

John Whitmire, **Mayor**

Cylenthia Hoyrd, **Director**

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

T. 832-393-0935
Alejandro.Guajardo@houstontx.gov

MISSION

The Office of Business Opportunity provides equal representation and advocacy for all small businesses by creating pathways to partnerships, education and accelerated growth.

VISION

OBO's vision is to empower a thriving small business community by removing barriers and building connections that spark growth and opportunity across the Houston region.



OBO DEPARTMENT STRUCTURE



CITY OF HOUSTON OFFICE of BUSINESS OPPORTUNITY

OBO External Affairs



CITY OF HOUSTON
OFFICE OF
BUSINESS OPPORTUNITY

SIGNATURE CAPACITY BUILDING PROGRAMS

MEET THE BUYER
OFFICE OF BUSINESS OPPORTUNITY

TURNAROUND HOUSTON

LIFTOFF HOUSTON
START-UP BUSINESS PLAN COMPETITION

Turner

Future Founders Program

OBO BONDING PROGRAM

Pillars for Success
Running on the Blue Wave Supplier Diversity Program
CITY OF HOUSTON OFFICE OF BUSINESS OPPORTUNITY

Interagency MENTOR-PROTÉGÉ Program

TURNAROUND ENTREPRENEURSHIP PROGRAM

OBO FINANCIAL SYMPOSIUM



FREE LEGAL GUIDANCE FOR SMALL BUSINESSES

Who is eligible?

- **Small businesses**
- **Self-employed entrepreneurs**
- **Nonprofits**

What Types of Issues Can We Assist With?

Volunteer Attorneys may provide guidance related to:

- Business formation and structure
- Contracts
- Commercial leases
- Employment matters
- Tax questions (non-litigation)
- Intellectual property
- General business legal questions
- Financial assistance program guidance

What This Program Does NOT Assist With

- Current or pending lawsuits
- Litigation or disputes between parties
- Court representation
- Criminal matters
- Personal legal issues unrelated to business
- Ongoing legal representation

If a request involves litigation or a dispute currently in court, applicants should be directed to the Houston Bar Association or a private attorney.

CITY OF HOUSTON
OFFICE of BUSINESS OPPORTUNITY

CITY OF HOUSTON

Certifications & Designations

MBE – Minority Business Enterprise

Pursuant to a July 28, 2026, U.S. District Court order, the City of Houston is enjoined from all certification decisions related to the MBE program.

The City will continue to process and issue certification decisions for the:

WBE	SBE	PDBE	VOSB	SDVOSB
Women Business Enterprise (WBE),	Small Business Enterprise (SBE),	Persons with Disabilities Business Enterprise (PDBE),	Veteran-Owned Small Business (VOSB), and	Service-Disabled Veteran-Owned Small Business Enterprise (SDVOSB) programs.

During this time, we encourage you to pursue certification through other recognized certifying agencies to continue expanding business opportunities. One option is the Houston Minority Supplier Development Council (HMSDC).

CITY OF HOUSTON OFFICE OF BUSINESS OPPORTUNITY

Certifications & Designations

FEDERAL CERTIFICATIONS | U.S. DEPARTMENT OF TRANSPORTATION

DBE

Disadvantaged Business Enterprise

WHO QUALIFIES
Small businesses owned and controlled by individuals who can document social and economic disadvantage.

WHERE IT APPLIES
Transportation projects that state and local agencies fund with USDOT dollars, including highway, transit, and airport work.

ACDBE

Airport Concession Disadvantaged Business Enterprise

WHO QUALIFIES
Businesses that sell goods and services to travelers, certified under the same standard as DBE.

WHERE IT APPLIES
Concessions at federally funded airports: retail, food and beverage, advertising and marketing, vending, and Wi-Fi.

UPDATE

Under an October 2025 federal rule, all DBE and ACDBE firms are being reevaluated under new eligibility standards. Contact the Texas Unified Certification Program for current status.

CITY OF HOUSTON OFFICE of BUSINESS OPPORTUNITY

LGBT-Owned Business Enterprise Certification

The NGLCC (National Gay and Lesbian Chamber of Commerce) is the exclusive, third-party certification body that verifies that eligible businesses are majority-owned by LGBT individuals and subsequently grants Certified LGBT Business Enterprise® (Certified LGBTBE®) designation to such businesses as part of its LGBT Supplier Diversity Initiative.

As of March 2021, the City of Houston has recognized the NGLCC certification for Houston area businesses that meet the City's size standards. Contractors can search the certified firm directory to identify these businesses.

Become a member of your local affiliate chamber to not only leverage local membership benefits but also to take advantage of **complementary national certification**. NGLCC waives the certification fee for businesses that choose to join their local affiliate chamber.

