



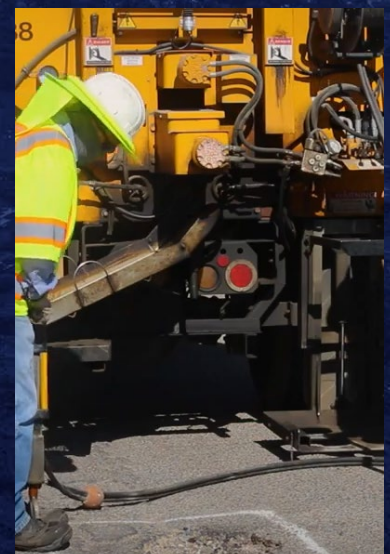
CITY OF EL PASO

Supply El Paso

April 9, 2024

Agenda

- Requested Council Action
- Supply El Paso Procurement Playbook Overview
- Summary
- Next Steps



Requested Council Action

Approve a Resolution that the City Council of the City of El Paso supports the tenets of the **Supply El Paso Procurement Playbook**, attached to the Resolution as Exhibit A, including the creation of the **Supply El Paso Board** as a collective body comprised of City of El Paso leadership and representatives from other local governmental entities, financial and banking institutions, private agencies, businesses, chambers of commerce, and other key stakeholders that endeavors to bridge gaps between procurement opportunities, support organizations and regional vendors by fostering a strong marketplace for local firms.

Supply El Paso Procurement Playbook

Unlocking the Procurement Economy for Local Businesses in El Paso

- Supply El Paso is market-making initiative to help local businesses compete for contracts and grow
- El Paso can serve as a national model for fostering local enterprise growth through effective procurement, focusing on key sectors like defense, energy and manufacturing

Supply El Paso Procurement Playbook

Unlocking the Procurement Economy for Local Businesses in El Paso

January 23, 2024

LATINOS & SOCIETY
aspen institute

BRUNEL UNIVERSITY
Nowak Metro Finance Lab
Leading Institutions for Urban Innovation

Supply El Paso Procurement Playbook

Research Team



Funder



Partners



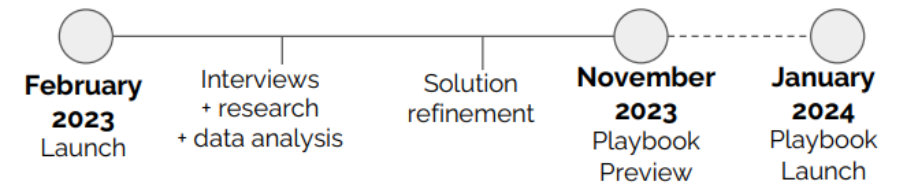
Prospective Partners



El Paso Project Goals

1. Size the procurement economy (federal, state, and local)
2. Use the procurement economy as a vehicle to grow local businesses at scale
 - a. Ready-to-scale framework
 - b. Deconstructing energy projects
3. Develop firm-centric strategies to foster contracting with local firms and strengthen their growth.

Project Timeline



Supply El Paso Procurement Playbook



A Large Procurement Economy

- **The procurement economy in El Paso is large and thriving:** Federal, state, and local agencies, along with El Paso Electric, secure annual contracts exceeding **\$2.4B**.
- **DoD is the leading public entity in spending in the region:** at **\$640M** annually in El Paso County, primarily for Fort Bliss operations.
- **Despite local capacity, most contracts go to non-local firms.** Only **3 out of 10 dollars** of direct federal spending benefit local firms, highlighting limited direct local economic impact.
- **The metro economy is undergoing a profound energy transition:** with ~\$370B federal funding over 5-10 years for clean energy. In the last 2 years, Texas attracted ~\$122B in private investments, opening opportunities for local firms.



Barriers to Firm Participation and Growth

- **El Paso's procurement economy is fragmented** across various government levels and agencies, lacking a unified system that causes confusion for suppliers.
- **Low capacity in procurement agencies** favors those connected to national or regional purchasing centers, hindering local businesses.
- **The absence of a centralized platform for buyers and suppliers** results in a disjointed marketplace with insufficient connections between procurement officers, business support organizations, and local businesses.

