



**Governor's Office of
Economic Development
Local Emerging Small Business Program Report
September 15, 2014**

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Introduction

The Nevada Local Emerging Small Business (ESB) program is designed to encourage the development and growth of small businesses in Nevada. The program seeks to assist small businesses in obtaining work with state and local government agencies through identifying small businesses that want to contract with government agencies. Nevada businesses interested in doing business with the State of Nevada Purchasing Division, State of Nevada Public Works Division and/or local governments in Nevada (specifically Clark and Washoe counties) are encouraged to apply. A public list of all certified ESB firms in Nevada is maintained on the Nevada Governor's Office of Economic Development (GOED) website at www.diversifynevada.com. The ESB program was created by Assembly Bill 294 in the 2013 Legislative Session and became effective on January 1, 2014.

This report has been prepared in accordance with NRS 231.14075 and submitted to the Governor as well as Director of the Legislative Counsel Bureau. It is a summary of the reports submitted to GOED by the state and local government agencies participating in the program in accordance with the purchasing statutes governing those respective agencies. It also provides an overview of how GOED has worked to implement this new program statewide since January 1, 2014 including administrative functions (such as the new online application/directory) as well as outreach efforts to build the list of certified ESBs.

The reports submitted by the various reporting entities reflect that this program is still in early stages of implementation and therefore the data is not very robust at this time. However, it is evident that a great deal of time, effort and resources have gone into internal infrastructure change necessary for tracking and reporting, education of staff and end-user buyers, and outreach to existing vendors. These initial efforts as well as the tangible results that were achieved despite the general challenges of implementing a new program across an entire agency, have demonstrated success for the first six months of the program. These initial reports provide information helpful to determine how the program can be most efficient and effective for Nevada small businesses as well as government agencies going forward. GOED will continue to work alongside state and local government agencies to better understand discretionary expenditures and the opportunities available for small businesses to perform on those projects. This data will provide a baseline and methodology from which to set goals for future program growth.

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**A. Local Government Purchasing Divisions/Departments
Pursuant to NRS Chapter 332 Sec. 1.1(a)(b)(c)(d)**

**January 1, 2014 to June 30,
2014 Totals**

| | | | |
|---|----|---|---------|
| Ch 332 Section 1.1(a) | | Ch 332 Section 1.1(c) | |
| Total Number of Local Emerging Small Businesses that were solicited to submit a quote, bid or proposal on a contract..... | 89 | Total Number of contracts that were awarded to Local Emerging Small Businesses..... | 228 |
| Tier 1 ESB SubTotal... | 60 | Tier 1 ESB SubTotal... | 142 |
| Tier 2 ESB SubTotal... | 29 | Tier 2 ESB SubTotal... | 86 |
| Ch 332 Section 1.1(b) | | Ch 332 Section 1.1(d) | |
| Total Number of Local Emerging Small Businesses that submitted a quote, bid or proposal on a contract..... | 95 | Total dollar amount of contracts that were awarded to Local Emerging Small Businesses... | 861,751 |
| Tier 1 ESB SubTotal... | 59 | Tier 1 ESB SubTotal... | 491,987 |
| Tier 2 ESB SubTotal... | 36 | Tier 2 ESB SubTotal... | 369,764 |

Pursuant to NRS Chapter 332 Sec. 1.1(e) and NRS Chapter 231 Sec. 17.1

Program Outreach Efforts

With regards to Program Outreach efforts, the majority of agencies reported their purchasing staff contacted local companies within their databases through various communications, including emails, phone calls, workshops, meet and greet opportunities and diverse outreach events. Additionally, a category was added to the vendor information sheets or other vendor sign-up forms indicating an ESB link to the diversifynevada.com website. All agencies are in the process of updating their specific websites to include ESB Program information as well as a direct link to the GOED website.

