

LATINOS & SOCIETY
aspen institute



San Antonio Area Foundation
Where Giving and Community Connect



DREXEL UNIVERSITY
Nowak Metro Finance Lab
Lindy Institute for Urban Innovation

Supply SA Procurement Playbook

A Roadmap to a More Inclusive Procurement Economy in San Antonio

December 2022 – Discovery Deck

Note: This deck is accompanied by an Executive Summary and a Short Deck



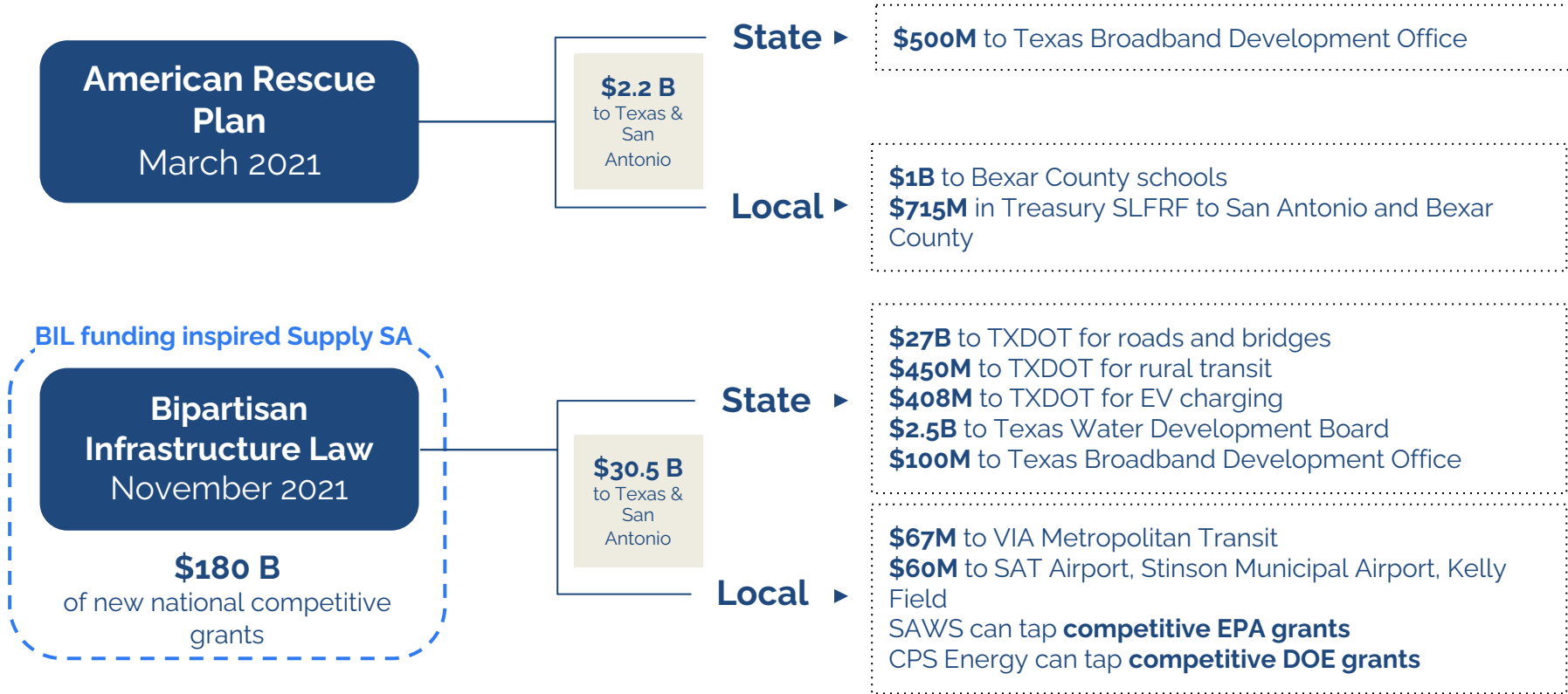
Supply SA Executive Summary

- \$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.

- **Introduction & Context**
- The San Antonio Procurement Economy
- Diagnostic of the Current System
- Reimagining Business Diversity
- Roadmap for Implementation



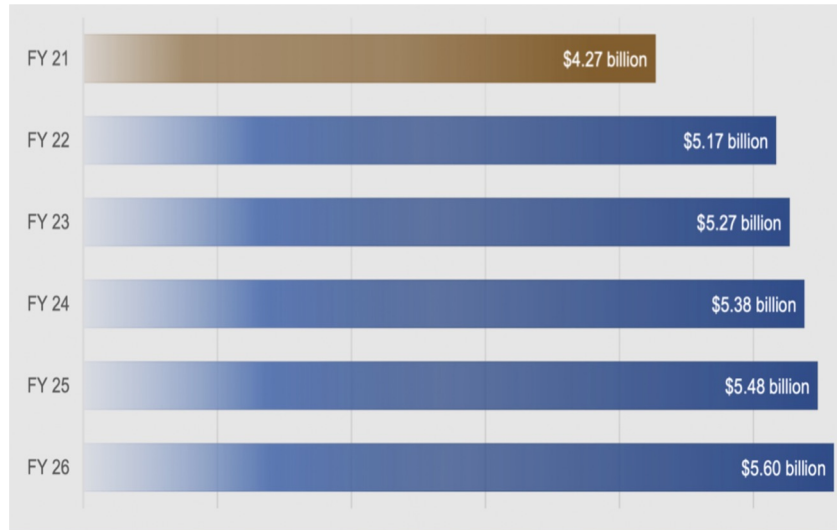
Procurement, why now? The historic influx of federal funds available in Texas and San Antonio provides an opportunity to hire local minority firms to complete projects



The magnitude of these new funds demands action; only TXDOT could spend between \$500M and \$800M more in HUBs from FY 2022 to 2026

U.S. DOT funding to TXDOT FY 21- 26

*FY 22-26 increases due to new BIL funding:
\$27 B total, \$5.5 B in new spending*



Estimated Potential of New TXDOT Spending on HUBs*

FY 22-26 potential spending due to new BIL funding

FY	New TXDOT BIL Funds	9.4% to HUBs (current)**	15% to HUBs (hypothetical)
FY 2022	\$0.9 B	\$84.6M	\$135 M
FY 2023	\$1 B	\$94 M	\$150 M
FY 2024	\$1.1 B	\$103 M	\$165 M
FY 2025	\$1.2 B	\$112 M	\$180 M
FY 2026	\$1.3 B	\$122 M	\$195 M
Potential New Spending on HUBs from FY 22- 26 funding		\$515 M	\$825 M

The federal government is taking action to create contracting opportunities for small and minority suppliers through the Bipartisan Infrastructure Law

- ❖ **July 2022:** USDOT and the SBA [announced](#) intent to connect SBA-certified Small Disadvantaged Businesses (SDBs) pursuing or working on BIL contracts to Small Business Investment Companies (SBICs).
 - There are 16 licensed SBICs in Texas, including 6 in Austin, none in San Antonio.
- ❖ **July 2022:** USDOT [issued](#) a Notice of Proposed Rulemaking (NPRM) to collect feedback to update the federal Disadvantaged Business Enterprise (DBE) program, closing Oct. 31, 2022.
- ❖ **August 2022:** SBA [announced](#) simplifications to their Surety Bond Guarantee program intended to help small local contractors competing on BIL projects.
- ❖ **Sept. 2022:** The Minority Business Development Agency [awarded](#) \$2.6M in grants to increase staffing at 26 MBDA Business Centers.
 - UTSA's MBDA Business Center received funding to hire one new staff member, focused on connecting contractors with opportunities at TXDOT.

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

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

[See list of interviews in Appendix](#)

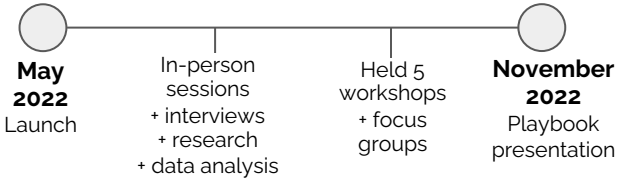
Research Team



Our Partners/Funders



Our Project Timeline



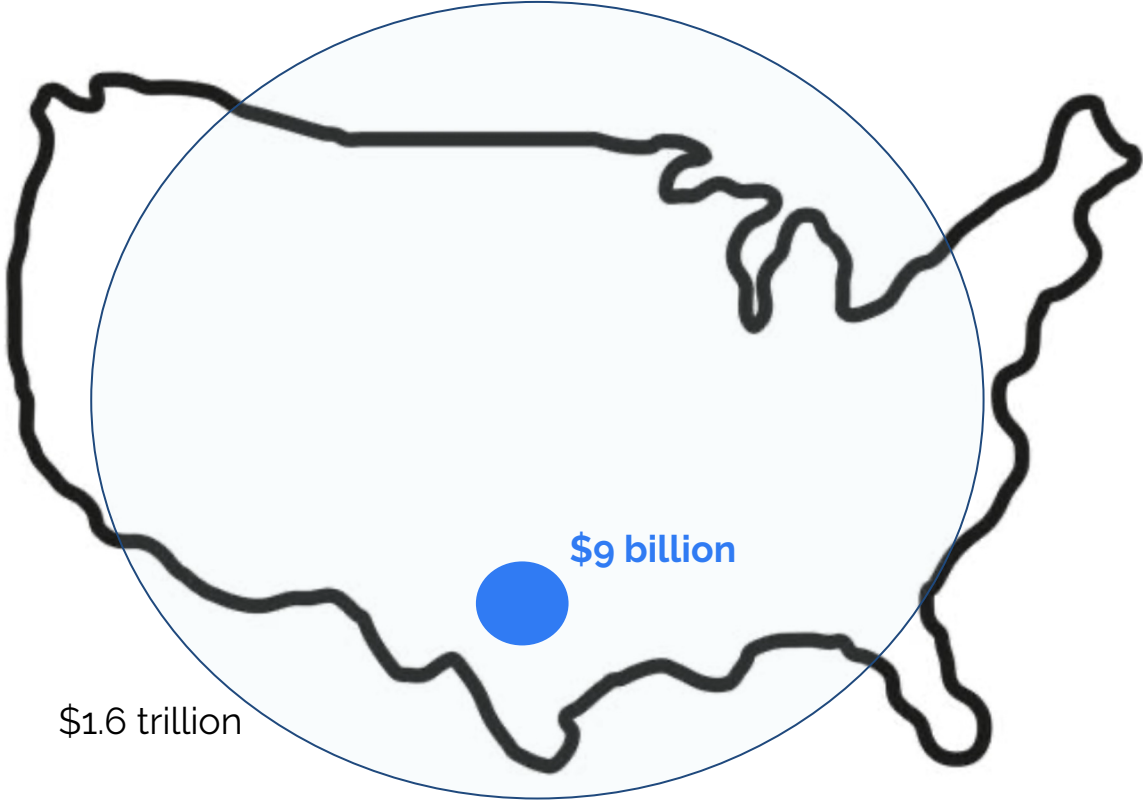
- Introduction & Context
- **The San Antonio Procurement Economy**
- Diagnostic of the Current System
- Reimagining Business Diversity
- Roadmap for Implementation



Nationally, federal, state, and local agencies spend over \$1.6 T on goods and services per year in the United States; these agencies spent over ~\$9 B in San Antonio

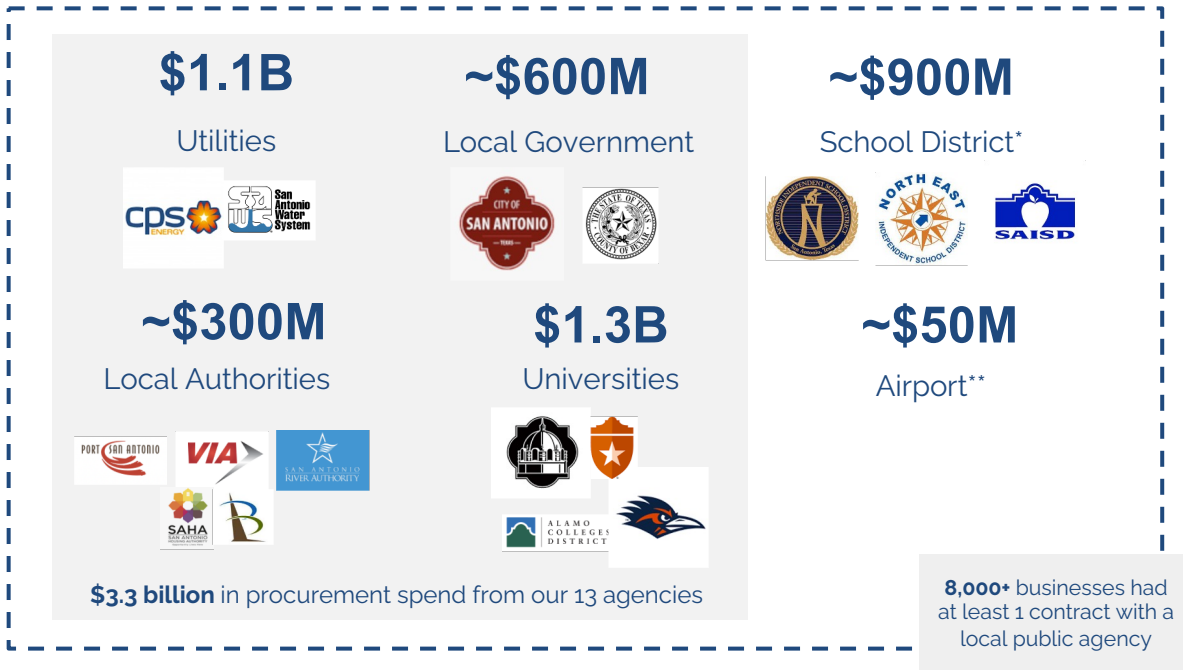
As the country's 7th largest city, San Antonio is illustrative of how this public spending happens locally.

Every metro area across the country is home to its own local procurement economy.

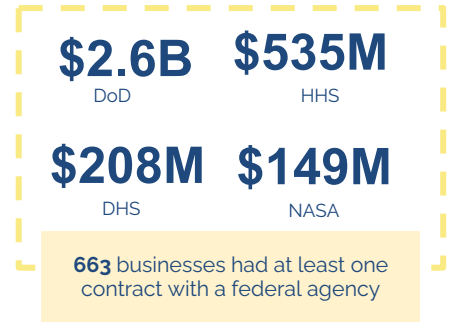


25 different federal, state, and local explain the bulk of the ~\$9 billion spent in San Antonio on goods and services during 2021

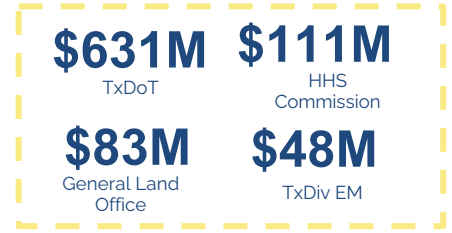
\$4.2 billion in procurement spend from local agencies in SA (FY 2021)



\$3.9 billion obligated in federal prime contracts to firms in Bexar County (FY 2021)**




\$0.9 billion obligated in state contracts to firms in Bexar County (FY 2021)



Notes: (†) Estimated value based on the three largest universities: Northside IDS, North East IDS, and SAISD. (**) Estimated value assuming procurement spending represented 35% of its operating spending during FY 2021 (~\$129M). (***) Lots of these contracts extend year-over-year. Considering just contracts that started in FY 2021, the federal government obligated/spent \$2.7 billion.

Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.

Locally, spending breaks down into five different buckets*; across our 13 agencies, we estimate that ~\$1.4B are spent in *Construction*, ~\$650M in *Services* and ~\$100M in *Goods***

Sector		Public Spend in SA (estimated)	Average Contract	Vendor (examples)	Contracts (examples)	Agency
Construction		\$2.01B	\$ 904K	 PRONTO SANDBLASTING & COATING PM Construction & Rehab, LLC	Construction Services Westside Education & Training Center (\$19M) Rainbow Hills Water Main Replacement Project (\$4M) RAFB Year 18 Sanitary Sewer Rehab. Construction (\$710K)	ALAMO SAWS SARA
Services	Other Services	\$ 594 M	\$ 340K	 	Preventative Maintenance of Utilities (\$3M) Elections Building Maintenance (\$119K & \$27K)	ALAMO BEXAR
	Professional Services	\$ 147 M	\$ 344K	Mia O'Connell   HIGHER EDUCATION TECHNOLOGY CONSULTANTS	Federal Legislative Consultant services (\$336K) Human Resources Division Job Consulting Services (\$161K) Strata Information Group (\$18K)	SARA VIA TEXAS A&M
	Architecture & Engineering	\$ 180 M	\$132K	  	Engineering Design Services for Project 29 (\$2M) General Services (\$500K) Abbott Road lift station N#2-engineering services (\$105K)	SARA CPS SARA
Goods & Supplies		\$ 379 M	\$ 193K	  	Cagnon Ground Storage Tank Replacement Project (\$17M) Employees Uniforms (\$1.4M) Annual Contract for Asphalt Materials - Patching Mixture (\$293K)	SAWS VIA COSA

Notes: (*) The totals for all agencies were estimated using COSA, Bexar County, SAWS, SARA, UTSA, Texas A&M and Brooks shares of spending for each category. (**) [Ameren](#) is a good example of how an agency could be more transparent about what they buy. Source: Nowak Metro Finance Lab (2022).

Yet only ~\$500M out of the \$3.3B spent by our 13 agencies went to Latino- and Black-owned firms in 2021; far from being representative of San Antonio's population

Agency	Total Procurement Spending	HABE Spending	AABE Spending
City of San Antonio	\$ 483.1 M	\$ 176.1 M	\$ 16.2 M
CPS Energy	\$ 616.5 M	\$ 79.4 M	\$ 5.5 M
University Health	\$ 816.0 M*	\$ 7.1 M	\$ 0.02 M
Bexar County	\$ 180.6 M	\$ 16.9 M	\$ 2.6 M
SAWS	\$ 565.2 M	\$ 119.3 M	\$ 0.4 M
Alamo Colleges District	\$ 167.8 M	\$ 25.4 M	\$ 1.1 M
VIA Metropolitan Transit	\$ 63.4 M	\$ 11.5 M	\$ 3.3 M
UTSA	\$ 107.3 M	\$ 9.1 M	\$ 8.7 M
SARA (HUB Spend)	\$ 84.9 M	\$7.7 M	
SAHA	\$ 59.4 M	\$ 11.4 M	\$ 0.3 M
Texas A&M San Antonio	\$ 22.9 M	\$ 0.8 M	\$ 0.2 M
Port San Antonio	\$ 139.8 M	\$ 5.9 M	\$ 0.08 M
Brooks	\$ 5.4 M	\$ 2.5 M	\$ 0.02 M
Total	\$ 3,312.5 M	\$ 465.5 M	\$ 38.4 M

Notes: For COSA, VIA Transit, SAWS, Alamo Colleges, HABE and AABE spending also includes both prime and subprime contracts. For TAMU and UTSA, HABE and AABE spending includes mostly primes but also some subprimes. For University Health, the amount reported is an estimate based on 2021 operating expenses, and only reflects vendors certified from the SCTRCA (that practice is changing). This may not be directly comparable with the way in which procurement spending is accounted for in other agencies. **Source:** Nowak Metro Finance Lab (2022) based on public data and information shared by entities.

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



Construction

Relatively large availability (30% LOBs and 2% BOBs).

Only 3 LOBs among the 20 largest SA vendors in construction. **Capital** is a **big barrier** for contractors **to perform as primes** or **take more contracts**.

"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



Professional Services

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.)

They are **mostly subs**. Only 1 SMWBE in this category (Asian-owned business) is among the largest non-construction vendors in SA.

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



Other Services

Lower availability of LOBs for the county than the city (15% vs 32% LOBs).

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).

"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



Goods & Supplies

Lower availability of LOBs for the city than for the county (23% vs 27% LOBs). **Lack of SMWBEs** for **more specific/complex purchases** (e.g., chemicals).

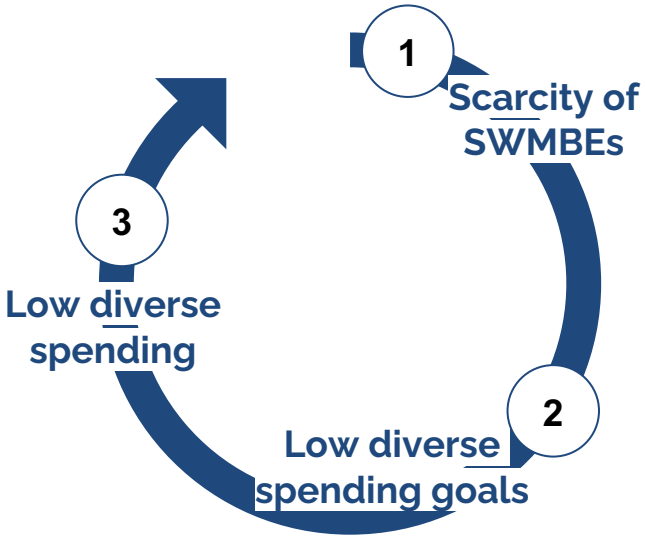
They are **mostly subs**. Among the 10 largest vendors in SA for this category, 2 are Women-owned firms and 1 is a LOB.

[See availability by sector in Appendix](#)

SWMBE procurement is based in disparity-studies and circular goals, and firm scarcity is reinforcing the compliance nature of this system

Most SWMBE goals across local public agencies are within 20%-40%

Increasing diverse spending demands increasing availability



Diverse local spending	Availability	Population
13.7% on Latino-owned businesses	~ 15.0% / 32.0% availability of Latino-owned businesses	60.7% of Bexar County's population
1.1% on Black-owned businesses	~ 1.0% / 5.0% availability of Black-owned businesses	7.7% of Bexar County's population

Source: Nowak Metro Finance Lab (2022) for Supply San Antonio, based on public data and information shared by local entities.

And Latino- and Black-owned businesses are not getting the largest contracts*; there are only 2 Latino-owned firms among the largest 20 vendors in San Antonio in FY 2021

Largest 10 vendors in **Construction** during FY 2021 in San Antonio.



(\$49M in contracts to CPS, 7 contracts)



(\$46M in contracts to CPS, 2 contracts)



(\$43M in contracts to Alamo, 1 contract)



(\$39M in contracts to CPS, 2 contracts)



(\$38M in contracts to SAWS, 4 contracts)



(\$37M in contracts to SAWS, 2 contracts)



(\$33M in contracts to CPS, 4 contracts)



(\$31M in contracts to SAWS, 1 contract)



(\$30M in contracts to CPS, 1 contract)



(\$30M in contracts to SAWS, 1 contract)

Largest 10 vendors in **Other Sectors**** during FY 2021 in San Antonio.



(\$27M in contracts to CPS, 1 contract, PS)



(\$23M in contracts to CPS, 13 contracts, GC)



(\$22M in contracts to CPS, 375 contracts, GC)



(\$21M in contracts to CPS, 3 contracts)



(\$21M in contracts to CPS, 26 contracts)



(\$19M in contracts to CPS, 4 contracts)



(\$17M in contracts to SAWS, 1 contract)



(\$16M in contracts to CPS, 143 contracts)



(\$12.5M in contracts to COSA, 2 contracts)



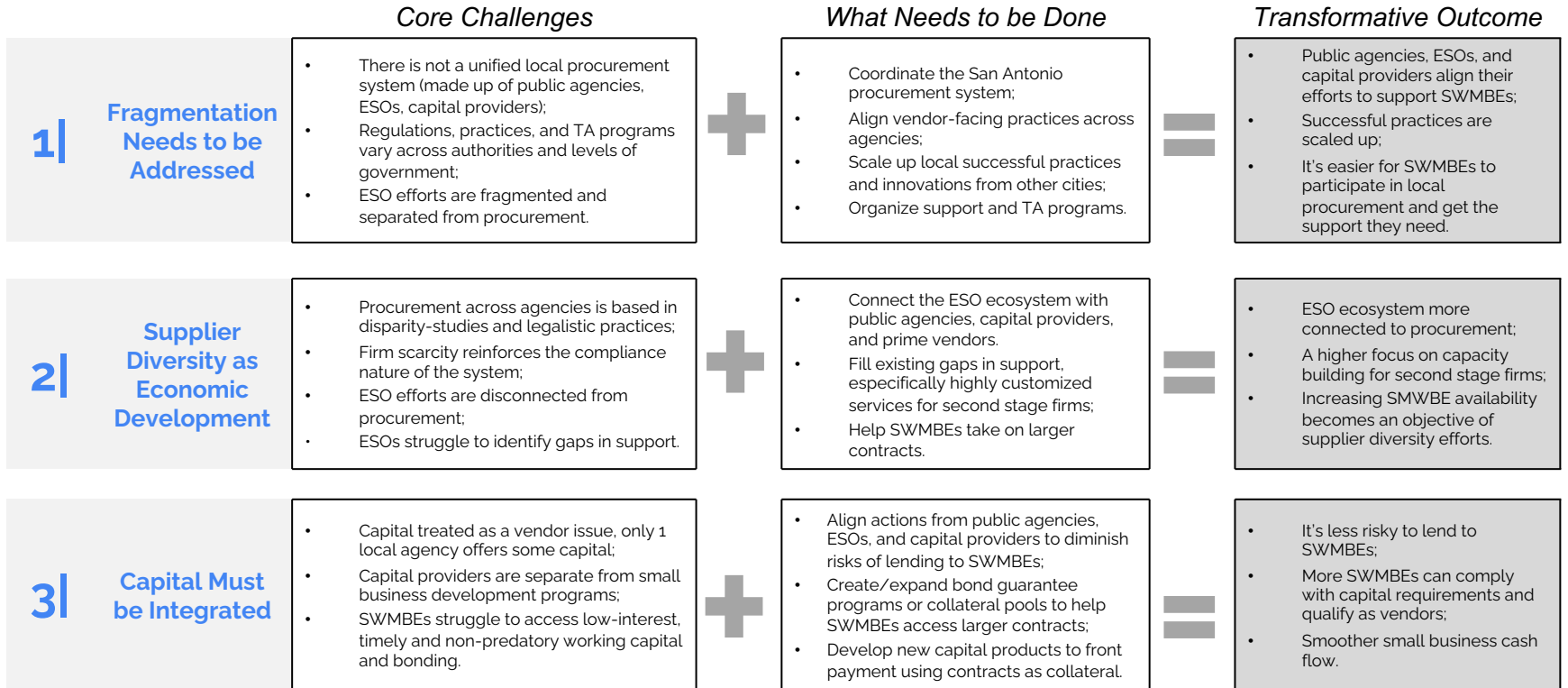
(\$12.5M in contracts to CPS, 12 contracts)

Women Business Enterprise (WBE)
Hispanic-owned Business (HABE)
Local business

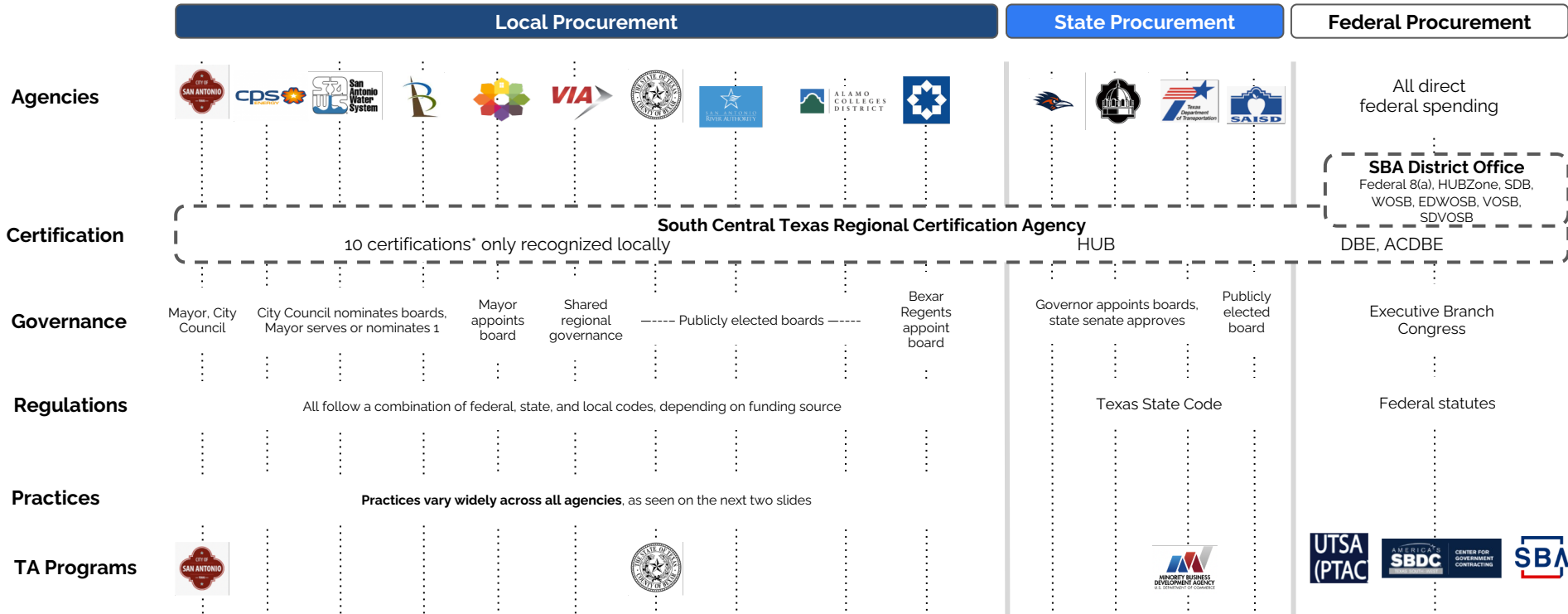
- Introduction & Context
- The San Antonio Procurement Economy
- **Diagnostic of the Current System**
- Reimagining Business Diversity
- Roadmap for Implementation



