



Developing Regional & Inclusive Vendor Enterprises (DRIVE) Policy

The City of Dallas is committed to promoting the economic opportunity and long-term success of small and local businesses. To advance this commitment, the City is establishing the Developing Regional & Inclusive Vendor Enterprises (**DRIVE**) Program to expand Small Business Enterprise (SBE) participation in contracting opportunities.

A Market Utilization Study provides the data-driven foundation for this policy by evaluating SBE availability and informing aspirational participation goals consistent with federal and state requirements.

This policy outlines the standards and procedures for implementing the DRIVE Program, including certification recognition, monitoring, reporting, and capacity-building initiatives. It also establishes mechanisms for ongoing evaluation and continuous improvement as firms grow and graduate from the program.

The DRIVE Policy strengthens transparency, accountability, and supplier diversity, ensuring small and local businesses are engaged as active participants in the City's economic future.

1. POLICY OVERVIEW

1.1. Policy Statement

It is the policy of the City of Dallas to involve certified SBEs to the greatest extent feasible in the City's contracting opportunities. The City further seeks to encourage the growth and development of SBEs, promoting local economic growth and increased competition.

In alignment with this commitment, the City has adopted the Developing Regional & Inclusive Vendor Enterprises (DRIVE) Policy for City of Dallas contracts.

1.2. Applicability & Scope

The DRIVE Policy applies to all contracts for goods, construction, architecture & engineering, professional services, and other general services over \$100,000, with particular focus on contracts with subcontracting opportunities. The Policy does not apply to:

- 1.2.1 Contracts exempt from competitive procurement¹;
- 1.2.2 Contracts less than \$100,000 subject to the First Look Program;

¹ Texas Local Government Code – Section 252.022

- 1.2.3 Contracts awarded via an Interlocal or Cooperative purchasing agreements; and
- 1.2.4 Contracts funded through federal or state funding sources that mandate different requirements. Where contracts involve federal or state funds, the City shall comply with applicable federal and state laws and regulations.

1.3. Purpose

The purpose of this policy is to establish a Small Business Participation Program that expands contracting opportunities for small businesses, strengthens open and fair competition, and promotes local economic growth. By increasing access for local firms, the program supports reinvestment in the Dallas economy and workforce, enhances procurement accountability and transparency, and ensures responsible stewardship of public funds while delivering greater value to the community.

1.4. Objectives

- 1.4.1. Promote inclusion of SBEs by providing opportunity for participating in City contracts for goods, construction, general services and professional services;
- 1.4.2. Provide procedures for monitoring, enforcement, and compliance with SBE requirements;
- 1.4.3. Provide conditions for growth and development of SBEs by providing training and access to business resources and opportunities;
- 1.4.4. Promote competition through marketing initiatives on City contracts for the purchase of goods or services; and
- 1.4.5. Encourage contractors to uphold nondiscriminatory practices aligned with federal, state, and local legal standards.

2. DEFINITIONS

- 2.1. Architectural & Engineering Services** – Professional design, planning, consulting, and technical services provided by licensed architects and engineers in connection with public facilities or infrastructure.
- 2.2. Availability** – The estimated number of ready, willing, and able SBEs in the Dallas MSA capable of providing a specific good or service by commodity code.
- 2.3. Award** - The formal decision by the City of Dallas to enter into a contract or issue a purchase order following evaluation of a solicitation.
- 2.4. Bid** – A written offer, quote, or proposal submitted by a vendor in response to a solicitation.
- 2.5. Business or Firm** - A legal, for-profit entity registered to do business in the State of Texas.
- 2.6. Certification** - Verification by an approved agency that a firm meets the City's definition of a Small Business Enterprise (SBE).

