



TO: BOARD OF DIRECTORS

FROM: EXECUTIVE COMMITTEE

SUBJECT: COSA'S SMALL BUSINESS ECONOMIC DEVELOPMENT ADVOCACY (SBEDA) ORDINANCE

STATUS: ADOPTED

DATE: 6/24/2010

RECOMMENDATION: That the Board of Directors of The Greater San Antonio Chamber of Commerce adopt the following position statement as policy.

STATEMENT: The Chamber supports the City of San Antonio's proposed new Small Business Economic Development Advocacy (SBEDA) Ordinance and their efforts to establish an enhanced program that promotes economic inclusion and empowers small/minority/women owned businesses to do work with the City.

The Chamber also recommends the City include data in future studies that show the amount of money spent on sub-contractors and consultants, which would more accurately reflect the City's SMWBE utilization over the study period. Moving forward, the Chamber recommends the City consider including veteran-owned businesses in future updates to the SBEDA ordinance to also encourage those businesses to do work with the City.

Finally, with regard to local preference, we want to make sure companies have more than just a storefront office in San Antonio, and that work of the contracting company is actually performed in Bexar County.

BACKGROUND: In November 2006, MGT of America, Inc. was retained to conduct a minority and women business enterprise Disparity Study for the City of San Antonio to determine whether there was a compelling interest for the City to establish a narrowly tailored minority- and women-owned business enterprise (M/WBE) program. The Disparity Study, released for public comment in April 2009, concluded that the City's SBEDA Ordinance had significantly improved participation of small and W/MBE firms in City contracts beyond the less than 2 percent level reflected in a 1987 study. Without this new ordinance, significant disparities in the City's utilization of M/WBE firms will continue to persist in a number of key industry sectors.

The proposed new SBEDA Ordinance establishes a Small/Minority/Women Business Enterprise (S/M/WBE) Policy to remedy the ongoing effects of marketplace discrimination. The narrowly-tailored remedial efforts established by the Ordinance are designed to promote greater availability, increase contract capacity and improve contract participation by S/M/WBE's that pursue City contracts. The Ordinance gives the City the latitude to use race- and/or gender-conscious means for addressing disparities within the contracting process only when it is apparent that the use of neutral means is insufficient to remedy the effects of discrimination. The Ordinance would go into effect on January 1, 2011.

A key enhancement of the new Ordinance is the development of a Central Vendor Registration (CVR). The CVR is a mandatory annual online registration system that all prospective vendors must use. The CVR will provide an up-to-date availability pool of area S/M/WBEs and will be

used as an outreach tool to communicate with them regarding matters of procurement opportunities. Another enhancement is the development of a Goal Setting Committee that will establish and monitor benchmark and contract specific goals as well review every solicitation to determine application of proper procurement initiatives. The CVR has a goal of being operational within the next 12 months.

The Ordinance also provides the City with Affirmative Procurement Initiatives (API) that are race-neutral and race-conscious tools and programs used to promote the participation of small businesses.

REASONS FOR SUPPORT OF THIS STATEMENT:

- The proposed new SBEDA Ordinance refines the City's policy with its prime contractors. Companies that contract with the City shall not discriminate in the selection or treatment of subcontractors, suppliers and vendors.
- The Central Vendor Registration will help build a significant database of companies and will help better determine true availability of businesses that are ready, willing and able to do work with the City.
- Affirmative Procurement Initiatives allow the City's Small Business Office to implement a variety of race-neutral and race-conscious tools to promote further economic inclusion of businesses that desire to do work with the City.
- The Ordinance changes the local preference category, by requiring firms to be headquartered in San Antonio or demonstrate a significant business presence (local office for at least 1 year and 20% of their workforce in local office) to receive any benefit from the program.

REASONS FOR OPPOSING THIS STATEMENT:

- The Ordinance is not consistent with State or Federal guidelines, and adds rules (i.e. graduation & certification programs) that may be difficult for the City to implement and manage.
- Some believe the new ordinance could reduce participation of Hispanic-owned businesses in the future, as they will have to compete in a race neutral category.
- The Ordinance removes local preference from the procurement process and this could decrease the amount of City contract dollars that are kept in Bexar County.

IMPLEMENTATION: The Chamber will communicate its support for the City's proposed new SBEDA Ordinance through a number of media and channels, including Chamber membership, the Chamber's newsletter, and other media outlets and forms of communication, as well as to the City of San Antonio, Bexar County, and to the Mayor and City Council.