



OVER \$1 BILLION AWARDED TO SMALL, MINORITY AND WOMEN OWNED BUSINESSES DURING THE PARKER ADMINISTRATION



FY 2015 MWSBE Program Updates

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Presented to:

Budget and Fiscal Affairs Committee

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Annise D. Parker
Mayor

Carlecia D. Wright
Director

611 Walker, 7th Floor
Houston, TX 77002
www.houstontx.gov/obo

T. 832.393.0600 F. 832.393.0647



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Awards and Certification



FY2015 Citywide Awards Summary



Contract Type	Non MWSBE Amount	MWSBE Amount	Total Amount Awarded	MWSBE %
Construction Total	\$401,803,434	\$152,372,786	\$554,176,220	27.5%
Professional Services Total	\$330,669,444	\$89,559,833	\$420,229,277	21.3%
Goods & Services Total	\$214,453,930	\$33,119,062	\$247,572,992	13.4%
Total	\$946,926,808	\$275,051,681	\$1,221,978,489	22.5%
Exempt Contracts	\$8,673,447	\$0	\$8,673,447	0.0%
Waiver Contracts	\$261,917,942	\$8,719,274	\$270,637,216	3.2%
Non-Goal Oriented	\$14,079,475	\$4,265,472	\$18,344,948	23.3%
Grand Total	\$1,231,597,672	\$288,036,427	\$1,519,634,099	19.0%

- In Fiscal Year 2015, the City awarded a total of \$1.5B for construction, professional services, and goods & services agreements. Certified firms were awarded more than \$288M from the total.
- Approximately \$91M went to certified primes from this certified total.
- \$8.6M were exempt contracts, \$270.6M were contracts with waivers, and \$18.3M were non-goal oriented contracts.

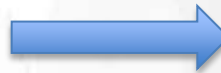


FY2014 vs. FY2015



Contract Type	Fiscal Year 2014			Fiscal Year 2015		
	July 2013 - June 2014			July 2014 - June 2015		
Contract Area	Total	MWSBE	%	Total	MWSBE	%
Construction - Total	\$639,913,355	\$151,231,623	23.6%	\$554,176,220	\$152,372,786	27.5%
Professional Services	\$222,498,626	\$79,954,516	35.9%	\$420,229,277	\$89,559,833	21.3%
Goods & Services Total	\$246,340,226	\$47,847,759	19.4%	\$247,572,992	\$33,119,062	13.4%
Total without Exempt Purchases	\$1,108,752,207	\$279,033,898	25.2%	\$1,221,978,489	\$275,051,681	22.5%
Exempted Purchases	\$163,608,530	\$4,342,309	2.7%	\$8,673,447	\$0	0.0%
Waiver Contracts	\$74,815,794	\$3,579,557	4.8%	\$270,637,216	\$8,719,274	3.2%
Non-Goal Oriented Contracts	\$24,250,263	\$9,074,958	37.4%	\$18,344,948	\$4,265,472	23.3%
Total with Exempt Purchases	\$1,371,426,793	\$296,030,723	21.6%	\$1,519,634,099	\$288,036,427	19.0%

Over the past 5 years, over \$1.4 billion have been awarded to Certified Firms!



Total MWSBE Dollars Awarded

FY2011	\$243,642,331
FY2012	\$340,125,600
FY2013	\$246,652,191
FY2014	\$296,030,723
FY2015	\$288,036,427
Total	\$1,414,487,272



FY2015 Contracts with DBE Goals



- In FY2015, DBE Certified Firms were utilized on 6 contracts by HAS, GSD and PWE departments.
- The total amount awarded on these contracts was \$8,873,645.
- DBE Certified firms were awarded \$2,657,263 of that amount.
- A 4%-35% goal has been established on these contracts therefore the participation of DBEs is anticipated to increase by the end of each contract.

Contract Type	Non DBE Amount	DBE Amount	Total Amount Awarded	DBE %
Construction Total	\$4,666,381	\$2,657,263	\$7,323,645	36.3%
Professional Services Total	\$1,550,000	\$0	\$1,550,000	0.0%
Goods & Services Total	\$0	\$0	\$0	0.0%
Total	\$6,216,381	\$2,657,263	\$8,873,645	29.9%



FY2015 Contracts with ACDBE Goals

- In FY2015, the Houston Airport System awarded nine different concession packages with projections of \$1.58 billion over a ten year period.
- ACDBE Certified firms were awarded \$615.77 million of that amount.