- 2.7. Commercially Useful Function (CUF)** - Actual and responsible performance of work by an SBE that manages and executes a distinct element of the contract.
- 2.8. Commodity** - A uniform category of goods/services used to classify procurement items.
- 2.9. Construction Services** - Work performed involving building, altering, repairing, improving, or demolishing public structures, consistent with Texas Local Government Code Chapter 2269.
- 2.10. Contract** - A legally binding agreement between the City of Dallas and a party to provide goods, services, or construction.
- 2.11. Contract Category Benchmarks** - Annual participation benchmarks for each major contract category based on market availability and utilization data.
- 2.12. Contract Specific Goals** - SBE participation targets assigned to individual contracts based on scope and SBE availability.
- 2.13. Contractor** - A person or firm that enters into a contract with the City.
- 2.14. Good Faith Effort** - Documented actions showing a Prime Contractor's sincere attempts to meet SBE participation goals.
- 2.15. Goods** - Tangible materials, supplies, or equipment procured by the City.
- 2.16. Other Services** - Non-professional, non-construction services not classified as goods.
- 2.17. Owner** - A person holding at least 51% ownership and control of a business.
- 2.18. Participation** - The dollar amount or percentage of contracted work performed by certified SBEs.
- 2.19. Payment** - Compensation issued by the City to a contractor for work performed.
- 2.20. Prime Contractor** - A vendor that holds a direct contract or purchase order with the City.
- 2.21. Professional Services** - Services requiring professional licensure or defined under Texas Government Code Chapter 2254.
- 2.22. Prompt Payment** - Requirement that the City and Prime Contractors pay Subcontractors within statutory timeframes.
- 2.23. Proposal** - A vendor's response to a solicitation outlining qualifications, pricing, and approach.
- 2.24. Respondent** - A vendor submitting a bid, proposal, or qualification statement.
- 2.25. Small Business Enterprise (SBE)** - A for-profit business that meets the eligibility requirements of the DRIVE Policy, Section 4.2.
- 2.26. Subcontractor** - A firm providing goods or services under agreement with a Prime Contractor.
- 2.27. Subcontractor Payment** - Payment from a Prime Contractor to a Subcontractor aligned with state law and City requirements.
- 2.28. Submittal** - A complete response to a City solicitation.
- 2.29. Waiver** - A written determination authorizing an exemption from Contract-Specific Goals following documented Good Faith Efforts.

3. PROGRAM ADMINISTRATION

The City Manager is responsible for implementing the DRIVE Policy and serves as the City's SBE Liaison Officer. The SBE Liaison Officer has designated the Business Enterprise Hub (BEH), under the Office of Procurement Services, to administer daily operations of the DRIVE Program.

3.1. Business Enterprise HUB (BEH) Responsibilities

- 3.1.1. Develop, manage, and implement the DRIVE Policy.
- 3.1.2. Establish written procedures and forms needed to administer the DRIVE Program.
- 3.1.3. Disseminate information related to business opportunities.
- 3.1.4. Create certification and compliance procedures.
- 3.1.5. Maintain the City's SBE Directory.
- 3.1.6. Establish procedures for the calculation of contract-specific participation goals.
- 3.1.7. Track, monitor, and report SBE participation, including subcontractor utilization with emphasis on subcontractor utilization post contract award.
- 3.1.8. Track, monitor, and report payments to prime contractors from the City and payments from prime contractors to subcontractors with emphasis on prompt payment as outlined in the Texas Local Government Code Section 2251.022.
- 3.1.9. Grant evaluation points to encourage meaningful inclusion of SBE participation in response to proposals estimated to be more than \$100,000.
- 3.1.10. Advise prospective vendors and contractors on the DRIVE Policy compliance requirements.
- 3.1.11. Evaluate vendor participation and Good Faith Efforts.
- 3.1.12. Enforce compliance and corrective actions.
- 3.1.13. Provide opportunities for capacity-building to SBEs.
- 3.1.14. Publish SBE performance statistics.

3.2. City Departments Responsibilities

- 3.2.1. Include SBE requirements in solicitations.
- 3.2.2. Adhere to the requirements of the First Look Program for solicitations under \$100,000.
- 3.2.3. Identify and report contract opportunities suitable for small business participation.
- 3.2.4. Monitor contractor performance relative to this policy.

4. PROGRAM ELIGIBILITY

4.1. Eligibility Requirements

The following criteria establish eligibility for certification and participation as a Small Business Enterprise (SBE) under this policy.

4.1.1. Size Standard Requirement

To qualify as an SBE, a firm must meet the Small Business Administration (SBA) size standards² for its industry classification (NAICS code). If the SBA updates the size standard, the revised standard applies immediately unless superseded by City ordinance.

4.1.2. Local Presence Requirement

For purposes of this policy, a firm will be considered “local” if its principal office is physically located in the broader Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA) as identified by the Office of Management and Budget (OMB)³. If the OMB updates the MSA delineations, the revised MSA applies immediately unless superseded by City ordinance.

4.1.3. Independence Requirement

An SBE must be independently owned and operated, not a subsidiary or affiliate of a large parent company in a manner that artificially qualifies the business.

4.1.4. Commercially Useful Function Requirement (CUF)

An SBE must perform a Commercially Useful Function (CUF) and must not serve as a pass-through, broker, or conduit solely for the purpose of receiving SBE credit.

