



City of Dallas

Federal Compliance Update: *DRIVE - Developing Regional & Inclusive Vendor Enterprises Policy*

**City Council Briefing
December 3, 2025**

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Purpose



- Provide background on the Business Inclusion & Development (BID) Policy and the Small Business Enterprise (SBE) landscape
- Review stakeholder engagement process, feedback, and guiding principles
- Present the draft **DRIVE** policy framework
- Discuss next steps and implementation plan





Background



BID Policy



- The City first adopted a Good Faith Effort (GFE) Plan in 1984, which was subsequently amended and renamed the Business Inclusion and Development (BID) Plan
- The BID Plan was last updated in 2020 following an Availability & Disparity Study
- The program required prime contractors to document outreach to M/WBEs and comply with sub-contractor participation goals
- *Temporarily suspended in June 2025 to comply with federal executive orders*



BID Policy – Temporary Suspension



Tasks Completed

- ✓ Solicitations extended & BID criteria removed
- ✓ Pending contract awards amended
- ✓ BID compliance suspended for active contracts
- ✓ Contractors notified of suspension
- ✓ Procurement engaged a consultant to assist with transition to federally compliant program
- ✓ Conducted stakeholder engagement sessions to inform program design
- ✓ Developed draft policy language and implementation plan

Tasks In Progress

- Market Utilization Study underway
- Present recommendations to City Council for adoption
- Develop new forms, policies, and procedures
- Train contractors and potential bidders on new program
- Implement ongoing quality assurance to track progress and impact



Small Business Landscape



- Of the 71,000 registered small businesses in Dallas County, 68% are micro businesses
- Currently fewer than 1 in 12 small businesses in Dallas County are registered in the B2GNow
- Less than 2% of small businesses in Dallas County have 250 or more employees, with 92% having less than 50 employees

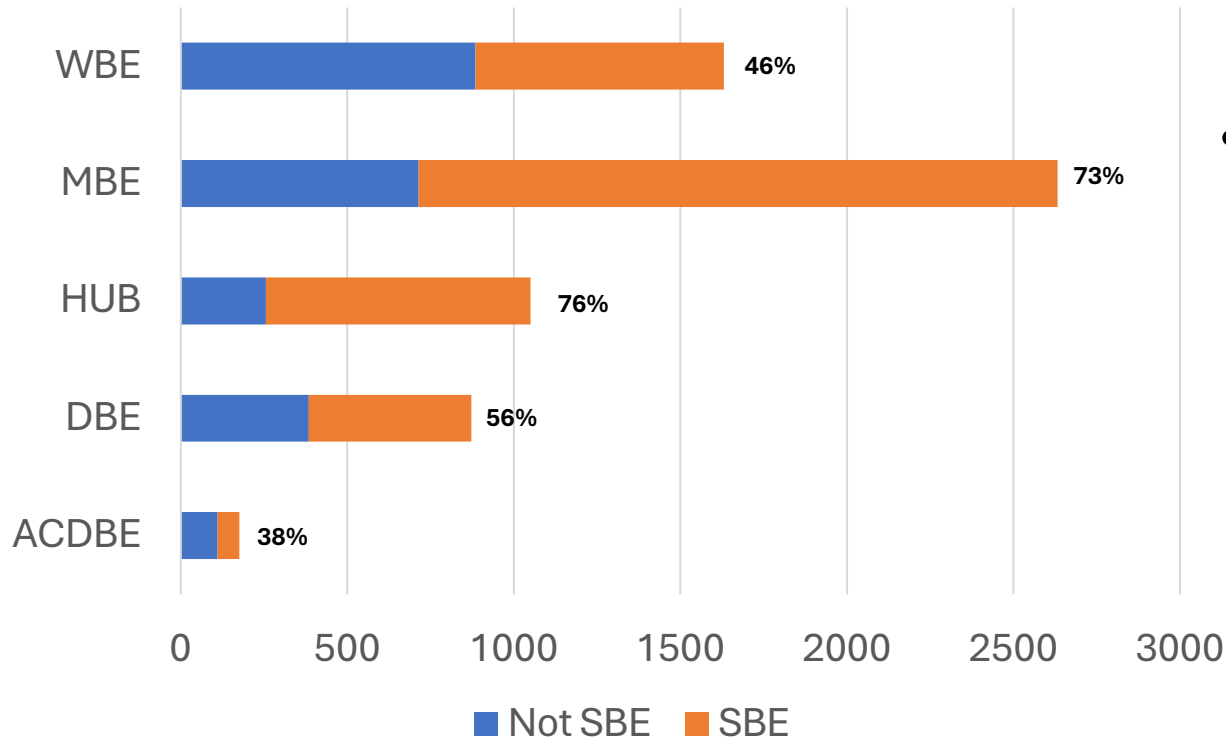
Dallas County Small Business Count by Size			
Employee Count	Number	%	U.S Census Estimate
Less than 5	37,231	52%	61%
5-9	11,655	16%	16%
10-19	9,029	13%	10%
20-49	7,523	11%	8%
50-99	2,970	4%	3%
100-249	1,837	3%	2%
250-499	570	0.8%	1%
500-999	234	0.3%	0%
1000 or more	133	0.2%	0%
Total	71,182	100%	100%



