

RESOLUTION NO 20070322-033

WHEREAS, the City of Austin regularly enters into contracts for the procurement of goods and services of many kinds, including for construction and commodities, and

WHEREAS, through its procurement activities, the City has a substantial impact upon the economy of the Austin area, and

WHEREAS, small businesses employ a substantial percentage of the area's workforce, and

WHEREAS, the City benefits from better quality of work, service and price when the number of vendors and contractors that bid on City contracts increases, and

WHEREAS, various other public entities currently authorize bid preferences and set-asides for firms that meet certain business size limitations, and

WHEREAS, Texas state law does not explicitly authorize such bid preferences or set-asides for small businesses, and

WHEREAS, Texas municipalities would benefit from having a local option to create a small business procurement program including a bid preference program and a set-aside program, and

WHEREAS, the City Council is interested in creating a pilot program that could include a small business bid preference program and a set-aside program in construction and commodities procurement, and

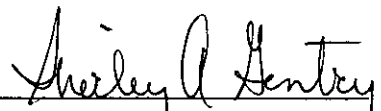
WHEREAS, the City Council will solicit input from the public prior to creating such a policy or program, **NOW THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN

That the City's Legislative Program is amended to pursue the necessary changes in state law to give cities the authority to create and implement a small business procurement program

ADOPTED March 22, 2007

ATTEST


Shirley A. Gentry
City Clerk

City of Austin Small Business Procurement Program Outline

The Small Business Procurement Program (the SBP Program) is established to enhance the City's continued efforts to promote prime contract opportunities for Small Businesses (SBs) in the area.

In order to qualify as a SB, a firm must meet the following requirements:

- Must be independently owned and operated,
- Cannot be dominant in its field of operation
- Must satisfy the size standards established by the United States Small Business Administration in 13 C F R Part 121¹

I Construction and Commodities Bid Preference (the SB Bid Preference)

The SB Bid Preference helps SBs be more competitive in the bid process by applying up to a 5% bid preference to all responsive bids submitted by a SB up to \$50,000 in a single bid solicitation and \$100,000 in a single project. The SB Bid Preference is limited to applications for solicitations for construction contracts and commodities.

Applying the SB Bid Preference Example using 5% bid preference

Contractor	Submitted Bid Amount	5% Preference Amount \$25,000.00	Bid after applying SB preference	Status of Bidder
A	\$500,000.00		\$500,000.00	Non Small Business
B	\$515,000.00		\$515,000.00	Non Small Business
C	\$520,000.00	\$25,000.00	\$495,000.00	Small Business
D	\$524,000.00	\$25,000.00	\$499,000.00	Small Business

- 1 The low bid amount is multiplied by 5% to determine the SB Preference amount (i.e. \$500,000 x .05 = \$25,000)
- 2 The calculated SB Preference amount is subtracted from the bid amount for all responsive SB bid amounts
- 3 After applying the SB Preference, bids are re-evaluated based on the revised bid amounts to determine low bid
- 4 In the example above, the SB Bid Preference is applied to Contractors C and D. Contractor C is the successful bidder and awarded the contract so long as all bid requirements are successfully met. The actual contract with Contractor C is for \$520,000 and not the \$495,000 used for evaluation.
- 5 The SB Bid preference is only used for computation purposes to determine the winning bidder. The contract is awarded at the actual bid amount.

¹ This qualification is subject to further revision and refinement.

Limitations on the SB Bid Preference

- 1 In no event shall the SB Bid Preference exceed \$50 000 in a single bid solicitation
- 2 In no event shall the combined values of all SB Preferences exceed \$100 000 in the same project with multiple solicitations, i e Design Engineering, construction, etc