Staff Training Measures

The majority of agencies reported all staff members are in the process of being trained and educated with the ESB program. These efforts are resulting in informed staff members able to further apprise divisional staff of the aims and purposes of the program to encourage statewide use of ESB businesses whenever possible. Agencies have modified their purchasing software to capture the information required by the statute and simplify data entry. While some agencies indicated minor reductions in staffing, all have been able to accommodate the needs of the program. One of the challenges of the ESB program is that discretionary expenditures or those expenditures under the threshold required for public bid are in most cases handled at the department level rather than centralized through the agency's purchasing department. Therefore, each government entity represents hundreds if not thousands of end-user buyers that have the authority to purchase discretionary goods/services. The success of the program will depend upon the education of all departments and end-users, not just purchasing department staff, so that they are aware of the ESB program goals and directory.

Procurement Cards

The Procurement Card exemption in the legislation had little to no effect on the agency use of ESB companies. Approximately half of the agencies reported they encourage the use of ESB companies as the Pcard limits are low and ESB companies can bid on a variety of opportunities within the organization. Additionally, one-half reported their agency does not use Pcards and therefore all quotes represent potential opportunities for ESBs.

Suggested Program Improvements

Numerous agencies requested the search tool be expanded to allow for individual and collective fields, NAICS code descriptions, and the services or goods provided by the vendors.

Also, agencies requested reporting and communication methods to better reflect efforts to use ESB companies in the bidding and awarding process. In response to this request, GOED is currently in the process of including links from its website to the various agency websites to facilitate further ease of access to applicable ESB information.

Online Directory Changes

The majority of agencies requested the list of ESB companies be listed alphabetically with the option of sorting. Also suggested is a search feature by NAICS Codes and types of services to enhance research. This request will have to be addressed with GOED's website administrator to determine options as well as pricing.

Enhanced Reporting and Communication Methods

In the interest of improving reporting and communication methods, agencies requested semi-annual workshops to share improvements within the process and to educate one another on lessons learned in the bidding and awarding process. This will be an important way for GOED to gather and disseminate peer-to-peer best practices for program implementation going forward. Agencies further suggested an online and accessible MS Word or PDF form that can be easily completed and submitted to GOED.

Initial Goals

A majority of agencies reported that due to the infancy of the ESB program, establishing realistic goals will be more pragmatic and accurate for the next reporting timeframe. Most concurred the initial goal was to reach out to as many new and current suppliers to encourage their participation in the application process. This outreach further resulted in a substantial return of comments, suggestions, and concerns from prospective applicants. Internally, agencies set goals aimed at training department staff to enable them to access the ESB database and report to the purchasing division/department staff effectively and accurately.

Plans for Meeting Goals and Improving ESB Participation

Both state and local agencies report they are working on internal procedures to formalize strategies in order to provide a level of automation in assisting ESBs with the opportunity to submit quotes. Ongoing staff training will further the effectiveness of vendor presentations by providing data on the program. Continued education will focus on awareness and understanding of the ESB statutes and mandates. Scheduled email blasts will help ensure vendors are acquainted with the certification process in addition to maintaining an updated vendor database. Additionally, outreach efforts will continue to target potential ESB applicants for future opportunities through participation in local workshops, expos, and GOED events. All agencies are in the process of including the link to the GOED website www.diversifynevada.com for the ESB application, FAQs and directory.

**B. State Purchasing Division
Pursuant to NRS Chapter 333 Sec. 2.1 (a)(b)(c)(d)**

**January 1, 2014 to June 30,
2014 Totals**

| | | | |
|---|-----|--|-----|
| Ch 333 Section 2.1(a) | | Ch 333 Section 2.1(c) | |
| Total Number of Local Emerging Small Businesses that were solicited to submit a quote, bid or proposal on a contract. | N/A | Total Number of contracts that were awarded to Local Emerging Small Businesses. | N/A |
| Tier 1 ESB SubTotal | | Tier 1 ESB SubTotal | |
| Tier 2 ESB SubTotal | | Tier 2 ESB SubTotal | |
| Ch 333 Section 2.1(b) | | Ch 333 Section 2.1(d) | |
| Total Number of Local Emerging Small Businesses that submitted a quote, bid or proposal on a contract. | N/A | Total dollar amount of contracts that were awarded to Local Emerging Small Businesses. | N/A |
| Tier 1 ESB SubTotal | | Tier 1 ESB SubTotal | |
| Tier 2 ESB SubTotal | | Tier 2 ESB SubTotal | |