Small Business Landscape



SBE Certification



- Currently the City's Certified Directory has **4,153** unique certified firms of which **2,299** are registered SBEs
- Most firms are multi-certified
 - **95%** of SBEs hold at least one additional certification
 - Most MBEs are already cross-certified with **73%** holding SBE certifications
 - Nearly half of WBEs or **46%** are also SBE certified
 - Certification partners estimate that **92%** of current subcontractors meet the SBE requirements



Small Business Enterprise Programs



Jurisdiction	Adoption	Location Requirements	Eligibility	Personal Net Worth (PNW)	Contract-Specific Participation Goals	Evaluation (Max Points)
San Diego, CA	2009	City	Revenue Cap	No	No	10
Los Angeles, CA	1980	City	SBA	No	Yes	10
Miami-Dade County, FL	2020	County	Revenue Cap	Yes	Yes	NA
Dallas County, TX	2017	Dallas MSA	SBA	No	Yes	15
Fort Worth, TX	2025	FW MSA	SBA	No	Yes	25
DFW Airport	2025	DFW MSA	SBA	Yes	Yes	NA
San Antonio, TX	2016	SA MSA	Revenue Cap	Yes	Yes	20
Austin, TX	2007	State	SBA	Yes	Yes	15

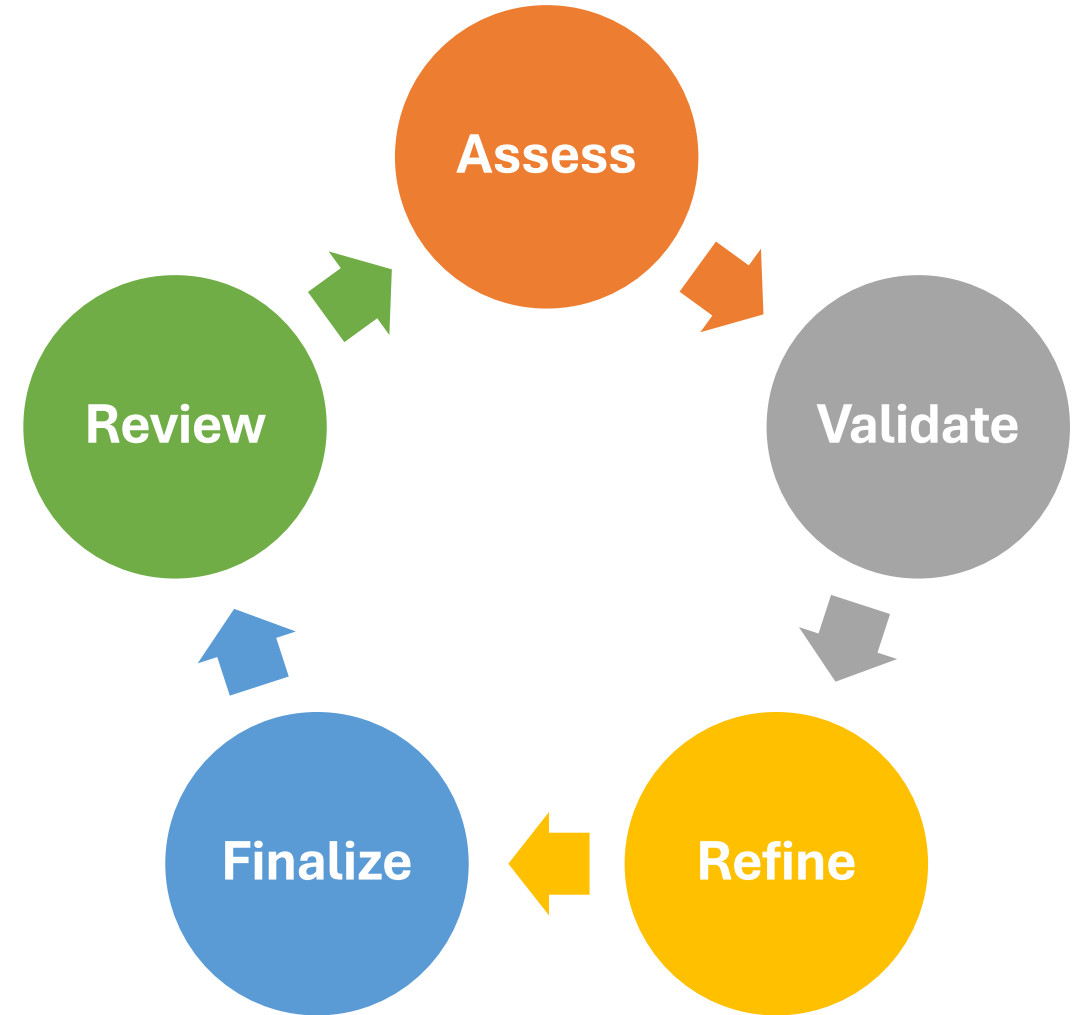


Stakeholder Engagement

Engagement Overview



- The City hosted 4 stakeholder engagement meetings with over 200 participants from:
 - Prime & Subcontractors
 - Chambers of Commerce
 - Contractor Associations
 - Certification Agencies
 - Community/Outreach Agencies
- 60% of attendees believed the existing BID policy was “very to somewhat effective” in promoting M/WBEs



What Stakeholders Asked For



- Simple & consistent eligibility rules
- Set revenue & employee thresholds