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



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



Note: Texas Education Code chapter 44, subchapter B (Chapter 44) [governs](#) school district purchasing generally. Texas Government Code chapter 226g addresses construction projects. SAISD gets 1/3 of it's [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:

Local Procurement													
Agency													
Supplier Diversity Practices													
Preference points	✓	✓	✓	✗	✓	✗	□	□	✗	✗	□	□	✗
Unbundle contracts	✗	□	✓	✗	✗	✓	□	□	✗	✗	□	✗	□
Conduct disparity studies	✓	✗	✓	✗	✓	✓	✓	✗	✗	✗	✓	✓	□
Aspirational goals	✗	✓	✓	✓	✓	✗	✗	✗	✓	✗	✓	✓	✓
Subcontracting goals	✓	✓	✓	✓	✗	✓	□	□	□	✗	✓	✓	✓
Vendor-Facing Practices													
Independent vendor portal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	□	□	✓
Conduct vendor outreach	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Use NAICS industry codes	✗	✗	✓	✓	✓	✓	□	✗	✓	✓	✓	✓	✓
Data, Reporting & Transparency Practices													
Report SWMBE spending	✓	✓	□	□	✗	✓	✓	✓	✓	✓	✓	✓	✗
Publish purchasing forecast	✓	✗	✓	✗	✗	✓	□	✗	✗	✓	✗	✗	✗
Public vendor directory	✓	✓	□	✗	✗	□	□	✗	✗	✗	✓	✓	✗
Track subcontractor data	✓	✗	✓	✓	✗	✓	□	✓	✓	□	✓	✓	□

✓ practice/process being implemented
 □ similar practice/process being implemented
 ✗ practice/process not being implemented

Fragmentation in Supplier Diversity Practices

- Distinct supplier diversity actions and evaluation criteria obscure SWMBEs' experience;
- *Lack of a common criteria for setting realistic, ambitious and pertinent targets.*

Fragmentation in Vendor-Facing Practices

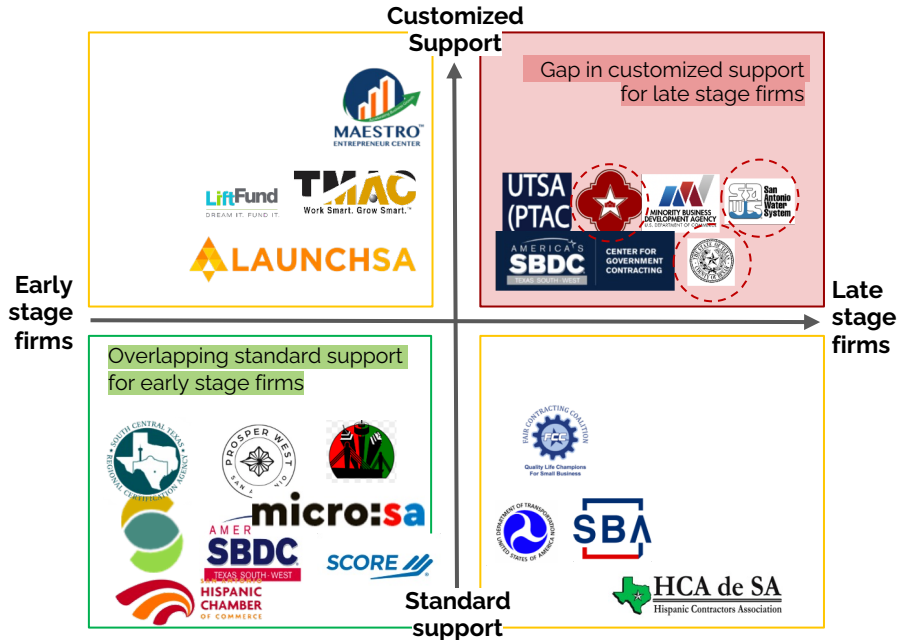
- *13 independent registration portals, imposing a burden on small firms (that lack the capacity to do several registrations) and limiting their exposure to opportunities;*
- *~50% of the information they ask for is the same;*
- *Lack of a unique inventory of vendors that limits outreach efforts for public agencies.*

Fragmentation in Reporting & Transparency

- *Lack of a common standard for spend reporting limits data interoperability, peer-to-peer accountability, and TA and capital integration;*
- *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).*

Procurement is not treated as economic development: only 3 agencies have a vendor development program, and TA concentrates on standard services for early stage firms

Vendor Development Programs & Entrepreneurial Support Organizations in San Antonio*



---- Agencies with vendor development programs

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:

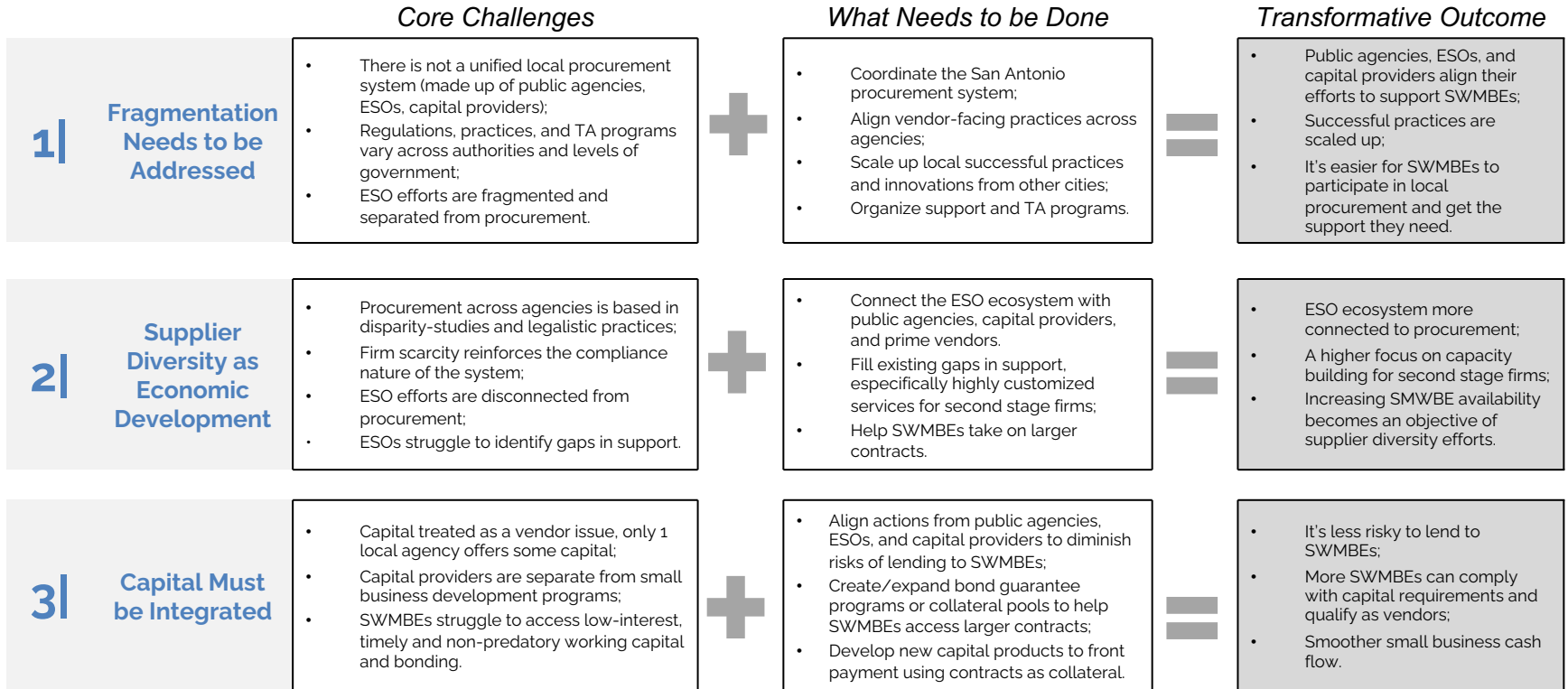
	Bid, performance & payment bonds*	Loans for working capital**	
Capacity challenges	Bonding requirements themselves are a barrier , but so is the inability to secure bonding. Cash flow is more challenging for SWMBEs, <i>but</i> only COSA has a Bonding Capacity Program.	Agencies can take as long as 90 days after work is completed to pay contractor invoices, <i>and</i> SWMBEs are left to fend for themselves. They don't always qualify for loans and are charged higher rates.***	<i>"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</i>
Educational challenges	SBA announced simplifications to their Surety Bond Guarantee program to help small local contractors, <i>but</i> insurance companies and local vendors lack knowledge on these types of products.	Small businesses and procurement specialists lack knowledge of existing loan products and resources available.	<i>"SBA program is great, but too few people know about it. [...] I had to take my insurer to a course to learn about it." - SWMBE contractor</i>
Coordination challenges	Bonding education and capital need to be available for SWMBEs planning to bid, <i>but</i> this demands mechanisms for coordination between TA providers, insurers, and public agencies that don't currently exist.	Lending before invoicing requires lenders (e.g., CDFIs) to have some kind of public assurance from agencies that granted a contract, <i>yet</i> this type of information is not easily accessible .	<i>"We tried to front payment for contractors, but data on contracts awarded is hard to access and we lack assurance." - Lender</i>

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.

- Introduction & Context
- The San Antonio Procurement Economy
- Diagnostic of the Current System
- **Reimagining Business Diversity**
- Roadmap for Implementation



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



#0.

Procurement Innovation Council (PIC)

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
- **Accountability Council:** Mayor, County Judge, Congressman Joaquin Castro, State Rep. Barbara Gervin-Hawkins
- **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,

A Procurement Innovation Council would serve as a dedicated delivery team to upgrade the San Antonio procurement system

Procurement Innovation Council → Key challenges to tackle: → Core Initiatives to promote:

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.

1 | Fragmentation Needs to be Addressed

2 | Supplier Diversity as Economic Development

3 | Capital Must be Integrated

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.

Best practice: Birmingham's Inclusive Procurement Council has grown out of the commitment of the region's largest vendors to increase their diverse spending



Source: Nowak Metro Finance Lab (2022) for Supply San Antonio based on research and an interview to the Birmingham Business Alliance (BBA).

#1.

Committee on Procurement Practices Transformation

#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.

"Transparent information on past contracts awarded gives small firms market intelligence on who they're trying to compete with." - SWMBE vendor

"The technology could help save time and make it easier for small firms to bid (e.g., create a template for you, and you only fill it in according to what they ask.)" - SWMBE vendor

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).

Fragmented practices and TA programs lead to uneven outcomes for SWMBE suppliers

Local Procurement

Agency													
Supplier Diversity Practices													
Preference points	✓	✓	✓	✗	✓	✗	■	■	✗	✗	■	■	✗
Unbundle contracts	✗	■	✓	✗	✗	✓	■	■	✗	✗	■	✗	■
Conduct disparity studies	✓	✗	✓	✗	✓	✓	✓	✗	✗	✗	✓	✓	■
Aspirational goals	✗	✓	✓	✓	✓	✗	✗	✗	✓	✗	✓	✓	✓
Subcontracting goals	✓	✓	✓	✓	✗	✓	■	■	■	✗	✓	✓	✓
Technical Assistance													
Vendor dev. program*	✓	✗	✓	✗	✗	✓	✓	✗	✗	✗	✗	✗	✗
Assistance with capital	✓	✗	✗	✗	✗	■	■	✗	✗	✗	✗	✗	✗

[Additional notes in Appendix](#)



practice/process being implemented



similar practice/process being implemented



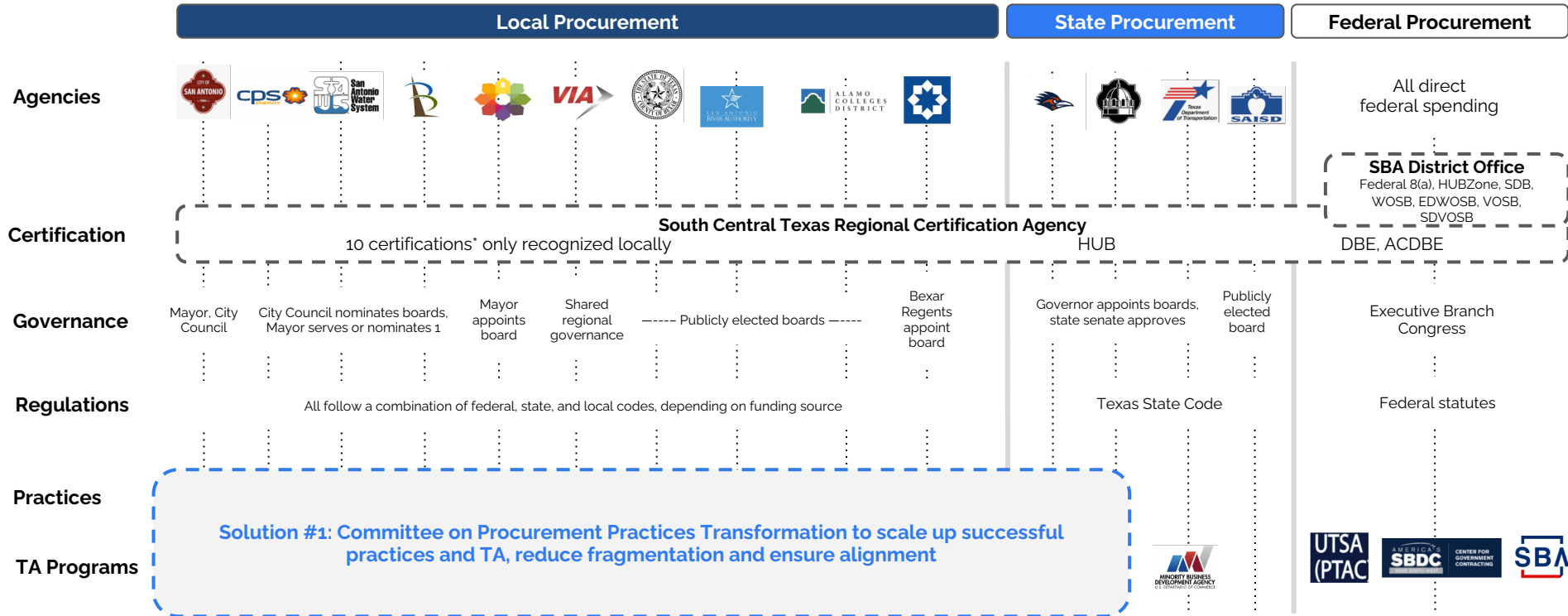
practice/process not being implemented

Fragmented practices also complicate the vendor experience and prevent standardized data reporting and transparency

Local Procurement														
Agency														
Vendor-Facing Practices														
Independent vendor portal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	■	■	✓
Conduct vendor outreach	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Use NAICS industry codes	✗	✗	✓	✓	✓	✓	■	✗	✓	✓	✓	✓	✓	✓
Data, Reporting & Transparency Practices														
Publicly report SWMBE spending	✓	✓	■	■	✗	✓	✓	✓	✓	✓	✓	✓	✓	✗
Publish annual purchasing forecasts*	✓	✗	✓	✗	✗	✓	■	✗	✗	✓	✗	✗	✗	✗
Public vendor directory	✓	✓	■	✗	✗	■	■	✗	✗	✗	✓	✓	✗	✗
Track subcontractor data	✓	✗	✓	✓	✗	✓	■	✓	✓	■	✓	✓	■	■
✓ practice/process being implemented ■ similar practice/process being implemented ✗ practice/process not being implemented														
Additional notes in Appendix														

Note: (*) [CTA](#) has a comprehensive example of a buying plan. **Source:** Nowak Metro Finance Lab (2022) for Supply San Antonio.

