



Office of Business Opportunity Program Updates

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Overview

- **MWBE Transition Task Force**
 - In 2010, Mayor Parker created a Minority and Women Business Enterprise Transition Task Force to address the identified deficiencies in the Affirmative Action and Contract Compliance Division (AACC), and in October 2010 Task Force presented their recommendations.
 - Recommendations addressed: Department Rebranding, Polices and Procedures, HHF, Information Technology, Certification/Reciprocity and Capacity Building
 - Since October 2010, many of the recommendations made by the Task Force have been addressed or implemented by the renamed AACC, Office of Business Opportunity.
- **Hire Houston First Program**
 - HHF Program was born out of Mayor Parker's vision to increase access for Houston businesses to City contracting and support job creation.
 - In August 2011, the Hire Houston First Ordinance, Chapter 15, Article XI, was adopted by City Council.
 - OBO administers HHF as part of its mission to promote the growth and success of small and local businesses.



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Task Force Recommendations and OBO Responses



Department Rebranding



Task	Force	Outcome	Progress
Recommendation			
Rename the Office	✓	Office renamed to Office of Business Opportunity in April 2011.	Complete
Mayor Meets with Directors and City Council	✓	Mayor appoints Carlecia D. Wright as new OBO Director	Complete
Engage Outside Marketing Firm	✓	OBO hires WBE Firm, Spotlight Creative LLC	Complete
Launch Rebranding Campaign	✓	New OBO logo created	Complete
	✓	Newsletter Template created	
	✓	One Page flyer	
	✓	Tri-fold brochure	
	✓	Website redesign	
Plan Outreach/Networking Events	✓	OBO Strategic Planning	Complete
	✓	External Affairs Division plans outreach and networking events	
	✓	Robust outreach schedule	
Additional Oversight Entity	✓	OBO Advisory Board	Complete
	✓	Disparity Study Working Group	

Contracts, Policies and Procedures



Task Force Recommendations	Outcome	Progress
<u>Contract Recommendations</u>		
Liquidated Damages Regarding MWBE Firms • Include liquidated damages language in all City contracts, where appropriate.	<ul style="list-style-type: none"> A pilot program is being explored to assess liquidated damages for failure to submit GFE and/or payroll documentation. 	Discussion in progress
<u>Policy Recommendations</u>		
Allow contractors more time to respond to bids. Consider lowering or eliminating 1 million/100K threshold for goal oriented contracts.	<ul style="list-style-type: none"> ✓ COH currently extends or lengthens the solicitation period on a case by case. ✓ This has been reviewed and determined that the current threshold has been effective; COH contract data also illustrates that M/WBEs have been able to participate on contracts below the threshold. Changing the policy may have unintended impact. 	Complete
<u>Procedure Recommendations</u>		
Require S/MWBE Utilization Plan or Good Faith Efforts as part of bid response. Require contractors to use the utilization plan to track the utilization of S/MWBEs – submit plan monthly.	<ul style="list-style-type: none"> This was also recommended in the Disparity Study and is supported by the Disparity Study Working Group. This is a current requirement. The COH Departments will be more engaged in monitoring utilization as part of their project management function to ensure compliance. 	Discussion in progress

Hire Houston First



Task Force Recommendations		Outcome	Progress
Hire Houston First Provisions	✓	Research and investigate the ability of the City to utilize Hire Houston First provisions in awarding its contracts.	Complete
Legal Impediments	✓	The City lobbied the Texas Legislature to amend the law that prevented local preference in municipalities' with greater population than 250,000 and counties with greater population than 400,000.	Complete
Legislative Initiative	✓	This City was successful in lobbying the Texas Legislature to amend the local government code to allow for local preference in cities with a population greater than 1.9 million.	Complete
Hire Houston First Ordinance	✓	The City Council passed the Hire Houston First Ordinance on August 31, 2011.	Complete
Hire Houston First Designations	✓	Over 600 firms designated	On going
Hire Houston First Awards	✓	Since December 2011, approximately \$139 million have been awarded to HHF firms, the firms awarded these contracts collectively employ more than 6,000 employees.	On going

