

CITY OF HOUSTON
OFFICE
of
BUSINESS OPPORTUNITY

Hire Houston First Progress Report

FY2018

July 1, 2017 – June 30, 2018

DRAFT



Mayor
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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 certified for participation in HHF, 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 and Affidavit. Only businesses that meet the requirements of the Ordinance are eligible to be designated as a Hire Houston First company. Processing is completed at no charge.

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 2018, the City awarded \$605M to registered Hire Houston First firms from a total value of \$1.1B on HHF eligible contracts and purchase orders awarded between July 1, 2017 and June 30, 2018. Therefore, participation of HHF firms was 52.8% on eligible procurements.

Procurement Type	HHF Contracts and POs	Total	HHF %
All Contracts	\$ 601,497,746	\$ 1,119,864,440	53.7%
Purchase Orders	\$ 4,242,953	\$ 27,653,936	15.3%
Total	\$ 605,740,699	\$ 1,147,518,376	52.8%

Utilization of HHF Firms

- Since the HHF program was created, approximately 3,010 companies were registered as HHF designated vendors as of Jun 30, 2018.
- Approximately 380 HHF companies received either a contract or purchase order during FY2018.
- A total of 148 contracts have been awarded to 106 prime contractors who had never won a contract before receiving their HHF designation.

Total Jobs Supported

Local Business Employees	8,805
City Business/Local Business	3,718
Total	12,523

The 380 HHF companies that won city contracts and POs during FY2018 employed individuals which supports 12,523 jobs in the Houston and surrounding areas.

Number of HHF Transactions in FY2018

Number of Prime Contracts	168
Number of Purchase Orders	803
Total	971

In FY2018, there were a total of 168 contracts awarded and 803 Purchase Orders issued to HHF companies.

