

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

**Hire Houston First Progress Report**

**FY2019**

**July 1, 2018 - June 30, 2019**



**Mayor  
Sylvester Turner**

**Director  
Marsha E. Murray**



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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 2019, the City awarded \$638M to designated Hire Houston First firms from a total of \$1.4B on HHF eligible contracts and purchase orders awarded between July 1, 2018 - June 30, 2019. Therefore, participation of HHF firms was 43.2% on eligible procurements.

Procurement Type	HHF Contracts and POs	Total	HHF %
All Contracts	\$ 633,724,366	\$ 1,450,304,342	43.7%
Purchase Orders	\$ 5,083,946	\$ 27,105,044	18.8%
<b>Total</b>	<b>\$ 638,808,312</b>	<b>\$ 1,477,409,386</b>	<b>43.2%</b>

## Utilization of HHF Firms

- A total of 3,312 companies registered as HHF designated vendors as of Jun 30, 2019.
- There were 423 HHF companies that received either a contract or purchase order during FY2019.
- A total of 192 contracts have been awarded to 125 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	12,271
City Business/Local Business	9,478
<b>Total</b>	<b>21,749</b>

The 423 HHF companies that won city contracts and POs during FY2019 helped support companies which provided 21,749 jobs in the Houston and surrounding areas.

## Number of HHF Transactions in FY2019

Number of Prime Contracts	197
Number of Purchase	843
<b>Total</b>	<b>1,040</b>

In FY2019, there were a total of 197 contracts awarded and 843 Purchase Orders issued to 423 HHF companies.