The Committee on Procurement Practices Transformation could help local agencies coordinate practices and TA to reduce fragmented efforts that limit collective impact



Note: Texas Education Code chapter 44, subchapter B (Chapter 44) [governs](#) school district purchasing generally. Texas Government Code chapter 226g addresses construction projects. SAISD gets 1/3 of it's [annual budget](#) from the state. (*) [SCTRCA](#). **Source:** Nowak Metro Finance Lab (2022) for Supply San Antonio.

Local agencies already perform a series of best practices that could be scaled up

0
1

Contracting

- **COSA** (2021), **Bexar County** (2021), **SAWS** (2021), **Opportunity Home San Antonio** (2022), and **VIA Metropolitan Transit** (2022) each commissioned disparity studies within the past two years.
- **SARA**, **Alamo** and **University Health** are part of purchasing cooperatives
- Many agencies award points for SWMBE inclusion on discretionary solicitations, **COSA** awards extra points for use of JVs that include SWMBEs, and deems non-responsive any prime respondents that fails to meet SMWBE subcontracting participation goals
- **SAWS** strategically unbundles professional services contracts, and offers feedback to unsuccessful SWMBE bidders

0
2

Data Collection & Reporting

- **COSA** and **Bexar County** report SWMBE spending based on payments, not awarded contracts, for accuracy
- **COSA** and others track and report spending on SWMBE primes *and* subcontractors

0
3

Vendor Outreach

- All 13 agencies conduct vendor outreach, and there's early interest in better coordinating with a shared regional calendar
- Various agencies hold networking events that offer opportunities to match primes with subs

Local agencies already perform a series of best practices that could be scaled up

04

Supplier Development Programs

- **COSA** has a 12 month Small Business Bootcamp and a Mentor-Protegee program matches SMWBEs for 24 months with a mentor who provides hands on industry knowledge.
- **Bexar County** hosts the U.S. Department of Transportation's seven-week [Bonding Education Program](#).
- **VIA** conducts business assessments to identify capacity gaps and tailor their TA accordingly

05

Capital, Payments, and Bonding

- Most agencies have adopted B2GNow, which allows for tracking of timely subcontractor payments
- **COSA** dedicated \$500M for a bond collateral pool pilot to help 10 contractors meet City bonding requirements on awarded contracts.
- **COSA** funds a Zero Percent Interest Loan Program offered by Liftfund, a CDFI, which could be used by contractors and other small businesses

06

Agency Leadership

- **SAWS's** CEO attends SWMBE vendor outreach events, and is supporting the hiring of a third SWMBE specialist on the procurement team to expand capacity. SAWS focus empowered them to exceed their spending goals with Latino-owned firms.
- **COSA** dedicates a full 8 team members in the Economic Development Department to the City's SBEDA program with the support of leadership.

The PIC could also draw from best innovations from other cities

01 Contracting

- **Buying plans.** Chicago, Charlotte, Milwaukee and Memphis gather information on projects that will be bid that year (e.g. expiring contracts that will be repurchased) and issue early buying plans.
- **Consolidating procurement.** **Chicago** allows vendors in one sector to route their contracts through one department (e.g., all landscaping through the Parks Department).
- **Small business set asides.** **Cleveland's** Small Contractor Rotation Program (SCRCP) reserves subcontracting opportunities of less than \$50K to SMBEs, and rotates them on the same contract
- **Protecting subcontractors.** **Seattle** requires primes to sign tripartite agreements before they can replace a SWMBE sub on a project.

02 Data Collection & Reporting

- The [Open Contracting Partnership](#) offers resources to help cities deploy best practices in procurement data and transparency.
- Agencies can register vendors with unique codes, track ownership characteristics, release data in user-friendly formats, and more.

03 Vendor Outreach

- The City of **Baltimore** uses public data from the state Department of Assessment and Taxation to help identify businesses for outreach.
- **Birmingham's** VITAL initiative invites diverse businesses to pitch their services to 12 major company executives at their monthly meetings.

The PIC could also draw from best innovations from other cities

04

Supplier Development Programs

- [Birmingham](#), [Chicago](#), [Cincinnati](#), [Los Angeles & San Francisco](#), [New York City](#) and others have launched robust supplier development programs to support the growth of minority-owned businesses.

05

Capital, Payments, and Bonding

- **Prompt payment initiatives.** **Memphis** uses technology to identify certified small businesses and expedite their invoices for faster payment.
- **Increase bonding capacity.** **Memphis** provides TA so that vendors may improve their back-office process to build a case for increased bonding capacity.
- **Financing.** **South Bend** utilized \$600,000 to de-risk CDFI lending to MWBE and non-certified firms. The City acts as a liaison between MWBE and lending institutions. **Merriwether & Williams** partners with four CDFIs in California to offer contract financing to firms they work with in their TA programs. **NYC** has a Contractor Financing Loan Fund.

06

Agency Leadership

- The [Equity in Infrastructure Project](#) is showcasing the importance of agency leadership in prioritizing diversity, including in procurement. The **Chicago Transit Authority**, **Denver International Airport**, **SEPTA**, the **Port of Long Beach**, and the **Southern California Metropolitan Water District** were the first to sign the EIP pledge.

#2.

Common Vendor Portal

#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.

"A common vendor list would be a big win. We'll pull commodity codes and do outreach. A robust database of suppliers would be very beneficial." - Procurement official

"A common platform for all vendors in San Antonio is on my wish list. We could teach and preach: go to the centralized site." - Procurement official

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.).

The Committee on Procurement Practices Transformation could work to standardize many practices; we recommend the creation of a Common Vendor Portal as a priority













Current System

- There are **13** registration portals;
- **~50%** of the information they ask for is the same;
- Registration lists are used by each agency to advertise upcoming bid opportunities.

Future System

- A common portal would create a common vendor list, alerting vendors about opportunities from all agencies;
- Better awareness could increase the # of bids agencies receive for projects from SWMBEs.

Local Procurement

Agency												
Vendor-facing Practices	Solution #2: Common Vendor Portal that enable firms to register simultaneously as vendors for several entities and allow entities to access a complete list of vendors.											
Unique vendor portal												
Conduct vendor outreach												
Use NAICS industry codes												

[See memo on data fragmentation](#)

Best practice: International examples from the European Union and Paraguay offer lessons for developing a common vendor portal



E.U. Single Procurement Document

Electronic self-declaration that aims to simplify the documents that suppliers need to submit, allowing them to reuse the same declaration in later bids (which they must acknowledge is up-to-date).



Paraguay's State Supplier Information

System that unifies the management of suppliers and all their relevant information on a single database available to all state Purchasing Institutions.

Portals must be:

Politically supportable

- The right partners
- Buy in on shared goals

Administratively feasible

- Define data sharing standards early on
- Use a vendor ID number (e.g., EIN)

Technically correct

- Time must be spent sorting out data interoperability with existing procurement software, financial systems, etc.

#3.

Procurement Service Center

#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**.

"What is missing is an ecosystem that brings all together for business owners; they must meet with many centers and they don't have the time or resources." - ESO/SWMBE vendor

"The systems exist, but they are not connected to each other. It would be useful to understand what happens across the board of organizations." - ESO

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

#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).

"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

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.

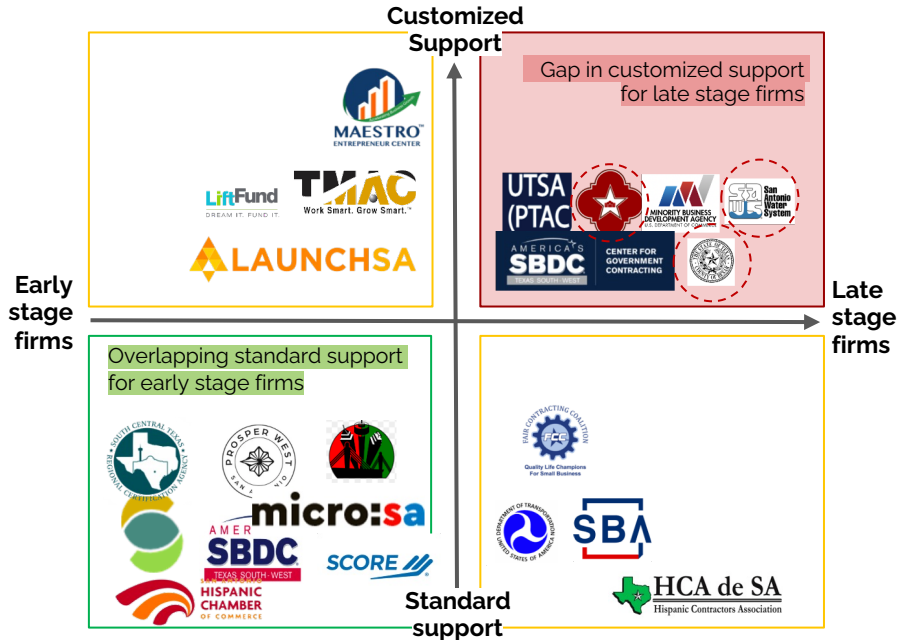
Conditions for Success*

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.

Procurement is not treated as economic development: only 3 agencies have a vendor development program, and TA concentrates on standard services for early stage firms

Vendor Development Programs & Entrepreneurial Support Organizations in San Antonio*



---- Agencies with vendor development programs

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.

Federally-funded programs are also deeply fragmented: 15+ different centers in SA funded mostly by SBA, Commerce and DOD, few focused on procurement

Federally-funded Centers in San Antonio*	Technical Assistance					Sector focus	Funding source	Number of Staff	Annual Budget**	Firms Served
	General biz dev	Procurement - related TA	Capital, bonding	Second stage firms	Other					
UTSA Institute for Economic Development	✓	✓	✗	✓	✓	-	-	-		40.7k
Network	-	-	-	-	-	-	SBA	3+/-		
UTSA Small Business Development Center (SBDC) (ii)	✓	■	✗	✓	✗	None	SBA	16+/-	~ \$2.8M ('20)	31.7k
UTSA SBDC Center for Government Contracting	✓	✓	✗	✗	✗	None	SBA	s/d		
UTSA SBDC International Trade Center	✗	✗	✗	✗	✓	None	SBA	6		
UTSA SBDC Technology Commercialization Center	✗	✗	✗	✗	✓	STEM	SBA	4		
UTSA MBDA Business Center	✓	✓	✗	✗	✗	None	Comm	4		
UTSA MBDA Advanced Manufacturing Center (iii)	✗	✗	✗	✗	✓	Manufacturing	Comm	1	~ \$400k ('21/'26)	s/d
UTSA MBDA Export Center (iii)	✗	✗	✗	✗	✓	s/d	Comm	1	~ \$400k ('21/'26)	s/d
UTSA Southwest Trade Adjustment Assistance Center (iv)	✗	✗	✗	✗	✓	Manufacturing	Com, EDA	8	~ \$1.2M ('16/'22)	s/d
UTSA Procurement Technical Assistance Center (PTAC) (i)	✗	✓	✗	✓	✓	None	DOD	5	~ \$500k ('21)	3.6 k
Gulf Region Small Business Transportation Resource Center (vi)	✓	✗	✓	✗	✓	Transport.	DOT	2	~\$250k	s/d
Manufacturing Extension Partnership (MEP) Center in Texas (v)	✓	✗	✗	✓	✓	Mfg + other	Comm	s/d	~ \$475k ('21)	200
SBA San Antonio District Office	✓	✓	✓	■	✗	None	SBA	s/d	~\$250k	s/d
SBA San Antonio Women's Business Center	✓	✗	✗	✓	✗	None	SBA	1	~\$100k	s/d
SBA San Antonio Veterans Business Outreach Center	✓	✗	✗	✓	✗	None	SBA	s/d	~\$100k	s/d
SCORE San Antonio	✓	✗	✗	■	✗	None	SBA	s/d	~\$100k	s/d
17	10	4	2	7	9				~\$5.4M	

Note: (*) This table presents information collected from different sources and estimates. Given this, some information may be missing. The objective of this table is not to assess specifically what each center is doing, but to paint a picture of the San Antonio landscape of federally-funded centers. (**) Numbers in red are estimates. **Source:** Nowak Metro Finance Lab (2022) for Supply San Antonio.

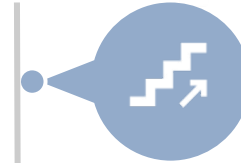
Best practice: Birmingham's Supplier Scale Program combines strong recruitment targeted to second-stage firms and a curriculum that brings in industry knowledge



Birmingham Business Alliance Supplier Scale Program

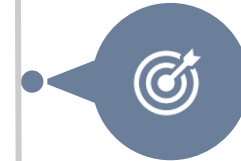
- Aims to prepare second-stage growth companies to do business with the region's **largest employers' companies**.
- Provides a **six-month curriculum** to a pre-selected **cohort of 21 firms**.
- As a first screening filter, **second-stage companies** are identified through pre-established criteria: "*Privately owned companies headquartered in Jefferson County that employ 2 to 10 people and/or generate between \$100,000 and \$999,999 in annual revenue.*".
- In a second filter, companies are interviewed to identify those **ready to scale up**.
- **The curriculum** incorporates guest experts, CEO mentoring groups, training, program assessment, communications and general development support.