Total Awards on ACDBE Contracts

Concession Type	Non ACDBE Amount	ACDBE Amount	Total Amount Awarded	ACDBE %
Food & Beverage / Retail	\$964.23 Million	\$615.77 Million	\$1.58 Billion*	39%

*Figures are based off of Houston Airport System projected revenues calculated over the next ten years.

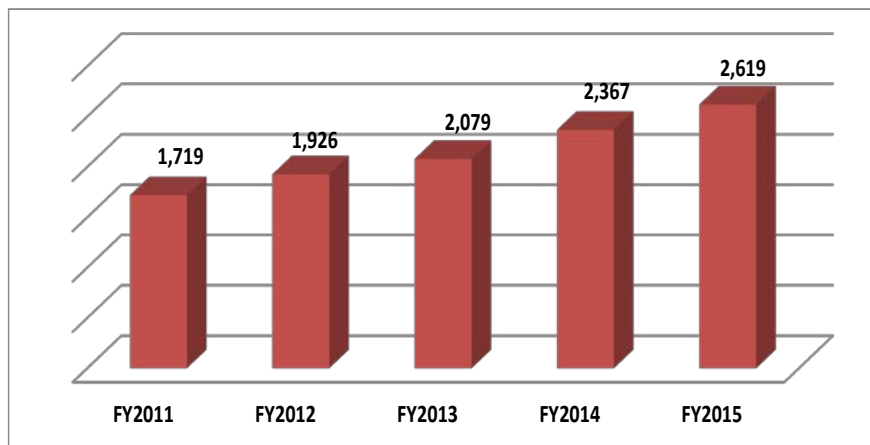


Certification Demographics

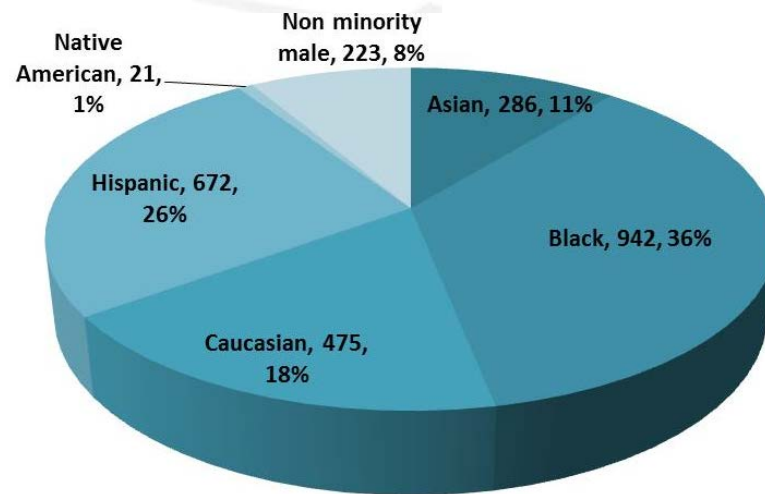


- Since the beginning of the Parker Administration, the pool of certified firms has increased by 52% with a steady increase annually.

Growth of certified firms from 2011-2015



Breakdown by Ethnicity



Total Currently Certified Firms: 2619





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Compliance



OBO's role in the Procurement Process

- Assists Contracting Departments with setting goals
 - Contract Specific, Categorical or Citywide Goals
- Reviews Good Faith Efforts Prior to Contract Award
- Final Award determination is made by each Contracting Department
- OBO provides Contracting Departments with final MWSBE goals and labor standards ratings at close of contract



Pre-Bid Good Faith Efforts



2014 PRE-BID GOOD FAITH EFFORTS				2015 PRE-BID GOOD FAITH EFFORTS			
Final Outcome	Number of Requests	Bid Amount	%	Final Outcome	Number of Requests	Bid Amount	%
Approved	20	\$ 104,853,282.00	69%	Approved	11	\$ 58,368,562.00	79%
Denied	9	\$ 45,971,005.00	31%	Denied	3	\$ 14,051,257.00	21%
Total	29	\$ 150,824,287.00	100%	Total	14	\$ 72,419,819.00	100%

- Since implementation of new requirement in 2013, City has received more compliant MWSBE plans.
- Quality of GFE requests submitted by Contractors have improved substantially.