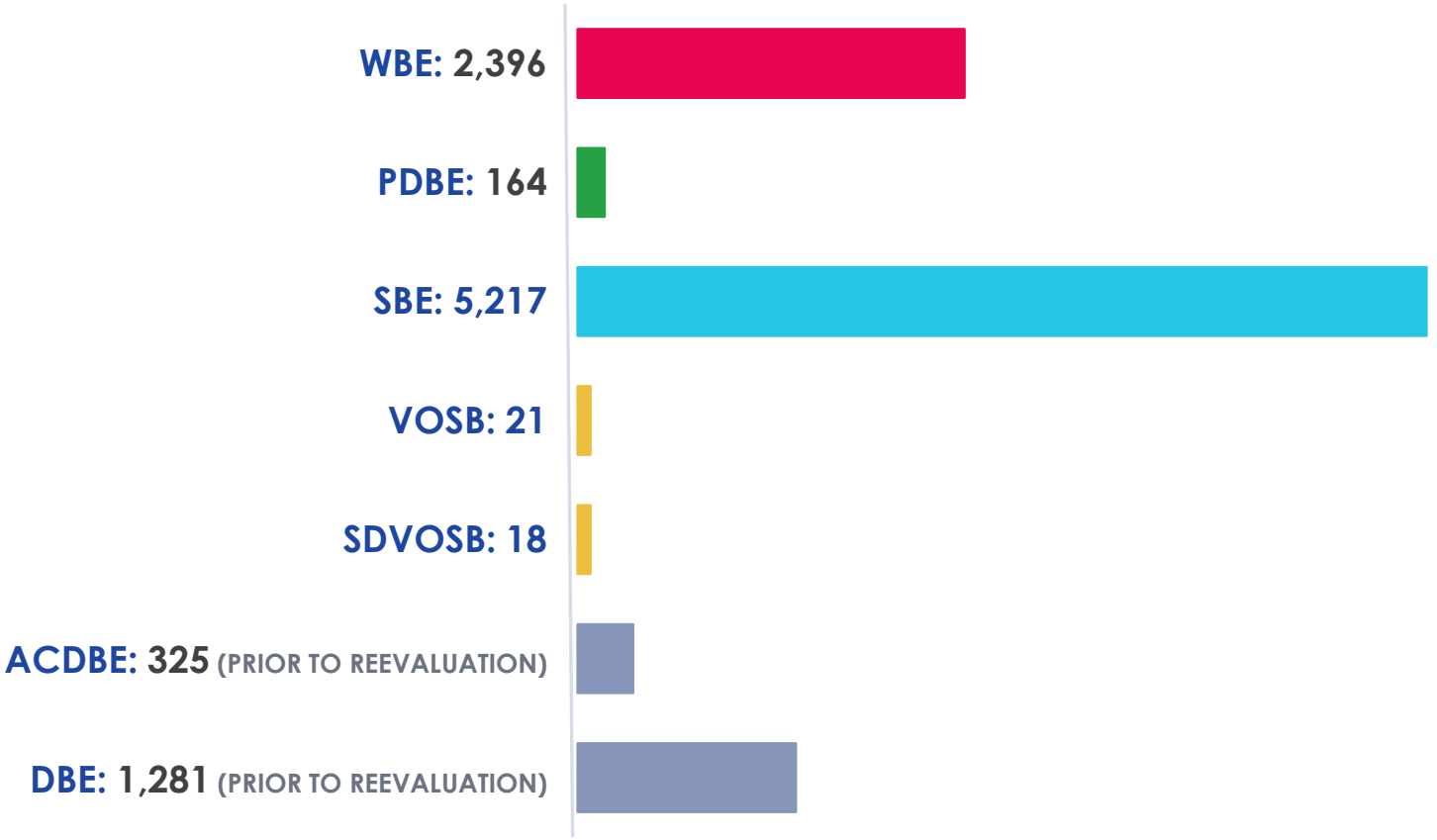
Visit https://www.nglcc.org/get-certified for Requirements and additional Information.

CITY OF HOUSTON
OFFICE of BUSINESS OPPORTUNITY

CERTIFIED FIRMS IN OBO DIRECTORY

DIRECTORY TOTAL:

5,200+



CITY OF HOUSTON
OFFICE of BUSINESS OPPORTUNITY

Department Services

Ensuring meaningful participation in City procurement **before award** on all goal-oriented contracts.

Set Contract Goals

Helps City departments set contract-specific goals based on the market availability of certified firms and the divisible work on each project.

Review Goal Waivers

Evaluates goal waiver requests and Pre-Bid and Pre-Award Good Faith Effort reviews submitted by prime contractors.