Highlights



STAGE DIFFERENTIATION

Program strictly directed towards second-stage firms



SOLID TARGETING

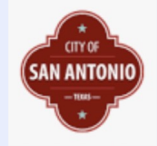
Strong recruitment process to identify **ready-to-scale** firms



BRINGS INDUSTRY KNOWLEDGE

Guest experts & CEO mentoring groups

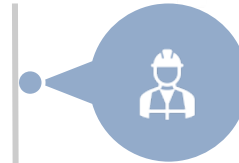
Best practice: COSA's Small Business Empowerment Program is capacity-building program that integrates capital and provides continuous training



COSA's Small Business Empowerment Program

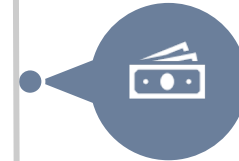
- Aims to provide capacity-building educational classes for SMWBEs **seeking to contract with COSA**.
- Offers **sector-specific curriculums**:
 1. Construction Core Classes,
 2. Architecture and Engineering
 3. Professional Services, Other Services, Goods & Supplies.
- Eligibility is limited to **SBEDA-certified firms**.
- Participants who complete the curriculum may access:
 - o Mentor protégé program where they are matched for 24 months with a Mentor who provides **1-on-1 hands-on industry knowledge**;
 - o COSA's bonding assistance program.

Highlights



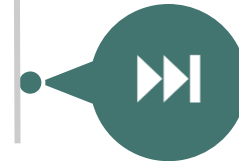
SECTORAL FOCUS

Offers three sector-specific curriculums



INTEGRATES CAPITAL

Firms in the program can access bonding assistance program



CONTINUOUS TRAINING

Participants may extend their training with a mentor

#5.

Procurement Fellowship

#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)

"Big firms have past performance, so they keep on winning. Teaming could allow small firms to get one foot in the door." - SWMBE vendor

"We only know people once it is too late to meet them. There should be space where firms can know each other and team up." - SWMBE vendor

Costs

Total operating costs per cohort/year:
~\$500k+

- Staffing Costs (Program Manager): \$100k+ per year;
- ~\$400K to cover 4 consultants every year.

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.

A critical issue is that SWMBEs do not win the largest contracts...

Largest 10 vendors in **Construction** during FY 2021 in San Antonio.



Largest 10 vendors in **Other Sectors**** during FY 2021 in San Antonio.



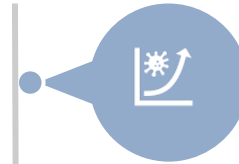
Best practice: Hire Business 360 Business Development Program differentiates firms by level to provide customized support and incorporate a each-one-teach one approach



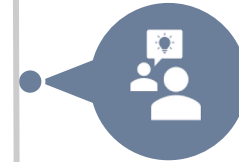
Hire 360 Business Development Program

- Corporate & labor union-led initiative focused on SWMBEs in the **construction sector**;
- Seeks to create a pipeline of business at various levels of competency by:
 - o **1-on-1 assessments** to determine each firm's needs to reach the next level of capacity
 - o **Each one teach one approach** (establish mentor/protégé relationships) to increase contracting opportunities
- Less theoretical, **emphasize implementation/execution**;
- Incorporates technical assistance, **back office support**, professional **services referral** and follow-up of business best practices.

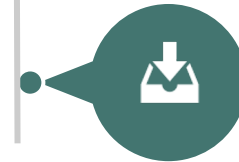
Highlights



CUSTOMIZED SUPPORT
Based on firm's competency level



EACH-ONE-TEACH ONE APPROACH
Matches firms of different levels to increase contracting opportunities



INCORPORATES PROJECT MANAGEMENT
Financial management and back office support

Best practice: Merriwether & Williams Contractor Development Program is a well-rounded program that provides technical and financial assistance, along with relationship building opportunities

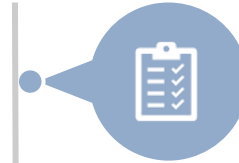


Merriwether & Williams Contractor Development Program

Funded by a coalition of **public entities**, provides three levels of support:

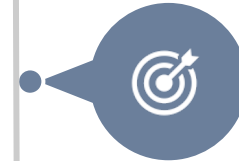
- 1. Technical:** Personalized business assessments and individual or contract-specific support in bonding, financing, and industry best practices **by industry experts**
- 2. Relationship Building:** Networking, matchmaking, and referral opportunities to create strategic alliances with Primes, peers, and public agencies.
- 3. Financial:** connects **successful bidders to contract financing with CDFIs**;
 - a. 2 CDFI partners have \$10M in funding capacity;
 - b. \$4.8M in loans; \$12M in SWMBEs construction contracts; **loans performed as projected.**

Highlights



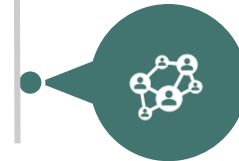
CUSTOMIZED SUPPORT

Informed by personalized business assessments



INTEGRATES CAPITAL

Directly connects participants



INCORPORATES RELATIONSHIP BUILDING

Firms access opportunities to create strategic alliances

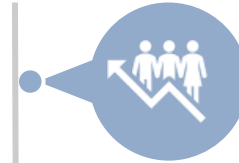
Best practice: The Enterprise Center's mentor-protégé program matches well-established prime contractors with MBE contractors to navigate scaling obstacles together



The Enterprise Center Mentor-Protégé program

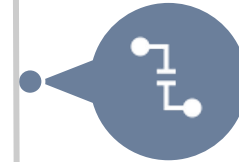
- Partnership with the **City of Philadelphia's Office of Economic Opportunity** (OEO) to provide two-year mentorships to MBEs
- Mentors are well-established, successful for-profit construction companies and/or **prime contractors** in their respective industries.
- Protégés receive **expert guidance** in areas they determine most critical to their success
- Recently, TEC partnered with LF Driscoll (a regional construction management firm) to utilize **100% MBE contractors** for all facets of their 277 Building Project. The MBE contractors will not only get contract work but also **mentorship provided by LF Driscoll**

Highlights



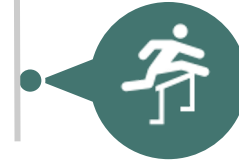
BRING INDUSTRY KNOWLEDGE

Deep involvement of prime contractors



LEARN-BY-DOING APPROACH

Firms are mentored through real contract opportunities



ORGANIC MENTORING

Mentors help navigate pitfalls as they arise

#6.

San Antonio Bond Collateral Pool

#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

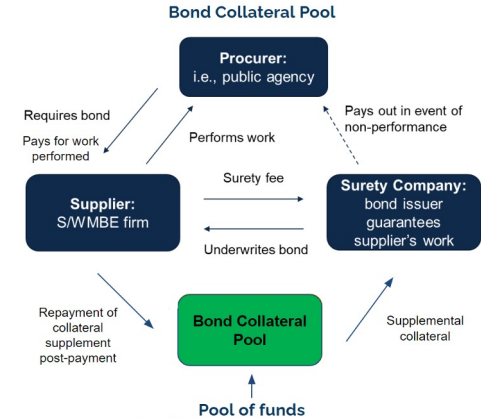
\$500,000 to pilot a San Antonio Bond Collateral Pool.

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.

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:

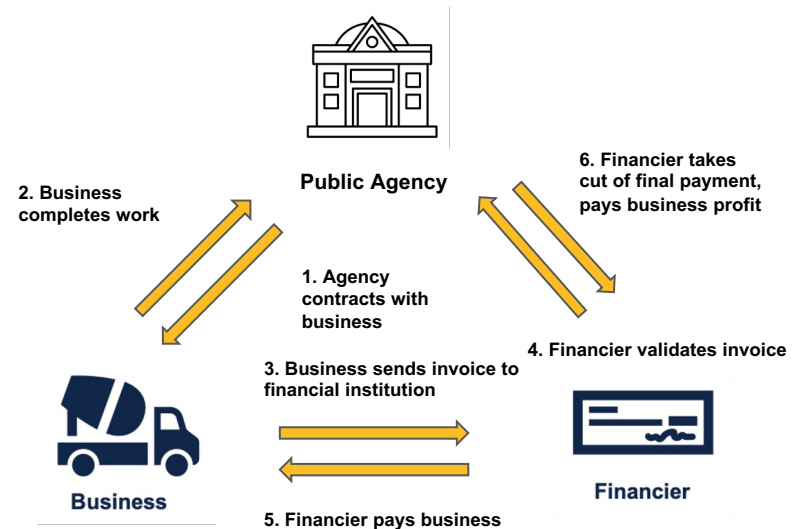
	Bid, performance & payment bonds*	Loans for working capital**	
Capacity challenges	Bonding requirements themselves are a barrier , but so is the inability to secure bonding. Cash flow is more challenging for SWMBEs, <i>but</i> only COSA has a Bonding Capacity Program.	Agencies can take as long as 90 days after work is completed to pay contractor invoices, <i>and</i> SWMBEs are left to fend for themselves. They don't always qualify for loans and are charged higher rates.***	<i>"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</i>
Educational challenges	SBA announced simplifications to their Surety Bond Guarantee program to help small local contractors, <i>but</i> insurance companies and local vendors lack knowledge on these types of products.	Small businesses and procurement specialists lack knowledge of existing loan products and resources available.	<i>"SBA program is great, but too few people know about it. [...] I had to take my insurer to a course to learn about it." - SWMBE contractor</i>
Coordination challenges	Bonding education and capital need to be available for SWMBEs planning to bid, <i>but</i> this demands mechanisms for coordination between TA providers, insurers, and public agencies that don't currently exist.	Lending before invoicing requires lenders (e.g., CDFIs) to have some kind of public assurance from agencies that granted a contract, <i>yet</i> this type of information is not easily accessible .	<i>"We tried to front payment for contractors, but data on contracts awarded is hard to access and we lack assurance." - Lender</i>

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.

Best practice: Supply chain finance (SCF) or contract financing: funds administrator model with invoice payment

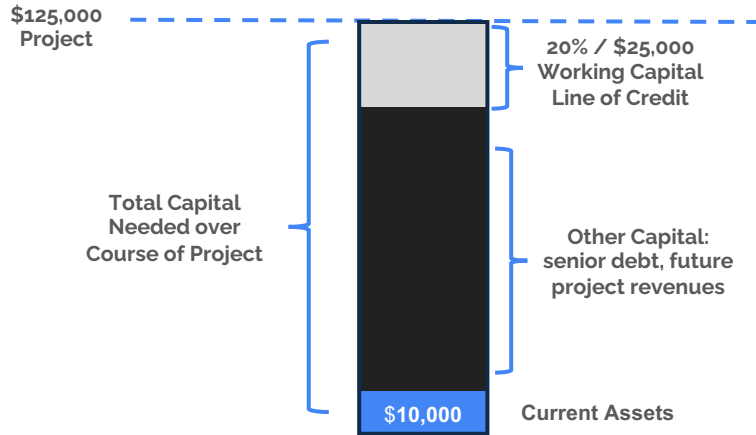
- **Need:** Government agencies can take as long as 90 days after work is completed to pay contractor invoices, and subs are paid longer after that, creating cash flow challenges.
- **Opportunity:** New federal infrastructure dollars could boost local, diverse firms if correctly channeled.
- **Solution:** Create capital products to front payment for contractor invoices to smooth small business cash flow.
- **Example:** Merriwether & Williams + PACE, PCR Business Finance, Access Plus Capital, Working Solutions.

Supply Chain Finance Model

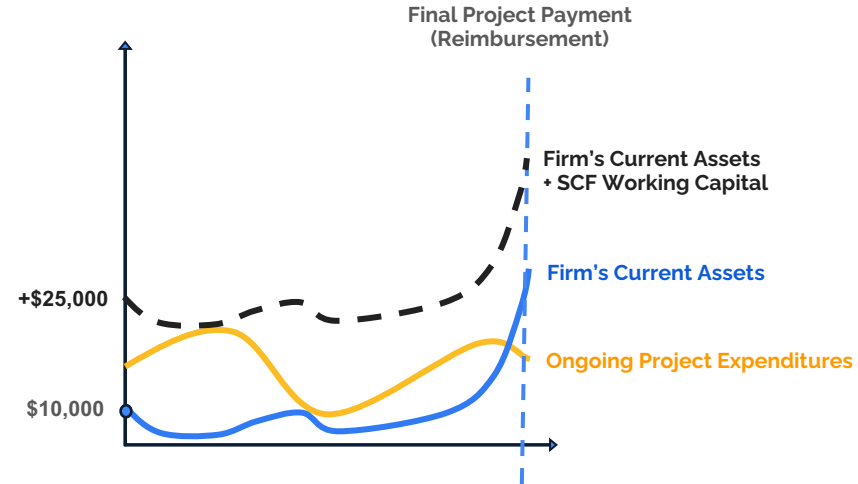


Model: Supply chain finance or contract financing: line of credit model, as % of contract

Project Financing



Firm Cash Flow



Product: Working Capital Loan/LOC for 20% of contract value

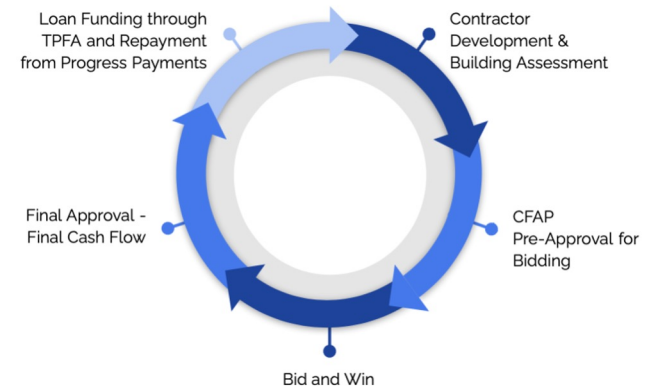
Benefit: Firm now has cashflow/working capital to meet project costs

Key Innovation: concurrent bond and LOC approval integrating bonding and financing serves reduces costs + risk

Case study: Supply chain financing via Merriwether & Williams insurance services and 4 CDFIs in California