- Use PNW
- Add safeguards

Scope & Eligibility



- Availability Study
- Enforced goals
- Realistic goals
- Scale goals based on contract size

Participation Goals



- Dallas located business to be given first preference
- Expand to Dallas MSA

Local Preference



- Accept HUB
- Reciprocity with other agencies
- Standardized certification process
- Vary by project

Certification



- Continue points
- Fair, transparent & consistent
- Self-performance
- Accountability for not meeting goals

Evaluation Criteria



- Mentor/Protégé
- Training & networking opportunities
- Simplified city processes
- Set aside contracts

Capacity-Building



- Continue prime reporting
- Penalties for non-reporting
- Use past performance in evaluation

Compliance & Monitoring



- Penalties if GFE not met
- Meaningful Scope Division

Good Faith Effort (GFE)



Guiding Principles



- Develop capacity of small and local vendors through education and mentorship
- Regional collaboration across partner agencies
- Increased access to procurement opportunities at all levels
- Vendor empowerment to promote long-term sustainability
- Ensure oversight and transparent reporting



Draft Policy Framework

- ***Developing Regional & Inclusive Vendor Enterprises***
represents the City's intent to build a stronger team—
developing talent, expanding the bench, and ensuring every
qualified business has a fair chance to get in the game.
- ***Purpose – To expand engagement, strengthen capacity, and
enhance participation of small and local businesses in Dallas
and across the region.***

