City of Dallas

DRIVE: Developing Regional & Inclusive Vendor Enterprises Framework

Economic Development Committee
November 3, 2025

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Purpose

- Provide background on the Business Inclusion & Development (BID) Policy and federal directives
- Review stakeholder engagement process and feedback
- Present the draft ***DRIVE*** policy framework and next steps

Background

BID Policy - Overview

- Adopted in 2008, the BID Policy promoted the inclusion of certified M/WBEs in City contracts
  - Participation goals set through an Availability & Disparity Study

Construction	Architecture & Engineering	Professional Services	Goods	Other Services
32%	34%	38%	32%	0%

  - Required Good Faith Efforts (GFE) documentation
  - Included up to 15 evaluation points tied to M/WBE participation in RFCSPs

Federal Directives

January 2025 – New Executive Orders Issued and Operationalized

June 25, 2025 – City Council directs City Manager to take steps toward compliance

June 26, 2025 – City Manager establishes Grant Compliance Task Force to review City policies

Executive Orders

Diversity Equity, and Inclusion (DEI) – EO 14173

- The City cannot operate programs that promote or advance illegal DEI ideology in violation of federal anti-discrimination laws.
- The City cannot allocate contracts or benefits based on suspect classifications, including: race, sex, national origin, or religion.
- Permissible classifications include: veteran, disability, and socioeconomic status

M/WBE Contracts – 2 CFR § 200.321, E0 14173

- Federal law requires consideration (i.e. inclusion and access) of small, minority-, women-, and veteran-owned business.
- The City cannot use race, sex, national origin, or religion as scoring criteria or add points in proposal evaluations.

Recent Program Changes

- The U.S. Department of Transportation issued an Interim Final Rule (IFR), effective October 3, 2025, which included changes to the Disadvantaged Business Enterprise Program (DBE):
  - Eliminates race- and gender-based presumptions of social and economic disadvantage for DBE eligibility
  - Requires existing DBE firms to undergo recertification under revised eligibility criteria
  - Temporarily pauses DBE participation goals
- On October 28, 2025, the Texas Comptroller's Office announced a temporary freeze on issuance and renewal of Historically Underutilized Business (HUB) certifications, *"pending further action to ensure the program's administrative procedures and rules are constitutional."*
- Staff is actively reviewing these changes and will provide guidance on operational and policy impacts to ensure continued compliance with federal and state requirements as needed.

BID Policy Actions

Tasks Completed

- ✓ Solicitations extended & BID criteria removed
- ✓ Pending contract awards amended
- ✓ BID compliance suspended for active contracts
- ✓ Contractors notified of suspension
- ✓ Procurement engaged national public sector procurement consultants to assist with transition to federally compliant program
- ✓ Conducted Stakeholder Engagement sessions to inform program design

Tasks In Progress

- Inventory current contracts with M/WBE goals and identify interim strategies
- Conduct a Market Utilization Study
- Present recommendations to City Council for adoption
- Implement ongoing quality assurance to track progress and impact

Stakeholder 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

Process

Assess

- Barriers to Participation
- Support to Compete
- Eligibility Criteria
- Participation Goals
- Good Faith Effort

Validate

- Review Findings
- Introduce 8 Program Components
- Rate & Cross-Rank Components

Refine

- Begin Program Design
- Introduce Common Features for each Component
- Rate Features and Provide Feedback

Finalize

- Present Draft Program Framework
- Review & Incorporate Feedback
- Prepare Final Draft for Council Adoption
- Implementation

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)

Small & Local 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%**

Draft Policy Framework

DRIVE Overview

- ***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.*

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

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 participation and economic impact

DRIVE Program Scope

- The DRIVE Program applies to City of Dallas procurements for goods, services, professional services, architecture, engineering and construction
- *First Look* program (<$100,000)
  - Encourages departments to first seek quotes from certified SBEs and veteran-owned businesses, in addition to the State requirements for HUB participation
- Competitive solicitations exceeding (>$100,000)
  - Subject to standard procurement process and DRIVE participation goals
- Exclusions:
  - Emergency procurements
  - Interlocal and Cooperative agreements led by other agencies
  - Grant-funded procurements governed by federal or state laws

DRIVE Program Scope

Procurement Method	Threshold	Description	DRIVE Points	DRIVE Goal
Informal Bids	<$100,000	A purchase of goods/services	✗	✗
RFB	>$100,000	A contract for goods/services awarded to the lowest bidder	✗	✓
Best Value Bid	*>$100,000*	A contract for goods/services awarded to the bidder providing the best value	✓	✓
RFCSP	>$100,000	A contract for goods/services awarded to the highest ranked proposer	✓	✓
RFQ	Any	A contract for professional services awarded to the most qualified proposer	✓	✓
RFP	Any	A contract for personal, planning, or consulting services awarded to the highest ranked proposer	✓	✓