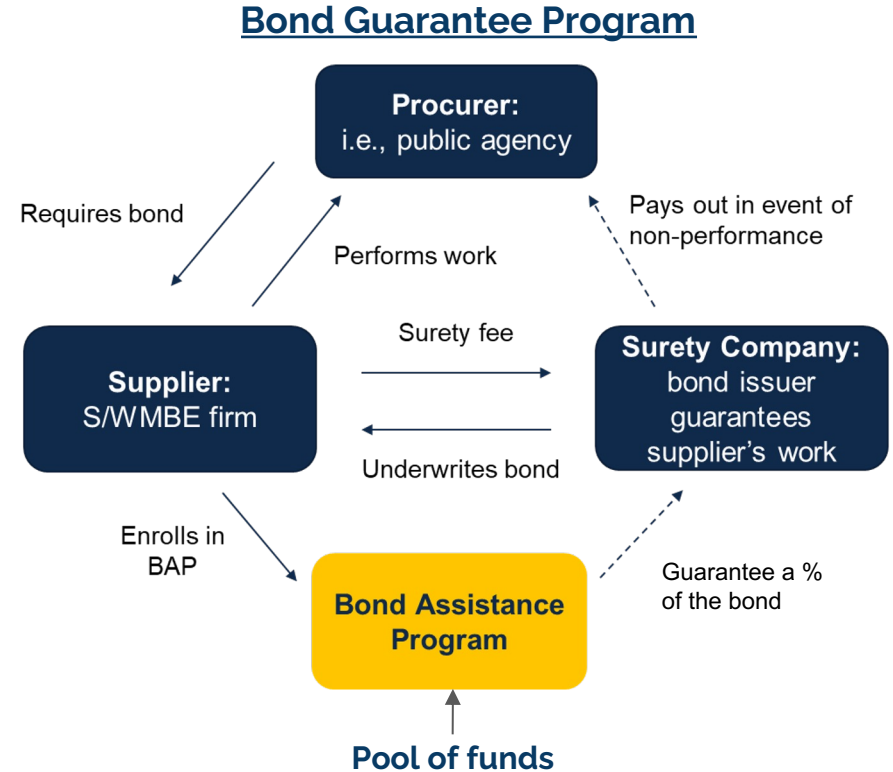
- **Challenge:** Slow payment times on public construction projects create cash flow challenges for small firms and subcontractors.
- **Program:** A contractor development & bonding assessment program offered to firms bidding on projects with Alameda County, City and County of San Francisco, City and County of Los Angeles, & Los Angeles Metro. Partner with CDFIs as 3rd party funds administrators for contract financing, available only to firms that participate in contractor development program and win bids with partner agencies. Competitive interest rates and loan origination fees. Contract/accounts receivable used as collateral, money released as firms invoice for project costs, bills paid first, then lender, then profit.
- **Administrator & CDFI Partners:** Merriwether & Williams Insurance Services, PACE (LA), PCR Business Finance (LA), Access Plus Capital (Fresno), Working Solutions (San Francisco)
- **Results:** \$4.8M in loan value to date, supporting \$12M in construction contracts to small MBEs; two existing CDFI partners have \$10M in funding capacity; all loans to date have performed as projected, default rate of less than 1%

Supply Chain Finance Model



Best practice: Surety bond guarantee program to reduce asset thresholds for bonding capacity in construction

- **Need:** In construction, firm assets limit the size of contracts they can pursue.
- **Opportunity:** Cities and states can establish bond guarantee programs to supplement the SBA's Surety Bond Guarantee Program, which is underutilized. It served < 4,000 firms nationally in 2019.
- **Solution:** Guarantee a portion of a bond to increase bond capacity, rather than requiring a higher asset threshold.
- **Example:** [New York State's Bond Guarantee Assistance Program](#).

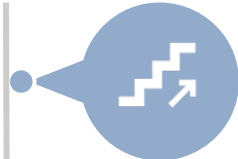


Case study: New York State Surety Bond Assistance Program (NYSBAP) met and surpassed its goal of doubling MWBE representation in just two years

New York State Surety Bond Assistance Program

- **Challenge:** In construction, firm assets limit the size of contracts they can pursue.
- **Innovation:** New York State successfully used \$22 M in U.S. Treasury funds from the first round of the State Small Business Credit Initiative (SSBCI) in 2011 to create its own Surety Bond Assistance Program (NYSBAP) to increase the # of minority- and women-owned business enterprises (MWBE) contracting with the state of New York. This industry-specific use of their funds was intended to target a sector with growing representation of MWBEs.
- **Program:** The program provides guarantees of up to 30%, or \$600,000, whichever is less, on projects up to \$2 M. Contractors deploy this for a surety bond line, bid bond, or payment and performance bond. Contractors must meet various revenue and credit requirements. This was paired with a working capital product to help recipients meet contracts and tap into local networks and chambers.
- **Administrator:** Empire State Development
- **Results:** New York met and surpassed its goal of doubling MWBE representation in just two years, increasing MWBE contracting from 9 to 21 percent between 2011 and 2013.

Highlights



FUNDED THROUGH SSBCI

NY State successfully used \$22 M in U.S. Treasury funds from the first round of the SSBCI in 2011 to create NYSBAP



INCREASE BOND CAPACITY

Guarantee a portion of a bond to increase bond capacity, rather than requiring a higher asset threshold



BONDING + WORKING CAPITAL

Bond assistance is paired with a working capital product to help recipients meet contracts

Model: Bond guarantee program sample deal and fund structure

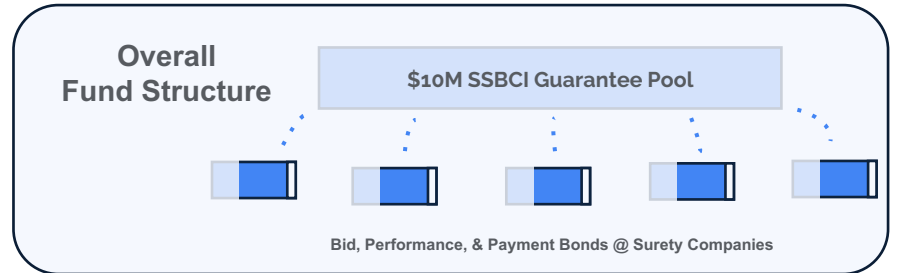
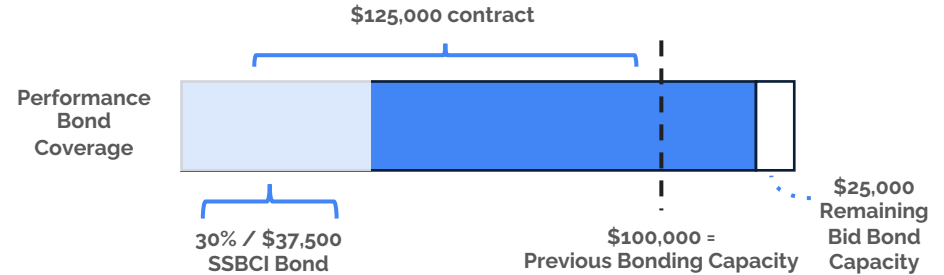
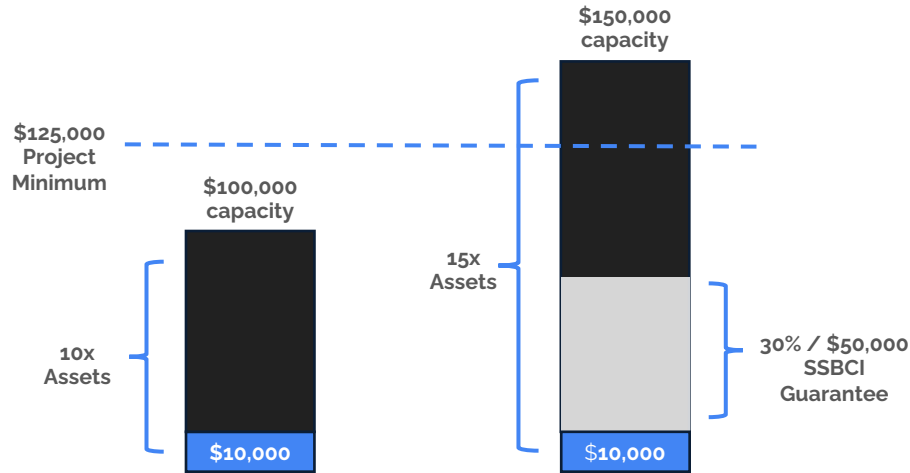
Bid Bond:

- looking to begin contracting
- \$10,000 in current assets



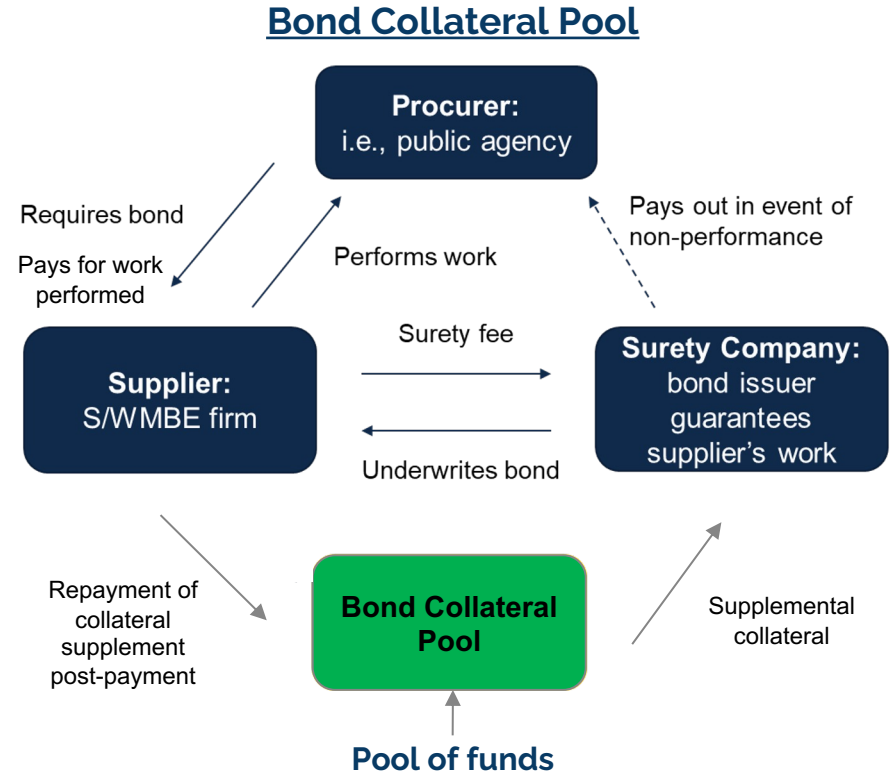
Payment Bond:

- DBE wins \$125,000 contract
- Needs Performance Bond



Best practice: Bond collateral pools to reduce asset thresholds for bonding capacity in construction

- **Need:** In construction, firm assets limit the size of contracts they can pursue.
- **Opportunity:** Cities can work with outside fund administrators to operate bond collateral pools available to SWMBEs.
- **Solution:** Collateral pools lend funds to a contractor to secure higher bonding capacity. Loan is repaid once project is completed.
- **Example:** City of San Antonio, SAEDC and Alamo Surety Bonds pool.

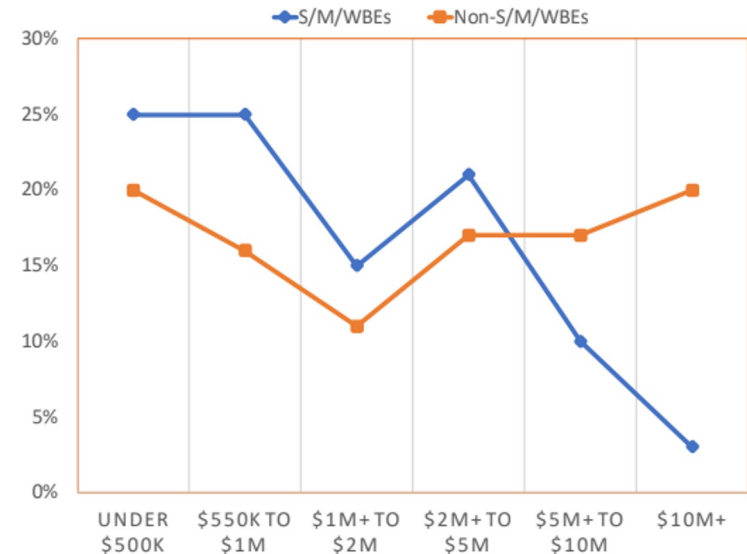


Best practice: San Antonio Bond Collateral Pool paired with a bonding education program

San Antonio Bond Collateral Pool

- **Challenge:** Under Texas Statute, surety companies are exclusively granted the right to provide guarantees of a vendor's ability to bid and perform. The Texas Constitution prohibits a governmental entity from lending its credit to offset bonding requirements for a vendor.
- **Innovation:** A partnership between the City and the San Antonio Economic Development Corporation (SAEDC), a 501(c)(3) nonprofit, overcomes these statutory limitations.
- **Program:** The City established a bonding education program through the 2010 SBEDA Ordinance to build capacity of SMWBE construction contractors and provide technical and financial assistance. In FY 2022, the City will fund and pilot a new \$500k collateral pool to offset SMWBE bonding assistance needs for firms bidding on City contracts. The \$500k pool aims to serve 10 participating firms in its first year.
- **Administrator:** Alamo Surety Bonds and SAEDC.

Contract Bid Distribution: SWMBE vs Non-SWMBE



- Average Contract Value S/M/WBE: \$2.3M
- Average Contract Value Non-Certified: \$8.7M

- Introduction & Context
- The San Antonio Procurement Economy
- Diagnostic of the Current System
- Reimagining Business Diversity
- **Roadmap for Implementation**



A roadmap for implementation: the next 90-180-360 days

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

LATINOS & SOCIETY
aspen institute



San Antonio Area Foundation
Where Giving and Community Connect



DREXEL UNIVERSITY
Nowak Metro Finance Lab
Lindy Institute for Urban Innovation

Thank you! - ¡Gracias!

