




MEMORANDUM

TO: Mayor and Council

FROM: James Scarboro, Purchasing Officer 

DATE: March 5, 2020

SUBJECT: Service-Disabled Veteran Business Enterprise Interim Program – Update

The purpose of this memo is to provide an update regarding the City's Interim Service-Disabled Veterans Business Enterprise (SDVBE) Program (Program).

Interim SDVBE Program.

After a number of meetings and considerable feedback from the City of Austin's Commission on Veterans Affairs (Commission) the Purchasing Office, in collaboration with the Capital Contracting Office and the Small Minority Business Resources Department, implemented the Interim SDVBE Program. With feedback from the Commission, staff chose to recognize the State of Texas, Historically Underutilized Business (HUB) certification for Service-Disabled Veterans or any other State HUB (e.g., Minority-owned or Women-owned) so long as the business was also certified by the US Small Business Administration as a Veteran-owned Business. The Interim SDVBE Program involved the application of an evaluation criteria to all Request for Proposals (RFP) of three points (3% of available points). The Program was established on October 1, 2017, to continue for an interim period of two-years, in order to determine the Program's effectiveness, upon which to base a long-term program.

Conclusions from Interim Period.

During the course of the Program's interim period, despite staff efforts to reach out to SDVBEs and increase their numbers in the City's vendor database, only one SDVBE responded to a City RFP. This single instance occurred after the initial two-year period ended but did cause the SDVBE offeror to be awarded the contract. Despite this single success, after reviewing the data and discussing our findings with the Commission, staff concluded the following:

- The number of State HUB SDVBEs appears to be too small to yield meaningful program outcomes. Staff should consider recognizing other Veteran-owned business certifications in addition to the State's certification.
- The RFP is a formal solicitation process (above \$50,000), that is used for large dollar City solicitations. Given the lack of SDVBE participation in City RFPs, staff should examine its current informal solicitation process (below \$50,000) to include consideration of Veteran-owned businesses when seeking quotes.

Purchasing Office

Update on the Service-Disabled Veteran Business Enterprise (SDVBE) Interim Program

March 5, 2020

Page 2

- Based on feedback from the Commission, SDVBEs may be smaller in size and may be more inclined to seek subcontracting opportunities in lieu of competing for City contracts directly. To the extent it does not conflict with the City's Minority and Women-owned Business Enterprise (M/WBE) subcontracting program, staff should examine ways to recognize SDVBEs for subcontracting opportunities under City solicitations.
- Finally, SDVBEs are not registered to sell all products and services the City purchases (based on their registration in the City's Vendor database). Staff should review those codes that our SDVBEs have registered for and target those procurement activities for increased outreach to SDVBEs.

Going Forward.

Although the initial two-year period has expired, staff will continue the interim program, and the three-point (3%) preference, until the above strategies have been more fully explored and a long-term program is established. Staff intends to continue working with the Commission to develop more meaningful elements of the City's SDVBE Program with the hopes of implementing any beneficial changes to this program and reporting back to Council within the current fiscal year.

If you have any questions in this regard, please contact me via email (james.scarboro@austintexas.gov) or by phone (512-974-2050).

**cc: Spencer Cronk, City Manager
Nuria Rivera-Vandermyde, Deputy City Manager
Elaine Hart, Chief Financial Officer
Greg Canally, Deputy Chief Financial Officer
Rolando Fernandez, Capital Contracting Officer
Edward Campos, Interim Director, Small Minority Business Resources Department**