Review Participation Plans

Reviews pre-award participation plans to confirm each prime contractor's commitments to certified firms before the contract is awarded.

Train & Advise

Leads the Department Services Training Institute on common compliance issues and best practices, and trains the contracting community.

Who we serve: City department procurement teams and prime contractors, through training, guidance, and technical assistance.

W/SBE Policy Changes

Three Chapter 15 changes to the Women and Small Business Enterprise program.

SBE in All Spending

SBE certification now counts toward participation in **all City spending categories**: construction (**4% cap removed**), professional services, goods, and other services.

Veteran Firms Added

Veteran-Owned and Service-Disabled Veteran-Owned Small Businesses are now in OBO's Certified Directory and count as a **preference** on contract opportunities.

Personal Net Worth Cap

$2,047,000

Personal net worth limit for the W/SBE program, following U.S. Small Business Administration guidelines.

Authority: City of Houston Code of Ordinances, Chapter 15

How Goal Setting Is Affected

Same three changes across every category: professional services, non-professional services, and goods.

Professional Services | **Non-Professional Services** | **Goods**

SBE Counts Toward the Goal

SBE participation can now be used to meet the goal.

Separate WBE & SBE Goals

Each contract now carries an **individual WBE goal** and an **individual SBE goal**.

Up to 4% Substitution

Bidders may use **SDVOSB, VOSB, and LGBTBE** participation for **up to 4%** in lieu of WBE participation.

Goods contracts only: 8% participation cap for all WBEs.

WHEN GOALS ARE NOT REQUIRED

Goal Waivers

Six acceptable reasons to waive a WSBE and/or DBE goal:

Emergency

A public or administrative emergency requires the goods or services with unusual immediacy.

Specialized Services

Work so specialized, technical, or unique the Department must pick its contractor directly (e.g., expert witnesses, technical consultants).

Burden or Delay

Applying WSBE/DBE provisions would impose an unwarranted economic burden or risk, unduly delay the purchase, or not serve the City's best interest.

Non-Divisible or Sole Source

The product, good, or service cannot be divided or comes from a sole source.

Drop Shipping Only

The goods are only available for purchase via drop shipping.

Limited Availability

WSBE and/or DBE availability would produce only minimal participation.

THE STANDARD

Good Faith Efforts

Efforts one could reasonably expect from a contractor actively and aggressively working to obtain WSBE participation to meet the contract goals.

OBO Reviews

Chapter 15-84(b)(5) makes OBO responsible for reviewing contractors' Good Faith Efforts documentation.

Standard of Review

GFE is the standard used to determine a vendor's WSBE goal compliance.

Written Policy

Referenced in solicitations and posted at **houstontx.gov/obo**.

When OBO analyzes Good Faith Efforts

1

Bid Submission

Initial review of the bidder's efforts

2

Life of the Project

Ongoing review as work proceeds

3

Project Close

Final determination at the end of each project

CITY OF HOUSTON OFFICE OF BUSINESS OPPORTUNITY

Post-Court Ruling Guidance

How OBO evaluates contracts that were set with both MBE and WBE goals.

Advertised, Not Yet Awarded

- Low bidder's plan is evaluated **solely on the WBE goal**
- **Up to 50%** of the WBE goal from the prime, if the prime is a WBE
- **Up to 4%** SBE participation
- Can't meet the WBE goal: submit **Good Faith Efforts** documentation

Awarded with MBE + WBE Goals

- Prime must meet the **combined MBE + WBE percentage** using WBE
- MBE subs who are also **WBE or SBE** may be converted toward the combined goal
- **The 4% SBE cap does not apply**; this is a Good Faith Efforts review
- To convert firms, **email OBO** naming each firm
- Can't meet the combined goal: submit a **Good Faith Efforts** request

Communication with the assigned Compliance Officer is key.

OFFICE OF BUSINESS OPPORTUNITY | AFTER THE AWARD

Contract Compliance

Making sure City contracts deliver what was promised: fair pay for workers and committed participation for certified small businesses.

Labor Standards

Enforces local, state, and **federal labor standards, including proposed workplace safety** on City construction contracts.

Certified Payroll

Reviews **certified payrolls** from primes and subcontractors to verify workers are paid the correct wage rate.

Prompt Payment

Enforces **prompt payment requirements so subcontractors and suppliers** are paid on time.

Participation Goals

Monitors goal-oriented contracts **for Good Faith Efforts compliance** and committed small business participation.

On-Site Guidance

Attends pre-construction, kick-off, and progress meetings to explain compliance requirements and answer questions.