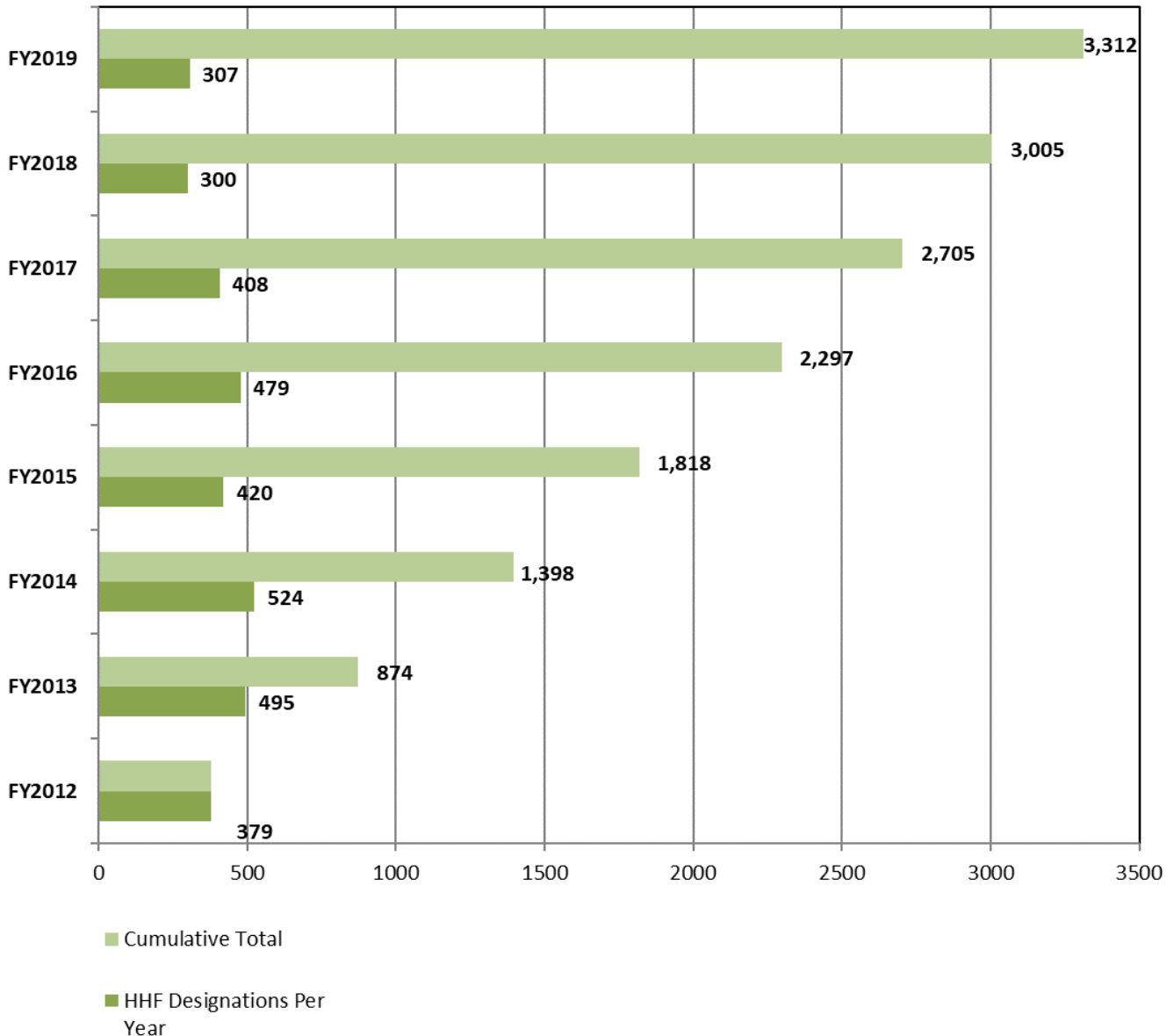




### HHF Approved Applications

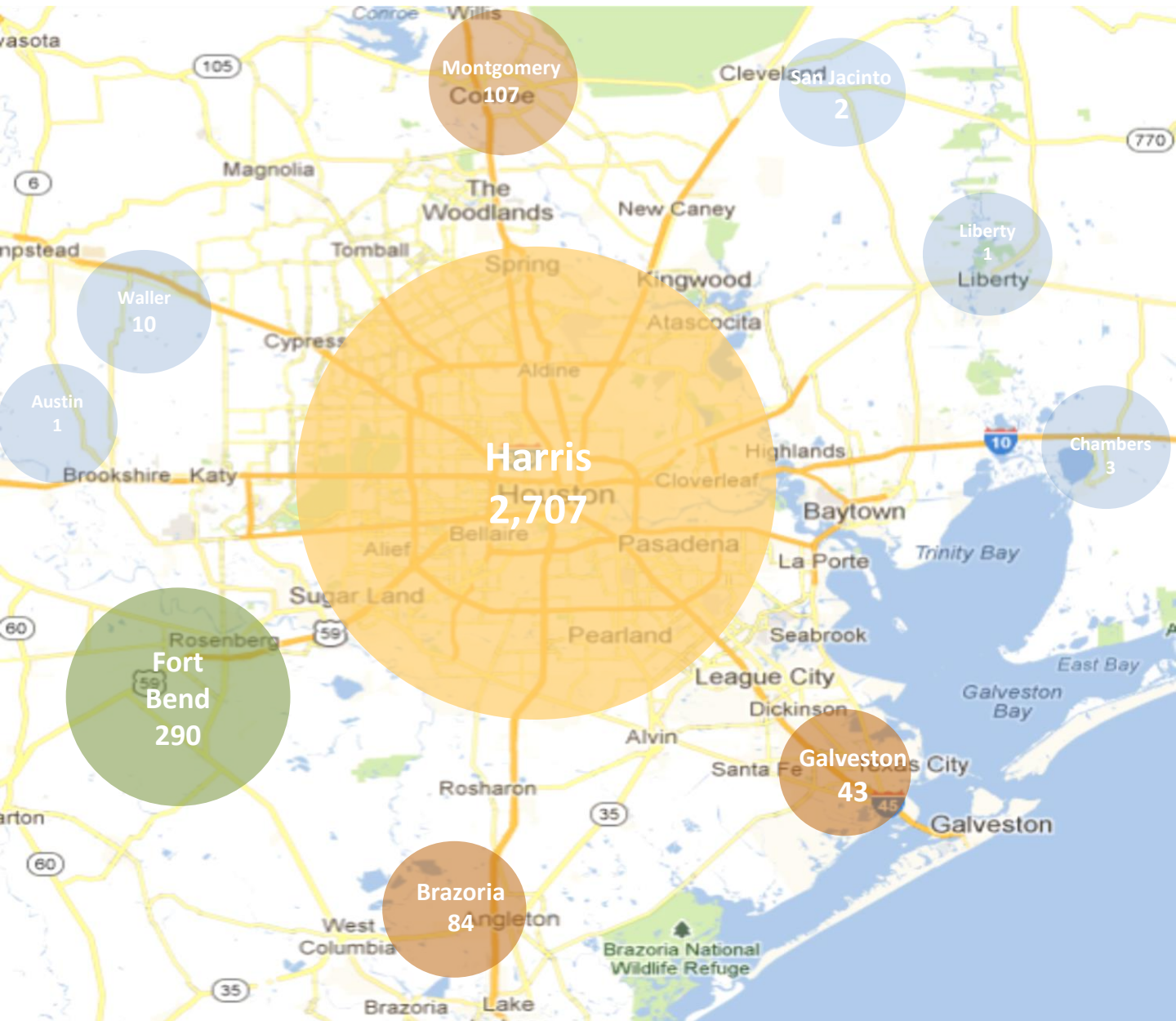
In FY2019, the Office of Business Opportunity approved 3,312 companies as City Business or Local Business Hire Houston First firms.

