



**Governor's Office of Economic Development  
Local Emerging Small Business Program Report  
September 15, 2015**

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# Executive Summary

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 by 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](http://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. This summary of reports submitted to GOED includes information from two separate reporting periods, incorporating state and local government participation from July 1, 2014 to December 31, 2014 and January 1, 2015 to June 30, 2015. It also provides an overview of GOED's efforts to continue implementing and administering this program statewide including ongoing administrative functions as well as outreach efforts to build the list of certified ESBs.

The reports submitted by the various reporting entities reflect that this program remains in the early stages of implementation – and those stages vary across state and local government entities due to staff capacity, existing technology infrastructure, and centralized vs. decentralized purchasing processes. Although primary contacts for ESB implementation and reporting are focused on the Purchasing staff at all of the included agencies, the current thresholds for ESB purchases (\$50,000 or less commodities/services, \$100,000 or less construction) are in many cases actually conducted at the department level (this is a de-centralized purchasing structure). It is evident that a great deal of time, effort and resources have gone into internal infrastructure changes 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 full fiscal year of the program. These 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 continues 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.

In an effort to address some of the requests and issues from the previous report, GOED has focused on developing a broader list of ESBs over the past year and continues to support certified ESBs with their efforts in obtaining government contracts. As the list of certified ESBs grows and as Nevada buyers look to issue a contract or purchase order, the likelihood of an ESB providing that product or service is greater thereby making it an option for the buyer to request a quote from an ESB. It is also helpful for GOED to continuously provide support to ESBs following their certification. Certification alone does not lead to many results in terms of contracts, therefore, GOED educates ESB businesses to conduct market research to determine which agencies are the right fit for their company and how to be proactive in their marketing strategy in order to develop relationships with the buyers at their target agencies. All ESBs are encouraged to sign up for the free resources, events, counseling and referral services offered by the Nevada PTAC Procurement Outreach Program, also administered by GOED.

GOED's role in influencing the increase in contract awards or expenditures will continuously be indirect. However, GOED actively encourages and educates state and local government agencies to utilize the ESB directory to facilitate more contracts or expenditures with ESB firms. GOED is also proactive in simplifying how agencies locate ESBs (i.e. improvements to the online website and directory), supporting them in their efforts (i.e. attend their supplier outreach events), which will hopefully lead to more ESB participation in their quotes and purchases. Due to collective actions there has been an increase in outreach efforts among state and local government purchasing staff – many agencies now

host individual as well as joint supplier events and many have been very supportive of GOED sponsored events over the past year sending purchasing staff to represent their agency.

Table of Contents

- A. Number of Local Emerging Small Business Certified as of June 30, 2015
- B. Program Metrics of All Reporting Agencies
- C. State Purchasing Division Narrative Summary
- D. State Public Works Division Narrative Summary
- E. Local Government Purchasing Divisions Narrative Summary
- F. GOED Outreach and Implementation

**A. Number of Local Emerging Small Businesses (ESBs) Certified as of June 30, 2015**

**Pursuant to NRS Chapter 231.14075**

**Tier 1/Tier 2 ESB Summary**

Total ESBs	539
Tier 1 ESBs	444
Tier 2 ESBs	95
ESBs Involved in Construction services	138
ESBs Involved in Non-Construction services	401
Tier 1 Construction ESBs	103
Tier 2 Non-Construction ESBs	35

“Tier 1 business” means a business that does not employ more than 20 full-time or full-time equivalent employees. If the business is involved in providing construction services, the average annual gross receipts must not exceed \$1.7 million for the three years immediately preceding the date of application. If the business is involved in the sale of goods or providing services other than construction services, the average annual gross receipts must not exceed \$700,000 for the three years immediately preceding the date of application.

“Tier 2 business” means a business that does not employ more than 30 full-time or full-time equivalent employees. If the business is involved in providing construction services, the average annual gross receipts must not exceed \$3.5 million for the three years immediately preceding the date of application. If the business is involved in the sale of goods or providing services other than construction services, the average annual gross receipts must not exceed \$1.3 million for the three years immediately preceding the date of application.

**B. Program Metrics of All Reporting Agencies July 1, 2014 – June 30, 2015**  
**Pursuant to NRS Chapters 333 Sec. 2.1 (a)(b)(c)(d), 338 Sec. 5.1(a)(b)(c)(d), 332 Sec. 1.1(a)(b)(c)(d)**

	State Purchasing Sec.2 NRS 333	State Public Works Sec.5 NRS 338	All other reporting Local agencies Sec.1 NRS 332
Number of contracts that were subject to the provisions of Chapter 231 of NAC	1,653	118	17,568
Total dollar amount of awarded contracts that were subject to the provisions of Chapter 231 of NAC	\$41,547,219.78	\$3,034,076.00	\$61,694,508
Total Number of Local Emerging Small Businesses that were solicited to submit a quote, bid or proposal on a contract	196	13	130
Total Number of Local Emerging Small Businesses that submitted a quote, bid or proposal on a contract	24	6	114
Total Number of contracts that were awarded to Local Emerging Small Businesses	9	5	286
Total dollar amount of contracts that were awarded to Local Emerging Small Businesses	\$110,872.70	\$130,462.00	\$1,818,477

State and Local Government agencies report ESB activity to GOED twice per year per the guidelines of the statute which is a summary of activity from July – December and January – June. State Purchasing and State Public Works report within 30 days of fiscal year end or calendar year end. Local agencies report within 90 days of fiscal year end or calendar year end. Data in the table above is reflective only of the agencies that submitted reports of activity from January 1 – June 30, 2015 to GOED by September 1, 2015. The statute provides local government agencies 90 days after fiscal year-end to report, and although requested that they submit early if possible, many did not report to GOED in time to be included in this annual report (due September 15 of each year). Therefore, some of the local government agency data reflects only activity from July 1, 2014 – December 31, 2014 (see notes in table below). In addition, the list of agencies reporting this year is not the same list of agencies as last year.