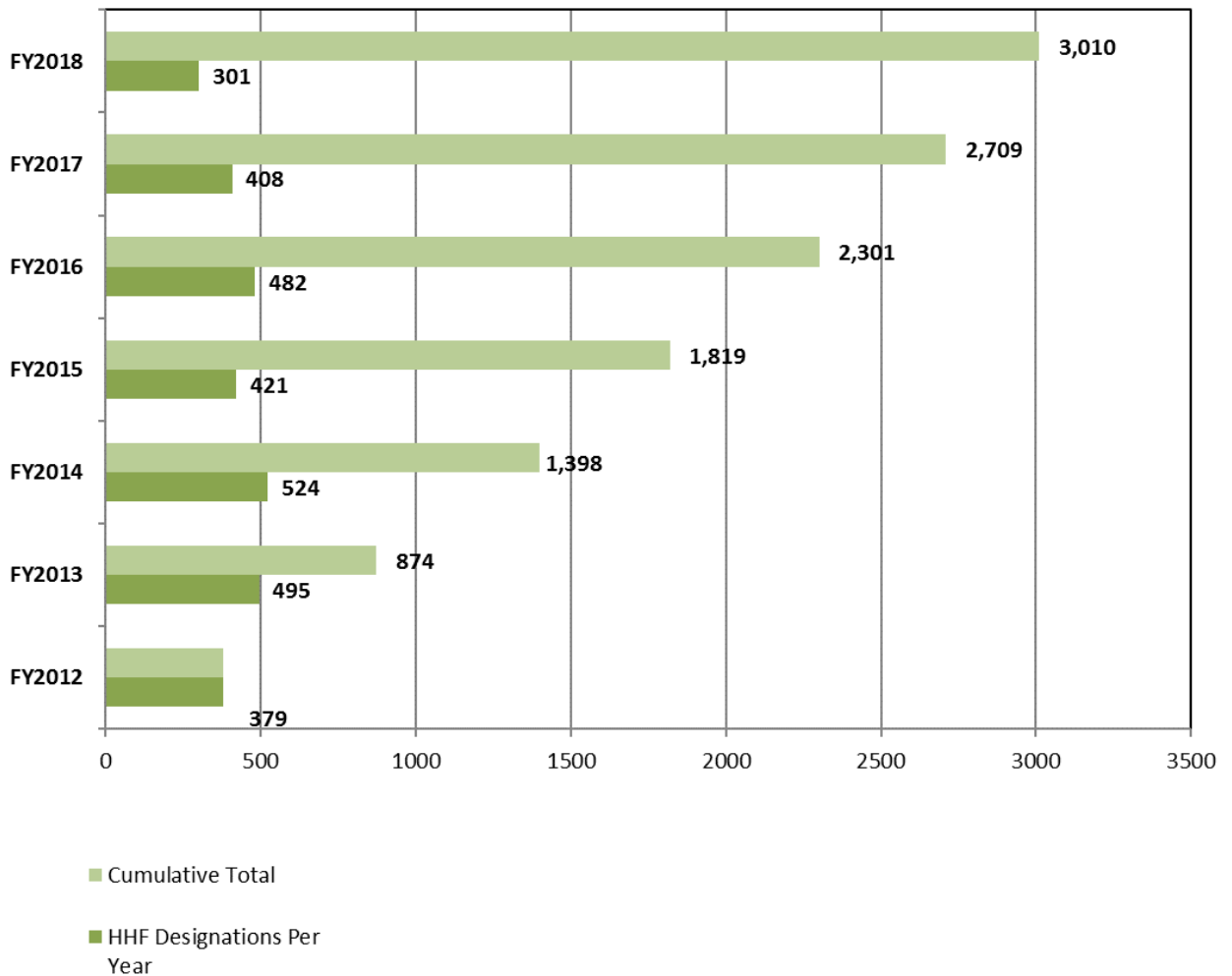




HHF Approved Applications

In FY2018, the Office of Business Opportunity approved 3,010 companies as City Business or Local Business Hire Houston First firms.

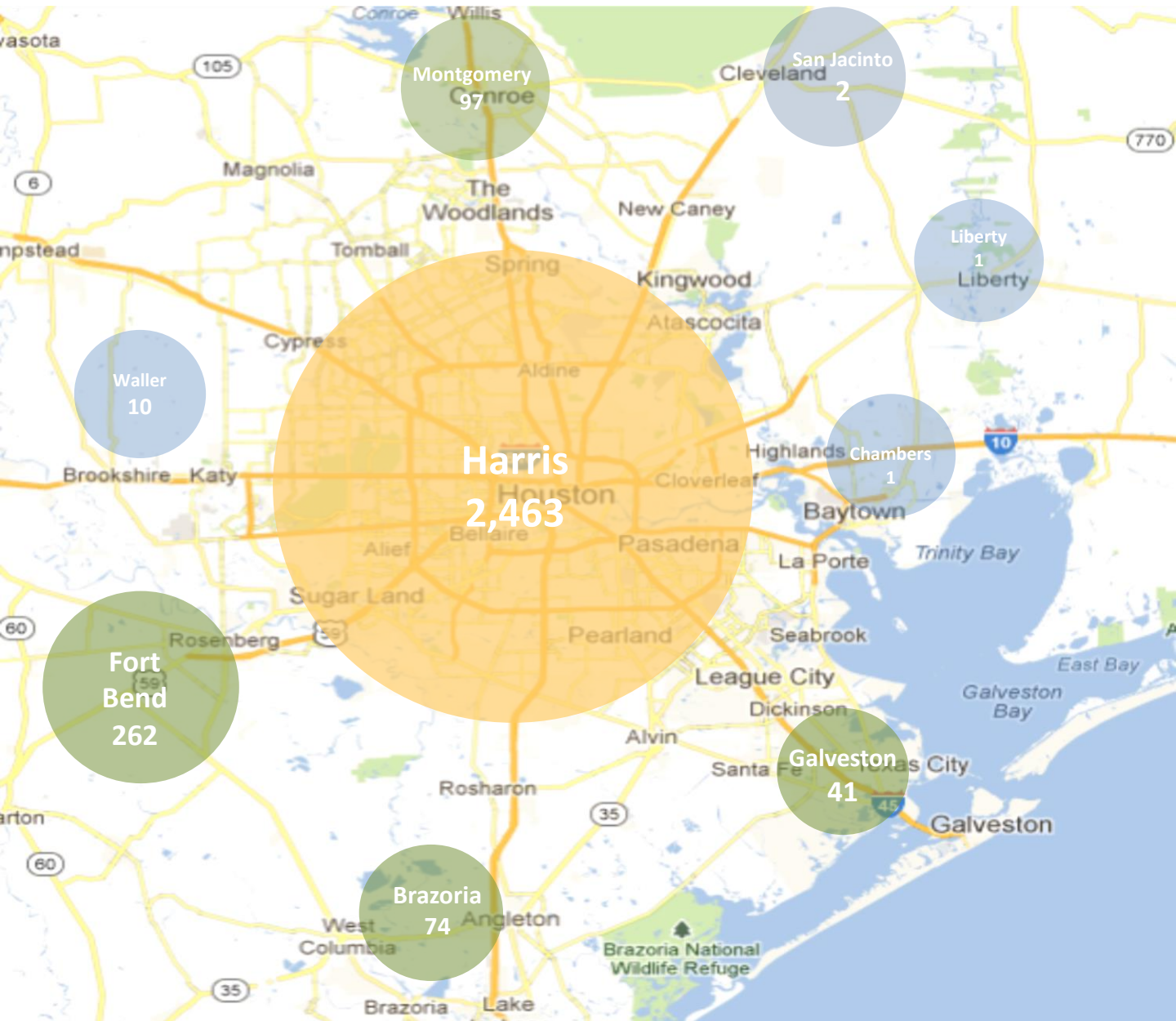
Designations per Year and Cumulative Total





