Supply SA Procurement Playbook
A Roadmap to a More Inclusive Procurement Economy in San Antonio

November 2022 – Short version
Note: This deck is accompanied by an Executive Summary and a Discovery Deck
Supply SA Executive Summary

→ $30.5B is flowing to Texas & San Antonio through the Bipartisan Infrastructure Law. This will add to a baseline of ~$9B in procurement spending for San Antonio (2021), coming from federal ($3.9B), state ($0.9B), and local ($4.2B) agencies.

→ During 2021, only ~15%/20% of procurement spending in San Antonio went to Latino and Black-owned firms. The federal government is taking action to create contracting opportunities for minority suppliers through the BIL, and we believe state and local stakeholders can do more to develop their local Latino- and Black-owned businesses.

→ Supply SA is a Procurement Playbook for transforming the local procurement economy and tapping into this unprecedented opportunity to grow diverse suppliers.

→ Meeting this moment locally requires addressing three key challenges. Through research, interviews, and workshops we identified 6 actions local leaders can take for unlocking the San Antonio procurement economy:

◆ Procurement is deeply fragmented across local governments and public authorities, imposing burdens on enterprises and entrepreneurs. We propose addressing fragmentation by creating a (1) Procurement Innovation Council with a Committee on Procurement Practices Transformation, a (2) Common Vendor Portal, and a (3) Procurement Service Center.

◆ Supplier diversity is mostly treated as a compliance exercise, but growing firms requires an economic development focus, in collaboration with the small business ecosystem. We propose growing minority firms to take on larger contracts through a (4) Procurement Academy and a (5) Procurement Fellowship.

◆ Suppliers do not have access to fit-purpose financial products that enable firms to access bonding and capital to grow staff, buy equipment, and take on larger contracts. We propose integrating capital into the procurement system and fundraising for a (6) Bond Collateral Pool to ensure firms have access to bonding support to take on larger contracts.

Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.
Procurement, why now? The historic influx of federal funds available in Texas and San Antonio provides an opportunity to hire local minority firms to complete projects.

**American Rescue Plan**
March 2021

- **State**
  - $2.2 B to Texas & San Antonio

- **Local**
  - $500M to Texas Broadband Development Office

**Bipartisan Infrastructure Law**
November 2021

- **State**
  - $30.5 B to Texas & San Antonio
  - $27B to TXDOT for roads and bridges
  - $450M to TXDOT for rural transit
  - $408M to TXDOT for EV charging
  - $2.5B to Texas Water Development Board
  - $100M to Texas Broadband Development Office

- **Local**
  - $1B to Bexar County schools
  - $715M in Treasury SLFRF to San Antonio and Bexar County
  - $67M to VIA Metropolitan Transit
  - $60M to SAT Airport, Stinson Municipal Airport, Kelly Field
  - SAWS can tap competitive EPA grants
  - CPS Energy can tap competitive DOE grants

$180 B of new national competitive grants

Source: White House Texas IIJA Fact Sheet, DOT, Treasury.
The San Antonio procurement economy accounts for more than $9B, yet agencies spend less than 20% on Latino and Black-owned firms in the region

$9B in baseline procurement spending, to grow with the BIL

In 2021, federal ($3.9B), state ($0.9B), and local ($4.2B) agencies spent over ~$9B on goods and services in San Antonio. The $30.5B flowing to Texas & San Antonio through the BIL will increase this spending (e.g., $5.5B in new funding for TXDOT, FY 22-26).

~15% to 20% of procurement spending goes to Latino- and Black-owned firms

Only $504M out of the $3.3B spent by 13 agencies went to Latino- and Black-owned firms in 2021 (14.8%). As for federal contracts, $792M went to Latino and Black-owned firms located in San Antonio (19.7%). These figures fall short compared to both the diversity of the region’s available firms and population.

The federal government is taking action to support minority suppliers

The federal government is taking action to create contracting opportunities for minority suppliers through the BIL (e.g., in August 2022 the SBA announced simplifications to their Surety Bond Guarantee program intended to help small local contractors competing on BIL projects, and the Minority Business Development Agency awarded $2.6M in grants to increase staffing at 26 MBDA Business Centers).