*To overcome these challenges, the Playbook recommends establishing a **Procurement Marketplace Council (PMC)** in El Paso*

The **PMC is a collective body**, comprising top buyers, chambers of commerce, and key stakeholders, that aims to bridge gaps between procurement opportunities, support organizations, and regional vendors, fostering a strong marketplace for local firms.

Supply El Paso emphasizes **two priority initiatives**, led by subsidiary working groups, for the Council's first-year efforts: the Defense Procurement Advancement Initiative and the Green Supply Chains Initiative.

Supply El Paso Procurement Playbook




Unlocking the opportunity: Expanding the local share of direct spending requires a certain focus on ready-to-scale firms

Ready-to-scale firms are small firms that, with the right support, could be ready to take on prime contracts and grow.

Why to focus on ready-to-scale firms?

Prime contracting	Limits of generalized support	Unlock regional growth
<i>From all small firms, these are likely to be primes. Federal prime contractors from El Paso went down from ~400 to ~200 in the last decade.</i>	<i>As firms grow, they experience new challenges and require more customized business support. These firms could take advantage of more targeted support.</i>	<i>With targeted support, these firms can bid and win more prime contracts, fostering regional growth (firms with 5-100 employees explain ~37% of the MSA employment).</i>

Characteristics of ready-to-scale firms:

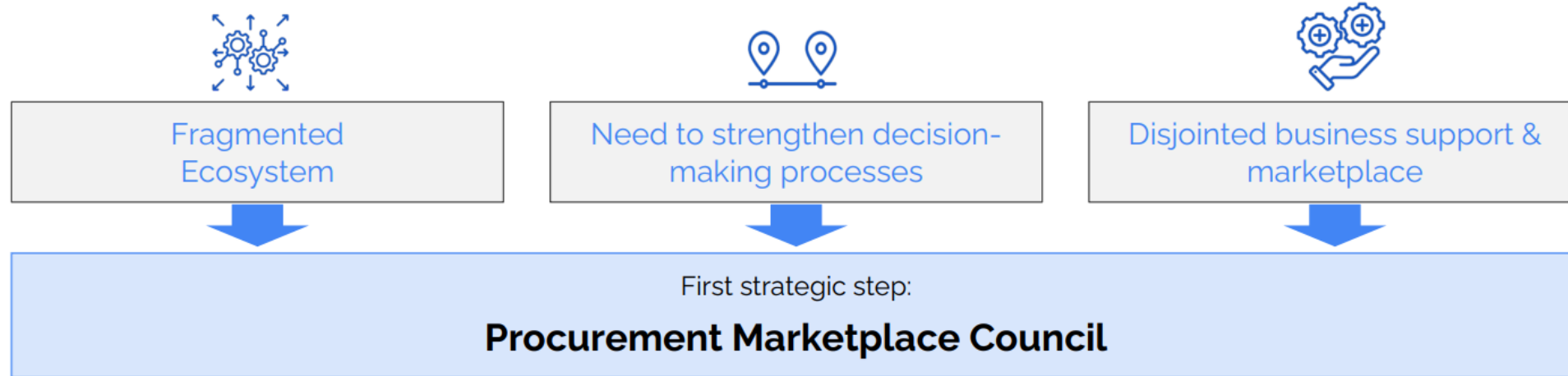
-  Track record securing **prime contracts and/or subcontracts**
-  **5-100** employees
-  **+5** years of operation
-  **\$1M-\$40M*** sales revenue




Source: Nowak Metro Finance Lab and Aspen Institute Latinos & Society for Supply El Paso (2024)

Supply El Paso Procurement Playbook

A way forward: A Procurement Marketplace Council can help address three core issues in tandem, and position EP to localize public spending at all levels



What is it	What it does		Governance	
A collective body A collective body with the goal of bridging the gaps between procurement opportunities, support organizations, and regional vendors. 	Operations <ul style="list-style-type: none">- Meets every 3 or 4 months.- Secures alignment and coordination.- Drive the implementation of prioritized initiatives.	Prioritization (proposal) <ul style="list-style-type: none">- Strategic prioritization of initiatives.- Initiatives identified:<ul style="list-style-type: none">(1) Defense Procurement Advancement,(2) Green supply chains	Leadership buy-in <ul style="list-style-type: none">- A critical factor for success.- Engagement of top buyers and their leadership.	Accountability Council <ul style="list-style-type: none">- A body to help the Council stay on track, evaluate its performance, and secure learning and improvement.

