



**Sacramento
Housing &
Redevelopment
Agency**

REPORT TO COUNCIL
City of Sacramento
 915 I Street, Sacramento, CA 95814-2671
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Consent
April 26, 2007

Honorable Mayor and Members of the City Council

Title: Small Business Enterprise Program Annual Status Report – Sacramento Housing and Redevelopment Agency

Location/Council District: Citywide

Recommendation: Receive and file.

Contact: Larry Goins, Director, Real Estate and Construction Services, 440-1314, Mary L. Lyon, Program Manager, Real Estate and Construction Services, 440-1241

Presenters: Not applicable

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The following outlines program accomplishments, activities, and results of the Sacramento Housing and Redevelopment Agency's Small Business Enterprise Program for 2006 as well as program goals for 2007. Refer to Attachment 1 – Background for a brief outline of the program.

PROGRAM ACCOMPLISHMENTS AND ACTIVITIES FOR 2006

- Encouraged general contractors to utilize small businesses by providing them with lists of SBEP certified businesses for sub-contracting opportunities.
- Participated in coordination and outreach efforts of the Sacramento Regional Focus Group headed by the City of Sacramento's Office of Small Business Development (OSBD).
- Marketed program as a booth participant at Sacramento Metro Chamber of Commerce and City of Sacramento Office of Small Business Development Business EXPO 2006, in which 2,500 vendors and businesses participated, the State of California, Department of General Services' Resource Exchange series, and the 2006 Black Expo.

Small Business Enterprise Program Status Report

PROGRAM RESULTS

- Added 582 new small business vendors to the Agency database, doubling the amount added in 2005.
- Conducted Agency business with 290 vendors. Of these, 38 were small business and 116 were very small businesses.
- Small Business Enterprise Program utilization results for program year:
 - 48 percent of procurement dollars were issued to small and very small businesses
 - 61 percent of purchase transactions were issued to small and very small businesses, exceeding the program goal of 30 percent participation in all Agency procurement contracts and awards to small and very small businesses.
 - 41 percent of purchase transactions were issued to very small businesses, exceeding the program goal of 15 percent participation in all Agency procurement contracts and awards to very small businesses.

Of the \$12 million in construction contracts awarded by SHRA in 2006, nearly \$3 million were awarded in the 5H/Section 32 Homeownership program. This program rehabilitates Housing Authority owned single family residences for sale to low-income residents. Of the 5H/Section 32 contracts, 68 percent (\$2.05 million) of the funds were awarded to either small or very small businesses (\$250,000 to small businesses and \$1.8 million to very small businesses).

Please see Attachment 2 - Small Business and Very Small Business Enterprise Utilization Report for further detail.

PLANS FOR 2007

- Market the program and outreach to the community through business organizations, chambers, and other activities.
- Participate in coordination and outreach efforts of the Sacramento Regional Focus Group headed by the City of Sacramento's Office of Small Business Development (OSBD).
- Conduct vendor training to help small businesses be successful in the procurement process and labor compliance requirements.
- Maintain utilization records of small business and very small businesses.

Policy Considerations: This is an annual report to the governing bodies on the status and updated results of the Small Business Enterprise Program since its implementation on April 10, 2001.

Environmental Considerations: This report is for information only regarding an existing program; no environmental review is required.

Small Business Enterprise Program Status Report

Committee/Commission Action: Informational only

Rationale for Recommendation: This report is for information only; there is no recommendation.

Financial Considerations: This report is for information only; there are no financial considerations.

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by: _____



ANNE M. MOORE
Executive Director

Recommendation Approved:



Cassandra H.B. Jennings
BAY KERRIDGE
City Manager

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Attachment 1 - Background

City Council approved the implementation of SHRA's Small Business Enterprise Program (SBEP) on April 10, 2001. The Agency continues to recognize the importance of small business to the local economy. The Agency is committed to fostering the growth of the small business sector by strengthening the connection between small business and the Agency's contracting opportunities (defined as procurements handled by the Agency's Procurement Services Department).

The Agency adopted a two-tiered classification for qualifying businesses as a small business or very small business. The implementation standards for a small business are one-half of the implemented standards set by the California Office of Small Business Certification and Resources (OSBCR) and the City of Sacramento.

The implementation standards for a very small business enterprise are one-half of the implemented standards set by the City for the Emerging Business Enterprise. The definitions for the standards are as follows:

Small Business

- A 'business' with 50 or fewer employees and an average annual gross receipts of \$5 million or less over the previous three tax years, or
- A 'manufacturer' with 50 or fewer employees.