We believe state and local stakeholders can do more to develop diverse suppliers in their region and help them successfully bid on and win public contracts.

Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.
Supply SA is a Procurement Playbook for unlocking the procurement economy and growing Latino and Black-owned businesses

Supply SA

A roadmap for reimagining the local procurement economy as a market-making exercise focused on growing and developing Latino- and Black-owned firms through integrated ecosystems and capital integration.

Local agencies worked with

40+ interviews with local ESOs, capital providers, federally-funded agencies, and business owners

Research Team

Our Partners/Funders

Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.
Part of the challenge is that there is a lack of availability of diverse firms — especially in certain sectors — and available firms don't have the capacity to get the largest contracts.

<table>
<thead>
<tr>
<th>Availability</th>
<th>Capacity to take on large contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction</strong></td>
<td>Only 3 LOBs among the 20 largest SA vendors in construction. <strong>Capital is a big barrier</strong> for contractors to perform as primes or take more contracts.</td>
</tr>
<tr>
<td>Relatively large availability (30% LOBs and 2% BOBs).</td>
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<tr>
<td><strong>Professional Services</strong></td>
<td>They are mostly subs. Only 1 SMWBE in this category (Asian-owned business) is among the largest non-construction vendors in SA.</td>
</tr>
<tr>
<td>Lower availability for the city than the county (22% vs 30% LOBs). Agencies struggle to find SWMBEs in more sophisticated industries or those that require sector-specific certifications (e.g., software, engineering svcs., auditing.)</td>
<td></td>
</tr>
<tr>
<td><strong>Other Services</strong></td>
<td>This is the category with the largest subrepresentation of SWMBEs among primes. SWMBEs tend to be subs, with even lower margins than the sector average (already low).</td>
</tr>
<tr>
<td>Lower availability of LOBs for the county than the city (15% vs 32% LOBs).</td>
<td></td>
</tr>
<tr>
<td><strong>Goods &amp; Supplies</strong></td>
<td>They are mostly subs. Among the 10 largest vendors in SA for this category, 2 are Women-owned firms and 1 is a LOB.</td>
</tr>
<tr>
<td>Lower availability of LOBs for the city than for the county (23% vs 27% LOBs). Lack of SWMBEs for more specific/complex purchases (e.g., chemicals).</td>
<td></td>
</tr>
</tbody>
</table>

"Capacity and availability are so important. What it takes to grow these firms?. How do we get them in the right industry? We don't buy what they sell." - Procurement official

"In some cases, we are all competing for the same SMWBE vendors." - Procurement official

"Need to have targeted efforts around construction, professional services, goods and supplies. Their needs are different (staffing, cash flow, purchasers, the structure of contracts)." - SWBME vendor

Achieving transformative outcomes in San Antonio requires reimagining business diversity by addressing three core challenges

<table>
<thead>
<tr>
<th>Core Challenges</th>
<th>What Needs to be Done</th>
<th>Transformative Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fragmentation Needs to be Addressed</td>
<td>• There is not a unified local procurement system (made up of public agencies, ESOs, capital providers); • Regulations, practices, and TA programs vary across authorities and levels of government; • ESO efforts are fragmented and separated from procurement.</td>
<td>• Coordinate the San Antonio procurement system; • Align vendor-facing practices across agencies; • Scale up local successful practices and innovations from other cities; • Organize support and TA programs.</td>
</tr>
<tr>
<td>2. Supplier Diversity as Economic Development</td>
<td>• Procurement across agencies is based in disparity-studies and legalistic practices; • Firm scarcity reinforces the compliance nature of the system; • ESO efforts are disconnected from procurement; • ESOs struggle to identify gaps in support.</td>
<td>• Connect the ESO ecosystem with public agencies, capital providers, and prime vendors. • Fill existing gaps in support, especially highly customized services for second stage firms; • Help SWMBEs take on larger contracts.</td>
</tr>
<tr>
<td>3. Capital Must be Integrated</td>
<td>• Capital treated as a vendor issue, only 1 local agency offers some capital; • Capital providers are separate from small business development programs; • SWMBEs struggle to access low-interest, timely and non-predatory working capital and bonding.</td>
<td>• Align actions from public agencies, ESOs, and capital providers to diminish risks of lending to SWMBEs; • Create/expand bond guarantee programs or collateral pools to help SWMBEs access larger contracts; • Develop new capital products to front payment using contracts as collateral.</td>
</tr>
</tbody>
</table>

