



Nevada Governor's Office of Economic Development
Nevada Local Emerging Small Business Program Report
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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. 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 the 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, 2015 to December 31, 2015 and January 1, 2016 to June 30, 2016. 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 increased participation from the last reporting period by local governments. However, the levels of participation vary across many 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 or services (but not to include credit card purchases), and \$100,000 or less for State Public Works] are in many cases actually conducted at the department level (this is a decentralized 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-users, and outreach to existing vendors. Since the program's effective date, the tangible results that have been achieved despite the general challenges of implementing a new program across an entire agency, have demonstrated continued success since 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.

GOED continues to focus 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 procurement professionals look to issue contract awards, the likelihood of an ESB providing a product or service is greater. 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 procurement professionals at their target agencies. All ESBs are encouraged to sign up for the free resources, events, counseling and referral services offered by the Nevada Procurement Technical Assistance Center (PTAC), Procurement Outreach Program, also administered by GOED.

GOED's role in influencing the increase in contract awards or expenditures will continually 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), and supporting them in their efforts (i.e., attend their supplier outreach events), which will hopefully lead to more ESB participation in their issuance of solicitations and eventual purchases to ESBs. Due to collective actions, there has been an increase in outreach efforts among state and local government purchasing staff. Many agencies continue to host individual as well as joint supplier events and many have been very supportive of GOED-sponsored events by sending purchasing staff to represent their agency.

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A. Number of Local Emerging Small Businesses (ESBs) Certified as of June 30, 2016

Pursuant to NRS Chapter 231.14075

Tier 1 and Tier 2 ESB Summary

Total ESBs	624
Tier 1 ESBs	524
Tier 2 ESBs	100
ESBs Involved in Construction services	172
ESBs Involved in Non-Construction services	452
Tier 1 Construction ESBs	134
Tier 2 Non-Construction ESBs	63

“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, 2015 – June 30, 2016

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	1,895	65	39,174

Total dollar amount of awarded contracts that were subject to the provisions of Chapter 231 of NAC	\$42,420,151.29	\$1,360,650.02	\$166,972,970
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Total Number of Local Emerging Small Businesses that were solicited to submit a quote, bid or proposal on a contract	164	8	192
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Total Number of Local Emerging Small Businesses that submitted a quote, bid or proposal on a contract	15	8	198
Total Number of contracts that were awarded to Local Emerging Small Businesses	6	7	613
Total dollar amount of contracts that were awarded to Local Emerging Small Businesses	\$42,820.60	\$251,910.20	\$5,816,793

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, 2016 to GOED by September 1, 2016. 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, 2015 – December 31, 2015 (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
- 2 City of Las Vegas **partial year*
- 3 City of North Las Vegas **partial year*
- 4 City of Reno
- 5 City of Sparks
- 6 Clark County
- 7 Clark County Regional Flood Control District **partial year*
- 8 Clark County School District
- 9 Clark County Water Reclamation District **partial year*
- 10 Las Vegas Convention and Visitors Authority
- 11 Las Vegas-Clark County Library District
- 12 Las Vegas Metropolitan Police Department
- 13 Las Vegas Valley Water District
- 14 Southern Nevada Health District
- 15 Southern Nevada Water Authority
- 16 McCarran Int’l Airport – Clark County Airport Authority **no data*
- 17 Reno-Tahoe International – Airport Authority **partial year*
- 18 Reno-Sparks Convention and Visitors Authority **partial year*
- 19 Regional Transportation Commission of Southern NV **partial year*
- 20 Regional Transportation Commission of Washoe County **partial year*
- 21 Southern Nevada Regional Housing Authority **no data*

- 22 State of Nevada Public Works Division
- 23 State of Nevada Purchasing Division
- 24 Washoe County
- 25 Washoe County School District

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 Nevada Department of Business & 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 for 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 Requests for Quote and Invitations to Bid to GOED and GOED is evaluating how to best distribute that information among ESB businesses.

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 2016 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 ESBs: 2
Dollar value of contracts awarded to ESBs: \$9,159.00

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. The division will continue education and outreach to include sponsoring an ESB roundtable to be held during the next reporting period. The goal of the roundtable is to better understand how the division can work with ESB vendors.

D. State Public Works Division Narrative Summary Pursuant to NRS Chapter 338 Sec. 5.1(g)

The State Public Works Division (SPWD) of Department of Administration is an active participant in the ESB program. SPWD continues to encourage qualified bidders to register with GOED and participate in the ESB program. The division currently has 110 SPWD qualified contactors, engineers, architects or specialized service contractors registered with the ESB program. Division staff review the Directory of Certified Local Emerging Small Businesses on a monthly basis and update their list of qualified ESB contractors accordingly.

SPWD has enhanced their outreach efforts by providing a link to the ESB application on their website at: http://publicworks.nv.gov/Bids/Qualification_of_Bidders/. Additionally, the division now has a link to GOED's website on their homepage at: <http://publicworks.nv.gov.Bids/Bids/>, directing visitors to "Get Registered with the Local Emerging Small Business Program."

SPWD also participates in outreach events sponsored by the Nevada PTAC, Procurement Outreach Program, such as the Small Business Matchmaker event held in Carson City on June 22, 2016.

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 regard 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 eMarketplace (NGEM) system, 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 also allows 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 November 10, 2016 in Southern Nevada.

Staff Training Measures

The majority of agencies reported all staff members have been trained on and educated about the ESB program. 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 or 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.

Goals and Improving ESB Participation

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 transmissions 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, Frequently Asked Questions (FAQs) and directory. Current ESB participation is only tracked through contracts or purchase orders negotiated directly between an ESB and a 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 agency projects.

F. GOED Outreach and Implementation

The outreach goal of GOED staff is to connect local emerging small businesses in Nevada with state and local government agencies, as they pursue public sector 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 Nevada 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 Nevada Secretary of State SilverFlume Business Portal, and the Nevada Department of Business & Industry.

ESB Outreach completed during this report period includes:

- Creation and presentation of a GoToWebinar spotlighting ESB. This webinar is archived and available to Nevada PTAC clients and others upon request.
- Roundtable discussions and internal training sessions with state and local government purchasing staff
- ESB program featured in state-wide agency newsletters including GOED, Nevada Department of Business & Industry and Nevada PTAC, Procurement Outreach Program
- Presented ESB program and application to resource partners and potential applicants at 15 meetings and events