Reporting

Contract payments and participation are tracked in B2Gnow: **houston.mwdbe.com**

Authority: City Code of Ordinances, Chapter 15, Articles II and V; 49 CFR Parts 23 and 26

CITY OF HOUSTON
OFFICE of BUSINESS OPPORTUNITY

Post-Award Deviation Requests

The Prime must follow the Council-approved WSBE/DBE Participation Plan unless OBO approves a change.

Removing a firm or reducing its participation by more than 50%

1. **Notify the Firm**
   Written notice to the affected WSBE/DBE with the specific reasons
2. **Show Good Cause**
   The Prime must justify the removal or reduction
3. **5 Business Days**
   The affected firm has five business days to respond
4. **Firm Responds**
   Written consent, or a detailed written objection

Adding a Firm for Credit

OBO approval is required to add a WSBE/DBE. No goal credit for added subcontractors or suppliers without OBO's prior written approval.

Designated Work Stays Put

Work in the approved plan **cannot be done by another subcontractor, supplier, or the Prime** without OBO permission first.

FY 2026 ANNUAL REPORT

Pay or Play Program

July 1, 2025 – June 30, 2026

Established July 2007

Created under **Article VI, Section 7a of the City Charter** and **Chapter 15** of the City Code of Ordinances to level the playing field and defray the costs of caring for uninsured residents of Houston and Harris County.

Executive Order 1-7 (EO 1-7) requires contractors on covered contracts to choose one:

PAY

Contribute a prescribed amount to the **Contractor Responsibility Fund (CRF)** for their uninsured employees.