DRIVE Program Scope



Procurement Method*	Threshold	Description	DRIVE Points	DRIVE Goal
Informal Bids	<\$100,000	A purchase of goods/services <i>Departments required to first obtain quotes from HUB and SBE certified vendors</i>	✗	✗
RFB	>\$100,000	A contract awarded to the lowest bidder	✗	✓
Best Value Bid	>\$100,000	A contract awarded to the bidder providing the best value	✓	✓
RFCSP	>\$100,000	A contract awarded to the highest ranked proposer	✓	✓
RFQ	Any	A professional services contract awarded to the most qualified proposer	✓	✓
RFP	Any	A personal, planning, or consulting services contract awarded to the highest ranked proposer	✓	✓

*Excludes grant-funded procurements governed by federal or state law



BID v. DRIVE Policy



Component	BID Policy <i>Prior to June 26, 2025</i>	DRIVE Policy <i>Pending Council Adoption</i>
Eligibility	<ul style="list-style-type: none"> • 51% minority or female business ownership 	<ul style="list-style-type: none"> • Business meets SBA size standards • Principal location in Dallas-Fort Worth-Arlington MSA (11 counties) • <i>Reserve the right to include personal net worth, revenue, and employee thresholds</i>
Participation Goals	<ul style="list-style-type: none"> • Category-based M/WBE goals: <ul style="list-style-type: none"> • Goods: 32% • Construction: 32% • A&E: 34% • Professional Services: 38% • Other Services: NA 	<ul style="list-style-type: none"> • Category-based annual aspirational SBE utilization benchmarks • Contract-specific goals based on availability and scope • <i>Goals may be achieved through self-performance, utilization of subcontractors, or both</i>



Category Benchmark Framing



- **Key Considerations:**

- Broader eligibility increases availability, but does not immediately increase capacity
 - Newly eligible firms will take time to obtain their certification
 - Balances documented availability with actual market capacity
- Phased implementation of progressive increase to benchmarks to balance certification growth and market maturation

Category Benchmarks

- Serve as overall annual aspirational SBE utilization goals
- Data-driven goals established via Market Utilization Analysis
- Contract Category Benchmarks
 - Goods: 33%
 - Construction: 33%
 - A&E: 34%
 - Professional Services: 38%
 - Other Services: 30%



Contract-Specific Goal Setting



- Contract-specific goals will be set based on scope(s), availability, capacity, and contract value:
 - Identify Subcontracting Scopes
 - Calculate Availability for each Scope (SBE Firms/Total Firms)
 - Weighted Value for each Scope (Scope \$/Total \$)
 - Add all Weighted Values together for total SBE Goal
- **SBE Goal (%) = SUM (Availability for Each Scope x Scope Weight)**
- Encourages meaningful participation by aligning goals with actual market capacity, prompting vendors to engage SBEs genuinely rather than relying on simple outreach



DRIVE Participation Goal Example



Construction Benchmark 33%

Roadway Reconstruction

<u>Scope</u>	<u>Calculated Goal</u>
Asphalt Paving	8.80%
Traffic Control	6.75%
Concrete	4.50%
Trucking	11.00%

Total SBE Goal: 31%

Vertical Construction

<u>Scope</u>	<u>Calculated Goal</u>
Electrical	7.60%
Plumbing	4.50%
HVAC	5.60%
Finishing	10.50%
Landscaping	12.00%

Total SBE Goal: 40%

Pipeline Replacement

<u>Scope</u>	<u>Calculated Goal</u>
Excavation	7.00%
Pipe Installation	4.80%
Erosion Control	5.00%
Materials	3.75%