DRIVE Program Eligibility

Feature	Definition
SBA Size Standard	Use SBA size standards as a baseline
Custom Size Standard	Conduct a Market Utilization Study to confirm local alignment
Revenue Threshold *or*	Implement revenue thresholds by program and contract category
Employee Threshold	Implement employee thresholds by program and contract category
Personal Net Worth	Use DBE standard as a baseline until study is complete
Geographic Definition	Define eligible businesses as those operating within the Dallas MSA (federally defined region consisting of 11 counties)

DRIVE Program Goals

- Data-driven goals established through a Market Utilization Study and updated at least every five years
- **Contract Benchmarks:**
  - Category goals will serve as overall aspirational goals intended as program benchmarks
- **Contract-Specific Goals:**
  - Contract-specific goals monitored for planned vs. actual participation
  - Develop DRIVE Policy SBE Goal Calculator
- Goals may be achieved through self-performance by a certified SBE, utilization of SBE Subcontractors or combination of both

Local Preference Policy

- Promotes economic growth by encouraging contracting with Dallas-based businesses and governed by the TLGC Chapter 271.
- *Supports the DRIVE Program goal of expanding local participation and economic impact*
- **City of Dallas Policy Highlights**
  - Adopted by City Council in 2013 (Resolution No. 13-1988)
  - Applies to goods and general services procured through an RFB or RFCSP
  - Offers up to a 5% Discount on Bid or 5 points in evaluation scoring
  - Applies to companies headquartered in the City of Dallas, or who hire City of Dallas residents
  - Tie-Bids are awarded to the bidder who is a resident of the City
  - Excludes: construction services >$100,000 and professional services

Certifications

- The City of Dallas will recognize certifications issued by
  - Certification Partners (DFW MSDC, WBCS, NCTRCA) – SBE
  - US Small Business Administration – 8(a), HUBZone, Service-Disabled Veteran-Owned
  - Texas Comptroller of Public Accounts - HUB
- Mutual reciprocity with other certification agencies (i.e. City of Austin and City of Houston)
- Implement a phased graduation process for businesses that outgrow SBE standards

Dallas Fort Worth Minority Supplier Development Council, Inc.

WOMEN'S BUSINESS COUNCIL Southwest

NCTRCA NORTH CENTRAL TEXAS REGIONAL CERTIFICATION AGENCY

Evaluation Criteria

- **When permissible** solicitations will include evaluation points for DRIVE policy compliance
- Evaluation Criteria will include:
  - Small Business Utilization
  - Local Economic Impact
  - Engagement Score
- *Explore increasing existing 15 evaluation points to 20*

SBE Utilization

Measures the proposer's plan to engage certified small businesses as subcontractors and suppliers.

Local Economic Impact

Evaluates the proposer's commitment to local economic impact through hiring, training, and partnerships in the Dallas region.

Engagement Score

A comprehensive score of the proposer's past performance and demonstrated engagement practices.

Evaluation Criteria Breakdown

SBE Utilization

- Points will be allocated on a scale based on whether the contract goal is not-met, met, or exceeded
- SBE Prime self-performance will factor into scoring

Local Economic Impact

- Points will be allocated on a scale based on the business location/workforce in the City or MSA
- Points will also be allocated for Mentor-Protégé programs, Internships, etc.

Engagement Score

- Points will be allocated based on the contractor's past SBE utilization
- Additional points may be awarded to those engaging first-time SBE subcontractors.

Capacity-Building

- First Look Program
- Dallas Capacity-Building Collaborative
- Dallas Accelerator Program
- *Small Business Directory*
- *Bonding & Technical Assistance*
- *Mentor/Protégé Program*

Compliance & Monitoring

- **Reporting Requirements**
  - Contractors must submit monthly utilization, and payment reports to verify SBE participation and compliance with contract goals
- **Accountability Measures**
  - Hold contractors accountable for repeatedly failing to meet contract-specific goals without valid justification
- **Monitoring Existing Contracts**
  - City will closely monitor substitution requests on existing contracts to ensure subcontractors are not dropped without justifiable cause

Good Faith Effort (GFE)

- Contractors must demonstrate good faith efforts to meet program goals upon contract award
- Documentation will be required when a contractor fails to meet participation goals, detailing outreach, negotiation, and engagement activities
- GFE Elements for Validation:
  - Meaningful Scope: subcontracting opportunities align with actual work scopes and values
  - Early & Broad Outreach: engage certified SBEs early and across communication methods
  - Transparency in Pricing: share negotiation data and bid details to demonstrate fairness
  - Demonstrated Consideration: show that bids and proposals were evaluated equitably

