1001 Preston St., Suite 934
Houston, Texas 77002

Harris County, Texas

Commissioners Court

Request for Court Action

File #: 23-3913 **Agenda Date:** 7/18/2023 **Agenda #:** 164.

Department: Economic Equity and Opportunity
Department Head/Elected Official: Estella Gonzalez

Presented to Commissioners Court

July 18, 2023

No Action

Regular or Supplemental RCA: Regular RCA
Type of Request: Discussion Item

Project ID (if applicable): N/A
Vendor/Entity Legal Name (if applicable): N/A

MWDBE Contracted Goal (if applicable): N/A
MWDBE Current Participation (if applicable): N/A
Justification for 0% MWDBE Participation Goal: N/A - Goal not applicable to request

Request Summary (Agenda Caption):
Request for discussion of the Minority- and Woman-Owned Business Enterprise (MWBE) Program Utilization Report, including award and payment statistics, lessons learned, and new action items.

Background and Discussion:
As DEEO continues implementing the MWBE Program, we committed to updating Commissioners Court on the program's status semi-annually. Our most recent report was presented to Commissioners Court on February 21, 2023. The report covered payments made to M/WBE prime contracts for contracts awarded since June 2021 through the end of the Short Fiscal Year, September 2022 for contracts managed by the Purchasing department.

As noted in our last report to Commissioners Court, the award and payment reports are now combined. This mid-year utilization report covers awards and payments during the 6-month period of October 2022 to March 2023. Our next report will be delivered on December 19, 2023, covering the entire FY2023.

The data for the current utilization report is compiled by DEEO staff, with the assistance of Universal Services. The award report reflects contract data received from Purchasing, Engineering, Harris County Toll Road Authority, and Harris County Flood Control District; and the payment report covers payments to prime contractors awarded Construction, Goods & Services, and Professional Services contracts equal to or above $50,000 that are recorded in the PeopleSoft platform. Payments for contracts not recorded in the PeopleSoft platform are not included in this payment report.

In addition, payments to subcontractors are not included in this report because of an incomplete data set. While it is possible to obtain the missing data manually, it is a heavy lift not only for DEEO but for our partner departments and DEEO made the decision not to add that burden to this report. We will revisit this decision as we move forward with regular 6-month reporting.

As discussed during DEEO's presentation on M/WBE contract awards on January 31, 2023, Universal Services is assisting us with an interim data solution while we await the long-term solution proposed as part of the Procure2Pay program.

Expected Impact:
Greater participation in Harris County procurement will help build the minority- and woman-owned business ecosystem in Harris County resulting in a more equitable and inclusive economy.

Alternative Options:
None.

Alignment with Goal(s):

_ Justice and Safety
X Economic Opportunity
_ Housing
_ Public Health
_ Transportation
_ Flooding
_ Environment
_ Governance and Customer Service

Prior Court Action (if any)**:**

Date	Agenda Item #	Action Taken
1/31/2023	161	Discussion only
2/21/2023	169	Discussion only

Location:
Address (if applicable):
Precinct(s): Choose an item.

Fiscal and Personnel Summary			
Service Name			
	FY 23	**FY 24**	**Next 3 FYs**
Incremental Expenditures (do NOT write values in thousands or millions)			
Labor Expenditures	$	$	$
Non-Labor Expenditures	$	$	$
Total Incremental Expenditures	**$**	**$**	**$**
Funding Sources (do NOT write values in thousands or millions)			
Existing Budget			
Choose an item.	$	$	$

Choose an item.	$	$	$
Choose an item.	$	$	$
Total Current Budget	$	$	$
Additional Budget Requested			
Choose an item.	$	$	$
Choose an item.	$	$	$
Choose an item.	$	$	$
Total Additional Budget Requested	$	$	$
Total Funding Sources	**$**	**$**	**$**
Personnel (Fill out section only if requesting new PCNs)			
Current Position Count for Service	-	-	-
Additional Positions Requested	-	-	-
Total Personnel	**-**	**-**	**-**

Anticipated Court Date: July 18, 2023

Anticipated Implementation Date (if different from Court date):

Emergency/Disaster Recovery Note: Not an emergency, disaster, or COVID-19 related item

Contact(s) name, title, department: Estella Gonzalez, Interim Executive Director, DEEO

Jie Wu, Interim Director, Program Planning & Innovation, DEEO

Attachments (if applicable)**:** PowerPoint presentation will be submitted under separate cover.

M/WBE Utilization FY23 Mid-Year Report

(October 2022 – March 2023)

Transmitted to Commissioners Court on July 18, 2023

Estella Gonzalez Interim Executive Director

Jie Wu, Interim Director, Program Planning & Innovation

HARRIS COUNTY

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DEPARTMENT OF ECONOMIC EQUITY AND OPPORTUNITY

ABOUT THIS REPORT

This mid-year report is the County's fourth M/WBE Utilization report that includes contract dollars awarded to Minority- and Women-owned Business Enterprises (M/WBE) by Harris County based on program data for the period October 2022 to March 2023. It also covers payments made to M/WBE prime contractors by Harris County. We assessed M/WBE spend – a) payments made to contracts awarded within the reporting period; and b) payments made within the reporting period regardless of contract award date.

This report serves as a benchmarking and monitoring tool in assessing both M/WBE participation and spend and helps to identify areas for greater inclusion.

The report is divided into five sections:

I. Executive Summary

II. M/WBE Utilization in Contract Awards (October 2022 – March 2023)

III. M/WBE Utilization in Payments (Part A& Part B)

IV. Action Items for Harris County's M/WBE Program

V. Appendices

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EXECUTIVE SUMMARY

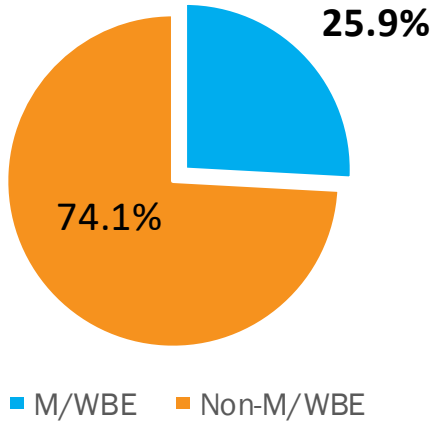
During this period (October 2022 - March 2023), Harris County awarded $377M in contracts*.

- Certified M/WBEs received 25.9% of all contract dollars awarded. This is a 32.8% increase compared to the rate reported for SFY2022 (19.5%).

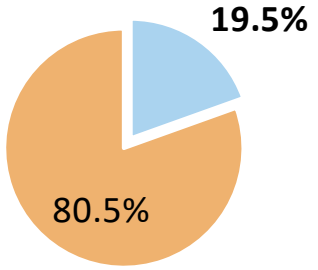
* See exclusions in the methodology notes.