Contract Compliance Monitoring Efforts

MONITORED APPROXIMATELY 1300 CONTRACTS (FY 2015)

- Staffing consisted of 3 compliance officers for most of year
- Onboarded 3 new compliance officers in the latter part of year

MWSBE Goal Compliance (FY 2015)

- 94 construction contracts closed and approved by City Council
 - 6 were rated *Unsatisfactory*
 - 21 *Satisfactory* and 67 *Outstanding*

Labor Standards (Prevailing Wage and Equal Employment Opportunity)

- Monitored 388 Construction contracts
- Conducted 801 visits to construction sites
- Reviewed 31,041 certified payrolls resulting in collecting approximately \$29,790 in prevailing wage underpayment penalties



MWSBE Compliance Ratings



Breakdown of Closed Construction Contracts with Goals from FY2012-FY2015

MWSBE Ratings*		
Outstanding	172	55%
Satisfactory	124	39%
Unsatisfactory	20	6%
Grand Total	316	100%

- Of the 20 unsatisfactory contracts, only 2 Contractors had more than 1 unsatisfactory rating.

*Does not include HAS contracts.

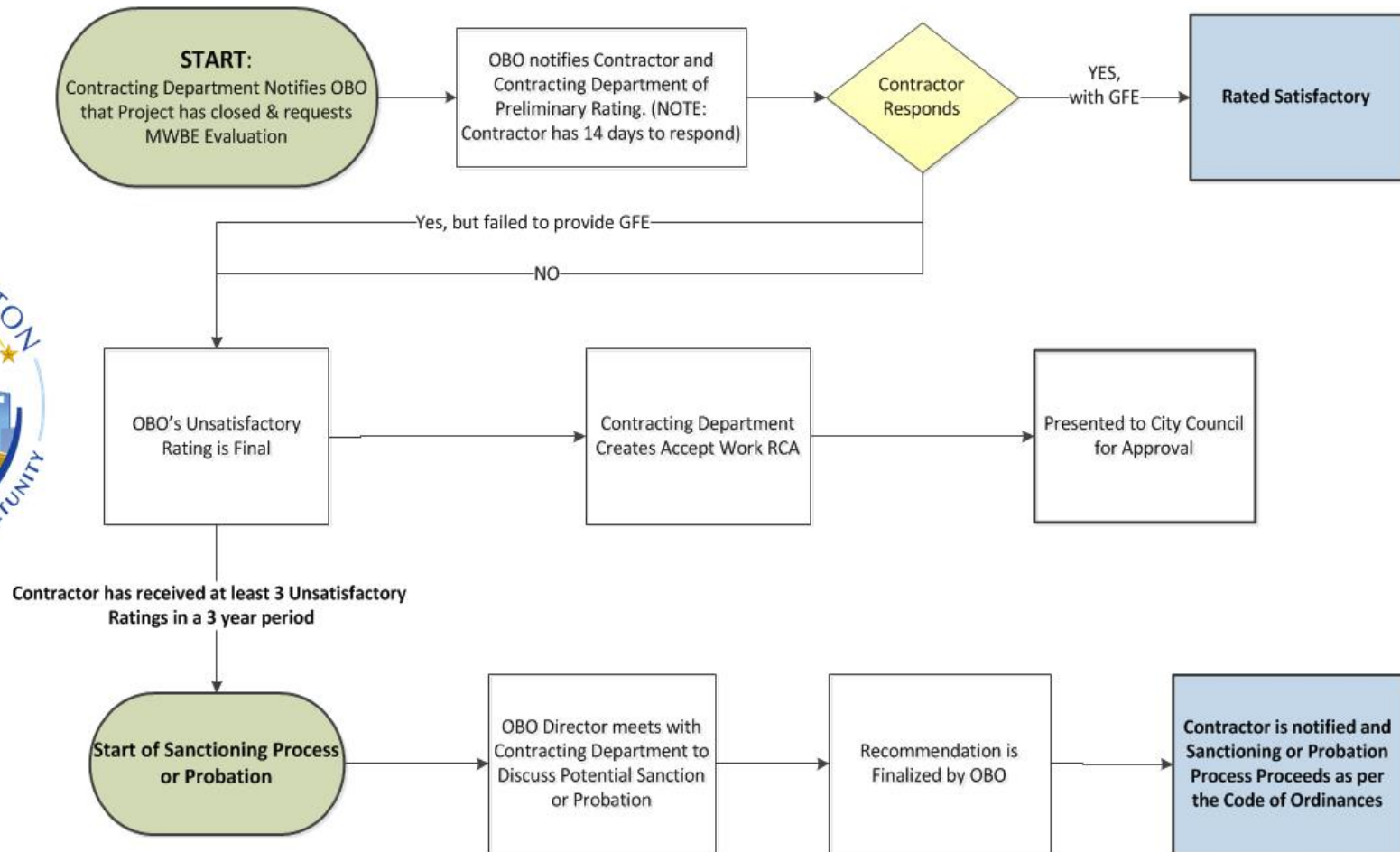


MWSBE Compliance Ratings



Contracts Rated Unsatisfactory

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Ongoing Contractor Engagement



- MWSBE, Labor Standards, Pay or Play and Hire Houston First requirements reviewed at pre-bid, pre-proposal, and pre-construction meetings
- OBO Website: Relevant policy, Forms and Training presentations are easily accessible
- Ongoing meetings with stakeholders
- Continuing evolution of the program to optimize efficacy and achievement of the City's goals





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NEW Disparity Study Update



Purpose of Disparity Study



- As required by Chapter 15 of the City Code of Ordinances, the City shall make its best efforts to conduct a disparity study to initiate a review of its minority and women business enterprise program at least every five years.
- Timeliness of a disparity study is critical in order to analyze recent utilization and updated availability of MWBEs and to determine the need for remedial programs. Additionally, an updated study ensures that the City's program is defensible to legal challenges.
- A disparity study allows the Office of Business Opportunity to put corrective measures in place to address any evidence of discrimination and enhance the City's program.



Background of Last Studies



- In 2006, the City published a Disparity Study conducted by Mason Tillman that reviewed all city contracts types from July 1, 2003 – June 30, 2006.
