



**CITY OF HOUSTON**  
OFFICE  
*of*  
**BUSINESS OPPORTUNITY**

**Interoffice**  
**CORRESPONDENCE**

**To:** Mayor Sylvester Turner

**From:** Carlecia D. Wright,  
Director

*Carlecia D. Wright*

**Date:** August 22, 2019

**cc:** Marvalette Hunter, Chief of Staff  
Andy Icken, Chief Development Officer  
Ronald C. Lewis, City Attorney

**Subject: MWBE Program Allegations**

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This communication is to provide you information in response to the allegations made against the Office of Business Opportunity (the "OBO") and the MWBE Program in the press release from the Tony Buzbee Campaign.

**MWSBE ESTABLISHED BUSINESS CLASSIFICATION AND GRADUATION (GOVERNED BY CITY CODE OF ORDINANCES, ARTICLE V, SECTIONS 15-87 & 88)**

The City of Houston's (the "City") Minority, Women, and Small Business Enterprise ("MWSBE") certified firms (certified through the City's Office of Business Opportunity) are reviewed periodically to determine whether the company should be classified an "Established" Business Enterprise, thus graduating from the City of Houston's MWSBE Program. The review of each company involves assessing the company's size based upon the U.S. Small Business Administration ("SBA") Size Standards. The SBA Size Standards outline a review of either the company's average gross receipts for the prior three (3) years or the average number of employees for the 12 months prior. The NAICS Codes in which the company is certified determines whether the OBO looks at gross receipts or number of employees. This process is described in the City's Code of Ordinances, Article V, Sections 15-87 & 88, available at the following link:

[https://library.municode.com/tx/houston/codes/code\\_of\\_ordinances?nodeId=COOR\\_CH15CO\\_ARTVMIWOSMB\\_UEN\\_S15-87DEESBUENST](https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTVMIWOSMB_UEN_S15-87DEESBUENST)

MWSBE firms remain certified for one year after the date the company is classified as an Established Business, after which the firm "graduates" from the MWSBE Program (unless the decision is reversed, or a waiver is granted, and the classification is withdrawn prior to the expiration of the one-year period).

MWSBE firms have the option to appeal the decision of the classification of their company as an Established Business or request a waiver.

**Appeal**

The appeal is solely based on the firm's belief that OBO incorrectly calculated the size of their business according to SBA standards due to incorrect information or error in computation.

**Waiver**

A firm can receive a waiver of classification as an Established Business Enterprise if it provides evidence to the OBO Director that the firm should be granted a waiver based on at least two (2) of the following four (4) areas:

1. "Profitability of the enterprise
2. Sales of the enterprise, including a demonstration that 55 percent or more the enterprise's sales, within the period utilized by the office of business opportunity in its classification determination, are not related to city contracts
3. Ability of the MWSBE or MWSBE applicant to obtain bonding, if the enterprise acts as a prime contractor or in a category in which obtaining bonding is required
4. Positive comparison of the enterprise's business and financial profile with those of non-MWSBE firms in the same business category based on an objective industry standard."

If the MWSBE firm justifies that at least two (2) of the above factors are applicable, the OBO Director can grant the waiver and withdraw the Established Business classification. This process is also described in the City's Code of Ordinances, Article V, Section 15-88, available via the following link:

[https://library.municode.com/tx/houston/codes/code\\_of\\_ordinances?nodeld=COOR\\_CH15CO\\_ARTVMIWOSMB\\_UEN\\_S15-87DEESBUENST](https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeld=COOR_CH15CO_ARTVMIWOSMB_UEN_S15-87DEESBUENST)

As it relates specifically to the three firms quoted in the press release:

<b>Name of Company</b>	<b>Established Business</b>	<b>Established Business Designation Date</b>	<b>Graduation</b>	<b>Graduation Date</b>	<b>Graduation Waiver Granted</b>	<b>Graduation Waiver Date</b>	<b>Reason for Granting Waiver</b>
McConnell & Jones, LLC	Yes	5/11/2016	Yes	5/19/2017	No	N/A	N/A
Miles Insurance Agency	Yes	5/15/2015	No		Yes	10/6/2016	Provided sufficient evidence establishing that the company was unable to compete on a level playing field based on (1) profitability and (2) positive comparison of MWSBE/PDBE business and financial profiles with those of non-MWSBE/PDBEs in the same category.
ChaseSource Real Estate Services	Yes	12/16/2016	No		Yes	4/28/2017	Provided sufficient evidence establishing that the company was unable to compete on a level playing field based on (1) the ratio of City business to non-City business and (2) the company was

							unable to compete on a level playing field based on positive comparison of MWSBE/PDBE business and financial profiles with those of non-MWSBE/PDBEs in the same category.
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Since January 2016, a total of seven graduation waivers (including the aforementioned companies) have been approved.