4.2. Certification Requirements

The City of Dallas does not directly certify small businesses. However, the City is a partner with several small business certification agencies. The City reserves the right to accept SBE certifications issued by other certifying organizations. Self-certification does not meet the City’s SBE certification requirements.

4.2.1. The City may accept SBE certifications from:

- 4.2.1.1. North Central Texas Regional Certification Agency (NCTRCA)
- 4.2.1.2. Dallas-Fort Worth Minority Supplier Development Council (DFWMSDC)
- 4.2.1.3. Women’s Small Business Council Southwest (WSBC)
- 4.2.1.4. U.S. Small Business Association (SBA)
- 4.2.1.5. Texas Comptroller of Public Accounts
- 4.2.1.6. Other certification partners may be approved by the Director of the Office of Procurement Services.

4.2.2. Certification shall be valid for two (2) years, subject to annual affidavit of no change requirements to confirm continued eligibility.

4.2.3. A certified SBE that exceeds the size standards due to organic growth may receive a 12-month grace period, absent fraud or abuse. After the grace period, firms may continue to submit proposals but are no longer SBE-eligible for utilization credit.

² Small Business Act, 15 U.S.C. 631 et seq.

³ OMB Bulletin No. 23-01

5. PROGRAM COMPONENTS

5.1. Participation Goals

Participation Goals are established to advance the objectives of the DRIVE Policy by promoting access and increasing small business engagement in City of Dallas contracting opportunities. These goals are intended to be data-driven, measurable, and reflective of the availability and capacity of SBEs operating within the Dallas region.

Participation Goals shall be informed by the findings from the Market Utilization Study, conducted at program initiation and updated no less than once every three (3) years. The study shall identify SBE availability by industry category, historical contracting patterns, and regional capacity to inform aspirational and contract-specific goal setting.

5.1.1. Contract Category SBE Participation Benchmarks

The City shall maintain Contract Category SBE Participation Benchmarks that serve as aspirational goals for each procurement category. These annual benchmarks reflect overall program targets and are not enforceable quotas, and will be reviewed annually.

5.1.1.1.	Goods:	33%
5.1.1.2.	Construction Services:	33%
5.1.1.3.	Architectural & Engineering Services:	34%
5.1.1.4.	Professional Services:	38%
5.1.1.5.	Other Services:	30%

5.1.2. Contract-specific SBE Participation Goals

BEH shall first reference the annual Contract Category Benchmark for the specific contract category when setting contract-specific participation goals, and then shall also have the authority to maintain, increase, reduce, or eliminate such goal based on the type of contract, scopes of work, and availability of SBEs.

Contract-specific SBE Participation Goals shall be established for applicable procurements based on category benchmarks, project scope, and availability.

5.1.2.1. The City will utilize an SBE Goal Calculator to determine the contract-specific goals. The calculator will consider the following:

- 5.1.2.1.1. Contract Category Benchmarks
- 5.1.2.1.2. Estimated Contract Value
- 5.1.2.1.3. Scopes of Work
- 5.1.2.1.4. Total Number of Vendors
- 5.1.2.1.5. Total Number of SBE certified Vendors

5.1.3. Self-Performance

SBE prime contractors may count self-performed work toward the SBE participation goal when it meets Commercially Useful Function (CUF) requirements. Self-performance may not be used to avoid subcontracting or limit reasonable opportunities for other certified SBEs. Primes must not bundle or structure work to increase self-performance at the expense of subcontracting opportunities. The City may review and approve self-performance declarations to ensure compliance with SBE participation requirements.

5.2. Evaluation Preference Points

Where permitted by law, solicitations may include up to 20 evaluation points allocated as follows:

5.2.1. SBE Utilization – This criterion measures the proposer’s plan to engage certified SBEs as subcontractors or suppliers. Points may be allocated based on:

- 5.2.1.1. Proposed SBE Commitment; and
- 5.2.1.2. First-Time Contracting of SBEs.

5.2.2. Local Economic Impact – This criterion evaluates the proposer’s contribution to economic activity in Dallas and the Dallas–Fort Worth–Arlington MSA. Points may be allocated based on:

- 5.2.2.1. Local Workforce;
- 5.2.2.2. Local Supply Chain Usage; and
- 5.2.2.3. Local Community Investment.

5.2.3. Engagement Score - This criterion captures the proposer’s historical and ongoing commitment to meaningful small business participation. Points may be allocated based on:

- 5.2.3.1. Documented engagement efforts;
- 5.2.3.2. Past timely Payments to Subcontractors; and
- 5.2.3.3. Past Subcontractor Utilization.