- In 2012, the City published a Disparity Study conducted by NERA Consulting that reviewed city construction contracts from July 1, 2005 –December 31, 2009. This disparity study was conducted pursuant to a settlement agreement in the *Kossmann* case.
- Each disparity study concluded that there were disparities in city contracting regarding Minority and Women businesses requiring that the City implement remedial measures to address those disparities.



Current Goals Based on Previous Studies

Based on 2006 and 2012 disparity studies the City implemented the current goals:

- **Professional Services** - Contracts (also known as regulated contracts) that often require a professional license e.g. architect, engineer, attorney, accountant. This category also includes consultants. The citywide goal for professional services contracts is 24%.
- **Goods & Services** - Contracts provide for the supply of goods or nonprofessional services above \$100K. The citywide goal for Goods & Services contracts is 11%.
- **Construction** - Contracts are related to construction projects above \$1M. Based on the 2012 Construction Disparity Study, citywide goals increased from 22% to 34%, consisting of MBEs, WBEs and SBEs.

*Note: City Departments are encouraged to assign contract specific goals, or where frequency of contract scope dictates, a categorical goal.



Proposed Disparity Study Scope Elements

- Covers a five-year period: FY2009-FY2014
- Approximately 4,000 professional services, goods & services, and construction prime contracts
- In addition to analysis of M/WBE availability and utilization, the study will look at veteran, DBE, and ACDBE availability and utilization
- Evaluation of the dollar threshold for regulated and goal oriented contracts
- Explore participation of certified firms for Purchase Orders & Purchase cards (Pcards) under \$50K
- Explore feasibility of whether implementation of M/WBE goals should be disaggregated by race and gender



Timeline for Input and Project



- Stakeholders were encouraged to provide input regarding the creation of the RFP Scope of Work during a September 1 stakeholder meeting.
- Additional stakeholder input can be submitted through a website until **9/15/2015**:
http://www.houstontx.gov/obo/disparity_study.html
- City will issue an RFI in next 30 days to gather information from potential respondents.
- Departments will have the opportunity to review the draft Scope of Work and attend a briefing on September 30, 2015 at 2 PM in OBO Conference Room.
- Timeline for releasing RFP is mid-October.
- Consultant may request data and/or meetings with certain Departments.
- Disparity Studies generally take one to two years to complete.





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