Addressing fragmentation: Rules governing procurement are deeply fragmented across authorities and levels of government: regulations, practices and TA programs vary

Local Procurement

- **Agencies**
  - CPS
  - VIA
  - Bexar County
  - SAISD
  - SAWS

- **Certification**
  - 10 certifications only recognized locally

- **Governance**
  - Mayor, City Council
  - City Council nominates boards, Mayor appoints board

- **Regulations**
  - All follow a combination of federal, state, and local codes, depending on funding source

- **Practices**
  - Practices vary widely across all agencies, as seen on the next two slides

State Procurement

- **Agencies**
  - Governor appoints boards, state senate approves
  - Texas State Code

- **Certification**
  - Texas State Code

- **Governance**
  - Governor appoints boards, state senate approves
  - Publicly elected board

- **Regulations**
  - Texas State Code

- **Practices**
  - Practices vary widely across all agencies, as seen on the next two slides

Federal Procurement

- **Agencies**
  - All direct federal spending

- **Certification**
  - DBE, ACDBE

- **Governance**
  - Executive Branch Congress

- **Regulations**
  - Federal statutes

- **Practices**
  - Practices vary widely across all agencies, as seen on the next two slides

Note: Texas Education Code chapter 44, subchapter B (Chapter 44) governs school district purchasing generally. Texas Government Code chapter 2269 addresses construction projects. SAISD gets 1/3 of its annual budget from the state. (*) SCTRCA. Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.
Addressing fragmentation: fragmented practices across local agencies create a complicated experience for SWMBEs and limit ESOs’ and capital providers’ efforts

We surveyed the 13 agencies on use of over a dozen practices, with mixed results. The chart below illustrates the lack of uniformity across 12 dimensions:

<table>
<thead>
<tr>
<th>Supplier Diversity Practices</th>
<th>Fragmentation in Supplier Diversity Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference points</td>
<td>• Distinct supplier diversity actions and evaluation criteria obscure SWMBEs’ experience;</td>
</tr>
<tr>
<td>Unbundle contracts</td>
<td>• Lack of a common criteria for setting realistic, ambitious and pertinent targets.</td>
</tr>
<tr>
<td>Conduct disparity studies</td>
<td></td>
</tr>
<tr>
<td>Aspirational goals</td>
<td></td>
</tr>
<tr>
<td>Subcontracting goals</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Vendor-Facing Practices</th>
<th>Fragmentation in Vendor-Facing Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent vendor portal</td>
<td>• 13 independent registration portals, imposing a burden on small firms (that lack the capacity to do several registrations) and limiting their exposure to opportunities;</td>
</tr>
<tr>
<td>Conduct vendor outreach</td>
<td>• ~50% of the information they ask for is the same;</td>
</tr>
<tr>
<td>Use NAICS industry codes</td>
<td>• Lack of a unique inventory of vendors that limits outreach efforts for public agencies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Data, Reporting &amp; Transparency Practices</th>
<th>Fragmentation in Reporting &amp; Transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report SWMBE spending</td>
<td>• Lack of a common standard for spend reporting limits data interoperability, peer-to-peer accountability, and TA and capital integration;</td>
</tr>
<tr>
<td>Publish purchasing forecast</td>
<td>• Non-available purchasing forecasts limits market-making (e.g., ESOs don’t know what type of firms they should support; for when they know, it’s too late).</td>
</tr>
<tr>
<td>Public vendor directory</td>
<td></td>
</tr>
<tr>
<td>Track subcontractor data</td>
<td></td>
</tr>
</tbody>
</table>

Note: Other practices we didn’t survey on are also ripe for collaborative reform and innovation: RFP language; bidder feedback, evaluation panel norms, cooperative purchasing, bonding requirements.

Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.
We interviewed 15+ local ESOs, federally-funded centers, and TA providers in San Antonio. Key findings include:

➔ Five SA-based entities already offer TA specifically on federal, state, and local procurement**, but there are programming gaps;

➔ UTSA programs serve companies throughout the U.S. and Texas, but main focus is federal and state; TA is less focused on unique local purchasers, SAISD, SAWS, CPS Energy, etc;

➔ Bond readiness education and coaching for second stage firms not widely available;

➔ TA for the execution of contracts is limited.

**Note:** (*) 16+ ESOs in San Antonio supporting ~46k firms per year. (**) UTSA PTAC (DOD); UTSA MBDA Business Center (Commerce); UTSA SBDC Center on Government Contracting (SBA); COSA Small Business Bootcamp and Bonding Readiness Program; Bexar County USDOT Bonding Education Program. **Source:** Nowak Metro Finance Lab (2022) for Supply San Antonio.
**Capital is disconnected from procurement:** those issuing grants & loans are separate from business development programs, and SWMBEs struggle to access fit-to-purpose capital

The chart below presents the main capital barriers for SWMBEs to participate in procurement, identified through 4 sessions with business owners, 1 with capital providers, and 10+ interviews:

<table>
<thead>
<tr>
<th>Capacity challenges</th>
<th>Bid, performance &amp; payment bonds*</th>
<th>Loans for working capital**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonding requirements themselves are a barrier, but so is the inability to secure bonding. Cash flow is more challenging for SWMBEs, but only COSA has a Bonding Capacity Program.</td>
<td>Agencies can take as long as 90 days after work is completed to pay contractor invoices, and SWMBEs are left to fend for themselves. They don’t always qualify for loans and are charged higher rates.***</td>
<td>&quot;I’ve been in business for 16 years and I still struggle to get a line of credit because I am perceived as high-risk.” - SWMBE contractor</td>
</tr>
<tr>
<td>Educational challenges</td>
<td>SBA announced simplifications to their Surety Bond Guarantee program to help small local contractors, but insurance companies and local vendors lack knowledge on these types of products.</td>
<td>Small businesses and procurement specialists lack knowledge of existing loan products and resources available.</td>
</tr>
<tr>
<td>Coordination challenges</td>
<td>Bonding education and capital need to be available for SWMBEs planning to bid, but this demands mechanisms for coordination between TA providers, insurers, and public agencies that don’t currently exist.</td>
<td>Lending before invoicing requires lenders (e.g., CDFIs) to have some kind of public assurance from agencies that granted a contract, yet this type of information is not easily accessible.</td>
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</table>

**Notes:** (*) For bidding, public agencies require firms to have a bid bond (a guarantee that a winning bidder will take up the contract as per the terms at which they bid). (**) After winning a contract and before being paid, firms need to access working capital for completion of work before payment. SWMBEs have less cash flow and need to take on loans. (***) Only COSA grants 20/25 loans up to $50k a year at 0% interest for small businesses (in partnership with Lift Fund), but it is only for COSA’s vendors. Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.
A Procurement Innovation Council could function as a governance structure for procurement and supplier development efforts across San Antonio

The CEOs Procurement Meeting will be convened by Mayor, County Judge, and Henry Cisneros, and will organize the creation of an Accountability Council and a Procurement Innovation Council:

➔ CEOs Working Group: Mayor, County Judge, Henry Cisneros, and CEOs of thirteen local agencies


➔ Procurement Innovation Council: Procurement officers and SWMBE specialists from the thirteen agencies, small business advocacy organizations, and small business owners. Includes three sub-committees, led by chairs:

   ♦ (1) Procurement Practices Transformation
   ♦ (2) Supplier Development
   ♦ (3) Capital & Bonding Innovations

Model: Birmingham’s Inclusive Procurement Council is a collaborative of 12 private companies based locally, managed by the Birmingham Business Alliance and funded by Prosper Birmingham. They meet monthly to discuss best practices and host four small businesses per month that pitch their goods and services and build relationships with buyers. Volunteer committees helped launch their new Supplier Scale and TeamUp programs and currently direct programming.

Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.
A **Procurement Innovation Council** would serve as a dedicated delivery team to upgrade the San Antonio procurement system.

**Procurement Innovation Council**

Made of procurement officers and SWMBE specialists from the thirteen agencies, small business advocacy organizations, and small business owners.

*Ideally governed by an MOU.*

*Meet monthly* to establish priorities, set goals, and monitor progress (Accountability Council) to tackle key challenges to upgrade the San Antonio procurement system.

<table>
<thead>
<tr>
<th>Key challenges to tackle:</th>
<th>Core Initiatives to promote:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Fragmentation Needs to be Addressed</strong></td>
</tr>
<tr>
<td>2</td>
<td><strong>Supplier Diversity as Economic Development</strong></td>
</tr>
<tr>
<td>3</td>
<td><strong>Capital Must be Integrated</strong></td>
</tr>
</tbody>
</table>

- **Committee on Procurement Practices Transformation**, to scale up local successful practices and explore the creation of a **Common Vendor Portal**, to diminish the burden for firms and create a common vendor list for outreach efforts. Create a **Procurement Service Center** to centralize and coordinate existing TA support in the ESO ecosystem.

- **Supplier Development Committee** to guide the creation of a **Procurement Academy** to fill the existing gaps, specifically highly customized services for second stage firms, and a **Procurement Fellowship**, to help second stage firms take on larger contracts (among other supplier development efforts).

- **Capital & Bonding Innovations Committee** to explore the creation of a **cross-agency Bond Collateral Pool**, to reduce asset thresholds for bonding capacity in construction, as well as workable SCF product models.

*Source:* Nowak Metro Finance Lab (2022) for Supply San Antonio.
#1. Committee on Procurement Practices Transformation

## Overview

A committee for public entities in San Antonio to meet on a regular basis and identify opportunities to reduce cross-agency fragmentation, level-up best practices, draw from best innovations, and collaborate on implementing solutions (e.g., standard for data reporting, forecasting and de-bundling).

It should be oriented towards easing the experience for SWMBE suppliers and complementing ESO’s and capital providers efforts. The committee would also explore the creation of a Common Vendor Portal. Cross-agency implementation is important to reduce capacity constraints, especially in agencies with lower budgets.

## Costs

Mostly operating expenses:
- Staffing Costs: ~$200k per year
- Consulting support: ~$100k per year

## Expected impact

- Agencies have access to a venue for leveling-up successful practices and knowledge-sharing;
- More standardized procurement practices across agencies;
- SWMBEs benefit from more user-friendly, uniform procurement processes in San Antonio.

## Next Steps

- ID host organization and agency staff to participate;
- Establish governance structure;
- Hire 2 staff program managers;
- ID fragmented practices and TA the agencies wish to address;
- Prioritize supporting cross-agency implementation, especially for agencies with less capacity.

## Practices to Scale Up

Examples of practices to scale include:
- Access: simplified RFP language, common standards for data reporting, unbundling;
- Capacity: e.g., Memphis’s prompt payment initiative;
- Competitiveness: e.g., COSA’s assistance with capital: ‘each one teach one’ models (primes as mentors).

### Cost Estimates

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### Practices to Scale Up

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Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.
#2. San Antonio Common Vendor Portal

## Overview

A **common vendor registration portal** that enable firms to register simultaneously as vendors for several entities and allow entities to access a complete list of vendors.

Most of these systems are now offered in a SaaS - Software as a Service - model where the fees are annual with no one-time fee. Buy-in from several agencies could reduce the individual cost, especially important for agencies with lower budgets.

For this effort to pay off, local agencies with the largest spending (and number of vendors) should participate.