5.3. Good Faith Effort (GFE)

When SBE participation targets are not met, vendors must show Good Faith Efforts by providing the following documentation:

5.3.1. Notification to SBEs of subcontract opportunities at least 7 business days before bid closing using multiple channels such as emails, phone calls, and electronic bidding sites.

- 5.3.2. Breaking out work into economically feasible units.
- 5.3.3. Soliciting bids from certified SBEs listed in the City directory.
- 5.3.4. Following up on inquiries from interested SBEs and demonstrating continuous communication.
- 5.3.5. Negotiating in good faith.
- 5.3.6. Documenting acceptance or rejection of SBE quotes with reasons and demonstrating consideration.
- 5.3.7. Assisting SBEs with bonding, insurance, or access to plans/specs.
- 5.3.8. Attending pre-solicitation meetings, matchmaking events or outreach sessions.

5.4. Capacity-Building

The City of Dallas shall support small business development through a coordinated set of capacity-building initiatives designed to expand readiness, competitiveness, and long-term sustainability of SBEs. Capacity-building activities under the DRIVE Program may include, but are not limited to:

- 5.4.1. **First Look Program** – Provides SBEs priority access to informal solicitation opportunities and early visibility into upcoming procurement needs.
- 5.4.2. **Dallas Capacity-Building Collaborative (DCBC)** – Facilitates regional partnerships, shared training resources, and cross-agency support for SBE development.
- 5.4.3. **Dallas Accelerator Program** – Offers targeted business development training, workshops, and coaching to help SBEs compete for City contracts.
- 5.4.4. **Small Business Directory** – Maintains a centralized, publicly accessible directory of certified SBEs for use by departments and prime contractors.
- 5.4.5. **Bonding & Technical Assistance** – Provides resources, guidance, and connections to bonding and technical support to improve business readiness.
- 5.4.6. **Mentor/Protégé Program** – Promotes structured partnerships between experienced firms and emerging SBEs to enhance capacity, skills, and industry knowledge.

5.5. Reporting

The City will develop a set of meaningful key performance indicators to track overall program performance. These metrics will be tracked regularly and published for public review. Key metrics will include, but not be limited to:

- 5.5.1. Total contract awards by category
- 5.5.2. Percentage of dollars awarded to SBEs

- 5.5.3. Number of SBE prime contractors
- 5.5.4. Compliance findings and enforcement actions
- 5.5.5. Program improvements and recommendations

6. PROGRAM COMPLIANCE

The City will enforce the DRIVE Policy through mandatory reporting, monitoring, and corrective actions. Contractors and subcontractors must comply with policy requirements.

6.1. Reporting by Prime Contractor

Prime contractors shall submit periodic participation reports documenting all payments made to certified SBEs and the status of SBE commitments. Reports shall be provided at intervals established by the City (e.g., monthly, quarterly) and must include:

- 6.1.1. Actual payments to each SBE subcontractor;
- 6.1.2. Work performed by SBEs and percentage complete;
- 6.1.3. Any changes to originally proposed SBE utilization;
- 6.1.4. Certification verification for each SBE utilized.
- 6.1.5. Loss of certification must be reported within five (5) business days.
- 6.1.6. A final utilization report is required; final payment may be withheld until verified.

6.2. Substitution of SBE Subcontractors

Substitution, removal, or reduction in scope of an SBE subcontractor requires prior written approval. Requests must demonstrate good cause. Replacement subcontractors must also be certified SBEs, supported by documented GFE.

6.3. Audits & Reviews

The City may conduct audits or reviews at any time. Contractors must provide access to all relevant records. On-site visits may be conducted to verify CUF performance. Deficiencies may require a corrective action plan; failure to comply may result in sanctions.

6.4 Fraud, Front Companies, and Misrepresentation

Fraud or misrepresentation related to SBE participation is strictly prohibited. Violations may result in contract termination, debarment, payment withholding, and referral for criminal investigation. The City may revoke recognition of SBEs that obtained certification fraudulently and share findings with partner agencies.

6.5 Penalties and Sanctions

Upon determination that the contractor has failed to comply with any portion of this policy, the non-compliant party shall be subject to any and all of the following penalties:

- 6.5.1. Payment withholding;

- 6.5.2. Administrative penalties;
- 6.5.3. Contract suspension or termination; and
- 6.5.4. Disqualification from future solicitations.

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