Both Programs* (New)



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INVITATION FOR BIDS (IFB)	Contract Value	LOCAL	SMALL	BOTH
Goods, Services & Construction	\$50K - \$100K	5%	5%	10%
Goods & Services	\$100K - \$500K	5%	5%	10%
Goods & Services	\$500K - \$50M	3%	3%	6%

REQUEST FOR PROPOSALS (RFP)	Contract Value	LOCAL	SMALL	BOTH
Goods, Services & Construction	\$50K - \$100K	10 pts	10 pts	20 pts
Goods & Services	\$100K - \$500K	10 pts	10 pts	20 pts
Goods & Services	\$500K - \$50M	6 pts	6 pts	12 pts

Next Steps



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- Communicate with stakeholders and supplier communities
 - *Follow-ups with all stakeholders providing input*
 - *Update program information on City websites*
 - *Notices to registered vendors*
 - *Presentations at Minority and Small Business Conference (September 12, 2023)*
- Update procedures, documents, train staff
 - *Solicitation documents, procedures*
 - *Staff trainings; training to partnering department staff*
- Go-Live with Pilot of enhanced Local Preference & Small Business programs
 - *October 1, 2023*

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