## Costs

- Consulting firm for discovery/scoping: ~$150k
- SaaS: ~$50k-$500k per year, per agency.

## Expected impact

- SWMBEs save time and resources, while getting exposure to a larger pool of purchasers;
- Public agencies have access to a complete registry of vendors for the SA region, easing outreach efforts for increasing supplier diversity.

## Next Steps

- ID lead agencies (ideally largest agencies);
- Ensure buy-in from an initial group of entities (e.g., COSA, Bexar, and local utilities);
- Hire a consulting firm that assists in the discovery/scoping process (e.g., need for a new system versus use an API to connect to existing systems). Crucial for success.

## Conditions for Success*

Registration portals must be:

1. Politically supportable (the right partners and buy-in on shared goals);
2. Administratively feasible (early focus on data sharing standards and use of a vendor ID number - e.g., EIN -);
3. Technically correct (time spent sorting out data interoperability with existing procurement software, financial systems, etc.).

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**Note:** (*) Based on interviews with procurement officials, B2GNow, and the Open Contracting Partnership (OCP), and some examples offered by the E.U. Single Procurement Document and Paraguay’s State Supplier Information. **Source:** Nowak Metro Finance Lab (2022) for Supply San Antonio.
#3. San Antonio Procurement Service Center (one-stop shop)

**Overview**

A physical consortium* of high-quality ESOs, lenders and surety firms, local procurement offices and certification agencies located in a strategic area to ensure that Latino- and Black-owned businesses can conveniently and efficiently reach the vast support ecosystem, and access the support they need to identify local opportunities and win contracts. UTSA’s federally funded service providers serve this function at the federal level**, but there is currently no local equivalent.

The space can (1) host sessions following a pre-agreed schedule from TA providers such as the Procurement Academy and Fellowship, (2) host OHs for businesses, (3) provide assistance navigating the procurement process, and (4) host meetings of the Procurement Innovation Council.

**Costs**

~$550K - 1M per year***:
- Facility: TBD
- Manager: $150k+ per year;
- Consultants: $400k+ to cover 4 consultants every year (‘procurement navigators’).

**Expected impact**

- Ease outreach efforts for procurement offices;
- Ensure that local ESOs reach their target audiences, maximizing the impact of their existing programs;
- Diminish overlapping of services and TA programs;
- Ensure that local SWMBEs access the support they need to identify opportunities and win a bid.

**Next Steps**

1. ID a lead agency and generate broad buy-in across the different groups of stakeholders (crucial for success);
2. Agree on the location of the physical space;
3. Refine ecosystem mapping and agree on activities and modalities;
4. Secure physical location;
5. Hire full-time staff and designate ESO, lender, and procurement officer staff time to the Center.

**Conditions for Success**

1. Strategic location;
2. Broad buy-in across the different groups of stakeholders;
3. Capacity for working with SWMBEs on a weekly basis navigating the acquisition process, starting with bidding requests (‘procurement navigators’);
4. Track the user journey to better understand programs/services needed.

**Note:** (*) Based on benchmarking and interviews. (**) The federal contracting ecosystem is less fragmented, partly because there is only one purchaser. (*** As reference, El Paso has a one-stop-shop for permitting that costs approximately $1.1 million per year. Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.
#4. Procurement Academy

Overview

A Procurement Academy is a 6-month capacity-building curriculum for a preselected cohort of local mid-size Latino- and Black-owned companies (filling an existing gap in the ESO ecosystem).

The curriculum will include (1) monthly workshops and (2) OHs with professionals. Topics covered will come from a predefined list of primary identified needs for second-stage firms. Each workshop’s details and approach will vary and be adapted according to the cohorts’ specific needs.

Each cohort will be composed of ~30 Latino- and Black-owned businesses headquartered in Bexar County that employ 2 to 10 people and/or generate over $100,000 in annual revenue (Committees will validate requirements and cohort size).

Costs
- Staffing Costs (Project Manager): $100k+ per year;
- Seasoned professionals for workshops and OHs: $100k+ per cohort;
- Fellowship: ~$500k+ (see next slide).