**Designations per Year and Cumulative Total**





**HHF Designated Firms by County\***



\* There are a total of 3,312 active HHF firms as of Jun 30, 2019. From that amount, 3,248 approved HHF companies were headquartered inside of the 10 counties as represented above. The remaining 64 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.



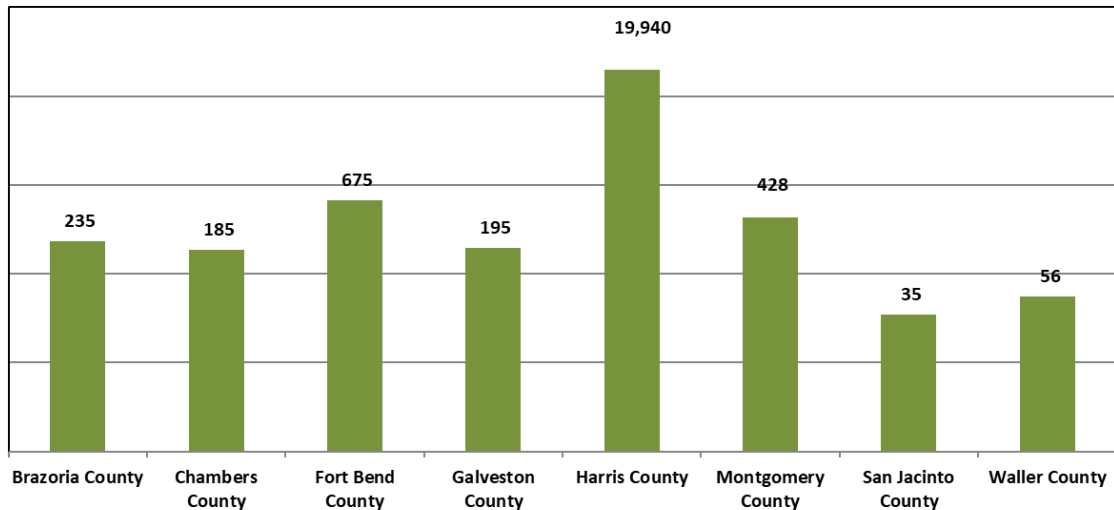


## Local Jobs Supported

County	Number of Employees	%
Brazoria County	235	1.1%
Chambers County	185	0.9%
Fort Bend County	675	3.1%
Galveston County	195	0.9%
Harris County	19,940	91.7%
Montgomery County	428	2.0%
San Jacinto County	35	0.2%
Waller County	56	0.3%
<b>Total</b>	<b>21,749</b>	<b>100%</b>

A total of 423 HHF designated companies were awarded contracts and POs worth approximately \$638 million. These procurements help the economy and the ability to support jobs for companies that employ a total of 21,749 workers. Approximately 91% of the jobs were for companies in Harris County.

Number of Jobs Supported by County



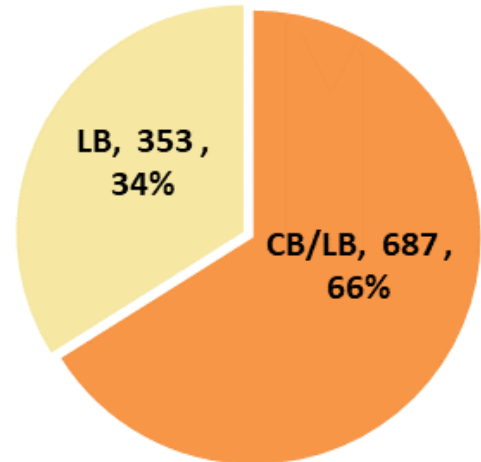
Note: The count of local employees is based on information submitted for Hire Houston First applications.