Total Contract Awards

October 2022 - March 2023
Total: $377M



March - September 2022
Total: $885M



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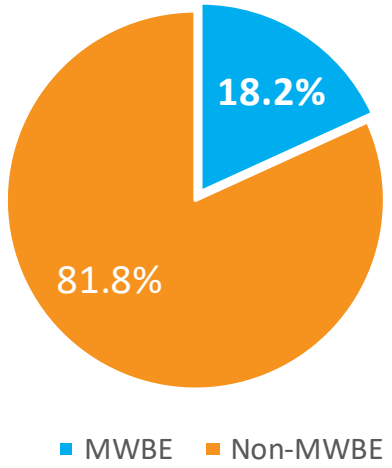
EXECUTIVE SUMMARY

Harris County awarded $337M to prime contractors.

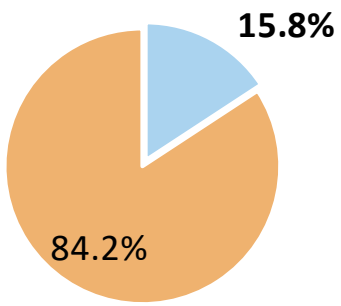
- Certified M/WBE prime contractors received 18.2% of the total contract dollars awarded during this period ($61.4M).
- Hispanic-owned M/WBEs were awarded the largest portion as prime contractors ($30.8M). Followed by:
  - Black-owned: $16.9M
  - Asian-owned: $10.1M
  - White Women: $ 3.6M

Prime Contractor Awards

October 2022 - March 2023
Total Prime: $337M



March - September 2022
Total Prime: $828M



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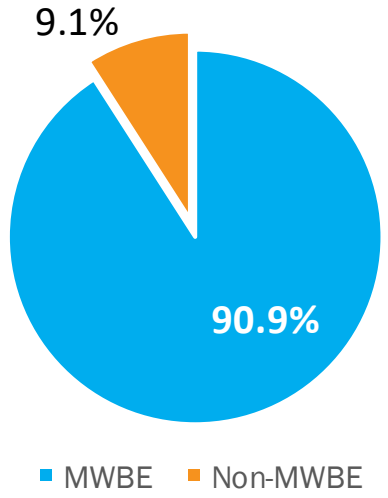
EXECUTIVE SUMMARY

Prime contractors awarded $39.8M to subcontractors.

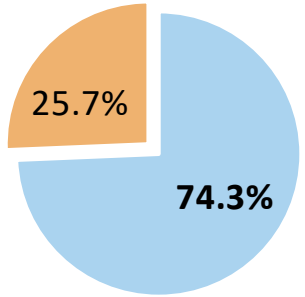
- Certified M/WBE subcontractors received 90.9% of the total subcontract dollars awarded ($36.2M).
- White women-owned businesses were awarded the largest portion as subcontractors ($15.7M). Followed by:
  - Hispanic-owned:$12.1M
  - Asian-owned: $5.0M
  - Black-owned: $3.4M
  - Native American: $1.4k

Subcontractor Awards

October 2022 - March 2023
Total: $39.8M



March - September 2022
Total: $56.8M



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EXECUTIVE SUMMARY

- The percentage of payments made to M/WBE prime contractors that received the awards between October 2022 and March 2023 was 13.2%.
- The percentage of payments made to M/WBE prime contractors (including contracts awarded before the M/WBE program was created) within the reporting period regardless of award date was 9.9%.

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M/WBE Utilization in Contract Awards

(October 2022 - March 2023)

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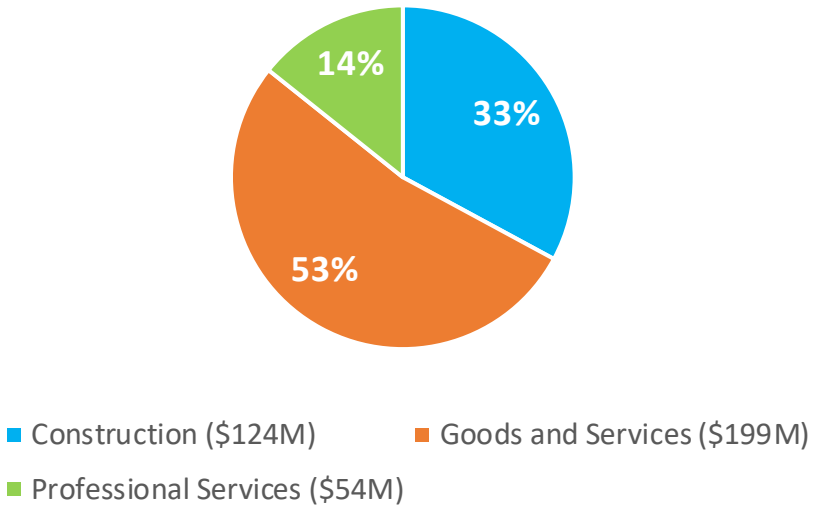
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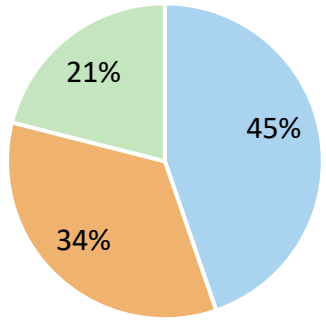
Total Contracts Awarded