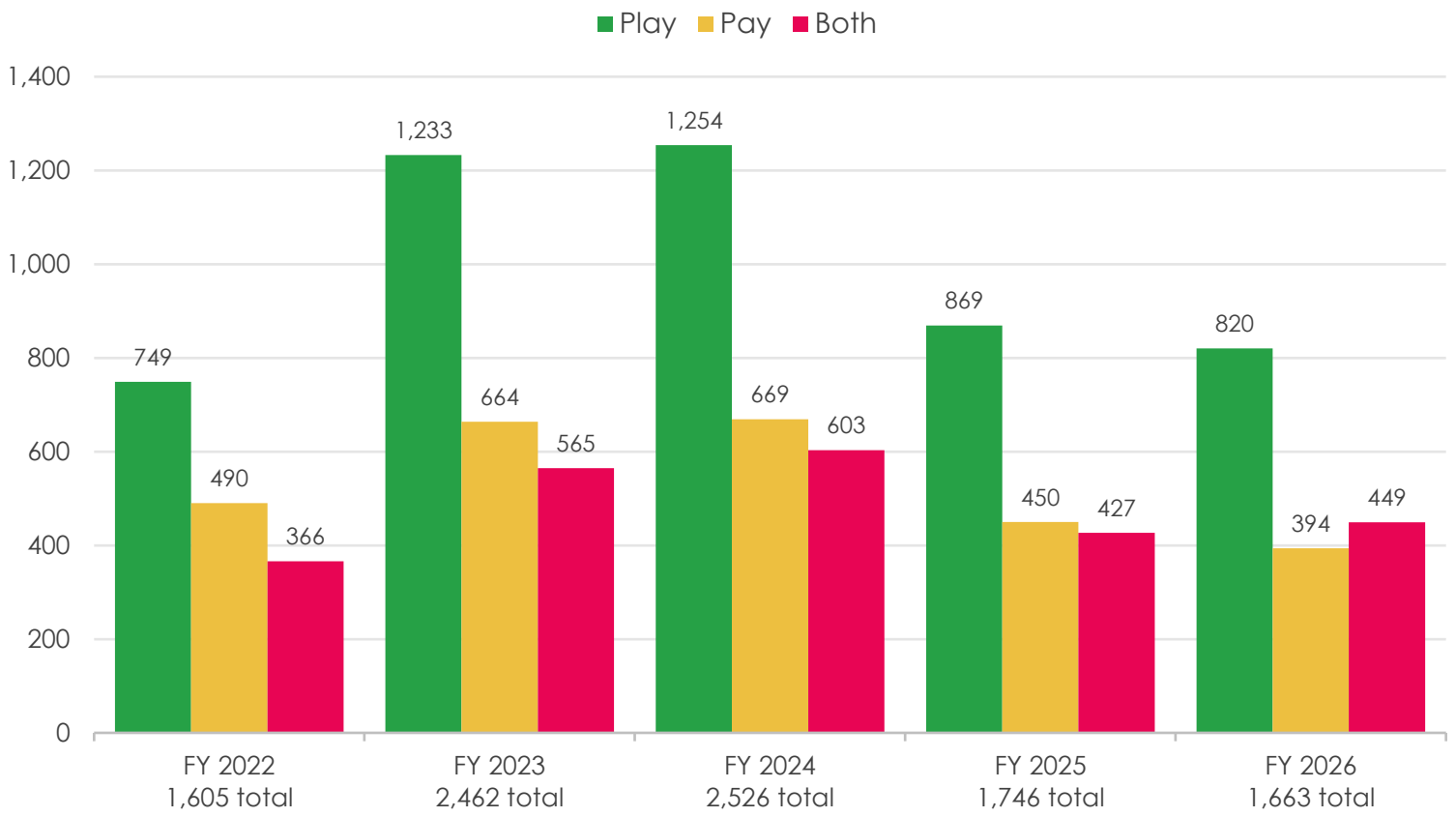
PLAY

Provide employees a **minimum level of health care coverage**.

CITY OF HOUSTON
OFFICE OF BUSINESS OPPORTUNITY

Pay or Play Contracts by Option

Play leads every year: most covered contractors provide health coverage to their employees.



FY 2026 at a glance

1,663
Total POP contracts

820
Play: provide coverage

449
Both Pay & Play

394
Pay: contribute to the CRF

CITY OF HOUSTON
OFFICE of BUSINESS OPPORTUNITY

Currently Funded Initiatives

Funds go to the Contractor Responsibility Fund and support two health programs, plus the cost of running Pay or Play.

Client Access Program (CAP)

- **Partner:** Houston Health Department (formerly the Care Houston Program)
- Links uninsured individuals and families to health services through **Harris Health, Title V, CHIP**, and more
- Opens access to **Federally Qualified and Community Health Centers** for eligible participants

Crisis Call Diversion (CCD)

- **Partner:** The Harris Center for Mental Health and IDD
- **First program of its kind** in the United States
- **Crisis Phone Counselors sit inside 911 dispatch** with HPD and HFD dispatchers
- **Diverts non-imminent-risk, non-criminal calls** to a mental health response

Impact: eases the load on emergency medical resources, subsidizes small business health benefits, and helps uninsured residents find social and medical services.

FY 2026 Expenditures

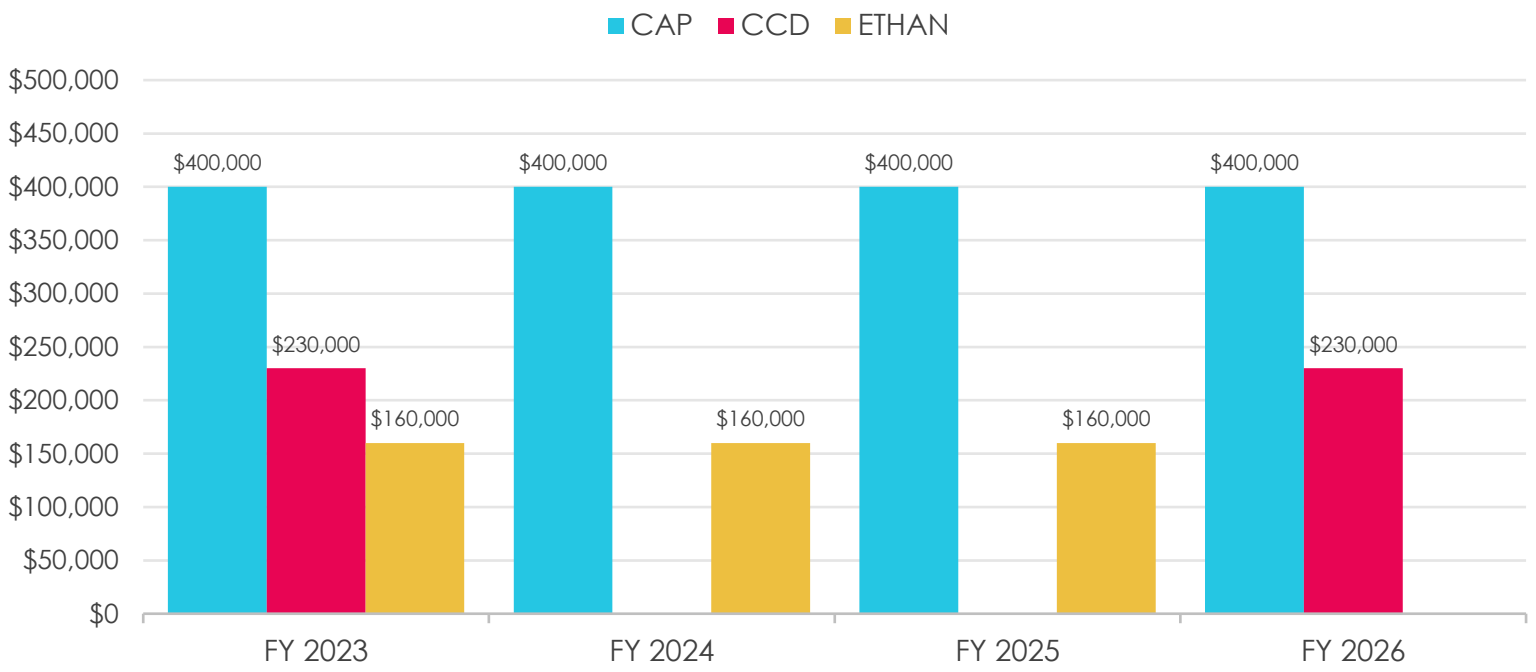
$630,000 disbursed to the two funded health programs in FY 2026.