Source: Nowak Metro Finance Lab and Aspen Institute Latinos & Society for Supply El Paso (2024).

A way forward: We propose two initiatives that the Procurement Marketplace Council can explore to localize public spending at all levels and grow local firms

#1. Defense Procurement Advancement Initiative



GOAL

Be a catalyst for solving bottlenecks/**removing barriers to local firms winning contracts.**



ACTIVITIES

Explore and expand mechanisms to connect El Paso suppliers with DoD contracts, including the Mentor-Protégé Program and the establishment of Intergovernmental Services Agreements (IGSAs) to streamline procurement processes.



PARTICIPANTS*



#2. Green Supply Chains Initiative



GOAL

Maximize the energy transition to **drive the growth of regional firms** by identifying and unlocking growth opportunities.



ACTIVITIES

Identify the supply chain demand generated by the energy transition and map opportunities to fuel demand and support local firms in promising sub-sectors to grow.

Example: EV charging infrastructure supply chain.



PARTICIPANTS*



Cross-cutting strategies:

- A. Integrate practices:** Review inclusive procurement best practices locally and nationally. Develop strategies to scale effective practices fostering local firm participation in El Paso's procurement economy.
- A. Establish a Procurement Marketplace:** Establish a hub for buyers and suppliers to cultivate relationships and reinforce local business networks by hosting regular events where businesses showcase offerings to key vendors in the area.

Source: Nowak Metro Finance Lab and Aspen Institute Latinos & Society for Supply El Paso (2024).

A way forward: A (suggested) roadmap for implementation and Key Performance Indicators

	90 days <i>April 2024</i>	180 days <i>July 2024</i>	360 days <i>January 2025</i>
Key Performance Indicators			
Procurement Marketplace Council: <i>Master steering committee</i>	Set up council: ID group of stakeholders & council members; define mission; set clear objectives, and host first meeting.	Prioritize key initiatives and announce their official launch. Form an Accountability Council. Develop a matrix to track progress.	Assess progress, adjust, and guide progress through the Accountability Council.
Defense Procurement Advancement Initiative	Coordinated action among Chambers and federal TA providers to raise awareness among local businesses about the Mentor-Protégé Program and IGSA's. Convene local agencies to learn about IGSA's.	Convene local agencies, local chambers and the DoD to agree on a roadmap with clear objectives, tactics, and KPIs. ID regional firms in areas with strong DoD spending.	Track progress based on (a) share of DoD spending going to local firms and (b) new firms getting contracts with Fort Bliss . Strategize to expand successful approaches to a broader audience.
Green Supply Chains Initiative	ID lead and co-lead (organizations focused on economic development). ID regional firms in areas related to the energy transition. Round table to prioritize challenges .	Establish a network (HEIs, industry associations, and government bodies) to foster coordinated action to tackle challenges. Formalize partnerships and develop an implementation roadmap.	Firms get new contracts with a new agency. Firms win larger contracts and increase sales revenue by compared to the previous year.

Summary

- El Paso can serve as a national model for fostering local enterprise growth through effective procurement, focusing on key sectors like defense, energy and manufacturing.
- Unprecedented federal investments bring renewed opportunities for inclusive economic growth in the region
- A Procurement Marketplace Council or **Supply El Paso Board** can help address three core issues in tandem and position El Paso to localize public spending at all levels.
- On April 3, 2024, stakeholders met to discuss the creation of a Supply El Paso Board

Requested Council Action

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Next Steps

- Supply El Paso Board meeting May 2024
- Identify key partners to invite
- Establish the Board Members
- Create an Action Plan

MISSION



Deliver exceptional services to support a high quality of life and place for our community.

VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.



VALUES

Integrity, Respect, Excellence,
Accountability, People

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MISIÓN



Brindar servicios excepcionales para respaldar una vida y un lugar de alta calidad para nuestra comunidad

VISIÓN



Desarrollar una economía regional vibrante, vecindarios seguros y hermosos y oportunidades recreativas, culturales y educativas excepcionales impulsadas por un gobierno de alto desempeño



VALORES

Integridad, Respeto, Excelencia,
Responsabilidad, Personas

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