Total SBE Goal: 21%



BID v. DRIVE Policy



Component	BID Policy <i>Prior to June 26, 2025</i>	DRIVE Policy <i>Pending Council Adoption</i>
Certification	<ul style="list-style-type: none">• Recognition of M/WBE certification<ul style="list-style-type: none">• Certification Agencies: NCTRCA, DFW MSDC, WBC	<ul style="list-style-type: none">• Recognition of SBE certification<ul style="list-style-type: none">• Certification Agencies: NCTRCA, DFW MSDC, WBC• <i>Recognize U.S. SBA 8(a) and Texas Comptroller HUB certification</i>
Evaluation Criteria	<ul style="list-style-type: none">• Up to 15 evaluation points<ul style="list-style-type: none">• Historical Utilization: M/WBE utilization on past projects (5 points)• Team Make-Up/Schedule of Work: Proposed subcontractor utilization (10 points)	<ul style="list-style-type: none">• Up to 20 evaluation points<ul style="list-style-type: none">• SBE Utilization (8 points)• Local Economic Impact (6 points)• Engagement Score (6 points)



Evaluation Criteria



SBE Utilization (8)

Measures the proposer's plan to engage certified SBEs as subcontractors/ suppliers

- **Proposed SBE Commitment (6)**
 - 4 points if proposal meets contract-specific goal, **and**
 - 2 additional points if proposal exceeds goal by at least 5%
- **First-Time Contracting (2)**
 - 2 points if proposal includes at least one SBE that the Prime has never worked with or SBE that has never worked on a City of Dallas Contract; **or**
 - 2 points if Proposer is submitting as an SBE Prime for the first time

Local Economic Impact* (6)

Evaluates the proposer's commitment to local economic impact

- **Local Workforce (3)**
 - 2 points if at least 30% of workforce live in the city of Dallas
 - 1 point if Headquartered in the city of Dallas
- **Local Supply Chain Usage (2)**
 - 1 point if proposal includes at least 1 subcontractor/supplier headquartered in the Dallas MSA
 - 1 additional point if at least 1 subcontractor/supplier is headquartered in the city of Dallas
- **Local Community Investment (1)**
 - 1 point for participation in Dallas-based training, internship, apprenticeship, or community partnerships

Engagement Score (6)

Assesses the proposer's past performance and demonstrated engagement practices

- **Past Subcontractor Utilization (3)**
 - 3 points if proposal demonstrates certified subcontractor utilization goal attainment
- **Documented Engagement Efforts (2)**
 - 1 point for participation in a Mentor-Protégé Program
 - 1 point for active participation with a Dallas-based industry group (i.e., contractors association, chamber, or certification agency)
- **Past Timely Payments to Subcontractors (1)**
 - Proof of consistent timely payments to certified subcontractors



BID v. DRIVE Policy



Component	BID Policy <i>Prior to June 26, 2025</i>	DRIVE Policy <i>Pending Council Adoption</i>
Capacity-Building	<ul style="list-style-type: none"> • Outreach events, technical assistance, and networking sessions 	<ul style="list-style-type: none"> • Enhance existing efforts through: <ul style="list-style-type: none"> • First Look Program • Dallas Capacity-Building Collaborative • Mentor/Protégé Program
Compliance & Monitoring	<ul style="list-style-type: none"> • Primes reported M/WBE utilization via B2GNow • City verified and audited payments 	<ul style="list-style-type: none"> • Continue utilization reporting and compliance audits and report out actual utilization
Good Faith Effort (GFE)	<ul style="list-style-type: none"> • Contractors documented outreach if unable to meet M/WBE goals; reviewed pre-award 	<ul style="list-style-type: none"> • Continue GFE policy; introduce accountability measures if goals are repeatedly not met