$630,000
Total disbursed, FY 2026

$400,000
Client Access Program (CAP)

$230,000
Crisis Call Diversion (CCD)

Funded initiatives' expenditures, FY 2023–FY 2026



Note: HFD's Emergency Medical Services ETHAN Fire Personnel was funded at $500,000 in FY 2022 only. CCD was not funded in FY 2024 or FY 2025.

Client Access Program Activities

Connecting uninsured residents to care at Houston Health Department Health Centers.

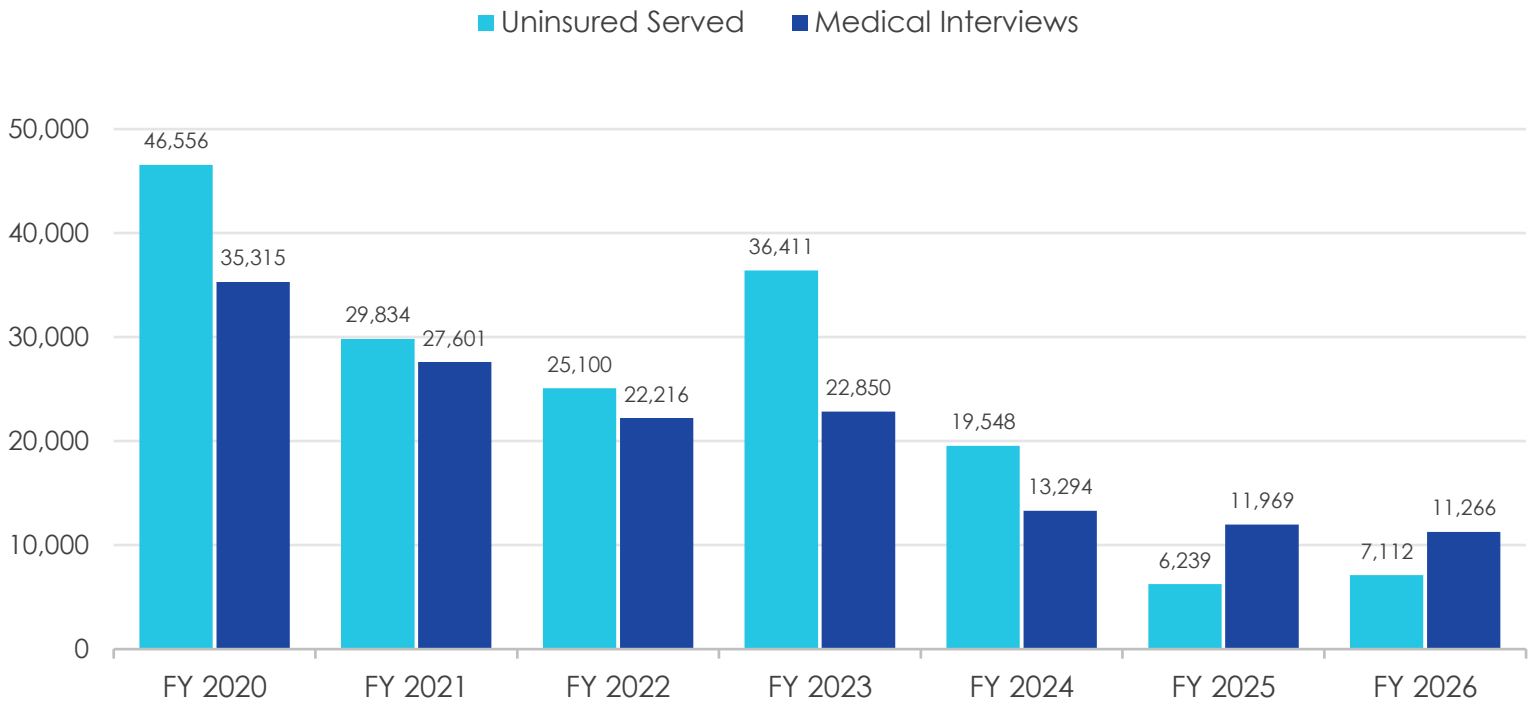
7,112

Uninsured individuals served in FY 2026

11,266

Interviews with individuals and families seeking medical coverage

CAP activity by fiscal year



*Data provided by the Houston Health Department (HHD)

Crisis Call Diversion Activities

Routing mental health calls to the right response instead of police and fire.