October 2022 – March 2023

Total Contracts Awarded
October 2022 - March 2022
$377M



March - September 2022
$885M



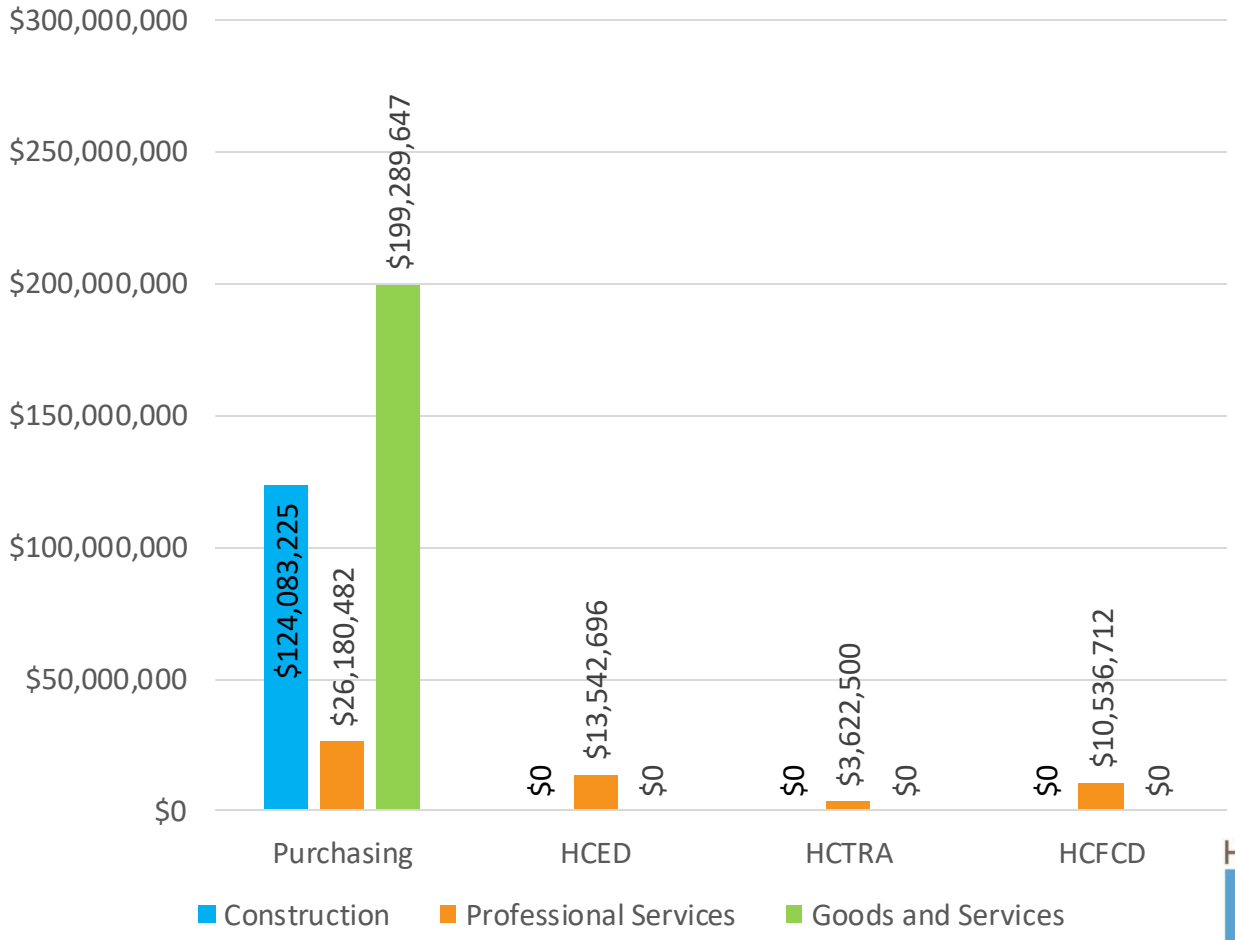
Harris County awarded $377,255,263 in contracts from October 2022 through March 2023. The total award amount is spread over 295 total contracts with 283 prime contractors and 222 subcontractors. Of the 295 contracts, 123 contracts have M/WBE participation with 62 M/WBE Primes and 168 M/WBE Subcontractors.

The County awarded more than half of its contracts in Goods & Services (53%).

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Contracts Awarded by Department

October 2022 – March 2023



The Purchasing Department procures all contract types for all departments within the County. Engineering (HCED), Flood Control (HCFCD), and Toll Road Authority (HCTRA) procure some contracts on their own. The contract type data for HCED, HCFCD, and HCTRA were provided by each department.

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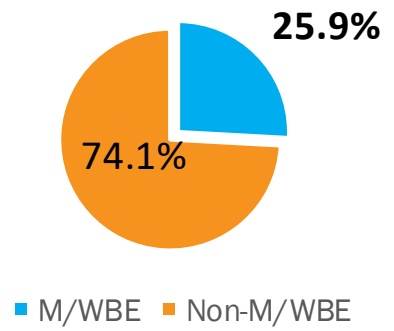
Contract Awards - Total

Certified M/WBE contractors received **25.9%** of the contract dollars awarded during this period. It is a 32.8% increase compared to the rate reported for SFY2022 (19.5%).

This represented approximately $98M awarded to M/WBEs and $280M awarded to firms not certified as M/WBE.

Total Contract Awards

October 2022 - March 2023
Total: $377M



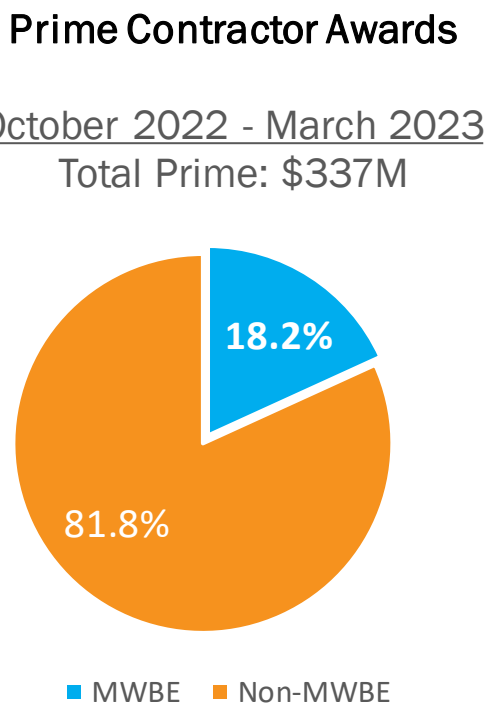
Year	M/WBE						Total M/WBE	Non-M/WBE
	Black	*Hispanic*	*Asian*	*Native American*	*White Women*	*Other/NA*		
2020 *Disparity Study*	0.50%	4.60%	0.60%	0.10%	3.20%	-	**9.1%**	90.9%
SFY22 *(MAR - SEP 2022)*	4.96%	6.06%	5.68%	0.03%	2.74%	-	**19.5%**	80.5%
1st Half FY23 *(OCT 2022 - MAR 2023)*	**5.38%**	**11.36%**	**4.00%**	**0.01%**	**5.11%**	-	**25.9%**	74.1%
Change	+	+	−		+			

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Prime Contractor Awards - Total