Information Technology

Task Force Recommendations	Outcome	Progress										
Enhance S/MWDBE Management and Contract Compliance System (B2G Now)	<ul style="list-style-type: none"> ✓ Activate Invoicing Function – allows Project Managers/Contract Administrators access to current S/MWBE activity. Prime must complete and submit with pay application/invoice to the City. ✓ Enhance Invoice View Page <ul style="list-style-type: none"> ○ Add cumulative totals to the invoice view page, by vendor and total ○ Add “for credit” total-to-date numbers to invoice view page ✓ Create reports that summarize invoice totals by contract and per contract. ✓ Create reports that compare amounts invoiced to amounts paid. ✓ Add periodic reminders for primes to create invoice page. 	Complete										
Enhance current Audit Summary Page	<ul style="list-style-type: none"> ✓ Add amount invoiced information to current Audit Summary Page ✓ Flag non-verified or disputed dollars on the Audit Summary Page 	Complete										
Create High-Level Summary Page	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">✓ Contract award value</td> <td style="width: 50%;">✓ Total MWDBE invoiced amount</td> </tr> <tr> <td>✓ Original award value</td> <td>✓ Total MWDBE paid amount</td> </tr> <tr> <td>✓ Goal</td> <td>✓ MWDBE participation by invoice</td> </tr> <tr> <td>✓ Total invoiced amount</td> <td>✓ MWDBE participation by payments</td> </tr> <tr> <td>✓ Total paid amount</td> <td>✓ Amount reported not confirmed/in dispute</td> </tr> </table>	✓ Contract award value	✓ Total MWDBE invoiced amount	✓ Original award value	✓ Total MWDBE paid amount	✓ Goal	✓ MWDBE participation by invoice	✓ Total invoiced amount	✓ MWDBE participation by payments	✓ Total paid amount	✓ Amount reported not confirmed/in dispute	Complete
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Customize Department Reporting	<ul style="list-style-type: none"> ✓ The OBO has created score cards by department to report the utilization of the S/MWPDDBE Program by department and Citywide. 	Complete										
Require Outline Agreement number to be entered upon initial contract input	<ul style="list-style-type: none"> ✓ The outline agreement number is now required to be entered upon initial contract input 	Complete										
Allow public search of contract information	<ul style="list-style-type: none"> ✓ OBO has requested that B2G improve the service delivery for public searches of certified vendors and summary contract information. 	Complete										

Certification / Reciprocity

Task Force Recommendation	Outcome	Status
Streamline Certification Process	<ul style="list-style-type: none"> ✓ Redesign Certification Application to include eligibility checklist and requirements for certification which make the application easier to complete. ✓ Streamline Certification Application to address all certifications in one application. 	Complete
Improve Service Delivery	<ul style="list-style-type: none"> ✓ Develop and publish standard operating procedures (SOPs) for certification process. ✓ Expand certification period from 1 to 3 years. 	Complete
Memorandum of Understanding between Certifying Partners	<ul style="list-style-type: none"> ✓ Execute MOU with Houston Minority Supplier Diversity Council and Women's Enterprise Alliance 	Complete
Expand Directory	<ul style="list-style-type: none"> ✓ Increase Certified Directory by approximately 25% 	Complete

Capacity Building



Task Force Recommendation	Outcome	Status
<p>Perform long-range planning and targeted outreach to S/MWDBEs prior to contract expiration and new awards.</p> <ul style="list-style-type: none"> •Quarterly review zero/low goal contracts •Mentor Protégé Program – project specific programs •Assign S/MWPDBE Liaison from OBO to each Department. •Increase effort to include contract compliance officers in kick off meetings. •Encourage joint venture agreements. •Targeted outreach to certify firms in areas of opportunity for current City contracts. •Departments submit to OBO fiscal year project forecasts that identify large scale projects. 	<ul style="list-style-type: none"> • OBO plans to take a proactive approach to zero/low goal contracts. The creation of a plan to consistently review these projects is still in progress. • The External Affairs Division, in conjunction with the Business Development Manager, will work to plan a Mentor Protégé Program in 2013. • OBO plans to re-implement an S/MWPDBE liaisons program using a customer service centered model. • OBO will work with Departments to attend as many kick off meetings as possible. ✓ OBO is currently working to produce a gap analysis that will identify the industries in which S/MWBEs are participating and their levels of participation in all industries in order to direct resources to addressing the gaps identified. ✓ As a result of the Disparity Study recommendations, the OBO will continue to promote Joint Ventures. In addition, Departments will be required to submit yearly project forecasts. 	<p>90% Completed</p>