November 30, 2022

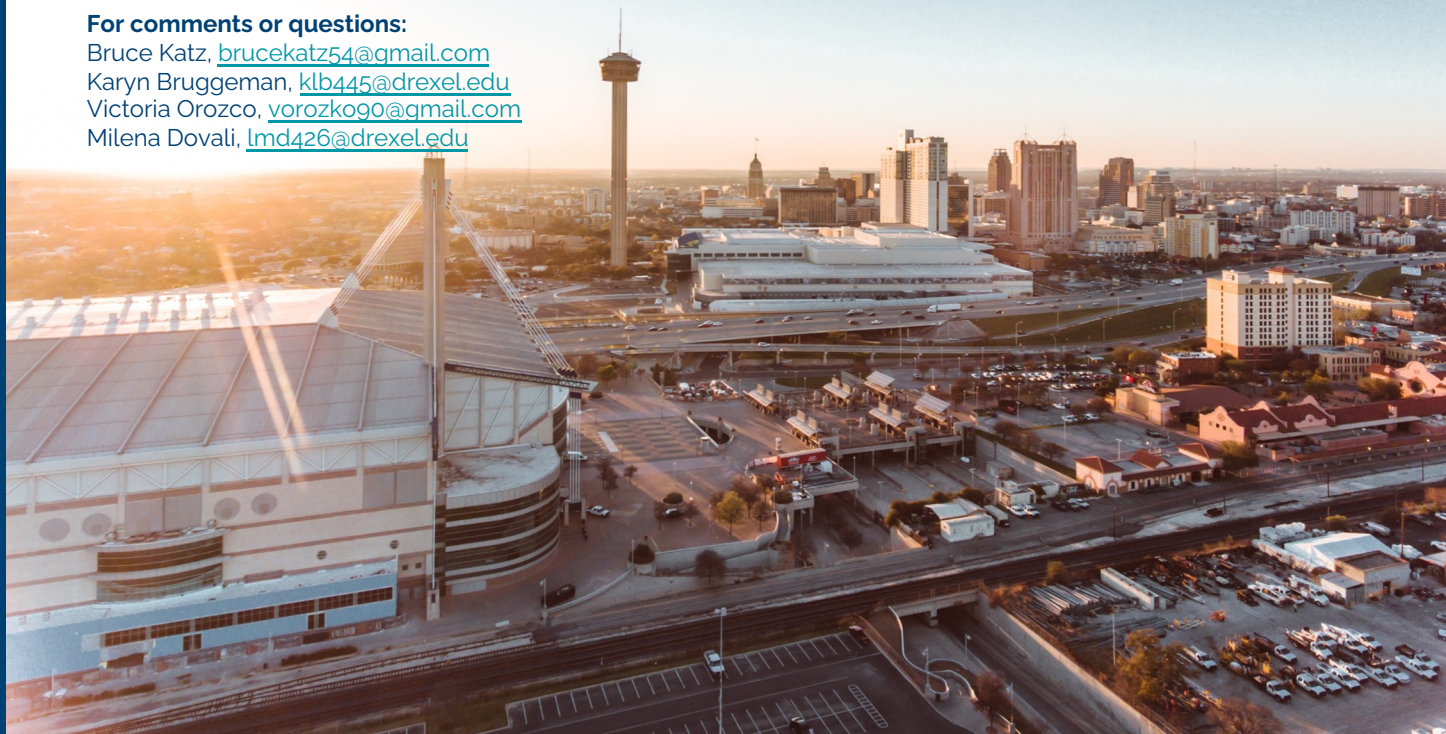
For comments or questions:

Bruce Katz, brucekatz54@gmail.com

Karyn Bruggeman, klb445@drexel.edu

Victoria Orozco, vorozk090@gmail.com

Milena Dovali, imd426@drexel.edu





Research Team

Bruce Katz

Founding Director, Nowak Metro Finance Lab, Drexel University

Victoria Orozco

Founder and Director, Punto Lab

Karyn Bruggeman

Research Officer, Nowak Metro Finance Lab, Drexel University

Milena Dovali Delgado

Research Officer, Nowak Metro Finance Lab, Drexel University

Ben Preis

Research Fellow, Nowak Metro Finance Lab, Drexel University

Kevin Myers

Graduate Research Analyst, Nowak Metro Finance Lab, Drexel University

Project Partners

Domenika Lynch

Executive Director, Aspen Institute Latinos & Society Program

Jorge Jimenez

Senior Research Manager, Aspen Institute Latinos & Society Program

Appendix

LATINOS & SOCIETY
aspen institute



San Antonio Area Foundation
Where Giving and Community Connect



DREXEL UNIVERSITY
Nowak Metro Finance Lab
Lindy Institute for Urban Innovation



In developing this Playbook, we interviewed 40+ stakeholders and worked closely with 13 local agencies that shared data and reports

Interviews conducted *(non-comprehensive list)*

- Alex Lopez, Deputy City Manager, City of San Antonio
- Shuchi Nagpal, Economic Development Manager, City of San Antonio
- Renee Watson, Director, Small Business and Entrepreneurship, Bexar County
- Marisol Robles, SMWB Program Manager, SAWS
- Dan Crowley, Director, Governmental Relations, SAWS
- Maria Garcia, Vice President for Supply Chain, CPS Energy
- Muriel Rhoder CAO, SAHA
- George Ayala, Director of Procurement, SAHA
- Gloria Perez, Assistant Director of Procurement, SAHA
- Torrence White, SWMBE Contracting Coordinator, Alamo Colleges
- Gary O'Bar, Director of Purchasing, Alamo Colleges
- Bruce Williams, HUB and Procurement Manager, UTSA
- Corrin Le Vasseur, Executive Director of Operations and Business Affairs, Texas A&M San Antonio
- Arturo Alonzo, Assistant to VP for Business Affairs, Texas A&M San Antonio
- Marcel Johnson, Senior VP, Port San Antonio
- Juan Antonio Flores, Executive VP, Port San Antonio
- Wyndie Applewhite, Contracting Director, Port SA
- Lucynda Massey, Accounting, Procurement and Contracts Coordinator, Brooks City Base
- Latifah Jackson, Supplier Diversity Manager, University Health
- Andrew Smith, Director of Government Relations and Public Policy, University Health
- Janie Barrera, Founder, LiftFund
- Nelly Rojas Moreno, COO and CFO, LiftFund
- Al Salgado, Director, UTSA IED
- Curtis Mohler, UTSA PTAC
- Kevin Weir, Communications Director, UTSA IED
- Orestes Hubbard, UTSA MBDA Business Center
- Jackie Jackson, UTSA MBDA Business Center
- Richard Sifuentes, UTSA Small Business Development Center
- Mary Hernandez, Executive Director, SBA San Antonio District Office
- Ryan Salts, Director, LaunchSA
- Diane Sanchez, Co-Founder, MicroSA
- Julissa Carielo, Co-Founder, Maestro Center
- Sandi Wolff, San Antonio Hispanic Chamber of Commerce
- Justin Talbot-Stern, CEO, BzGNow
- Reilly Martin, Open Contracting Partnership
- Kisha Bwenge, Open Contracting Partnership
- Charles Johnson, SCTRCA
- Cecilia Castellano, Fair Contracting Coalition
- Gabriela Cadena, Southside First Economic Development Council

Ethnic disparities in the business landscape

- ❓ Structural disparities vary significantly by sector: the more sophisticated the sector is, the lower the presence of SWMBEs.
- ❓ There is low presence of HOBs in Retail Trade, Wholesale Trade, Manufacturing, Information and Professional Services.

Share of Hispanic-owned businesses (HOB), Black-owned businesses (BOB), total firms and average wage by sector in San Antonio, TX MSA.

Includes only employer firms.

Selected sectors	BOB	HOB	Total	Average Wage
Information	nd	15.9%	410	\$ 74,672
Professional Services*	nd	18.6%	4,694	\$ 72,681
Construction	nd	26.8%	3,792	\$ 55,450
Manufacturing	nd	14.5%	1,124	\$ 53,780
Transportation & Warehousing	nd	31.4%	1,100	\$ 49,226
Health Care & Social Assistance	4.9%	16.5%	4,263	\$ 40,674
Administrative & Support	3.4%	22.4%	2,063	\$ 37,853
Retail & Wholesale Trade	0.5%	14.3%	5,572	\$ 35,495
Other Services	nd	24.3%	2,212	\$ 29,086
Accommodation & Food Services	1.1%	26.6%	3,513	\$ 17,458
Percentage and Total Firms	1.4%	19.4%	33,809	-

Notes: (i) Agriculture, Real Estate, Mining, Utilities, Arts & Entertainment, and Education were excluded from the table; (ii) nd signals categories where no data is available; (iii) Sectors without data where excluded from the table. **Source:** 2018 and 2019 Annual Business Survey (ABS).

Estimated availability of Latino- and Black-owned businesses in San Antonio

- ❓ For being 'available', the firm's owner should have taken steps to demonstrate interest in doing business with the government;
- ❓ Latino- and Black-owned businesses are underrepresented generally but have the weakest presence in the B2B market;
- ❓ Supplier diversity efforts must focus on growing MBEs in B2B sectors;
- ❓ Latino- and Black-owned businesses availability varies by sector.

Estimated availability in San Antonio*.

% of available firms in each sector by ownership. In ranges.*

Sector	MWBEs***	Latino-owned businesses	Black-owned businesses
Other Services	45%- <u>55%</u>	15%- <u>32%</u>	<u>4%</u> -5%
Construction	37%- <u>44%</u>	29%- <u>30%</u>	2%- <u>2%</u>
Professional Services	<u>40%</u> -53%	<u>22%</u> -30%	1%- <u>6%</u>
Goods & Supplies	<u>42%</u> -50%	<u>23%</u> -27%	<u>2%</u> -6%
Architecture & Engineering	<u>31%</u>	<u>16%</u>	<u>1%</u>

Note: **) This table presents 2015-2019 availability of businesses from [Bexar County's 2021 Disparity Study](#) and 2015 availability from [COSA's Disparity Study](#) (underlined values). We recognize these values are not directly comparable because relevant market areas vary.

Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.

Notes on local agencies' practices, processes and TA

<p>TAMU</p>	<ul style="list-style-type: none"> - Preference points: only if a firm submits HUB certification - Goals: goals for TAMU/UTSA are set by the state (based on availability). They do not have subcontracting goals - Vendor portal: vendors have to register with the Texas Comptroller. - Disparity study: TAMU was part of the State of Texas Disparity Study (2009) with other state agencies.
<p>Bexar County</p>	<ul style="list-style-type: none"> - Unbundling: only in certain projects/contracts - Subcontracting goals: only for DBE programs (a minimum spending of 20% on M/WBEs and 30% on SBEs for the categories Commodities, Equipment, Services, Maintenance and Construction) - Preference points: they don't have preference points, but they have participation targets - Vendor development programs: includes mentor protege program and programs sponsored by USDOT - Assistance with capital: they don't have a capital program, but they partner with different capital providers to refer businesses to them - NAIC codes: they use NAIC codes only for federal projects - Report SWMBE spending: they collect and publish SWMBE data at the prime level - Purchasing forecast: only for public work and facilities (only 2 out of 80 depts) - Tracking subcontractor data: only for DBE projects; for other projects, only volunteer response - Public registry of vendors: registered vendors are only exportable by internal staff; certified vendors can be exported from the CDMS/B2GNow site which is public.
<p>Port San Antonio</p>	<ul style="list-style-type: none"> - Unbundling: they did not unbundle procurement packages for FY 2020 and 2021; policy has changed for FY 2022 and 2023; they will take every opportunity when feasible to unbundle procurement packages - Diversity studies: Port San Antonio has not conducted a Diversity Study since 2007 - Subcontracting goals: Port San Antonio has aspirational goals (local aspirational goal of 85% and SWMBE goal of 30%) that can be extended to subcontracting firms - Subcontracting data: As of FY 2022, Port San Antonio began tracking subcontractor payment data.
<p>SAWS</p>	<ul style="list-style-type: none"> - Subcontracting goals: they have subcontracting goals for both primes and subs. - Report SWMBE spending: they prepare annual reports for the Board of Trustees, but that information is not publicly available. - Purchasing forecasts: they normally have an outlook meeting at the beginning of the year where information on upcoming projects is presented. This year they also implemented a mid-year outlook presentation. They also have a webpage detailing Future Contracting Opportunities. A Purchasing Commodity List is also published for frequent contracts so that vendors will know whom to contact for their specific product or service - Publicly available registry of vendors: Any time one of their registered vendors logs in to view Contracting bid or proposal information, their information is published in a "Plan Holders List" for Construction, or in an "Interested Firm List" for Professional Services (example). They do not publish the entire vendor list, they focus efforts on publishing lists of vendors on a contract-by-contract basis. Also, at pre-bid meetings, it is stated that if contractors/consultants need assistance with lists of SMWB firms for their Good Faith Outreach, they provide custom lists from the SCTRCA database based on the specific scopes of work that prime contractors/consultants intend to subcontract out. On high profile projects, those lists may be published with the project documents.
<p>VIA</p>	<ul style="list-style-type: none"> - Their business development and technical support services focus on certification, bidding, estimating and back office assistance. - Assistance with capital: they waive bid bond on any contract bellow \$100,000 - They use the SCTRCA vendor directory which is public. - They create 3-year purchasing forecasts

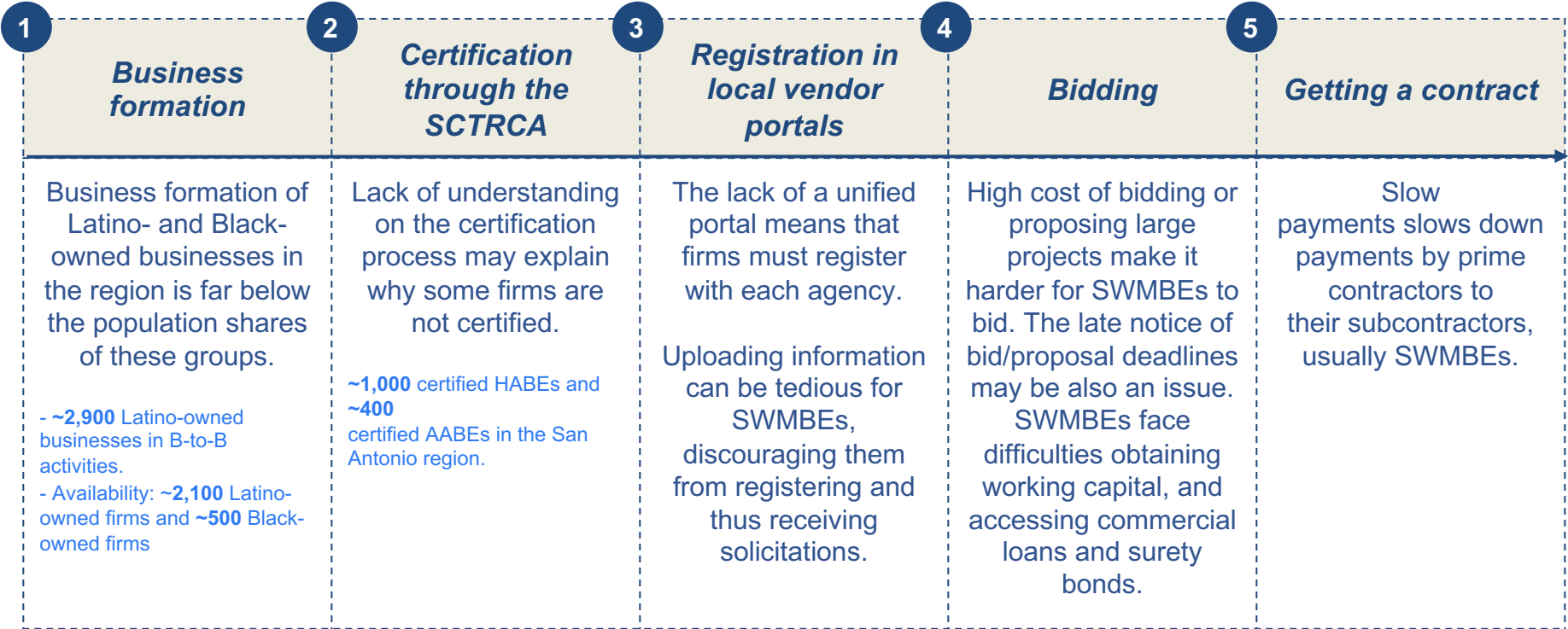
Note: the table presents additional information submitted by agencies during interviews. The information presented is not exhaustive, and interviewees are not responsible for any potential errors that occurred when capturing this information. **Source:** Nowak Metro Finance Lab (2022) for Supply San Antonio.