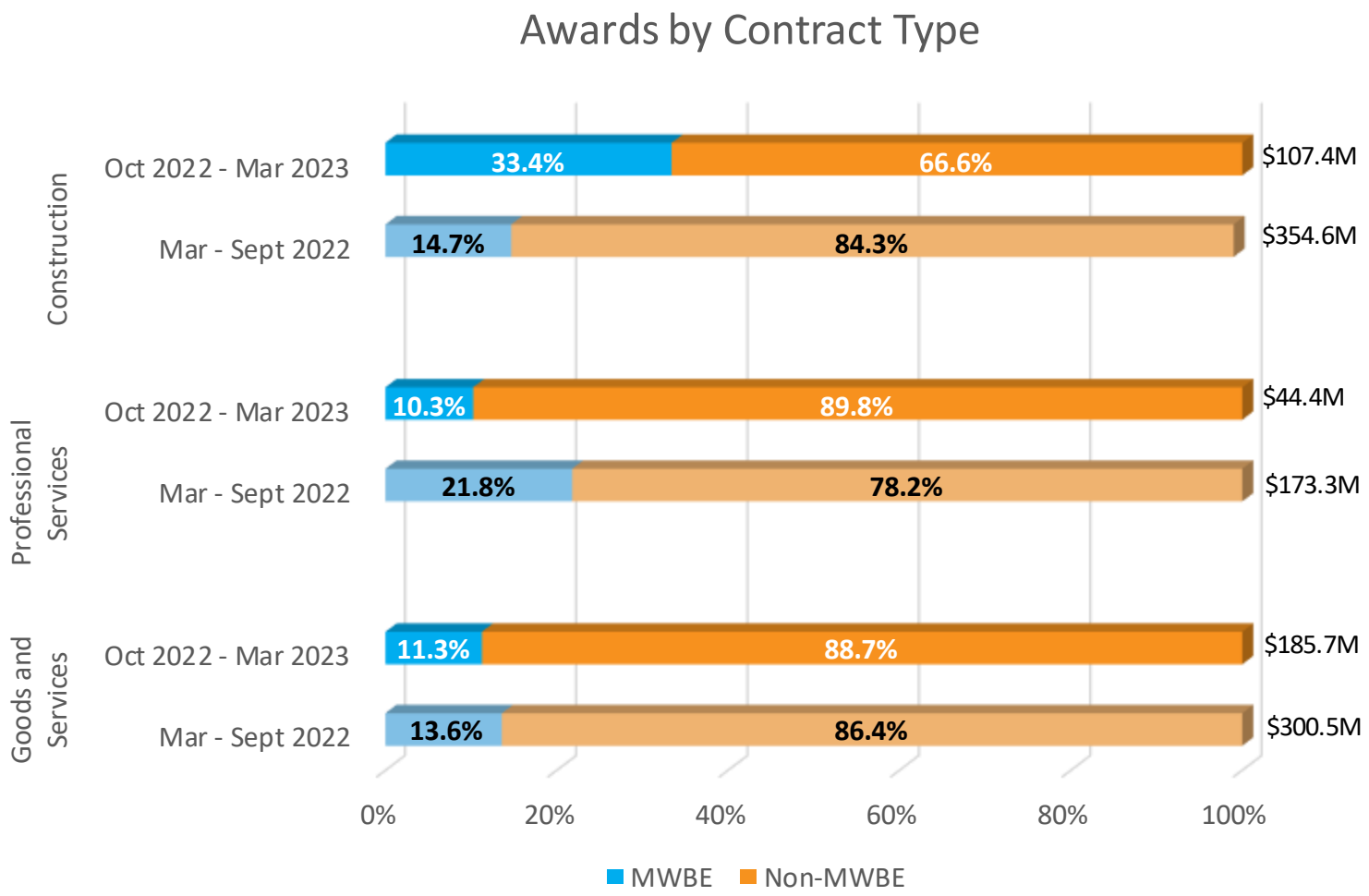
Certified M/WBE prime contractors received 18.2% of the contract dollars awarded during this period. This represented $61.4M awarded to M/WBEs and $276.1M awarded to firms not certified as M/WBE.

Certified M/WBE prime contractors can count the portion of work they expect to deliver as self-performance towards their M/WBE goals. They may also subcontract with M/WBE and non-M/WBE firms. Regardless of the team structure, there are many economic benefits to winning a contract as a prime contractor.



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Prime Contractor Awards – By Contract Type



During this reporting period, most contract dollars were awarded to certified M/WBE prime contractors for construction contracts.

As mentioned in the last report, construction contracts usually last for multiple years and the County renews them annually. The M/WBE participation is expected to increase from last reporting period as indicated in the chart.

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M/WBE Prime Contractor Awards by Ethnicity

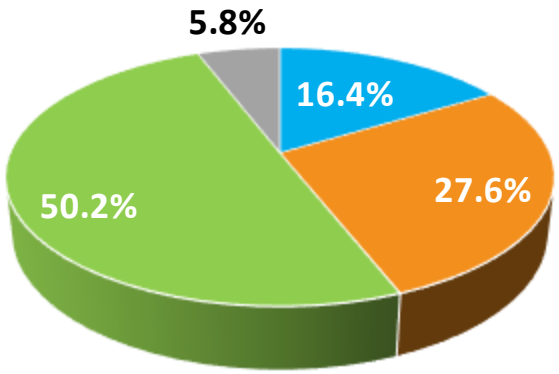
Hispanic-owned firms received 50.2% of contracts awarded to M/WBE Primes. These firms were awarded the most contract dollars related to Construction and Goods & Services contracts.

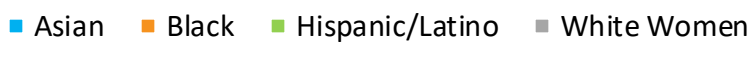
Black-owned M/WBE firms were awarded the second most overall (27.6%) and second highest dollar amount related to Construction and Goods & Services contracts.

Asian-owned M/WBE firms were awarded the highest dollar amount related to professional services contracts .

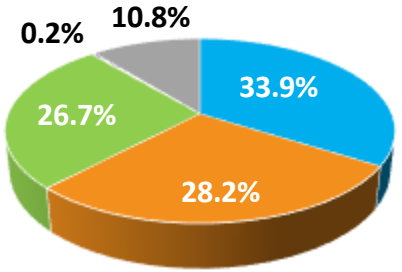
M/WBE Businesses Awarded
Total Prime: $61.4M

October 2022 - March 2023





March - September 2022



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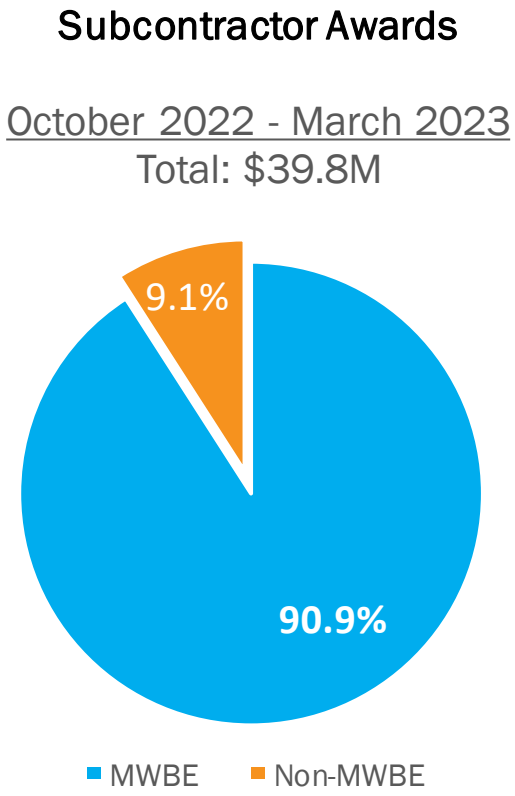
M/WBE Prime Contractor Awards by Ethnicity

Contract Type	*Asian* *(18 Contracts)*	*Black* *(9 Contracts)*	*Hispanic* *(23 Contracts)*	*White Women* *(11 Contracts)*
Construction (9 Contracts)	$2,717,775	$10,704,136	$22,507,735	-
Professional Services (22 Contracts)	$2,249,104	$64,071.80	$1,582,477	$654,010
Goods and Services (30 Contracts)	$5,104,961	$6,170,582	$6,713,856	$2,918,887
Total (Oct 2022 - Mar 2023) (61 Contracts)	**$10,071,840**	**$16,938,790**	**$30,804,067**	**$3,572,897**
Total (Mar – Sept 2022) (119 Contracts)	**$44,323,453**	**$36,775,109**	**$34,904,052**	**$14,124,568**

The chart above illustrates the dollar amounts and number of contracts awarded to M/WBEs from October 2022 – March 2023.