Capacity Building Continued

Task Force Recommendation	Outcome	Status
<p>Current Solicitations Limit S/MWPDBE firms from becoming Prime Contractors.</p> <ul style="list-style-type: none"> •Unbundle contracts when applicable •SBE Program that identifies contracts under \$500,000. •Small contractor rotation program for contracts under \$50,000. 	<ul style="list-style-type: none"> ✓ Contracts currently sized appropriately to required scope. • Departments support the creation of a small business enterprise program, using the Target Market method that has a \$500,000 cap to encourage prime-level participation by small firms. Legislative support is needed. ✓ In compliance with AP 5-2, Departments currently require the solicitation of at least 3 bids from S/MWPDBEs for informal procurements. 	<p>90% Complete</p>
<p>Bonding requirements limit S/MWPDBE capacity and accessibility to COH projects</p> <ul style="list-style-type: none"> •Facilitate programs increase bonding capacity •Consider lowering bonding requirements on certain construction projects 	<ul style="list-style-type: none"> ✓ OBO launched a bonding education program in collaboration with the US DOT that spanned over the course of seven weeks of training. OBO plans to continue this program. Bonding requirements will be reviewed periodically as part of overall risk management protocol. 	<p>Complete</p>
<p>Inconsistent Attention to S/MWPDBE Program</p> <ul style="list-style-type: none"> •Citywide S/MWBE Program Compliance where department heads ensure internal compliance with S/MWPDBE provisions via department reports and performance reviews 	<ul style="list-style-type: none"> ✓ The OBO has created scorecard reports that are published bimonthly for each department to ensure compliance with the S/MWPDBE program. 	<p>Complete</p>
<p>Revise Chapter 15 to allow for goals to be assigned to contracts under one million dollars</p> <ul style="list-style-type: none"> •Lower construction threshold to \$500,000 to provide additional subcontracting opportunities. •Unbundle current contracts (where applicable) to create greater capacity for S/MWDBEs and afford them the opportunity to bid as prime. 	<ul style="list-style-type: none"> ✓ As a result of the Disparity Study recommendations, departments have agreed to explore an SBE program that would allow for set asides for contracts under \$500,000. Legislation change is required. ✓ It is the current policy of the COH to unbundle contracts when feasible. 	<p>Complete</p>



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Hire Houston First Program

Criteria for Designation as City and/or Local Business

Hire Houston First grants the City the ability to give preference to City and Local companies and workers, as long as their pricing is competitive.

- *City Business* means a business with a principal place of business within city limits.
- *Local Business* means a business with a principal place of business in the 8 counties in and surrounding Houston city limits.
- **Businesses must either:**
 - Be headquartered in the incorporated limits of the City or the 8 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 8 local counties*

HHF in the Award Process

Personal Property (Goods)	Services**
If the contract's value is \$100,000 or greater, then the contract is awarded to a <i>City Business</i> * that is within 3% of lowest bid.	If the contract's value is \$100,000 or greater, then the contract is awarded to a <i>Local Business</i> that is within 3% of lowest bid.
If the contract's value is under \$100,000, then the contract is awarded to a <i>City Business</i> * that is within 5% of the lowest Bid.	If the contract's value is under \$100,000, then the contract is awarded to a <i>Local Business</i> 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 service 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. "


*A firm designated as a City business automatically qualifies as a Local Business.

**In procuring architectural, engineering or land surveying services under the Professional Services Procurement Act, Tex. Gov't Code, § 2254.004, the applicable city department shall, when appropriate, consider knowledge of local conditions as part of the qualifications determination in addition to HHF status.