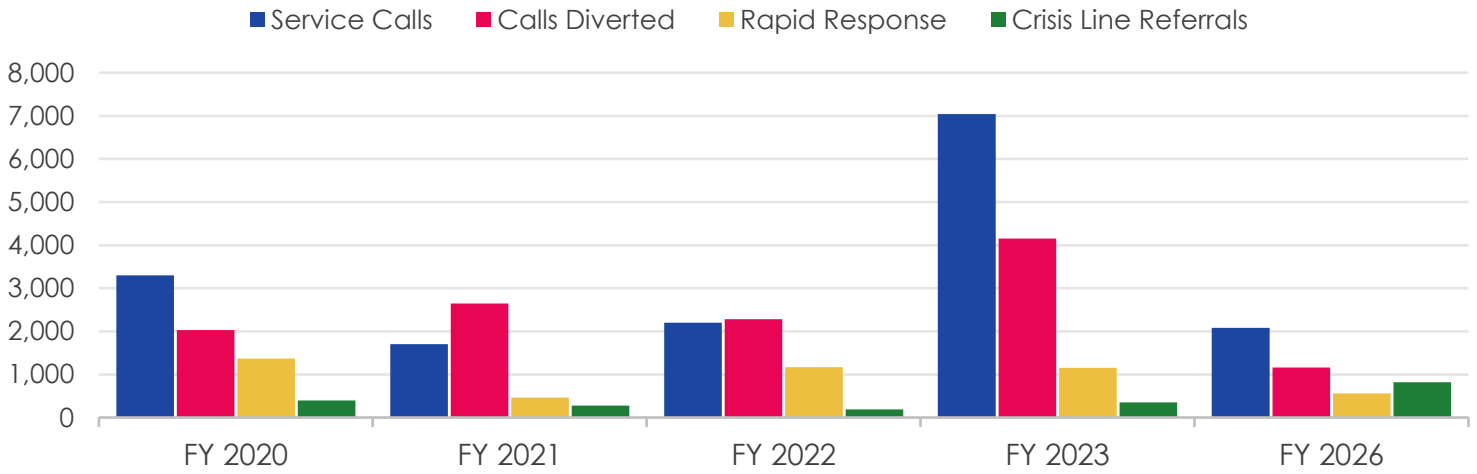
2,079
Calls for service processed

1,161
Calls diverted: 689 HPD, 472 HFD

557
MCOT-RR rapid response dispatches

820
Referrals to the 988/Crisis Line

CCD activity by fiscal year



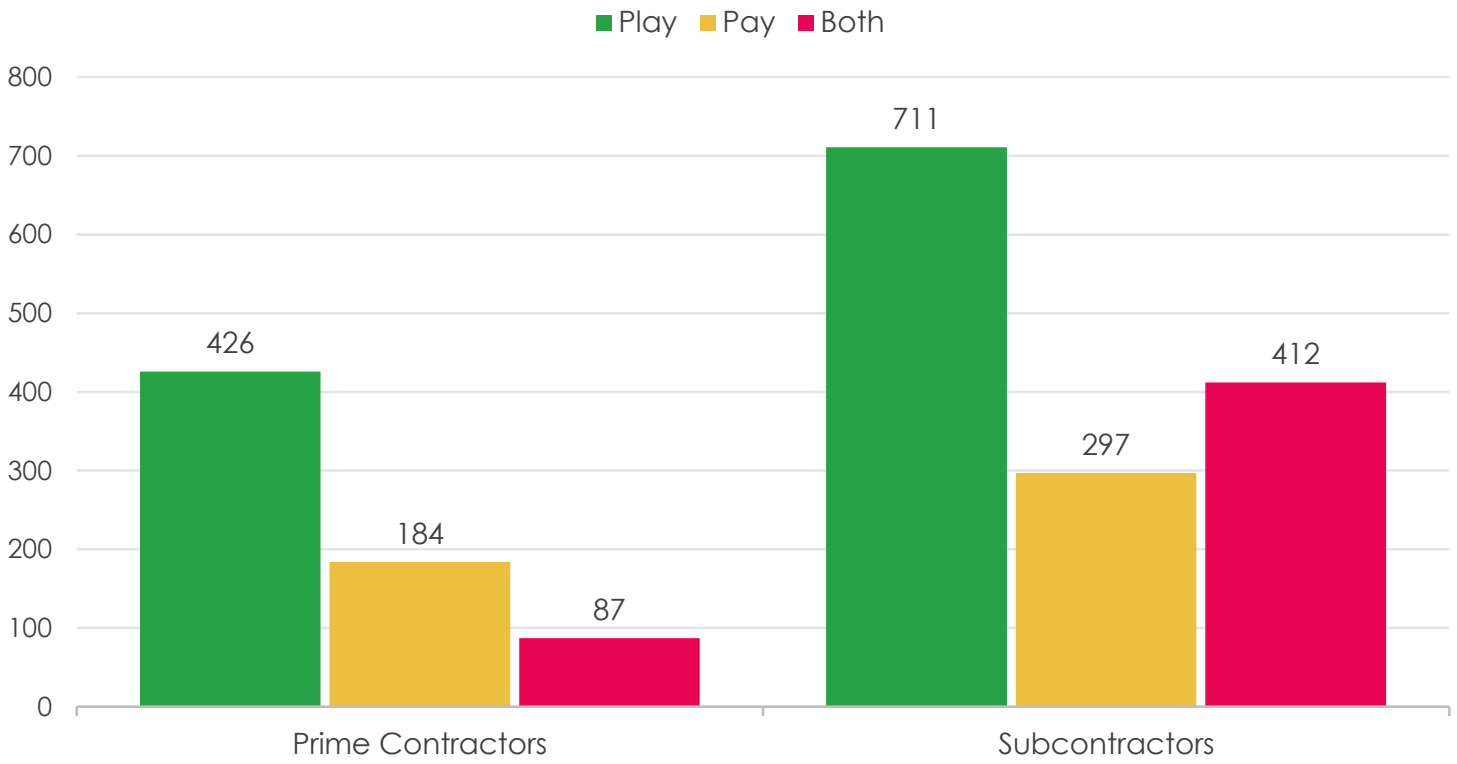
$2,012,659
Estimated first responder resources reallocated in FY 2026

*Data: The Harris Center

How Contractors Chose in FY 2026

Primes and subcontractors both chose Play over Pay, consistent with historical trends.

POP options selected by prime contractors and subcontractors



Source: B2G-POP Module

Play Leads

Participants chose **Play** (provide insurance) over **Pay** (contribute to the CRF).

Why It Matters

Shows the program's push for a workforce **offering health care options**, reducing the number of uninsured residents in covered areas.

CONTRACT COMPLIANCE

What Non-Compliance Looks Like

Common compliance gaps OBO flags on labor-standards and Pay or Play contracts.

Construction & SRF Contracts

- Missing **EEO and subcontract agreement** documentation
- Primes or subcontractors not entering **weekly certified payroll** submissions
- Not adhering to the **Texas Davis-Bacon Act** (Ch. 2258), City Code **Sec. 15-77(d)**, and/or federal standards (**29 CFR Part 5**)

Pay or Play Contracts

- **No documentation** showing compliance with POP requirements