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Subcontractor Awards - Total

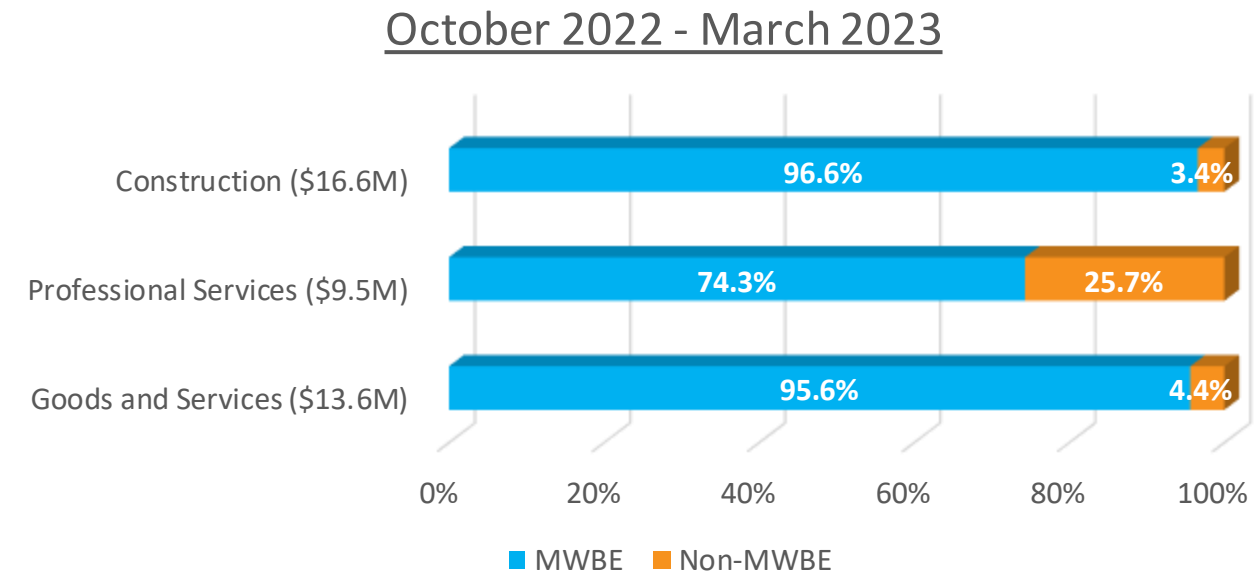


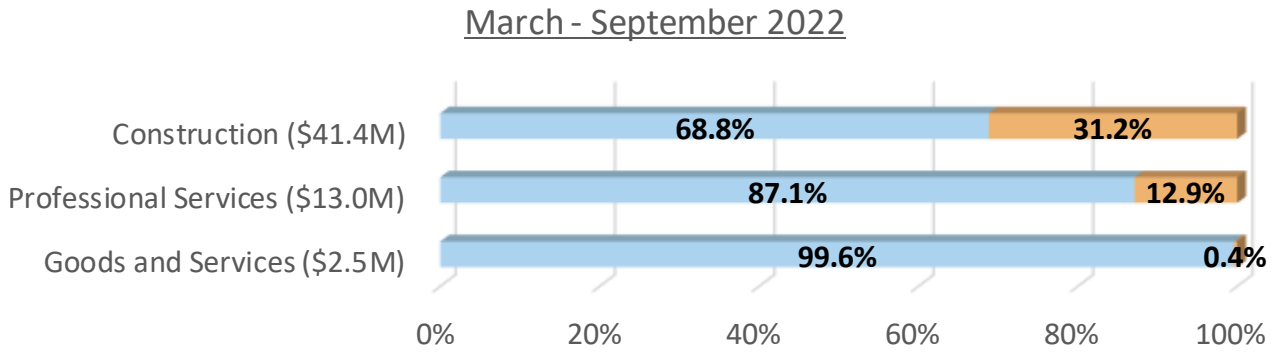
The $39.8M awarded to subcontractors represents 10.5% of the County's total awarded contracts of $377M.

Certified M/WBE subcontractors received 90.9% of the total subcontract dollars awarded during the first half of the fiscal year. This represented $36.2M awarded to M/WBEs and $3.6M awarded to firms not certified as M/WBE.

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M/WBE Subcontractor Award Summary by Contract Type





This chart illustrates the awarded contracts to M/WBE subcontractors versus the contracts awarded to firms not certified.

During this report period, more than 95% of all goods and non-professional services contracts and construction contracts went to M/WBE subcontractors.

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M/WBE Subcontractor Award Summary

Contract Type	M/WBE	Non-M/WBE	Total Subcontract Award	% of Total Award	Total Award
Construction (10 contracts)	$16,065,682	$570,899	**$16,636,581**	13.4%	$124,083,225
Professional Services (46 contracts)	$7,058,547	$2,444,669	**$9,503,217**	17.6%	$53,882,390
Goods and Services (34 contracts)	$13,035,343	$600,096	**$13,635,439**	6.8%	$199,289,647
Total by Certification	**$36,159,572**	**$3,615,664**	**$39,775,236**	10.5%	$377,255,262

This chart illustrates M/WBE subcontractor awards. The contracts were awarded between October 2022 - March 2023.

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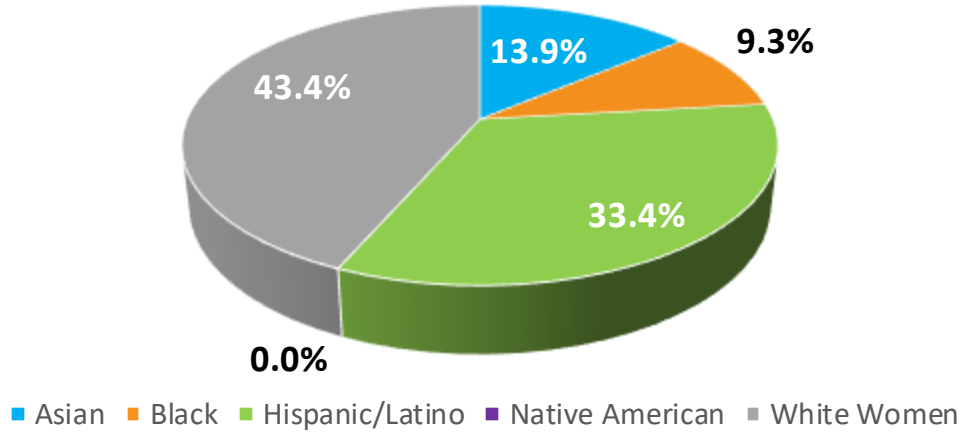
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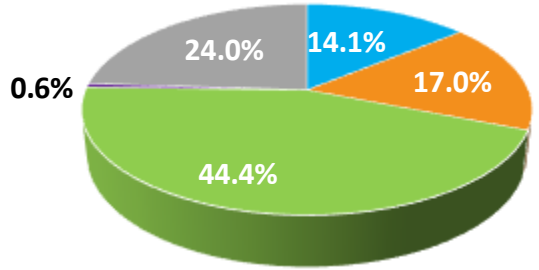
M/WBE Subcontractor Awards by Ethnicity

M/WBE Total Subcontractor Awards ($36M)

October 2022 - March 2023



March – September 2022



White Women-owned firms received the bulk of contracts awarded to M/WBE Subcontractors (43.4%). These firms were awarded the most contract dollars related to goods & services contracts and construction contracts.