**State Purchasing Division
Pursuant to NRS Chapter 333 Sec. 2.1 (g)**

The Purchasing Division requested programming changes to its Vendor Management System application, creating the ability for vendors to identify themselves as ESBs, making their status searchable by all public entities. The changes were not complete until June 2014. Staff coordinated and participated in multiple workshops and meetings regarding the program for vendors and public entities. Staff developed workshops associated with ESB education, featured ESB at outreach events and created a link on their website linked to GOED’s website ESB application. Staff has been instructed to send all RFQs and Invitations to Bid to GOED and GOED is evaluating how to best distribute that information amongst ESB businesses. Further, database changes related to ESB programs have been added to accommodate new fields and generate new reports.

With regards to the Procurement Card exemption in the legislation, the ESB soliciting and reporting requirements are imposed on the Purchasing Division due to the decentralized structure of purchasing. The Division encourages the use of ESBs by State agencies for purchases within their Direct Purchase Authority through statewide procurement training.

Due to the infancy of the ESB program, outreach efforts were the primary goal of the Purchasing Division. For the next reporting period, the Division will ramp up staff training to ensure increased awareness and knowledge to be used for vendor presentations and the benefits of being ESB certified. Additionally, Purchasing will work in conjunction with the Finance department to attach ESB flyers to vendors with email payment checks to further enhance the outreach efforts.

**C. State Public Works Division
Pursuant to NRS Chapter 338 Sec. 5.1(a)(b)(c)(d)**

**January 1, 2014 to June 30,
2014 Totals**

| | | | |
|---|-----|--|-----|
| Ch 338 Section 5.1(a) | | Ch 338 Section 5.1(d) | |
| Total Number of Local Emerging Small Businesses that were solicited to submit a quote, bid or proposal on a contract. | N/A | Total Number of contracts that were awarded to Local Emerging Small Businesses. | N/A |
| Tier 1 ESB SubTotal | | Tier 1 ESB SubTotal | |
| Tier 2 ESB SubTotal | | Tier 2 ESB SubTotal | |
| Ch 338 Section 5.1(b) | | Ch 338 Section 5.1(d) | |
| Total Number of Local Emerging Small Businesses that submitted a quote, bid or proposal on a contract. | N/A | Total dollar amount of contracts that were awarded to Local Emerging Small Businesses. | N/A |
| Tier 1 ESB SubTotal | | Tier 1 ESB SubTotal | |
| Tier 2 ESB SubTotal | | Tier 2 ESB SubTotal | |

**State Public Works Division
Pursuant to NRS Chapter 338 Sec. 5.1(g)**

The Nevada State Public Works Division (SPWD) is committed to being an active participant in the GOED ESB Program. SPWD has successfully completed their initial outreach and continues to invite contractors to get registered with GOED. Emails comprised of ESB information, flyers, and the GOED link were sent to 187 contractors from their database of qualified bidders. As of June 30, 2014, 24 contractors were either prequalified or qualified as approved applicants.

SPWD Project Managers are actively participating to promote the program to contractors for bids on projects under \$100,000. This list is updated monthly by cross-referencing the GOED website and ESB directory. All new applications with State Public Works are directed to GOED's ESB Program for application if qualified. Additionally, a section to the Recommendation to Award Worksheet has been added to track ESB bids and awards.

SPWD attended the April 10, 2014 Nevada PTAC Procurement Outreach Program matchmaker event in Fallon, NV and handed out literature pertaining to their agency and the ESB Program. A SPWD representative will be attending all future Nevada PTAC matchmaker events. A link on the SPWD website has been successfully implemented at <http://spwb.state.nv.us/QualificationofBidders.htm> directing interested parties to the ESB program application on GOED's website.