It should be noted that there is not a consistent approach or methodology to reporting metrics across all agencies and GOED may need to work one-on-one with agency staff going forward to train them on the reporting requirements of the program. Consistent reporting in the future will provide for more accurate program comparisons and trends across reporting periods. Many agencies are not fully tracking the number of ESBs solicited to submit a quote, bid or proposal due to decentralized purchasing procedures and/or limitations with existing technology. Therefore, as demonstrated by the cumulative totals from local government agencies, more ESBs were awarded contracts than were solicited.

**Data was received from the following agencies for inclusion in this report:**

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

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

The Purchasing Division has assigned staff members to participate in vendor outreach events and provide information regarding the ESB program. Outreach participation ranges from events sponsored by GOED and Business and Industry, as well as privately sponsored events such as the National Association of State Procurement Officers (NASPO) annual Marketing to the States Meetings. 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. Throughout the year, the Purchasing Division has also contacted existing vendors informing them about the ESB program, as well as contacted ESBs to register with the State's Vendor Management System (VMS).

The Purchasing Division's ESB Program Coordinator meets with staff every six months to review the Division's upcoming program goals, the process to grow the number of ESBs solicited, and internal reporting methods. 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.

During this reporting time the Purchasing Division did establish goals for the submission of bids or proposals by ESBs for state purchasing contracts. The goals for January – June 2015 were as follows:

Number of businesses solicited to submit a quote, bid or proposal: 100

ESB Goal for number of businesses to submit a quote, bid or proposal: 10

Number of contracts awarded to ESB: 6

Dollar value of contracts awarded to ESB: \$15,000

These goals were met or exceeded by providing education to Purchasing staff and vendors, regularly exporting the ESB database and sharing it with all Purchasing staff, as well as directly soliciting ESBs. For the next reporting period, the Division will continue to provide vendor outreach, education, and work with Purchasing staff to encourage soliciting ESBs directly as the number of certified ESBs increases.

#### **D. State Public Works Division Narrative Summary 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 maintained effective outreach and continues to invite contractors to get registered with GOED. SPWD continues to encourage already qualified bidders to register with GOED for participation in the ESB program. There are currently 67 contractors, engineers, architects or specialized service contractors that are qualified with SPWD and registered with the ESB Program. A representative from SPWD has attended the Nevada PTAC Outreach Program 2015 Small Business Matchmaker events where they met with 23 vendors and signed up 4 new contractors to be qualified bidders and registered with GOED.

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's goal is to increase the number of vendors on the qualified bidder list and to increase participation by the Project Managers to solicit ESBs to enhance their contracting opportunities. As a dedicated participant in the ESB Program, a SPWD representative will continue to attend all future Nevada PTAC matchmaker events. Also, 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.

Although goals specific to each reporting category were not identified by SPWD for this reporting period, GOED will work with SPWD to establish goals for the next reporting period.

#### **E. Local Government Purchasing Divisions Narrative Summary 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, supplier expos, 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. Many Nevada local government agencies have begun the implementation of the Nevada Government Marketplace System (NGEM) which allows for a single supplier registration portal, electronic solicitations, and electronic bid/proposal submittals all at no cost to the supplier. The new NGEM system will also allow for enhanced tracking of ESB participation. All ESBs to date have been notified of this new system and encouraged to register as a supplier and NGEM outreach will be a focus of the upcoming Committed to our Business Community supplier expo on September 10, 2015 in Southern Nevada.

### *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. Many 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 continued education of all departments and end-users, not just purchasing department staff, so that they are aware of the ESB program goals and directory.

### *Suggested Program Improvements*

Numerous agencies requested the Online Directory search tool be expanded to allow for individual and collective fields, NAICS code descriptions, street addresses, 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. Another suggestion was to add a section of the directory that highlights recently certified ESBs. GOED is in the process of evaluating all suggested changes to the Online Directory and will work with GOED's website administrator to determine options as well as pricing.

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.

### *Goals and Improving ESB Participation*

A majority of agencies reported that due to the infancy of the ESB program, establishing realistic goals will be more pragmatic and accurate in the future. Most concurred the initial goal to reach out to as many new and current suppliers to encourage their participation in the application process is still a priority. 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. Some agencies are still unsure of what criteria to use when establishing goals. The current statute does not require local government agencies to set goals for ESB program participation but the language does encourage goal setting.

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](http://www.diversifynevada.com) for the ESB application, FAQs and directory. Current ESB participation is only tracked through contracts or purchase orders negotiated directly between an ESB and government entity. If there was a way going forward to track subcontractor activity or Tier 2 ESB activity, it would increase participation metrics because many prime contractors are using ESB subcontractors on their government-funded projects.

## **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. Thus, outreach methods and activities are continuous and ongoing throughout the reporting period. 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:

- Redesign of online directory on GOED's website: search tool expanded to allow for individual and collective fields, new NAICS Code drop-down menu included for selecting specific code, and the businesses' services and/or goods provided by the vendors are now conveniently displayed
- Printed marketing collateral made widely available to all participating agencies in both hard copy and electronic format
- Creation of ESB Spotlight e-newsletter showcasing companies in the ESB program
- New communication methods were developed to inform ESB's about bidding opportunities, as well as to maintain regular contact with Nevada's small businesses
- Roundtable discussions and internal trainings with state/local government purchasing staff
- ESB program featured in state-wide agency newsletters including GOED, Department of Business & Industry and Nevada PTAC Procurement Outreach Program
- Presented ESB program and application to resource partners and potential applicants at 35 meetings and events