Hispanic-owned firms were awarded the second most overall (33.4%). These firms had second highest dollar amount related to construction contracts and goods & services contracts, and highest dollar amount for professional services contracts.

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M/WBE Subcontractor Awards by Ethnicity

Contract Type	*Asian* *(26 contracts)*	*Black* *(17 Contracts)*	*Hispanic* *(45 contracts)*	*Native American* *(1 contract)*	*White Women* *(31 contracts)*
Construction (9 contracts)	$1,874,568	$2,185,044	$5,655,818	-	$6,350,253
Professional Services (37 contracts)	$2,178,639	$264,433	$2,475,090	-	$2,140,485
Goods and Services (32 contracts)	$969,507	$915,406	$3,939,658	$1,426	$7,209,346
Total	**$5,022,714**	**$3,364,783**	**$12,070,566**	**$1,426**	**$15,700,084**

This chart illustrates M/WBE subcontractor awards by ethnicity. The contracts were awarded between October 2022 – March 2023.

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M/WBE Utilization in Payments provided from PeopleSoft

October 2022 – March 2023

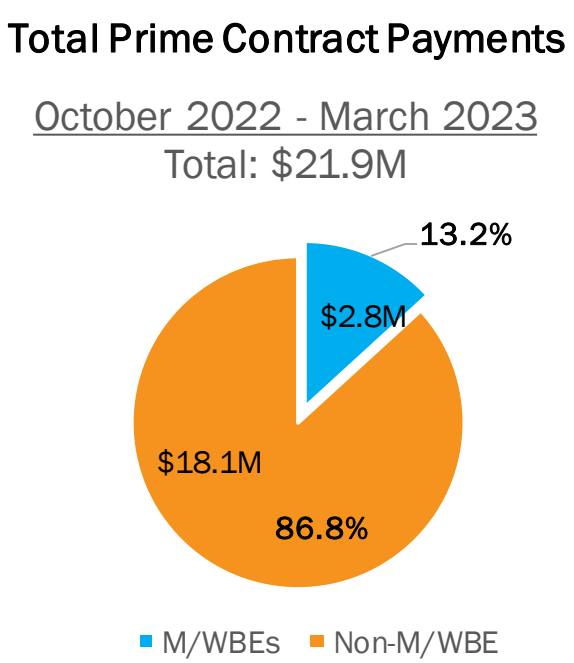
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M/WBE Prime Contract Payments - A

October 2022– March 2023



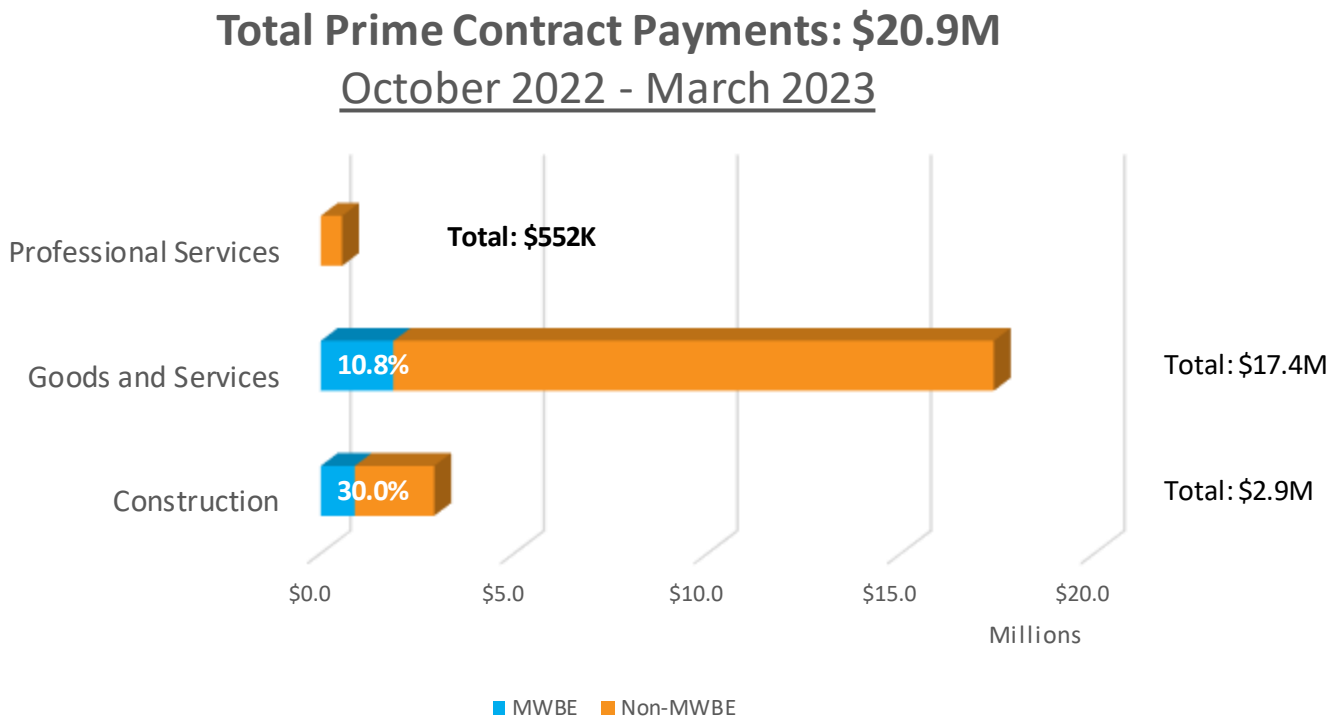
Overall, 13.2% of the $20,881,885 prime contract payments, or $2.8M, went to M/WBEs for contracts awarded AND paid between October 2022 and March 2023. The data includes payments against 82 contracts and 331 purchase orders.

The 2020 Disparity Study estimated that 9% of contract dollars spent by Harris County went to Minority- and Woman-owned businesses between FY2016 and the first quarter of FY2019.