Approved Applications by Headquarters County*

Figure 1



* There are a total of 3,010 active HHF firms as of Jun 30, 2018. From that amount, 2,950 approved HHF companies were headquartered inside of the 10 counties as represented above. The remaining 60 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.



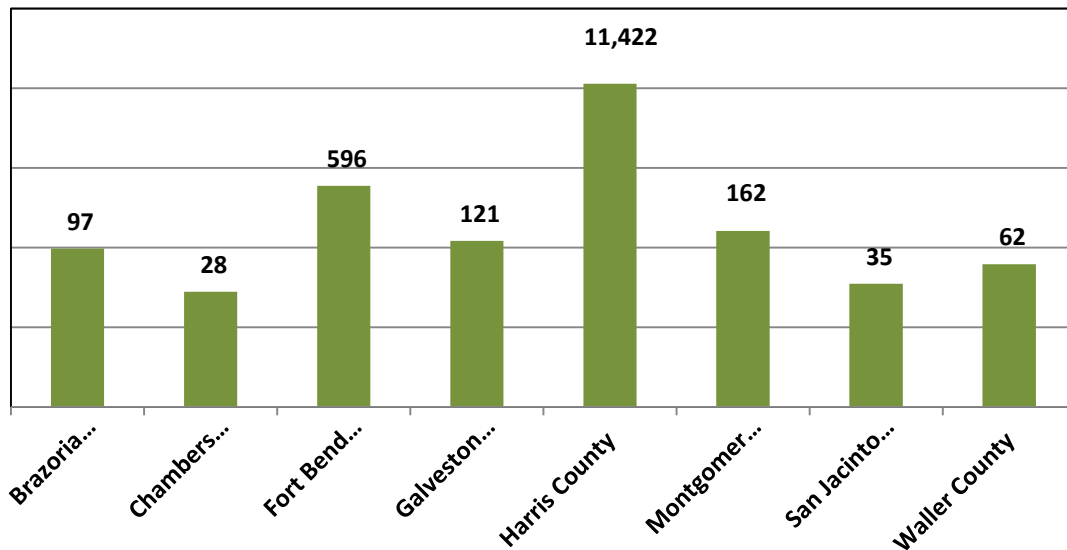


Local Jobs Supported

County	Number of Employees	%
Brazoria County	97	0.8%
Chambers County	28	0.2%
Fort Bend County	596	4.8%
Galveston County	121	1.0%
Harris County	11,422	91.2%
Montgomery County	162	1.3%
San Jacinto County	35	0.3%
Waller County	62	0.5%
Total	12,523	100%

Approximately \$605 million of the City of Houston contracts awarded to HHF designated companies helped sustain 12,523 local jobs during FY2018. Approximately 91% of the jobs were for companies in Harris County.

Number of Jobs Supported by County



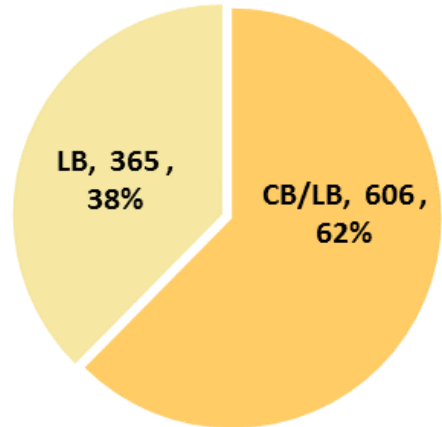
Note: The count of local employees is based on information submitted for Hire Houston First applications.