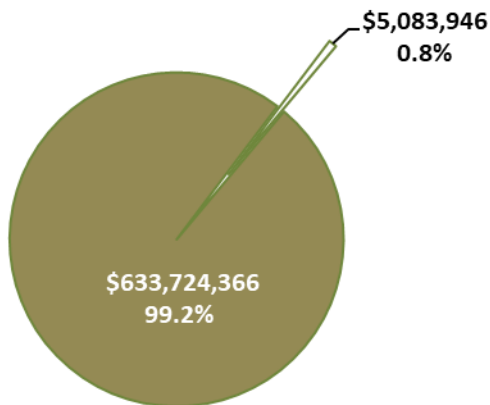
### City Business/Local Businesses\*

Designation Type	Awards	%
CB/LB	687	66%
LB	353	34%
<b>Grand Total</b>	<b>1,040</b>	<b>100%</b>



In FY2019, there were a total of 1,040 contracts and non-contract POs worth \$638M awarded to HHF companies with a CB/LB designation. There were a total of 353 companies with a LB designation and 687 HHF companies that with a CB/LB designation.

### HHF Contracts and Purchase Orders Detail



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

As reflected in the pie chart, a total of \$633 million in contracts were awarded to Hire Houston First Primes in FY2019 which accounted for 99.2% of all HHF awards. Approximately \$5M worth of purchase orders were awarded to HHF Vendors, accounting for 0.8% of the entire total of total awards.

HHF Contracts and POs	Amount
Contracts Awarded to HHF Primes	\$633,724,366
Purchase Orders Awarded to HHF Vendors	\$5,083,946
<b>Total</b>	<b>\$638,808,312</b>





## Contracts Awarded by Department

Overall, City of Houston departments awarded contracts and purchase orders worth \$638 million to HHF firms; however, there were no contracts awarded specifically due to their HHF designation in FY2019. 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.

<b>Department</b>	<b>FY2019 Total</b>
Administration & Regulatory Affairs	\$6,910,707
City Council	\$45,000
City Controller	\$8,195
Department of Neighborhoods	\$4,026,613
Finance	\$32,473,880
Fleet Management Department	\$22,121,876
General Services Department	\$26,106,113
Houston Aviation System	\$3,417,214
Housing & Community Development	\$1,487,329
Houston Fire Department	\$12,181,572
Health and Human Services	\$3,954,949
Houston Information Technology System	\$8,208,329
Houston Police Department	\$1,414,089
Houston Public Library	\$253,926
Houston Public Works Department	\$493,027,283
Human Resources	\$1,265,148
Legal Department	\$7,578
Municipal Courts	\$339,010
Mayors Office	\$183,888
Parks Department	\$696,350
Planning Department	\$1,267,578
Strategic Purchasing Division	\$15,561,039
Solid Waste Management Department	\$3,850,646
<b>Total</b>	<b>\$638,808,312</b>





**Contracts Awarded as a Result of the HHF Preference**

Since the inception of the HHF program, there were 10 contracts awarded to HHF companies specifically chosen due to their HHF designation. The Houston Public Works Department, Fleet Management 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	Status
S19-N24457	Furnish Oil COoled Transformer for PWE S19-N24457	\$ 62,139	HPW	Goods & Services	2/6/2013	Globe Electric Supply Company, Inc.	Open
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	Closed
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.	Closed
4600012292	Elevators, Escalators, Booklifts & Manlifts Maintenance & Repair S33-L24485	\$ 3,969,144	SPD	Goods & Services	8/28/2013	EMR Elevator, Inc.	Open
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	Open
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.	Closed
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.	Closed
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.	Open
4600014404	Used and Scrap Tire Disposal Services for Various Departments.	\$ 2,715,000	SPD	Goods & Services	8/9/2017	Yes America Now, Inc.	Open
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	Open

**Total Hire Houston First Awards**

**\$35,588,914**





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