



Item #24

**Purchasing Office
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA DATE: 4/6/2006
ITEM NO:**

Subject: Authorize negotiation and execution of a 17-month service agreement with the GREATER AUSTIN HISPANIC CHAMBER OF COMMERCE, Austin, TX, to provide financial management technical assistance and loan packaging services to small business owners in an amount not to exceed \$167,526.

Amount and Source of Funding: Funding in the amount of \$59,127 is available in the Fiscal Year 2005-2006 Neighborhood Housing and Community Development Special Revenue Fund for the Community Development Block Grant. Funding for the remaining 12 months of the contract period is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

Requesting Department:

For More Information: Sydney Ceder, Buyer/974-2035; Rosalinda Jalifi, Small Business Administrator/974-7739

Prior Council Action:

Boards and Commission Action:

Purchasing Language: Only proposal received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

The City recognizes the contributions that small businesses make to Austin's economy, particularly their contribution to the creation of new jobs. At the direction of the City Council, staff designed a small business services delivery model that will strengthen the local economy by creating and developing small businesses. This contract represents a component of the model that will help small business owners and entrepreneurs prepare to apply for a loan by providing financial management technical assistance and loan packaging services. This contract will serve the general population of small business owners in the Austin area.

The Greater Austin Hispanic Chamber of Commerce (GAHCC) will act as the Prime Contractor on behalf of the Multi Ethnic Chamber Alliance (MECA), which consists of the GAHCC, the Capital City African American Chamber of Commerce (CCAACC), and the Austin Asian American Chamber of Commerce (AAACC). The MECA partners will develop a financial readiness assessment model that will be used to assess the small business owner's or entrepreneur's credit worthiness and readiness to apply for a loan. The financial readiness assessment will also provide the client with written recommendations on their "next steps" in preparing to apply for a loan. This program will also provide direct technical assistance on financial management topics that relate to securing a business loan, including coaching clients on the concepts and techniques for setting up accounting/bookkeeping systems, cash flow management, revenue projection, accounts receivable management, and preparing and interpreting financial statements. The MECA partners will also provide direct assistance in the preparation of loan packages, and work

with lenders to help clients revise and resubmit rejected applications.

This contract will provide a minimum of 70 financial readiness assessments and client reports, 850 hours of financial management technical assistance, and 700 hours of loan packaging assistance. The contractor must assist clients with completion of at least 40 loan packages, and 20 previously denied loan applications will be approved following revision and enhancement. At least 65% of clients surveyed by the City must report that they were satisfied with the level of service they received. Furthermore, these services will contribute to the establishment of at least four new businesses, and the expansion or productive growth of at least five existing businesses.

This contract is funded through a Federal Community Development Block Grant provided to the City by the U.S. Department of Housing and Urban Development (HUD). Federal regulations require that one new job be created for every \$35,000 spent, and at least 51% of new jobs created must be held by low- to moderate-income individuals living within the Austin City limits. The terms of this contract will require MECA to document the creation of at least five new jobs as a result of the services provided, of which three must be held by low- to moderate-income individuals living within the Austin city limits.

An RFP was issued on December 5, 2005 from qualified and experienced individuals, businesses, and/or non-profit agencies for consulting services to provide small business owners and entrepreneurs with loan packaging skills and cash management skills. One proposal was received.

The proposal was evaluated by staff members who possess extensive financial management experience and credentials. The evaluation team was comprised of individuals from the Financial and Administrative Services Department, Austin Energy, Economic Growth and Redevelopment Office, and the Library Department.

The panel members recommended GAHCC as the best Proposer based upon the following categories: 1) the strength of the proposal, 2) experience, 3) administrative capability of the organization and 4) total evaluated cost.

MBE/WBE solicited: 25/11 MBE/WBE bid: 0/0

PROPOSAL ANALYSIS

- a. Adequate competition.
- b. One- hundred and fifty-two notices were sent with twenty-five MBEs and eleven WBEs. Thirty-two solicitations were issued. No MBEs/WBEs responded.
- c. One proposal was received with no MBEs or WBEs responding.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal.
- b. The Purchasing Office concurs with the Small Business Development Program and ERGSO's recommended award.
- c. Advertised in the Austin-American Statesman and on the Internet.