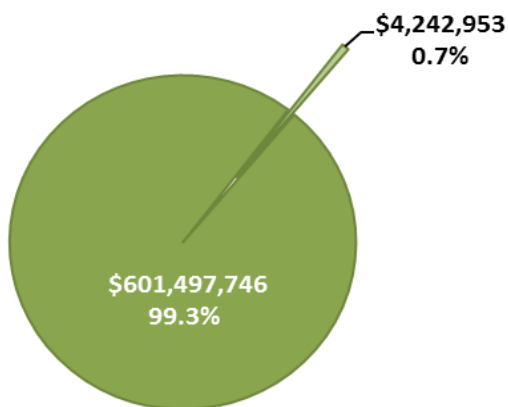
City Business/Local Businesses

Designation Type	FY2018	%
CB/LB	606	62%
LB	365	38%
Grand Total	971	100%

In FY2018, there were a total of 971 HHF companies that were awarded contracts and non-contract POs with CB/LB designation. There were a total of 606 HHF companies that were awarded contracts and 365 non-contract POs with a LB designation.



HHF Contracts and Purchase Orders Detail



As reflected in the pie chart, a total of \$601 million contracts were awarded to Hire Houston First Primes in FY2018 which accounted for 99.3% of all HHF awards. There were a total of \$4.2M purchase orders awarded to HHF Vendors accounting for 0.7% of the entire total of total awards.

HHF Contracts and POs	Amount
Contracts Awarded to HHF Primes	\$601,497,746
Purchase Orders Awarded to HHF Vendors	\$4,242,953
Total	\$605,740,699

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





Contract specifically awarded to HHF designated vendor

Dept	Vendor	Contract Title	Amount Awarded
HPW	CSI Consolidated, LLC	Used and Scrap Tire Disposal Services for Various Departments.	\$ 855,190
SPD	Yes America Now, Inc.	Sanitary Sewer Cleaning and Television Inspection in Support of Rehabilitation	\$ 2,416,350
Total			\$ 3,271,540

The Houston Public Works Department and Strategic Procurement Division awarded two contracts to a vendor specifically due to their Hire Houston First designation in FY2018. In both cases the Hire Houston First vendor was not the lowest bidder but was within 3%-5% of the lowest bid. The first bidder was not issued the contract because the vendor did not have a HHF designation.

Contracts Awarded by Department

Overall, City of Houston departments awarded contracts and purchase orders worth \$605 million to HHF firms with a HHF designation in FY2018. Approximately \$3.2M was awarded based on the prime contractor's HHF designation.

Department	FY2017 Total	HHF Preference Contracts
Administration & Regulatory Affairs	\$62,212	
City Controller	\$236	
Department of Neighborhoods	\$40,330	
Finance	\$6,367,524	
Fleet Management Department	\$16,842,338	
General Services Department	\$30,871,165	
Houston Aviation System	\$56,050,839	
Housing & Community Development	\$1,320,556	
Houston Fire Department	\$411,904	
Health and Human Services	\$1,044,838	
Houston Information Technology System	\$59,308,375	
Houston Police Department	\$4,044,098	
Houston Public Library	\$100,163	
Houston Public Works Department	\$410,682,718	\$2,416,350
Human Resources	\$1,260,754	
Legal Department	\$1,654,950	
Municipal Courts	\$22,172	
Mayors Office	\$43,500	
Parks Department	\$2,000	
Planning Department	\$87,745	
Strategic Purchasing Division	\$15,440,160	\$855,190
Solid Waste Management Department	\$82,122	
Total	\$605,740,699	\$3,271,540





HHF Contracts Since Program Implementation

Since the inception of the HHF program there were 10 contracts awarded to HHF companies specifically due to their HHF designation. The Houston Public Works department, Fleet Management Department and Strategic Purchasing awarded following contracts to Hire Houston First Vendors since the program inception Oct 2011.

Contract Number	Contract Title	Contract Value	Dept	Contract Type	Start Date	Prime Contractor	Status
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
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
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
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
S19-N24457	Furnish Oil COoled Transformer for PWE S19-N24457	\$ 62,139	HPW	Goods & Services	2/6/2013	Globe Electric Supply Company, 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
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
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
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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