**Contract Information**

The following is an overview of the dates and amounts of contracts awards to the above-referenced firms:

<b>Name of Company</b>	<b>Contract</b>	<b>Prime or Subcontractor</b>	<b>Dates of Contract</b>
<b>McConnell &amp; Jones, LLC</b>	#4600012376** Professional Auditing Services for the Finance Department	Prime Contractor	01/08/14 to 01/14/20
	**This is the only open contract for McConnell & Jones, LLC. All other contracts are reflected as closed in the OBO database prior to January, 2016.		
<b>Miles Insurance Agency</b>	#4600010853 Health Benefits Program for City of Houston's Employees, Retirees, and Their Dependents	Subcontractor	03/23/11 to 04/30/14
	#4600012763 Insurance Broker of Record Services for the Administration and Regulatory affairs Department	Subcontractor	08/13/14 to 08/13/19
<b>ChaseSource Real Estate Services, LP</b>	#4600012778 A Master Service Agreement for Unpaid Account Collection Services for Municipal Court	Subcontractor	05/28/14 to 06/09/24
	#C75863 An Agreement for the Collection of Delinquent Ad Valorem Taxes of the City of Houston Between the City and Linebarger Gogan Blair & Sampson, LLP	Subcontractor	06/25/14 to 06/30/19
	#4600014364 CMAR – IAH Mickey Leland International Terminal; Project No. 826	Joint Venture/Subcontractor	05/10/17 to 05/10/19
	#4600013179 EMS Billing & Collection Fee Services	Subcontractor	08/07/13 to 08/07/21

## TPIA Request

In response to the press release's allegation of not providing the indicated expense and travel reports, the responsive documents were provided in the timeline below:

<u>Date</u>	<u>Action Taken</u>
7/12/2019	<b>TPIA request received by OBO-PIO from Dolcefino Consulting requesting the following: "1. Any expense reports submitted by Carlecia Wright since January 1, 2016. 2. All emails sent or received, including attachments, between Carlecia Wright and Mayor Turner since January 1, 2018."</b>
7/13/2019	OBO-PIO shared TPIA request with Director's Office for response.
7/19/2019	OBO Director's Office provided responsive documents including all expense reports for the time period requested.
7/25/2019	After reviewing records, OBO-PIO communicated with Legal regarding the responsive documents seeking advice on redactions and reimbursement for OBO expenses in complying with the request.
7/26/2019	Legal sent letter to Dolcefino Consulting explaining that they requested clarification from the Texas Attorney General
7/29/2019	<b>Letter sent to Dolcefino Consulting explaining the costs for complying with the TPIA request and instructions on how to obtain the responsive documents, along with a specific breakdown of the costs. The letter explained that once the money is received by OBO, OBO has 5-days to produce the responsive documents.</b>
8/5/2019	OBO-PIO received an email from Nia Caldwell at Dolcefino Consulting asking about the production of the TPIA request re: expense reports. OBO-PIO directed her to the response provided on July 29, 2019 and re-sent a copy of the letter.
8/6/2019	Dolcefino Consulting hand delivered a check for the payment of the costs in responding to the TPIA request. OBO-PIO began redacting personal information (based on consultation from Legal) from the expense reports to provide the documents to the requestor.
8/7/2019	Redaction of personal information was completed. OBO-PIO sent an email to Nia Caldwell and Judge Sallans at Dolcefino Consulting advising that the responsive documents are ready to be picked up at OBO's offices at 611 Walker.
8/8/2019	<b>A Dolcefino Consulting representative came to the OBO office between 8:30am and 9:00am requesting to pick up prepared documents in response to their TPIA request.</b>

Please contact me should you have questions or require additional information on this matter.

File: 08/19:10