D. Overview of All Reporting Agencies

| | State Purchasing Sec.2 NRS 333 | State Public Works Sec.5 NRS 338 | All other reporting agencies Sec.1 NRS 332 |
|--|-----------------------------------|-------------------------------------|--|
| Number of contracts that were subject to the provisions of Chapter 231 of NAC | N/A | 39 | 14701 |
| Total dollar amount of awarded contracts that were subject to the provisions of Chapter 231 of NAC | N/A | \$891,735 | \$30,290,319 |
| Total Number of Local Emerging Small Businesses that were solicited to submit a quote, bid or proposal on a contract | N/A | N/A | 89 |
| Tier 1 ESB SubTotal | N/A | N/A | 60 |
| Tier 2 ESB SubTotal | N/A | N/A | 29 |
| Total Number of Local Emerging Small Businesses that submitted a quote, bid or proposal on a contract | N/A | N/A | 95 |
| Tier 1 ESB SubTotal | N/A | N/A | 59 |
| Tier 2 ESB SubTotal | N/A | N/A | 36 |
| Total Number of contracts that were awarded to Local Emerging Small Businesses | N/A | N/A | 228 |
| Tier 1 ESB SubTotal | N/A | N/A | 142 |
| Tier 2 ESB SubTotal | N/A | N/A | 86 |
| Total dollar amount of contracts that were awarded to Local Emerging Small Businesses | N/A | N/A | \$861,751 |
| Tier 1 ESB SubTotal | N/A | N/A | \$491,987 |
| Tier 2 ESB SubTotal | N/A | N/A | \$369,764 |

Data was received from the following agencies as of September 1, 2014 for inclusion in this report:

- 1 City of Henderson
- 2 City of Reno
- 3 City of Sparks
- 4 Las Vegas-Clark County Library District
- 5 Clark County
- 6 Clark County Regional Flood Control District
- 7 Clark County School District
- 8 Clark County Water Reclamation
- 9 Las Vegas Convention and Visitors Authority
- 10 Las Vegas Valley Water District
- 11 Las Vegas Valley Water District – Southern Nevada Water Authority
- 12 McCarran Airport
- 13 Reno Tahoe Airport
- 14 Reno Tahoe Convention and Visitors Authority
- 15 Regional Transportation Commission of Southern NV
- 16 Regional Transportation Commission of Washoe County
- 17 Southern Nevada Health District
- 18 State of Nevada Public Works Division
- 19 State of Nevada Purchasing Division
- 20 Washoe County

E. Number of Local Emerging Small Businesses (ESBs) Certified as of June 30, 2014 Pursuant to NRS Chapter 231.14075

Tier 1/Tier 2 ESB Summary

| | |
|--|-----|
| Total ESBs | 280 |
| Tier 1 ESBs | 229 |
| Tier 2 ESBs | 51 |
| ESBs Involved in Construction services | 64 |
| ESBs Involved in Non-Construction services | 216 |
| Tier 1 Construction ESBs | 45 |
| Tier 2 Non-Construction ESBs | 19 |

F. GOED Outreach and Implementation

The outreach goal of the Governor's Office of Economic Development (GOED) staff is to connect local emerging small businesses in Nevada with state and local government agencies seeking state purchasing/public works contracts. Private contractors are also encouraged to utilize the online directory of ESB-certified businesses on GOED's website in order to fulfill their private contracting needs. An ESB Outreach Plan was created with the input of the Department of Business & Industry to ensure a consistent and state-wide strategy for program implementation. Outreach is leveraged through partnerships with other state small business programs including the Nevada PTAC Procurement Outreach Program, the Secretary of State Silverflume Business Portal, and the Nevada Department of Business & Industry.

ESB Outreach completed during this report period includes:

- Creation of online application and online directory on GOED's website
- Creation of new print collateral including ESB flyer
- Roundtable discussions and internal trainings with state/local government purchasing staff
- ESB program featured in state-wide newsletters including GOED, Department of Business & Industry and Nevada PTAC Procurement Outreach Program
- Hosted 2 ESB webinars, free and open to the public
- Presented ESB program and application to resource partners and potential applicants at 25 meetings and events