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M/WBE Prime Contract Payments by Contract Type

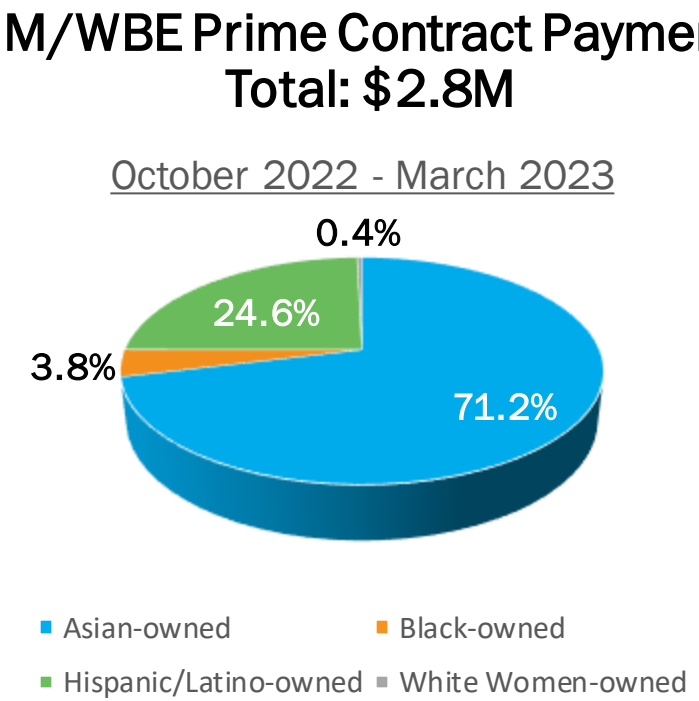
October 2022 – March 2023



About 11% of prime contract payments for Goods and Services contracts ($1.9M) were made to certified M/WBE prime contractors, while 30% of prime contract payments for Construction contracts ($880K) were paid to M/WBE prime contractors for Construction contracts. All payments for Professional Services contracts were made to non-M/WBE prime contractors during the reporting period.

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M/WBE Prime Contract Payments by Category



Category	Total Payment	Percent
Asian-owned	$1,964,153	71.2%
Black-owned	$105,825	3.8%
Hispanic-owned	$678,371	24.6%
White Woman-owned	$10,705	0.4%
Total M/WBEs	$2,759,054	100.0%

Asian-owned firms received more than 70% of prime contract payments to M/WBEs (71.2%) between October 2022 and March 2023.

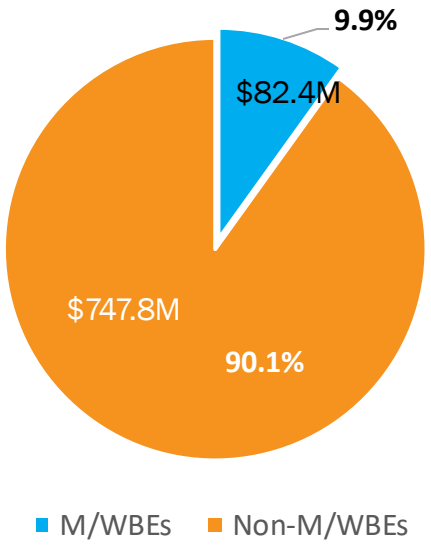
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M/WBE Prime Contract Payments - B

October 2022– March 2023

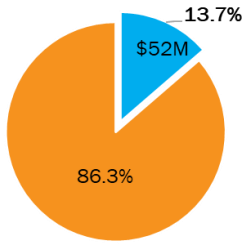
Total Prime Contract Payments

October 2022 – March 2023
Total: 830.1M



Total Prime Contract Payments

June 2021 - September 2022
Total: $381M



Overall, 9.9% of the $830,133,952 prime contract payments between October 2022 and March 2023 went to M/WBEs, totaling $82.4M. The data includes payments against 819 contracts and 5077 purchase orders.

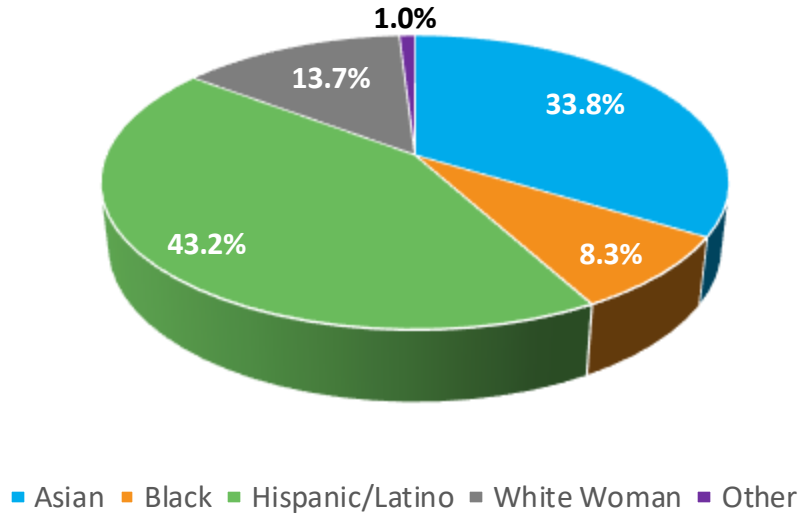
The 2020 Disparity Study estimated that 9% of contract dollars spent by Harris County went to Minority- and Woman-owned businesses between FY2016 and the first quarter of FY2019.

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M/WBE Prime Contract Payments by Category

M/WBE Prime Contract Payment
Total: $82.4M

October 2022 - March 2023



Category	Total Payment	Percent
Asian-owned	$27,804,416	33.8%
Black-owned	$6,835,682	8.3%
Hispanic-owned	$35,619,412	43.2%
White Woman-owned	$11,325,072	13.7%
Other	$790,342	1.0%
Total M/WBEs	$82,374,923	100.0%

Hispanic-owned firms received nearly half of prime contract payments to M/WBEs (43.2%) between October 2022 and March 2023. Asian-owned firms followed with 33.8% of prime contract payments.

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Notes for Payment Report

- Because payments lag awards made, especially for multiyear contracts (renewals) the payment breakouts will change over time.
- Future payment reports will be more robust as data limitations are addressed in the mid- and long-term.
- We have not found other organizations that publish payment data.

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Action Items for Harris County's M/WBE Program

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PROGRESS TO DATE

- ✓ Ensured all contracts over $50k were reviewed by DEEO for M/WBE goals and participation prior to the Request for Court Action.
- ✓ Continued to review contracts up for renewal for goal-setting opportunities.
- ✓ Reviewed procurement options to create greater M/WBE inclusion opportunities - a good start but room for improvement in starting to look at unbundling contracts and vendor pool contracts.
- ✓ Worked with Purchasing, Engineering, HCFCD, and HCTRA and improved data sharing process on professional service contracts.
- ✓ DEEO leads the Disparity Study Fund project with Lone Star College, Spring ISD, Aldine ISD, and Alief ISD to fund their own disparity study.
- ✓ Conducted outreach campaigns and increased our presence in the community to increase our support of M/WBEs seeking business opportunities with Harris County.
- ✓ Continued to look for capacity-building initiatives for M/WBEs as we research what gaps are still needed that DEEO can fill.