Program Highlights

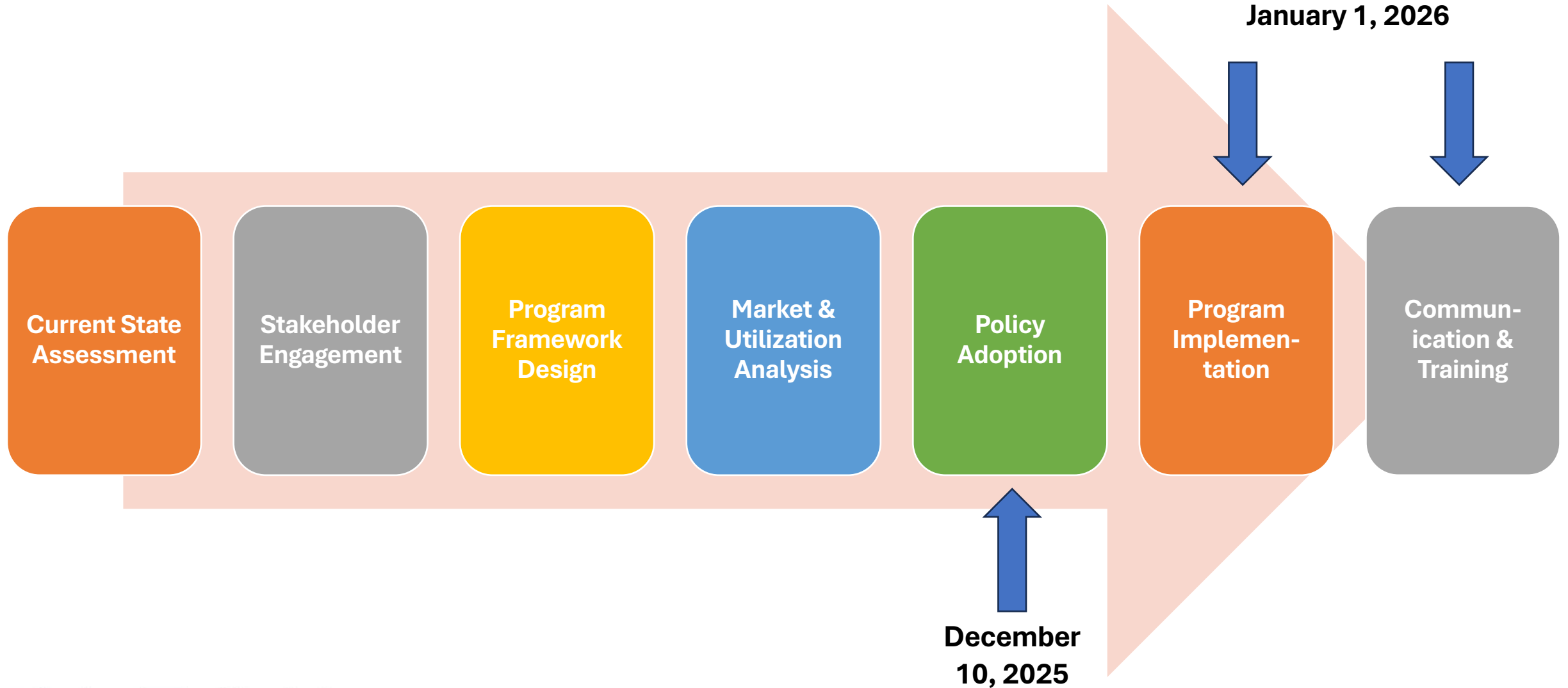


- ✓ **Expand Access:** prioritize small, local, and veteran businesses in informal procurements under \$100,000 through *First Look* program
- ✓ **Unbundling Opportunities:** Break larger projects into smaller, more accessible scopes
- ✓ **Promote Best Value:** leverage *best value bids* to balance cost, quality, and inclusion
- ✓ **Support Self-Performance:** acknowledge certified prime contractors that perform core work directly
- ✓ **Measure Participation:** introduce an *Engagement Score* to track commitment to DRIVE Policy



Next Steps

Anticipated Timeline



Implementation Plan



Next Steps



- City Council consideration on December 10th, with an effective date of January 1, 2026
- If adopted staff will begin the implementation phase
 - Documentation
 - Staff and Stakeholder Training
 - Ongoing Support
 - Reporting
- Brief City Council in August 2026 on the DRIVE Policy progress and update



Questions?



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