Expected impact
- Mid-size SWMBEs get access to the support they need to win public contracts;
- An ESO ecosystem with a higher focus on capacity building for second stage firms.

Next Steps
- ID lead agency/host and fundraising strategy;
- Meet with successful development programs to draw lessons from**;
- Conduct survey*** and host focus groups to validate target group (business size, revenue, and characteristics);
- ID seasoned professionals to participate;
- Design framework for cohort selection;
- Launch first cohort/pilot.

Expected impact
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- ID seasoned professionals to participate;
- Design framework for cohort selection;
- Launch first cohort/pilot.

Conditions for Success

1. Rigorous selection process for identifying second-stage firms;
2. Sectoral focus (construction and professional services);
3. Bring in industry knowledge on best practices (involve prime contractors);
4. Focus on overall business functionality, including paperwork, financials, and submittals.

Note: (*) Based on benchmarking and interviews. (**) Examples of programs: COSA’s Small Business Empowerment Program; Birmingham Business Alliance’s Supplier Scale Program; Memphis’s Propel Program. The Supply SA team gathered information on many of these programs through interviews. The proposed scope and reach of the Academy is based on the learnings extracted from those conversations and additional research. (***) This survey is currently being conducted and results are expected by 12/02/22. Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.

"We have a vast support system, but we are single minded. The focus is always to take the baby and teach them how to register." - SWMBE vendor

"Subs need to learn more. Not on how to do business with agencies, but on what they need to do so they can scale up." - SWMBE vendor
### #5. Procurement Fellowship

#### Overview

An **annual cohort** based within the Academy **focused on in-depth consulting and relationship building** to help SWMBEs that are poised for further scalability to **take on larger contracts**.

Firms in each cohort should (1) receive a 1-on-1 assessment, (2) receive 1-on-1 in-depth consulting from seasoned professionals, (3) be paired with a mentor to receive customized advising and (4) have opportunities to pitch their goods and services to agencies and identify teaming opportunities.

Each cohort will be composed of **~20 Latino- and Black-owned businesses** headquartered in Bexar County that employ **6 to 99 people and/or generate at least $500,000 on annual revenue**. (Committees will validate requirements and cohort size)

#### Costs

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Cost Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating costs per cohort/year:</td>
<td>~$500k+</td>
</tr>
<tr>
<td>- Staffing Costs (Program Manager):</td>
<td>$100k+ per year; $100k+ per year;</td>
</tr>
<tr>
<td>- ~$400K to cover 4 consultants every year.</td>
<td></td>
</tr>
</tbody>
</table>

#### Expected impact

- Build the capacity that ready-to-scale SWMBEs require to become prime vendors;
- SWMBEs learn from primes and professionals how to navigate the common pitfalls of winning a larger contract;
- SWMBEs overcome limitations and go after larger contracts.

#### Next Steps

- Conduct survey** and host focus groups to validate target group (business size, revenue, and characteristics);
- Validate key activities;
- ID seasoned professionals and primer vendors to participate;
- Coordinate with PIC to design goods and services pitching opportunities and peer roundtables;
- Launch first cohort/pilot.

#### Conditions for Success*

1. Rigorous selection process for companies that have achieved early growth, and are poised for further scalability;
2. Opportunities for mid-size firms to develop the relationships they need to scale, including with lenders;
3. 1-on-1 assessments (consulting is targeted to SWMBEs’ needs and firms are teamed according to their needs).

**Note:** (*) Based on benchmarking and interviews. Examples of programs: Birmingham Business Alliance Team Up Program, Merriwether & Williams Contractor Development Program, Chicago Transit Authority Building Small Business Program, Cincinnati Minority Business Accelerator, LF Driscoll 52nd Street Project in Philadelphia, and Chicago’s Hire360’s Business Development Program. (***) This survey is currently being conducted and results are expected by 12/02/22. **Source:** Nowak Metro Finance Lab (2022) for Supply San Antonio.
#6. San Antonio Bond Collateral Pool

**Overview**

In FY 2022-2023, the City of San Antonio will launch a pilot for a $500,000 bond collateral pool, managed by SAEDC and Alamo Surety Bonds, serving firms that have won contracts with the City of San Antonio.