- **Non-payment** of required POP fees
- **No response or corrective action plan** submitted to OBO

Construction and SRF contracts out of compliance receive formal notification letters (next slide).

CITY OF HOUSTON OFFICE of BUSINESS OPPORTUNITY

Out-of-Compliance Notifications

Letters go to the Prime, copying the Department Director and the responsible Project Manager.

1st Letter: Warning

Further delay may result in:

- Withholding of progress payments

2nd Letter: Warning

Further delay may result in:

- Withholding of progress payments
- Conciliation hearing for corrective action

Probationary Status

May result in:

- Withholding payments to cover unpaid wages and overtime liquidated damages (CWHSSA)
- Contract suspension or termination for default
- Recovery of back wages
- Debarment from City and federally funded contracts for up to 3 years

Authority: Texas Davis-Bacon Act (Ch. 2258); City Code Ch. 15, Sec. 15-77(d); 29 CFR Part 5

?

QUESTIONS?



CITY OF HOUSTON
OFFICE of BUSINESS OPPORTUNITY



John Whitmire, **Mayor**

Cylenthia Hoyrd, **Director**

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

T. 832-393-0935
Alejandro.Guajardo@houstontx.gov

Thank You!

Connect With Us:

@HoustonOBO @HoustonOBO

@Houston_OBO @HoustontxOBO

CITY OF HOUSTON OFFICE of BUSINESS OPPORTUNITY