



Legislation Text

File #: 18-047, Version: 1

TO: Mayor and Members of City Council

THRU: Douglas Hewett, City Manager

FROM: Kimberly Toon, Purchasing Manager

DATE: February 5, 2018

RE:
Local Small Disadvantaged Business Enterprise (LSDBE) Update

COUNCIL DISTRICT(S):
ALL

Relationship To Strategic Plan:

The development of a City policy designed to support and encourage improved access for local, small, minority, women, veteran-owned and historically-disadvantaged businesses to the City's process for the procurement of goods and services is supportive of Strategic Plan Goal 2 - "Building and maintaining a strong, diverse, and viable local economy".

Executive Summary:

City Council directed that an LSDBE policy and subsequent program based on that policy be developed to enhance economic opportunities for local, minority, disadvantaged and small business owners. The LSDBE policy and program have now been established and the LSDBE program is managed by the Purchasing Division of the City's Finance Department. Finance/Purchasing has worked diligently to build a solid foundation for implementing the initial year of the LSDBE program

Background:

The Purchasing Division of the City Finance Department has dedicated itself to establishing a strong foundation for the Local Small Disadvantaged Business Enterprise program. Since last presenting to City Council in March 2017, the following activities have encouraged LSDBE vendors to register and participate in the City's business.

- Purchasing has hired an experienced certified NC Local Government Purchasing Officer to serve as the LSDBE Coordinator.
- Purchasing in conjunction with our current Construction Manager at Risk firms have held 5 public meetings informing and educating our SLBE vendor community about upcoming contract opportunities.

- Economic and Community Development in conjunction with both the City and PWC purchasing groups held 10 vendor relations forums to demonstrate how to locate and complete bidding documents.
- All solicitations both formal and informal are posted on the City website.
- Purchasing works closely with City departments to increase their awareness of SLBE businesses and their abilities to serve the City's needs.
- Purchasing staff provide one-on-one consultation with SLBE firms to educate and familiarize them with City procurement processes.

These initial efforts toward implementing the LSDBE program have resulted in statistically significant increases in various areas. For example:

- The City has had 56 new companies register to be City vendors since July 1, 2017. Of those 56 new City vendors, **41%** are located in Cumberland and Hoke Counties.
- The FY18 YTD purchase order expenses total \$46,734,159 with **32%** (\$14,931,908) being spent in Cumberland and Hoke Counties.
- The FY18 YTD procurement card expenses total \$1,092,139 with **45%** (\$493,218) being spent in the Cumberland and Hoke Counties.
- The FY18 YTD total for contracts is \$30,258,488 and **26%** is identified as assigned to local prime contractors. Of the \$30,258,488 total contract dollars, **34%** (\$10,057,388) is allocated to subcontractors.

To continue the upward trending resulting from the initial efforts of the LSDBE program, Purchasing would like to initiate the following activities:

- Analyze total City expenditures for future possible direct LSDBE contracting opportunities.
- Purchasing would like further community outreach by providing more hands-on assistance with connecting qualified local subcontractors with prime general contractors.
- Assist in developing quick pay agreements and policies to enable SLBE's to meet cash flow demands.
- Develop and implement a local vendor mentor and/or partnership program where LSDBEs can get more information and education directly from general contractors, consultants, etc.

Issues/Analysis:

The City LSDBE program is aimed at increasing local participation in the City's procurement practices to include businesses and entrepreneurs classified as small, historically-disadvantaged or underutilized, minority, veteran and/or women-owned. Encouraging these groups to participate in the City's business is an important step in achieving a strong, diverse, and viable local economy. The LSDBE Coordinator will continue to track and encourage LSDBE participation in the City's business operations.

Budget Impact:

None.

Options:

1. Receive and review presentation as provided by Purchasing, and provide direction to staff as to next step(s).
2. Do not receive the presentation and recommendation(s) from Purchasing.

Recommended Action:

Receive and review presentation and recommendation(s) as provided by Purchasing, and provide direction to staff as to next step(s).

Attachments: