

CITY OF HOUSTON
OFFICE
of
BUSINESS OPPORTUNITY

Hire Houston First Progress Report

FY2020

July 1, 2019 - June 30, 2020



**Mayor
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Hire Houston First Program Overview

The Hire Houston First (HHF) program was developed in an effort to promote economic opportunity for Houston area businesses and to support local job creation. The City of Houston spends billions of dollars to maintain and improve the City’s infrastructure, and provide services for the public. Hire Houston First grants the City the ability to give preference to local companies and local workers, as long as their pricing is competitive.

It is the policy of the City of Houston, as defined in the Hire Houston First Ordinance, Chapter 15, Article XI, to use the City’s spending powers in a manner that promotes fiscal responsibility and maximizes the effectiveness of local tax dollars by ensuring that City spending provides expanded business opportunities for home grown businesses.

To be eligible for the HHF designation, businesses must meet at least one of two requirements:

- Be headquartered in the incorporated limits of the City or the 10 local counties; **OR**
- Have 20% or more of the entity's workforce regularly based and have a substantial part of its operations based in the incorporated limits of the City or the 10 local counties: Harris, Brazoria, Chambers, Fort Bend, Galveston, Liberty, Montgomery, Waller, Austin and San Jacinto.

Chapter 15, Article XI, permits the City to award to City and local businesses under the following criteria:

Personal Property (Goods)	Services
If the contract value is \$100,000 or greater, then the contract is awarded to a City Business that is within 3% of lowest bid.	If the contract value is \$100,000 or greater, then the contract is awarded to a Local Business that is within 3% of lowest bid.
If the contract value is under \$100,000*, then the contract is awarded to a City Business that is within 5% of the lowest bid.	If the contract value is under \$100,000*, then the contract is awarded to a Local Business that is within 5% of the lowest bid.
*For Purchases under \$50,000.00: "the city shall, subject to the requirements of section 15-181, select vendors and services providers with a principal place of business in the local area, provided that any such vendor's bid is no more than five percent greater than the lowest bid, in the event the lowest bid is from one other than a city business or a local business. "	

Note: 1. According to Texas Government Code, Chapter 2254.004, architectural, engineering, and land surveying professional services contracts must be chosen on “demonstrated competence and qualifications to perform the services; and for a fair and reasonable price”.

2. The program does not apply to any contract in which the federal government participates in the form of a grant or loan, or the city acts as a conduit for federal money. (Code of Ordinances, Sec. 15-181.)

3. In accordance with Local Government Code § 271.9051, this program does not apply to the purchase of telecommunications services or information services, as those terms are defined by 47 U.S.C. Section 153.



City and Local Business Criteria

A. **City Business (CB)** means a business with a principal place of business within city limits.

B. **Local Area** means Houston-Sugar Land-Baytown metropolitan statistical area, as defined by the Office of Management and Budget within the Executive Office of the President of the United States and includes the ten counties in and surrounding City limits: Harris, Fort Bend, Montgomery, Brazoria, Galveston, Chambers, Waller, Liberty, Austin and San Jacinto.



C. **Local Business (LB)** means a business with a principal place of business in the local area.

D. **Principal Place of Business** means the business must be headquartered or have an established place or places of business in the incorporated limits of the city or the local area as applicable, from which 20% or more of the entity's workforce are regularly based, and from which a substantial role in the entity's performance of a commercially useful function or a substantial part of its operations is conducted. A location utilized solely as a post office box, mail drop or telephone message center or any combination thereof, with no other substantial work function, shall not be construed as a principal place of business.

E. **Headquartered** means the location where an entity's leadership directs, controls, and coordinates the entity's activities.

Hire Houston First Application Process

Businesses interested in becoming eligible to participate in the Hire Houston First program must complete the Hire Houston First Application online. Only businesses that meet the requirements of the Ordinance are eligible to be designated as a Hire Houston First City Business (CB) or Local Business (LB). Processing is completed at no charge, and designations, if assigned, are valid for three (3) years.

To learn more, contact the Office of Business Opportunity (OBO) at 832-393-0600 for details and information. You may also visit the website at <http://www.houstontx.gov/obo>





Total Amount Awarded

The Hire Houston First (HHF) program was initiated on October 1, 2011. In fiscal year 2020, the City awarded \$972M to designated Hire Houston First firms from a total of \$1.6B on HHF eligible contracts and purchase orders awarded between July 1, 2019 - June 30, 2020. Therefore, participation of HHF firms was 58.3% on eligible procurements.

Procurement Type	HHF Contracts and POs	Total	HHF %
All Contracts	\$ 969,410,721	\$ 1,646,957,244	58.9%
Purchase Orders	\$ 3,529,323	\$ 21,891,068	16.1%
Total	\$ 972,940,043	\$ 1,668,848,311	58.3%

Utilization of HHF Firms

- A total of 3,657 companies registered as HHF designated vendors as of Jun 30, 2020.
- There were 426 HHF companies that received either a contract or purchase order during FY2020.
- A total of 247 contracts have been awarded to 142 prime contractors who had never won a contract before receiving their HHF designation, since the inception of the program.

Total Jobs Supported

Local Business Employees	9,276
City Business/Local Business	1,754
Total	11,030

The 426 HHF companies that won city contracts and POs during FY2020 helped support companies which provided 21,749 jobs in the Houston and surrounding areas.

Number of HHF Transactions in FY2020

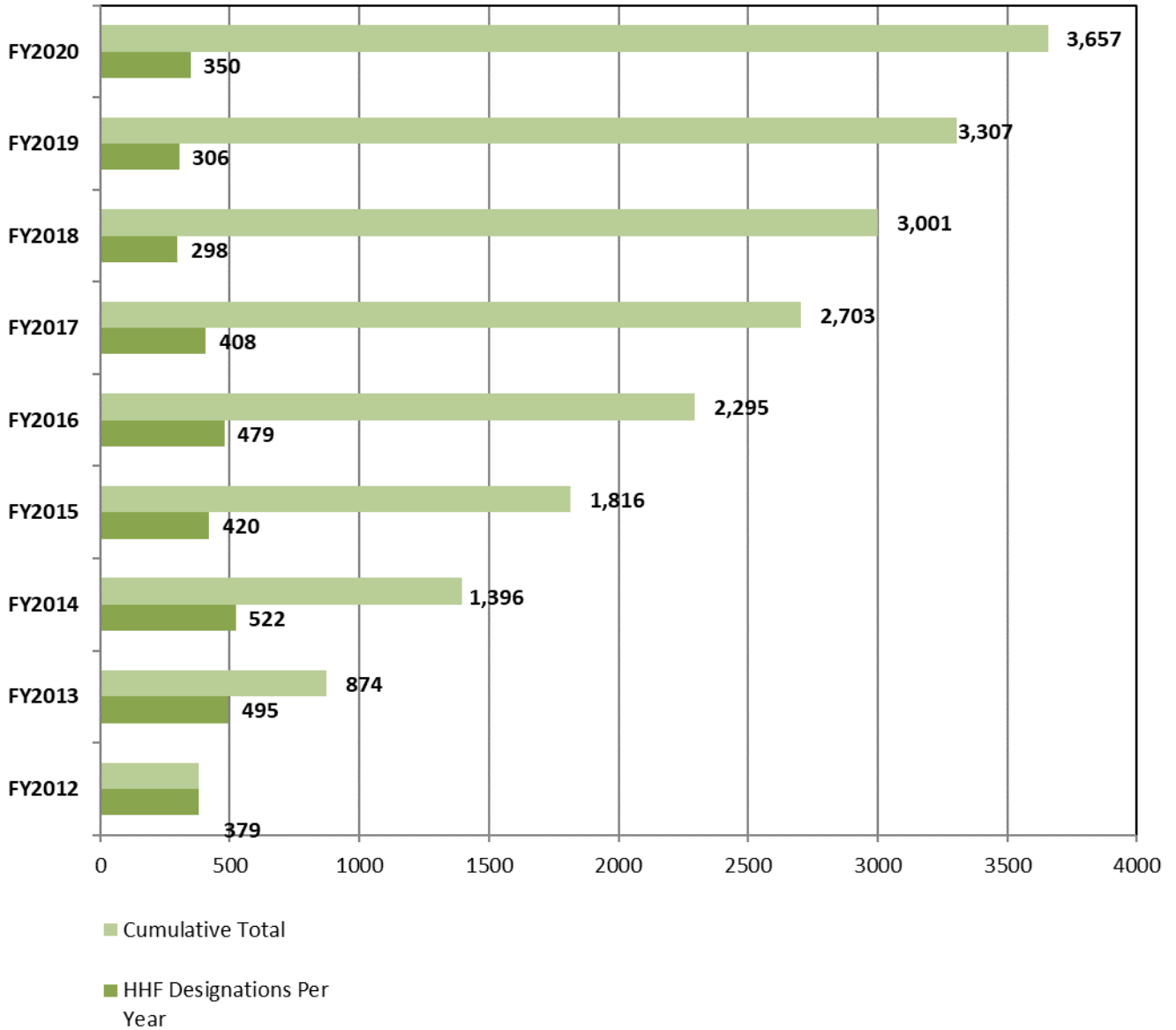
Number of Prime Contracts	239
Number of Purchase Orders	604
Total	843

In FY2020, there were a total of 239 contracts awarded and 843 Purchase Orders issued to 426 HHF companies.



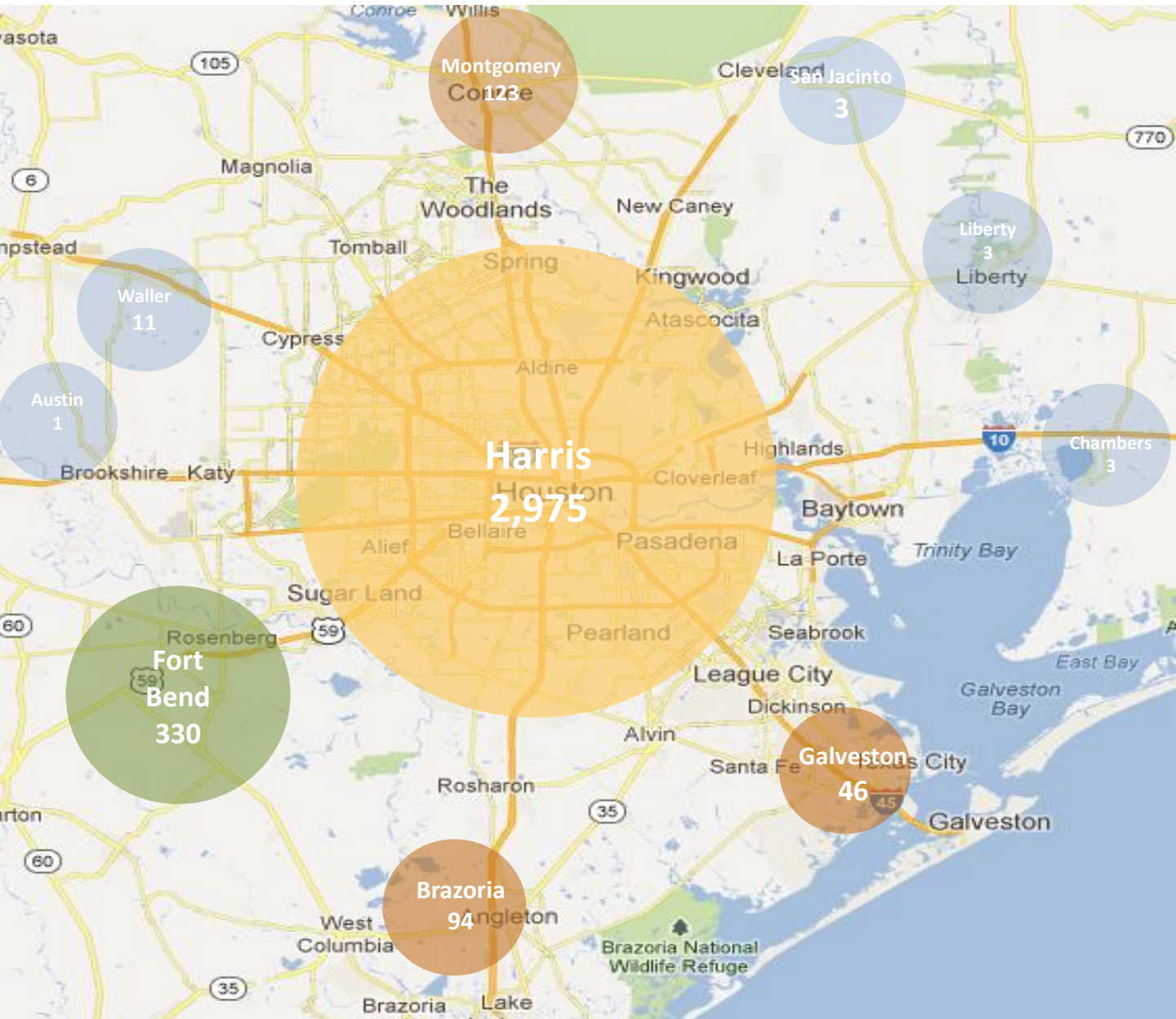


HHF Approved Applications





HHF Designated Firms by County*



* There are a total of 3,657 active HHF firms as of Jun 30, 2019. From that amount, 3,589 approved HHF companies were headquartered inside of the 10 counties as represented above. The remaining 68 approved HHF companies are headquartered outside the 10 counties. Per HHF ordinance, HHF companies are also approved if they have an established place(s) of businesses in the incorporated limits of the city or the local area from which 20% or more of their employees are located, and from which a substantial role in the entity's performance of a commercially useful function or a substantial part of its operations is conducted.



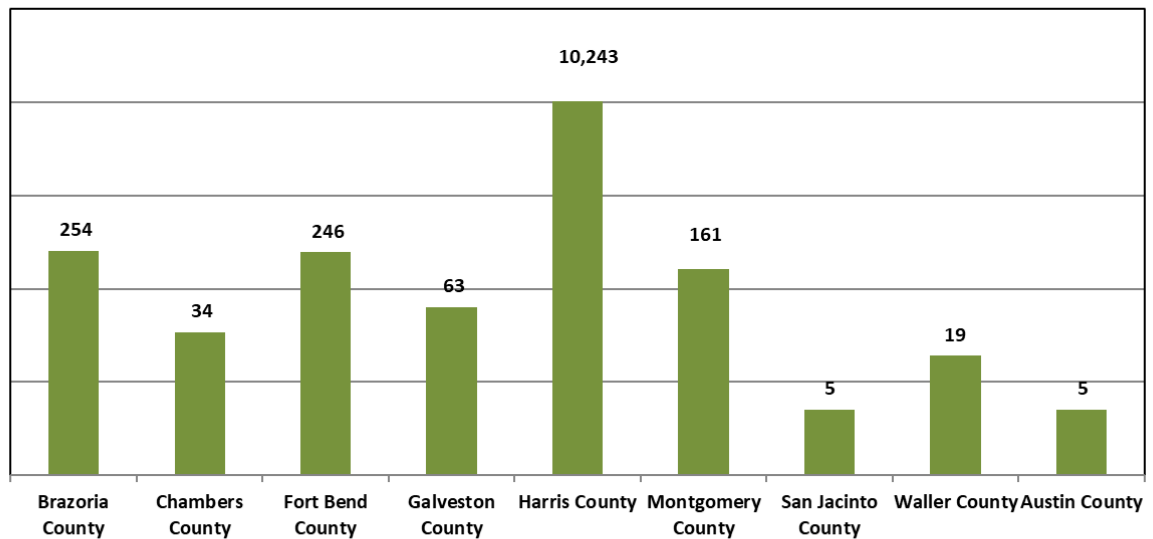


Local Jobs Supported

County	Number of Employees	%
Brazoria County	254	2.3%
Chambers County	34	0.3%
Fort Bend County	246	2.2%
Galveston County	63	0.6%
Harris County	10,243	92.9%
Montgomery County	161	1.5%
San Jacinto County	5	0.0%
Waller County	19	0.2%
Austin County	5	0.0%
Total	11,030	100%

A total of 426 HHF designated companies were awarded contracts and POs worth approximately \$972 million. These procurements help the economy and the ability to support jobs for companies that employ a total of 11,030 workers. Approximately 92% of the jobs were for companies in Harris County.

Number of Jobs Supported by County

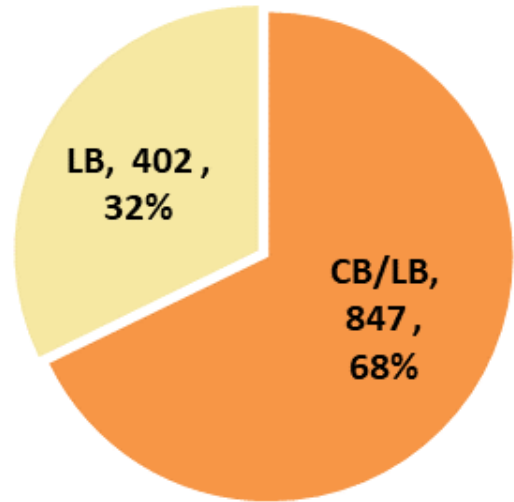


Note: The count of local employees is based on information submitted for Hire Houston First applications.



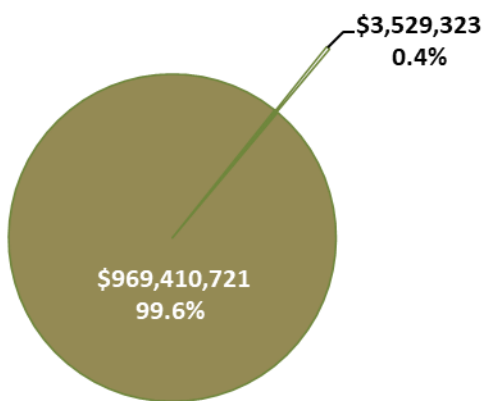
City Business/Local Businesses*

Designation Type	Awards	%
CB/LB	847	68%
LB	402	32%
Grand Total	1,249	100%



In FY2020, there were a total of 1,249 contracts and non-contract POs worth \$972M awarded to HHF companies with a CB/LB designation. There were a total of 402 companies with a LB designation and 847 HHF companies that with a CB/LB designation.

HHF Contracts and Purchase Orders Detail



As reflected in the pie chart, a total of \$972 million in contracts were awarded to Hire Houston First Primes in FY2020 which accounted for 99.6% of all HHF awards. Approximately \$3.5M worth of purchase orders were awarded to HHF Vendors, accounting for 0.4% of the entire total of total awards.

- Contracts Awarded to HHF Primes
- Purchase Orders Awarded to HHF Vendors

HHF Contracts and POs	Amount
Contracts Awarded to HHF Primes	\$ 969,410,721
Vendors	\$3,529,323
Total	\$ 972,940,043





Contracts Awarded by Department

Overall, City of Houston departments awarded contracts and purchase orders worth \$972 million to HHF firms. The procurements below were awarded to HHF firms that were either the lowest bidder, and/or no other firms were within 3-5%, or the HHF firm may have been evaluated and scored based on other procurement factors. This indicates that local companies continue to be competitive without utilizing the Hire Houston First designation. The HHF program serves as a safety net to ensure that our local companies continue to hold a competitive edge in the bidding process and is an effective promotional tool for companies exploring the growth opportunities afforded by city contracting.

There was one contract specifically due to their HHF designation in FY2020. It was a total of \$253MK awarded by the Strategic Purchasing Department to the Wholesale Electric Supply Company of Houston, Inc. for the purpose of Water Meter Equipment Enclosures for Houston Public Works department.

Department	FY2019 Total	HHF Preference Contracts
Administration & Regulatory Affairs	\$3,114,894	
Department of Neighborhoods	\$4,875	
Finance	\$29,801,916	
Fleet Management Department	\$5,400,416	
General Services Department	\$95,917,155	
Houston Aviation System	\$24,105,898	
Housing & Community Development	\$414,652	
Houston Fire Department	\$276,904	
Health and Human Services	\$743,240	
Houston Information Technology System	\$1,454,350	
Houston Police Department	\$204,770	
Houston Public Library	\$1,500,644	
Houston Public Works Department	\$756,783,287	
Human Resources	\$16,306,543	
Legal Department	\$30,041	
Municipal Courts	\$25,000	
Mayors Office	\$81,149	
Parks Department	\$729,542	
Planning Department	\$2,187,241	
Strategic Purchasing Division	\$33,720,516	\$253,750
Solid Waste Management Department	\$137,009	
Total	\$972,940,043	\$253,750





Contracts Awarded as a Result of the HHF Preference

Since the inception of the HHF program, there were 11 contracts awarded to HHF companies specifically chosen due to their HHF designation. The Houston Public Works Department and Strategic Purchasing Division awarded the following contracts to HHF vendors since the program’s inception on October 1, 2011.

Contract Number	Contract Title	Contract Value	Dept	Contract Type	Start Date	Prime Contractor
S19-N24457	Furnish Oil Cooled Transformer for PWE S19-N24457	\$ 62,139	HPW	Goods & Services	2/6/2013	Globe Electric Supply Company, Inc.
4600012180	Braesmont Drive Area Drainage & Paving Improvements M-000281-0001-4;S-000500-0126-4 & R-000500-0126-4	\$ 7,738,859	HPW	Construction	6/5/2013	SER Construction Partners LLC
4600012174	Water Line Replacement in Spring Shadows West Area S-000035-0129-4	\$ 2,499,630	HPW	Construction	6/5/2013	D. L. Elliott Enterprises, Inc.
4600012292	Elevators, Escalators, Booklifts & Manlifts Maintenance & Repair S33-L24485	\$ 3,969,144	SPD	Goods & Services	8/28/2013	EMR Elevator, Inc.
S50-N24857	Formal Bids Received to Furnish and Deliver Industrial Exhaust Fan Equipment for the Public Works and Engineering Department S50-N24857	\$ 570,772	HPW	Goods & Services	4/16/2014	Globe Electric Supply Company
4600012883	Willow Waterhole Drainage and Paving. WBS M-001013-0001-4, S-000500-0143-4 and R-000500-0143-4	\$ 6,899,315	HPW	Construction	9/3/2014	CAAN Construction Services, Inc.
4600013208	84-Inch Water Line Interconnection at East Water Purification Plant (EWPP). S-000902-0132-4	\$ 8,341,061	HPW	Construction	4/8/2015	BRH-Garver Construction, L.P.
4600013504	Chemical, Aqua Ammonia for the Department of Public Works & Engineering. S12-S25123	\$ 1,937,806	HPW	Goods & Services	9/16/2015	Southern Ionics, Inc.
4600014404	Used and Scrap Tire Disposal Services for Various Departments.	\$ 2,715,000	SPD	Goods & Services	8/9/2017	Yes America Now, Inc.
4600014643	WW#4277-101 - Sanitary Sewer Cleaning and Television Inspection in Support of Rehabilitation; WBS. No. R-000266-0278-4	\$ 855,190	HPW	Construction	1/10/2018	CSI Consolidated, LLC
S71-S26513	Water Meter Equipment Enclosures for Houston Public Works	\$ 253,750	SPD	Goods & Services - Waiver	6/9/2020	Wholesale Electric Supply Company of Houston, Inc.

Total Hire Houston First Awards

\$35,842,664





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