Very Small Business

- A 'business' with 25 or fewer employees and an average annual gross receipts of \$2.5 million or less over the previous three tax years, or
- A 'manufacturer' with 25 or fewer employees.

Attachment 2

SHRA - Small and Very Small Business Enterprise Utilization - 2006**Construction**

| <i>Type of Business</i> | <i>Total Dollars Issued</i> | <i>Percent of Dollars Issued</i> | <i>Number of Purchase Transactions</i> | <i>Percent of Purchase Transactions</i> |
|--------------------------------|-----------------------------|----------------------------------|--|---|
| Very Small Business Enterprise | \$ 3,491,860.00 | 29.0 | 1,309 | 56.2 |
| Small Business Enterprise | \$ 2,130,619.00 | 17.7 | 690 | 29.6 |
| All other Business Enterprise | \$ 6,434,515.00 | 53.4 | 330 | 14.2 |
| Totals | \$ 12,056,994.00 | 100.0 | 2,329 | 100.0 |

Professional Services

| <i>Type of Business</i> | <i>Total Dollars Issued</i> | <i>Percent of Dollars Issued</i> | <i>Number of Purchase Transactions</i> | <i>Percent of Purchase Transactions</i> |
|--------------------------------|-----------------------------|----------------------------------|--|---|
| Very Small Business Enterprise | \$ 1,074,151.00 | 27.2 | 404 | 48.2 |
| Small Business Enterprise | \$ 514,143.00 | 13.0 | 96 | 11.5 |
| All other Business Enterprise | \$ 2,361,566.00 | 59.8 | 338 | 40.3 |
| Totals | \$ 3,949,860.00 | 100.0 | 838 | 100.0 |

Non-Professional Services

| <i>Type of Business</i> | <i>Total Dollars Issued</i> | <i>Percent of Dollars Issued</i> | <i>Number of Purchase Transactions</i> | <i>Percent of Purchase Transactions</i> |
|--------------------------------|-----------------------------|----------------------------------|--|---|
| Very Small Business Enterprise | \$ 663,773.00 | 48.0 | 495 | 45.5 |
| Small Business Enterprise | \$ 116,265.00 | 8.4 | 88 | 8.1 |
| All other Business Enterprise | \$ 601,645.00 | 43.5 | 505 | 46.4 |
| Totals | \$ 1,381,683.00 | 100.0 | 1,088 | 100.0 |

Material and Supplies

| <i>Type of Business</i> | <i>Total Dollars Issued</i> | <i>Percent of Dollars Issued</i> | <i>Number of Purchase Transactions</i> | <i>Percent of Purchase Transactions</i> |
|--------------------------------|-----------------------------|----------------------------------|--|---|
| Very Small Business Enterprise | \$ 148,630.00 | 10.0 | 107 | 8.2 |
| Small Business Enterprise | \$ 838,564.00 | 56.6 | 203 | 15.5 |
| All other Business Enterprise | \$ 494,175.00 | 33.4 | 1,001 | 76.4 |
| Totals | \$ 1,481,369.00 | 100.0 | 1,311 | 100.0 |

Multiple Classification Services

| <i>Type of Business</i> | <i>Total Dollars Issued</i> | <i>Percent of Dollars Issued</i> | <i>Number of Purchase Transactions</i> | <i>Percent of Purchase Transactions</i> |
|--------------------------------|-----------------------------|----------------------------------|--|---|
| Very Small Business Enterprise | \$ 800.00 | 5.0 | 2 | 15.4 |
| Small Business Enterprise | \$ 1,541.00 | 9.5 | 1 | 7.7 |
| All other Business Enterprise | \$ 13,818.00 | 85.5 | 10 | 76.9 |
| Totals | \$ 16,159.00 | 100.0 | 13 | 100.0 |

TOTALS

| <i>Totals</i> | <i>Total Dollars Issued FY2005</i> | <i>Total Percent of Dollars Issued</i> | <i>Number of Purchase Transactions</i> | <i>Percent of Purchase Transactions</i> |
|--------------------------------|------------------------------------|--|--|---|
| Very Small Business Enterprise | \$ 5,379,214.00 | 28.5 | 2,317 | 41.5 |
| Small Business Enterprise | \$ 3,601,132.00 | 19.1 | 1,078 | 19.3 |
| All other Business Enterprise | \$ 9,905,719.00 | 52.4 | 2,184 | 39.1 |
| Totals | \$ 18,886,065.00 | 100.0 | 5,579 | 100.0 |