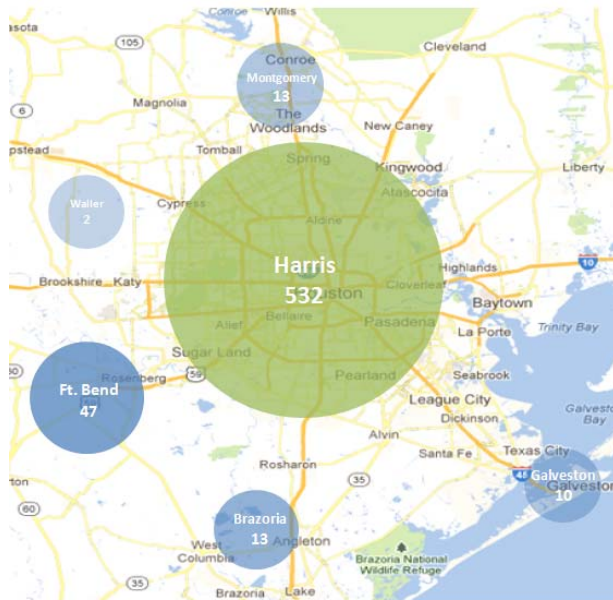
Administration of HHF



Designation of Firms

- OBO processes applications for HHF through it's Houston Business Solutions Center
 - Unlike the certification process for S/MWBEs, designation of HHF is significantly shorter
 - During the Program's first year, October 2011- September 2012, OBO designated 617 companies.
 - These designated firms have been added to OBO's online Hire Houston First registry
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Designated City and Local Businesses



County	Number of Available HHF Firms	Number of HHF Firms with Prime Contracts and POs	Variance	Percentage Utilization
Brazoria	13	2	11	15.38%
Fort Bend	47	10	37	21.28%
Galveston	10	1	9	10.00%
Harris	532	119	413	22.37%
Montgomery	13	5	8	38.46%
Waller	2	0	2	0.00%
Grand Total	617	137	480	22.20%

Hire Houston First companies are spread out over 6 of the 8 counties. The largest concentration is in Harris County, however the county with the highest utilization of HHF designated firms was Montgomery county. During the first year of operation, 137 businesses were awarded contracts and purchase orders.

Hire Houston First Awards

As of September 2012, the total award to Hire Houston First firms was \$139,770,950. Of this amount, City designated businesses were awarded 555 prime contracts and non-contract purchase orders (POs) totaling \$58,126,344. Local designated businesses were awarded 340 prime contracts and non-contract purchase orders totaling \$81,644,607.

County	City Business		Local Business		Total Award	Total No. of Prime Contracts and PO's
	Award	No. of Prime Contracts and PO's	Award	No. of Prime Contracts and PO's		
Brazoria			\$814,392	8	\$814,392	8
Fort Bend			\$5,225,241	53	\$5,225,241	53
Galveston			\$3,723,255	2	\$3,723,255	2
Harris	\$58,126,344	555	\$55,957,221	214	\$114,083,564	769
Montgomery			\$15,924,498	63	\$15,924,498	63
Grand Total	\$58,126,344	555	\$81,644,607	340	\$139,770,950	895

**Percentage of Dollars Awarded:
City and Local Businesses**



Jobs Sustained/Created through Awards

- Hire Houston First prime contractors employed 3,718 workers, while their subcontractors also employed 286 workers.
- Hire Houston First companies fulfilling non-contract purchase orders helped to sustain an additional 2,212 employees.
- Collectively, the Hire Houston First program helped sustain 6,216 jobs.

County	City Business	Local Business	Total Awards	HHF Contracts and POs	HHF Total Employees
Brazoria		\$814,392	\$814,392	8	235
Fort Bend		\$5,225,241	\$5,225,241	53	182
Galveston		\$3,723,255	\$3,723,255	2	55
Harris	\$58,126,344	\$55,957,221	\$114,083,564	769	5,531
Montgomery		\$15,924,498	\$15,924,498	63	213
Grand Total	\$58,126,344	\$81,644,607	\$139,770,950	895	6,216

HHF Year 2 Strategy

- Perform quality assurance to ensure all departments are applying the HHF Ordinance uniformly.
- Improve data collection for Program, specifically addressing professional services contracts.
- Increase outreach efforts for Program to address decrease in number of applications.

Thank You