BID v. DRIVE Policy

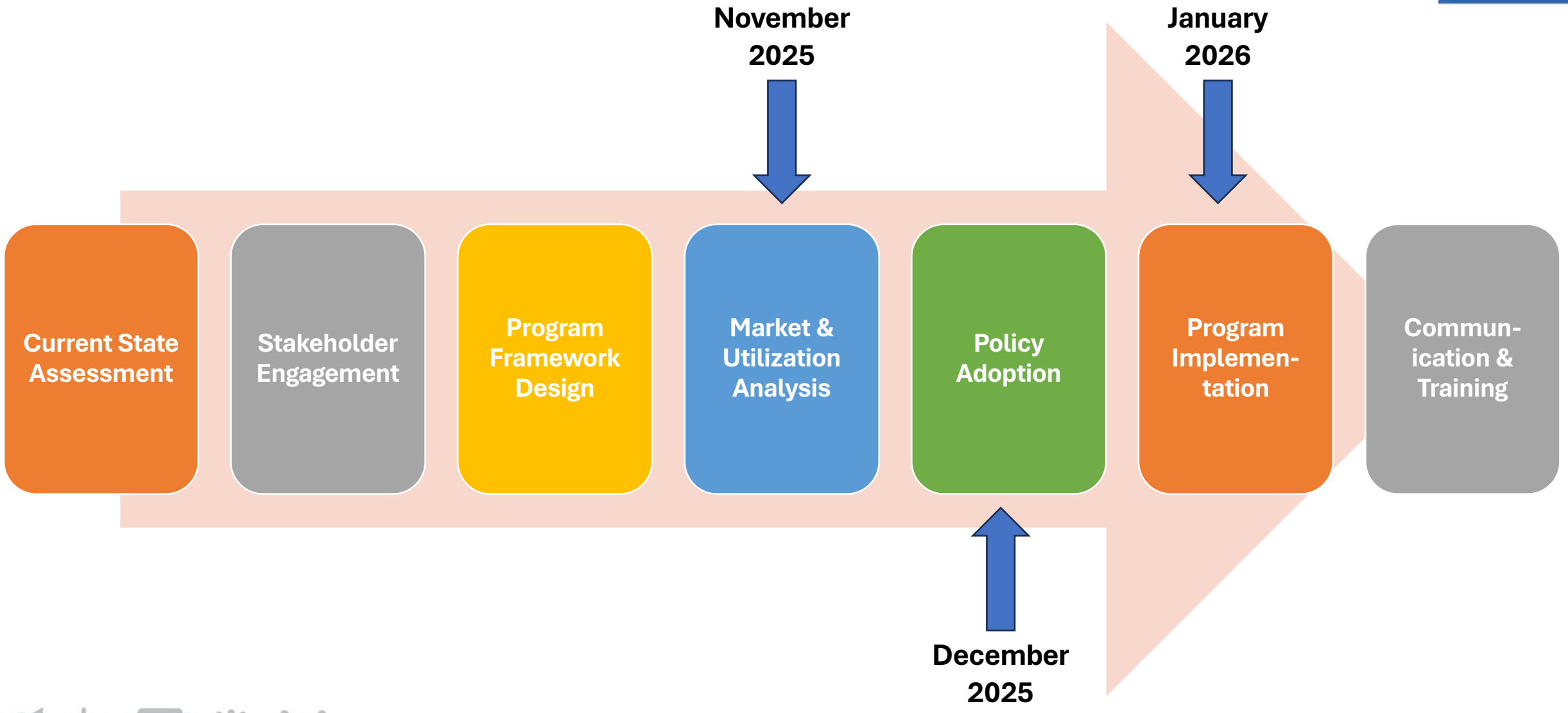
Component	BID Policy *prior to June 26, 2025*	DRIVE Policy *Pending Council Adoption*
Scope & Eligibility	51% minority or female ownership	Applies to businesses within the Dallas MSA that meet SBA size standards but add custom size revenue, personal net worth, and employee thresholds after market utilization study
Participation Goals	Category-based M/WBE goals	Category-based aspirational goals *and* enforceable contract-specific goals
Local Preference	Local Preference Policy not tied to M/WBE program	Remains unchanged under State Law
Certification	Recognition of M/WBE certification from partner agencies	Recognition of SBE certifications from partner agencies, US SBA, and Texas Comptroller

BID v. DRIVE Policy

Component	BID Policy *prior to June 26, 2025*	DRIVE Policy *Pending Council Adoption*
Evaluation Criteria	Evaluation points based on prior utilization and team composition	Includes evaluation points for SBE utilization, local economic impact, and Engagement Score
Capacity-Building	Outreach events, technical assistance, and networking sessions	First Look Program with Civic Marketplace; DCBC Initiatives; Mentor/Protégé Program; and other assistance programs
Compliance & Monitoring	Primes reported M/WBE utilization via B2GNow; City verified and audited payments	Continue utilization reporting and compliance audits and report out actual utilization
Good Faith Effort (GFE)	Contractors documented outreach if unable to meet M/WBE goals; reviewed pre-award	Continue GFE policy; introduce accountability measures if goals are repeatedly not met

Next Steps

Anticipated Timeline



Next Steps

- Incorporate feedback into policy language
- Review legal alignment with federal and state laws
- Validate goal-setting using final market utilization study
- Present DRIVE framework to the City Council on December 3rd
- City Council consideration on December 10th
- Prepare for policy implementation and transition from BID to DRIVE policy effective January 1, 2026

Questions?

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