If scaled through fundraising and investment, this pool could serve more firms, annually, than it is currently projected to serve, and serve firms that have won contracts with any local agencies.

**Costs**

$500,000 to pilot a San Antonio Bond Collateral Pool.

**Expected impact**

- Help 10 firms access collateral necessary to secure bonding for contracts they've won with any public entity in the region in 2023.

**Next Steps**

- ID champions across public entities in SA (ongoing conversations);
- Draw lessons from COSA, NY State Surety Bond Assistance Program, and other successful initiatives;
- Define governance structure, MOU, and framework for participation of different agencies’ vendors;
- Fundraising for 2023 pilot.

**Other Practices to Explore**

- Explore value of expanding other programs: E.g.: City of San Antonio’s zero interest loan buyout program with LiftFund;
- Explore value of switching program to a bond guarantee pool to serve more firms with a smaller pool;
- Explore teaming up small companies with companies that have bonding capacity.

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**Note:** (*) Based on benchmarking and interviews. **Source:** Nowak Metro Finance Lab (2022) for Supply San Antonio.
## A roadmap for implementation: the next 90-180-360 days

<table>
<thead>
<tr>
<th>Procurement Innovation Council</th>
<th>90 days March 2023</th>
<th>180 days June 2023</th>
<th>360 days December 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master steering committee</td>
<td>Convene Nov. 30, 2022, agree to MOU, assign members to committees * elect chairs, set committee meeting schedule.</td>
<td>Publicly announce launch of Procurement Academy &amp; Fellowship with list of selected participants.</td>
<td>Identify opportunities to expand the initiative to include large private purchasers.</td>
</tr>
<tr>
<td>Procurement Service Center</td>
<td>ID location for facility, propose budget, ID funding sources; outline daily function + staffing of center.</td>
<td>Groundbreaking on site; ID consultants or contractors for digital components, website construction.</td>
<td>Open facility, launch digital accompanying website portal.</td>
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<tr>
<td>Central resource hub</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Committee on Procurement Practices Transformation To standardize agency practices</td>
<td>Agree to prioritization of issue areas, set meeting schedule; ID funding + operational structure for Common Vendor Portal.</td>
<td>Issue RFP for common vendor portal; invite Fellowship participants to come present on a rotating basis at monthly meetings.</td>
<td>Select firm to build Common Vendor Portal; complete report of PIC activities, changes adopted by agencies to submit to PIC steering committee.</td>
</tr>
<tr>
<td>Committee on Supplier Development To guide creation of Procurement Academy &amp; Fellowship</td>
<td>Invite Cincinnati MBA, Birmingham Business Alliance, Merriwether &amp; Williams to present on their supplier development programs; outline SA programs; ID funding structure.</td>
<td>Finalize criteria, structure of Procurement Academy &amp; Fellowship; ID curriculum providers and consultants; establish schedule for first cohort for each program; issue call for applications from businesses, review, select finalists.</td>
<td>Launch &amp; complete first round of both programs; complete a report recapping how entire process went, detailing participants &amp; outcomes to submit to PIC steering committee.</td>
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<tr>
<td>Committee on Capital &amp; Bonding Innovation To explore expansion of bonding and lending supports</td>
<td>ID opportunities to expand existing programs to 14 local agencies via pooled funding – COSA Bond Collateral Pool, zero interest loans.</td>
<td>Produce strategy for prompt payment standards, and/or workable model for contract financing with LiftFund and agencies.</td>
<td>Complete a report detailing progress to submit to PIC steering committee.</td>
</tr>
</tbody>
</table>

*Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.*
Thank you! - ¡Gracias!

November 30, 2022

For comments or questions:
Bruce Katz, brucekatz54@gmail.com
Karyn Bruggeman, klb445@drexel.edu
Victoria Orozco, vorozkog9@gmail.com
Milena Dovali, lmd426@drexel.edu