Notes on local agencies' practices, processes and TA

University Health	<ul style="list-style-type: none"> - Purchasing forecasts: purchasing forecasts are done on a quarterly basis. It is a webinar that is advertised publicly, where they invite their resource partners such as PTAC, SBDC, Liftfund and others. - Subcontracting data: they have a compliance coordinator starting on the September who will begin collecting data for their tier 2 Program.
SARA	<ul style="list-style-type: none"> - Preference points: they have started to incorporate them recently, giving partial credits - Unbundling: they are working with Bexar to find ways to approach that - Disparity Studies: they don't conduct disparity studies, they use the COSA's study to guide decisions - Report SWMBE spending: they don't report SWMBE spending because there were discrepancies. They are working to solve those discrepancies - Subcontracting goals: they have some subcontracting goals on major programs where they are working with Bexar County and COSA. - Vendor development programs: they meet with vendors and help them, but there is not an officially/fully structured vendor development program - Subcontracting data: they weren't tracking subcontractor data because existing financial systems didn't allow for it. They will start using B2G in November 2022, and this software will allow them to capture this data - Purchasing forecasts: they do not publish annual purchasing forecasts; they try to publish upcoming bid opportunities 3 months in advance and update their website once a month
Alamo Colleges	<ul style="list-style-type: none"> - Aspirational goals: yes, 20% - Subcontracting goals: for their Capital Improvement Projects as part of the 2017 CIP Bond, each of the subcontracting goals varied from 25% to 40% - Report SWMBE spending: they do an annual SMWVBE report for their Board of Trustees (it is available online to the public) - Purchasing forecasts: they don't do forecasting - Subcontracting data: they track subcontractor payments through B2GNow
UTSA	<ul style="list-style-type: none"> - Unbundling contracts: they do this over large contracts; the most recent was their 10-year Custodial and Grounds contract, they unbundled this to multiple smaller bids and packages. There is not an actual written procedure or regulation for this practices - Disparity studies: UTSA was part of the State of Texas Disparity Study with other state agencies - Vendor development programs: UTSA is the awardee of multiple vendor development through UTSA Small Business Development Center, International Trade Center, UTSA PTAC, MBDA Business Center, Center for Government contracting, along with UTSA HUB Program Mentor Protégé Program. Plus plenty of workshops and development events which they develop and host. - Subcontracting goals: they have subcontracting goals on all projects above \$100k or any project UTSA deems has subcontracting opportunities - Note: goals include 11.2% for heavy construction other than building contracts; 21.1% for all building construction, including general contractors and operative builders' contracts; 32.9% for all special trade construction contracts; 23.7% for professional services contracts; 26.0% for all other services contracts; and 21.1% for commodities contracts.
Brooks	<ul style="list-style-type: none"> - Report SWMBE spending: they report SWMBE spending data to their board/city council, but not publicly; they aspire to do that in the future - Vendor directory: no public vendor directory - Goals: SWMBE spending should be, at least, 44.4% in construction (prime), 30.6% in A&E, 54.8% in Other Services, 39.7% in Professional Services, and 42.1% in Goods and Svcs.

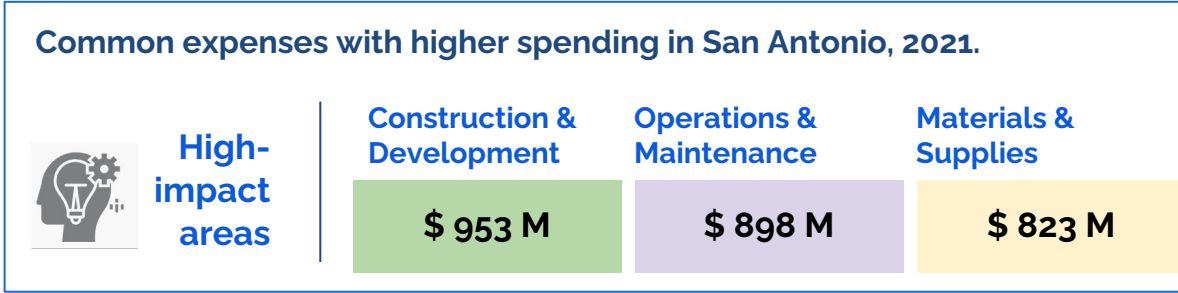
Note: the table presents additional information submitted by agencies during interviews. The information presented is not exhaustive, and interviewees are not responsible for any potential errors that occurred when capturing this information. **Source:** Nowak Metro Finance Lab (2022) for Supply San Antonio.

From business formation to being able to get a public contract with an agency in San Antonio, MBEs should follow a series of steps















Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.

Common agency expenses represent high-impact sectors for procurement reform



Operating and capital expenses by agency with higher likelihood of being contracted out, 2021.

	 CPS	 SAHA	 VIA	 SAWS	 City of San Antonio	 Bexar county	 SARA	 University Health System	 Alamo colleges	 UTSA	 Brooks city base	 Texas A&M SA
Fuel, power and distribution	HAF Expense	Line Service	Contractual services	Public Safety	Judicial	Operations	Medical claims expense	Public Service	Public Service	Administration and support	Utilities	
Operation and maintenance	Repairs & Maintenance	Disaster Relief	Materials and supplies	Public Works	Public Safety	Technical Services	Purchased services, supplies and other	Academic Support, Student Services	Student Services	Utilities	Operations and maintenance	
Annual OPEB and pension expense	Utilities	Robert Thompson Terminal	Less costs capitalized to construction in	Sanitation	Public Works		Purchased services, supplies and other	Institutional Support	Institutional Support	Repairs and Maintenance	Equipment (capitalized)	
Energy efficiency and conservation (STEP)	Protective Services	Promotional service		Health Services, Welfare	Health and Public welfare			Operation and maintenance of plant	Operations and Maintenance of Plant	Property Management and Development		
Regulatory assessments	Insurance	Via Trans, Via Link, Vanpool		Culture and Recreation, Convention and Urban	Convention and Tourism					Insurance		
Decommissioning		Real estate and business development		Redevelopment and Housing	Community venue					Environmental and Safety		
				Education	Commissary					Custodial and Grounds Upkeep		
				Economic Development and Opportunity	Firing range							
				Environmental	Parking facilities							
				Airport System, Development Services, Market								

Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.

San Antonio agency operating expenses by category of goods and services

CPS	SAHA	VIA	SAWS	City of San Antonio	Bexar county	SARA	University Health System	Alamo colleges	UTSA	Brooks city base	Texas A&M SA
Fuel, power and distribution	HAP Expense	Line Service	Salaries and fringe benefits	General Government	General Government	General Government	Salaries and employee benefits	Instruction	Instruction	Administration and support	Salaries -Faculty
Operation and maintenance	Salaries & Benefits	Disaster Relief	Contractual services	Public Safety	Judicial	Operations	Medical claims expense	Public Service	Research	Utilities	Salaries -Non-Faculty
Annual OPEB and pension expense	Repairs & Maintenance	Robert Thompson Terminal	Materials and supplies	Public Works	Public Safety	Technical Services	Purchased services, supplies and other	Academic Support	Public Service	Repairs and Maintenance	Wages
Energy efficiency and conservation (STEP)	Utilities	Promotional service	Less costs capitalized to construction in	Sanitation	Public Works			Student Services	Academic Support	Property Management and Development	Benefits
STEP net costs recoverable	Protective Services	Via Trans		Health Services	Health and Public welfare			Institutional Support	Student Services	Insurance	Utilities
Regulatory assessments	Insurance	Via Link		Culture and Recreation	Convention and Tourism			Operation and maintenance of plant	Institutional Support	Environmental and Safety	Scholarships
Decommissioning	Other Expenses	Vanpool		Convention and Tourism	Community venue			Scholarships and fellowships	Operations and Maintenance of plant	Custodial and Grounds Upkeep	Scholarship discount
		Real estate development		Urban Redevelopment and Housing	Commissary				Scholarships and Fellowships		Operations and maintenance
		Business development and planning		Welfare	Firing range						Equipment (capitalized)
				Education	Parking facilities						
				Economic Development and Community							
				Environmental							
				Airport System							
				Development Services							
				Market Square							
				Parking System							

Operating Spending Category	Number of Agencies	Total Expenses (in millions)
Salaries and Benefits	10	\$1,204
Operation and Maintenance	8	\$898
Development	4	\$953
Utilities	4	\$21
Faculty and Research	3	\$279.12
Materials and Supplies	3	\$823
Safety	3	\$1,094.69
Student Services	3	\$201.13
Insurance	2	\$4
Weffare	2	\$307

San Antonio agency capital expenses by category of goods and services

CPS	SAHA	VIA	SAWS	City of San Antonio	Bexar county	SARA	University Health System	Port of San Antonio	Alamo colleges	Brooks city base	Texas A&M SA
Customer engineering	Acquisition of land	Vehicles	Improvements to address unauthorized discharges of raw sewage	New streets and sidewalks	Improvements to County facilities	Bexar County Westside Creeks Restoration projects	Replacement equipment and upgrades	Building facilities	Renovate existing facilities	Building renovations	Visualization, Fine and performance Arts Building
Grid Transformation	Building and improvements	Operational facilities	Improvement to water production and wastewater treatment facilities	Street improvements	Capital equipment	City of San Antonio Westside Creeks Restoration	New services	Upgrading facilities	Add new facilities	Construction of hotel salon	Addition to the Clinical Veterinary
Customer engagement	Furniture and equipment	Passenger facilities	Water and sewer main replacement and relocations	Drainage enhancement projects	Information Technology Purchases	Flood management initiatives	Mandated regulatory or safety items	Adding essential infrastructure	Expand geographic reach	Greenline park linkage to mission reach	Museum of Natural History
Electric Distribution	leasehold improvements	Computer hardware/software	highway and drainage improvements	library facility rehabilitation projects	Replacement and new vehicle purchases	Parks Development	Radiology equipment		Add physical plant	Dog Park	Aggie Band Residence Hall
Substation and transmission	construction	Service vehicles	repair and replacement of other deteriorating water mains	Aquifer land acquisition		Facilities Improvements	Fire alarm system		Technological capacity	Pond Renovations	20-acre extension of the university's teaching garden.
Power Generation		Maintenance tools and equipment	new water and ser mains	Park Development			New surgical robot		Maintenance and renovation projects	Heritage oaks master plan	Teaching & Research Complex
Energy Supply Market Distribution		Vehicles components	construction of new facilities	Public Health enhancement					Purchase furniture		
			Vehicles	Safety enhancement					Fixtures		
			Equipment	Airport system improvements					Equipment		
			Computer related	Flood control projects							
				Municipal facility construction							
				Facilities refurbishment							

Capital Spending Category	Agencies Total
Improvement/rehabilitation to current facilities	10
Furniture and Equipment	7
New Construction	5
Parks Development/Restoration Projects	4
Computer hardware/Software	4
Vehicles	3
Drainage/flood management initiative	3

Deep dive: COSA spending by category.

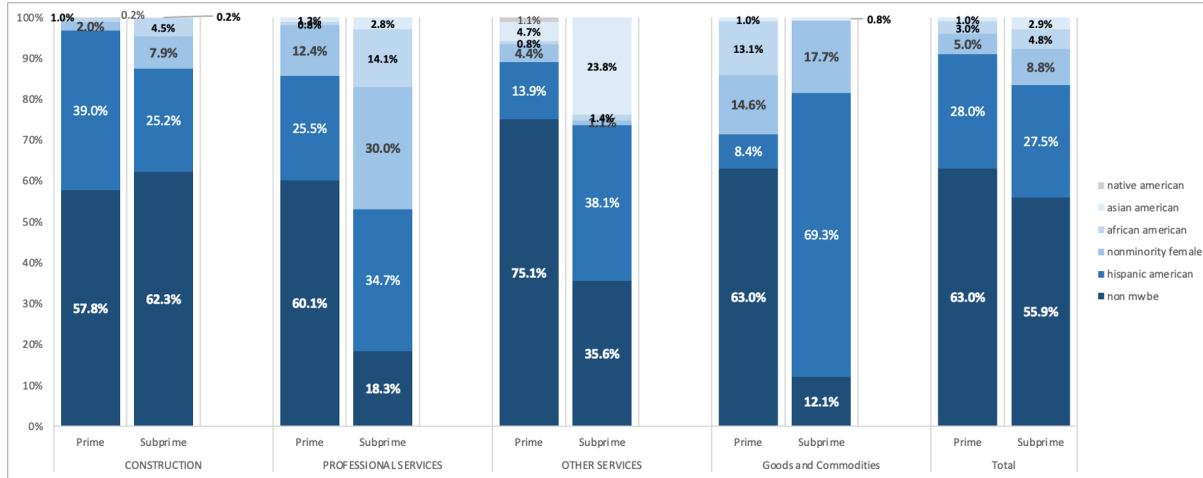
Unbundling contracts is a promising practice to increase SWMBE spending in prime contracts in Construction.

Spending by category in the City of San Antonio, FY 2021.

Type	Total amount awarded		Average amount of contracts		Count of contracts	
	Prime	Subprime	Prime	Subprime	Prime	Subprime
Construction	\$211.6M	\$105.4M	\$904,465	\$494	234	1,830
	60.92%	77.75%				
Other Services	\$59.7M	\$18.1M	\$339,729	\$1,433	176	237
	17.21%	13.42%				
Professional Services	\$28.8M	\$7M	\$343,924	\$2,047	84	168
	8.32%	5.22%				
Architecture & Engineering	\$24M	\$4.1M	\$131,622	\$195	183	674
	6.93%	3.08%				
Goods & Supplies	\$23M	\$0.72M	\$193,437	\$6,240	119	31
	6.63%	0.53%				

Participation of SWMBEs in prime and subprime contracts.

Composition of spending by type of vendor and by category, 2021.



	Construction	Prof. Services	Other Services	Goods & Supplies	Total
HABE	\$158M	\$21M	\$25M	\$7.3M	\$212M
AABE	\$9.3M	\$2.2M	\$1.3M	\$10M	\$23M
Total	\$168M	\$23M	\$27M	\$17M	\$235M

Source: COSA 2021 , UTSA 2021, and Bexar's 2019 Disparity Study. Source: Nowak Metro Finance Lab (2022) for Supply San Antonio.