

City of Austin
Small and Minority Business Resources

Update MBE/WBE Procurement Program

MBE/WBE and Small Business Enterprise
Procurement Advisory Committee

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SMALL AND MINORITY
BUSINESS RESOURCES



Objectives



MBE/WBE Procurement Program Ordinance
and Program Administrative Rules

Personal Net Worth

Aspirational Goals



Ordinance

Administrative Rules

MBE/WBE Program Administrative Rules



- Council approved Ordinance No. 20230720-113, which guides SMBR in administering the MBE/WBE Procurement Program – July 2023
- Revisions to the MBE/WBE Administrative Program Rules were posted on the City Clerk's website for stakeholder and public review and comment – October 2023
- Revisions made to the rules are reflective of both the 2022 Disparity Study and the IPWG's recommendations, and align with adopted program ordinances, current program administration, and departmental processes
- Public comment period and no comments received – October 11 through November 13, 2023
- Stakeholders were notified about the rule revision process – October 10, October 24, and November 3
- Final Administrative Rules posted on City Clerk's website and SMBR's website – December 2023



Personal Net Worth (PNW)

How Did We Get Here?



Inclusive Procurement Working Group (IPWG) – tasked by Council with reviewing the continuation of a PNW threshold.

Committee Recommendations

- Keep PNW but modify/revisit the structure.
- Is the PNW low for Austin area.
- The City should review its use of the South Region Consumer Price Index (CPI) in establishing its PNW to determine if this index accurately reflects the unique Austin economic marketplace.

SMBR engaged TXP, Inc., to review the current PNW process and possibly update and refine the methodology used to calculate the personal wealth definition of economically disadvantaged, which in turn determines eligibility and access to City/SMBR programs.

PNW History



- MBE/WBE Ordinances establishes the Economic Disadvantage requirement or PNW limit.
- PNW Ordinance was adopted in 2006
- Began as a certification requirement in 2007
- The amount was indexed annually based on the South Region Consumer Price Index (CPI) published by the US Department of Labor, Bureau of Labor Standards
- The PNW limit has increased each year
- Current PNW \$2.2M

| Year | PNW Limit | % Change |
|------|-------------|----------|
| 2008 | \$942,000 | |
| 2009 | \$955,000 | 1.38% |
| 2010 | \$1,326,000 | 38.85% |
| 2011 | \$1,341,000 | 1.13% |
| 2012 | \$1,391,000 | 3.73% |
| 2013 | \$1,413,000 | 1.58% |
| 2014 | \$1,434,000 | 1.49% |
| 2015 | \$1,454,000 | 1.39% |
| 2016 | \$1,457,000 | 0.21% |
| 2017 | \$1,480,000 | 1.58% |
| 2018 | \$1,511,000 | 2.09% |
| 2019 | \$1,540,000 | 1.92% |
| 2020 | \$1,565,000 | 1.62% |
| 2021 | \$1,583,000 | 1.15% |
| 2022 | \$1,697,000 | 7.20% |
| 2023 | \$1,828,000 | 7.72% |

Question 1 and TXP Analysis/Response



Does the current PNW threshold (\$1.697M at the time) meet the “economic market conditions” for Austin? Is it too high or too low?

TXP Analysis/Response: *the current PNW limit is too low.*

Question 2



Does the South Region Consumer Price Index (CPI), used in establishing the PNW, accurately reflect the economic marketplace and conditions of Austin? If not, what Index should the City look to or use to assist us in establishing an annual PNW threshold?

TXP Analysis/Response: *The Consumer Price Index is a measure of inflation, which reflects the rising cost of goods and services. The continued use of this index is practical and should be continued to be used.*

TXP's suggestion is to consider incorporating measures of income and assets along with prices in the calculations, specifically 12-month changes in wages, median home price, and a broad measure of the stock market.

Recommended Approach to Establish PNW Limit



In addition to the current use of the consumer price index, TXP recommends SMBR use:

- Employment Survey from the Bureau of Labor Statistics/Texas Workforce Commission
- S&P 500
- Texas A&M Real Estate Research (A&M)
- Austin Board of Realtors

Members of the IPWG were briefed by SMBR and TXP on the new proposed approach

Staff utilized the new indexes for 2024 and have contracted with TXP to establish the annual PNW moving forward.



Aspirational Goals

MBE/WBE Aspirational Goals



- Annual aspirational goals (goals) are established for the annual aggregate participation of MBE and WBE certified firms.
- Goals are based on tentative procurement opportunities identified by the Financial Services Department in their annual procurement forecast.
- Goals are based on the availability of MBEs and WBEs in the City's marketplace as required by federal and state law.
- Goal methodology follows the federal annual Disadvantage Business Development goal calculation methodology and industry best practices.
- Due to constraints with data and actual procurement release dates, SMBR staff will be establishing quarterly aspirational goals

Aspirational Goals



FY 2024 – Q1 Aspirational Goal

- 7.28% - MBE Goal
- 2.13% - WBE Goal

FY 2024 – Q2 Aspirational Goal

- 7.39% - MBE
- 2.24% - WBE

Next Steps:

Refinement: Our intent is to further refine this initial attempt at aspirational goal development and work with our partners at FSD to further refine their annual procurement forecast.

Staff will provide annual updates on initial goal attainment at time of Council award, as well as updates on progress on actual attainment based on payments.



Thank You



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