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NEXT PRIORITY ACTION ITEMS

1. Hiring
   - Since May 1st, 3 positions have been filled, including the Assistant Director for the M/WBE Program
   - Hiring Project Monitors (2 positions), Program Managers (3 positions), and Director to lead the Inclusive Procurements division.
2. Internal
   - Updating the M/WBE policy and our operational manual
   - Right-sizing the department to meet the current demand of projects and be ready for new requests (e.g., Bond projects)
   - Continue closely working with Universal Services to strengthen data infrastructure and implement the mid-term solution (keep tracking the long-term solution which is the P2P project)
   - Updating the Request for Court Action (RCA) template to track renewals better and improve current operations
3. External
   - Continue conversations with partner agencies (Metro, Port of Houston, City of Houston, etc.) to learn, share best practices, and work towards a shared understanding of each other's work.
   - Capacity-building program and special initiatives.

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Questions?

Program Webpage
https://deeo.harriscountytx.gov/Inclusive-Procurements/Vendor-Diversity

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Harris County Department of Economic Equity & Opportunity
Estella.Gonzalez@eeo.hctx.net

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Appendices

1. Methodology

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1. Methodology for Awards Report

This report provides analysis for contracts awarded by Harris County from October 1st, 2022– March 31st, 2023.

- The data analyzed includes all formally & competitively procured, new contracts awarded by Harris County provided to DEEO. At Harris County, all contracts valued at $50,000 or more are formally procured. Contracts under $50,000 are considered small purchases and are below the threshold for M/WBE program contract compliance.
- Contracts were analyzed in three categories: (1) Goods and Services, (2) Construction, and (3) Professional Services.
- Contract data for this report was provided by the Purchasing Department, Engineering Department, Flood Control District and Toll Road Authority. It represents contracts awarded from all Harris County departments. The Purchasing Department manages formal procurements for all Harris County departments. The Engineering Department, Flood Control District and Toll Road Authority manage professional services contracts independent of the Purchasing Department.

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1. Methodology for Awards Report

This report provides analysis for contracts awarded by Harris County from October 1st, 2022– March 31st, 2023.

- Certification, race, and gender were verified from certification directory in the B2Gnow system.
- Procurements managed by the Purchasing Department were not assigned to the user department seeking the procurement. Data by user department is currently limited to professional services contracts managed by Engineering, Flood Control District and Toll Road Authority. Currently, this information is not required in PeopleSoft; therefore, it is not automatically integrated into B2GNow.
- For the purposes of this report, M/WBEs are counted as defined by the M/WBE Policy and include M/W/DBE certifications from the Texas Unified Certification Program, the State of Texas' HUB program, the City of Houston, and the 8(a) certification from the SBA.

Exclusions:

- Micro or Small purchases (under $50k)
- Noncompetitive procurements (e.g., Sole Source contracts)
- Interlocal agreements
- Purchases over $50k not handled by the Purchasing Department, Engineering Department, Flood Control District and Toll Road Authority, if any exist.

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1. Methodology Challenges - Awards

As result of the current status of the data infrastructure of Harris County, the DEEO experiences the following non-comprehensive list of challenges during the production of the periodic M/WBE Utilization Reports:

1. Contract types identification

Problem: The PeopleSoft system currently does not allow for contract records to list "Contract Types" (Goods & Services, Construction, Professional Services).

Implication: The DEEO team makes its best effort to classify every contract to its correct type as they are imported into our compliance system, B2GNow, based on the job description and contract title.

2. Award values identification

Problem: The award amount of every contract handled by the Purchasing department is not entered into the PeopleSoft system as doing so would pose significant challenges to their regular operations.

Implication: The DEEO team makes its best effort to determine the awarded amounts based on the data manually extracted from Bonfire.

3. Professional Services vendor certifications

Problem: As a result of being exempt from being handled by the Purchasing department, Professional Services contracts from HCED, HCTRA, HCFCD are not entered into the PeopleSoft system.

Implication: The DEEO team makes its best effort to determine the vendor certifications by manually matching the vendor names & location to the certified businesses' database of our compliance system, B2GNow.

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1. Methodology Challenges - Awards

4. "Term Contracts" numbers

Problem: Term contracts maintain their contract number upon renewals, but the renewal dates cannot be recorded into PeopleSoft, as a result of a system limitation.

Implication: For the purposes of the M/WBE Utilization Reports, Term Contract renewals are considered new awards, and their renewal dates must be identified manually on our compliance system, B2GNow.

5. Absence of a "system of record" for contracts & payments

Problem: There is no central repository of contract & payment records in Harris County.

Implication: Beyond the aforementioned challenges, the absence of a system of record for contract data limits this utilization report to the four known sources: PeopleSoft + the Professional Services contracts of HCED, HCFCD, HCTRA.

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1. Methodology for Payment Report A

- This report provides a review of payments to prime vendors of the contracts that:
  a) meet the criteria for the awards report (i.e., over 50k, competitively procured, etc.),
  b) awarded between October 2022 to March 2023, and
  c) whose payment data is available in the PeopleSoft financial management system.
- Universal Services provided, via a query from the PeopleSoft system, payment data for the applicable PO's & contracts identified by the DEEO team;
  - Includes Purchase Orders without contract references but that refer to the professional services contracts from HCED, HCTRA, and HCFCD (which are not recorded into PeopleSoft). The POs list was provided by the departments themselves upon DEEO's request.
- Certification, race, and gender information were verified from the certification directory in the B2GNow vendor diversity management system. This was manually matched to vendors with identical or nearly identical names from PeopleSoft, as vendor records (including name) from the two systems may vary.
- This report does not include payments to subcontractors.
- Contracts were analyzed in three categories: (1) Goods and Services, (2) Construction, and (3) Professional Services.
- For the purposes of this report, M/WBEs are counted as defined by the M/WBE Policy and include M/W/DBE certifications from the Texas Unified Certification Program, the State of Texas' HUB program, the City of Houston, and the 8(a) certification from the SBA.
- Payment data provided for this report were not assigned to the user department seeking the procurement.

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1. Methodology for Payment Report B

- This report provides a review of payments to prime vendors that took place between October 2022 and March 2023 for the contracts that:
  a) meet the criteria for the awards report (i.e., over 50k, competitively procured, etc.),
  b) whose payment data is available in the PeopleSoft financial management system.
- Universal Services provided, via a query from the PeopleSoft system, payment data for the applicable PO's & contracts identified by the DEEO team;
  - Includes Purchase Orders without contract references but that refer to the professional services contracts from HCED, HCTRA, and HCFCD (which are not recorded into PeopleSoft). The POs list was provided by the departments themselves upon DEEO's request.
- Certification, race, and gender information were verified from the certification directory in the B2GNow vendor diversity management system. This was manually matched to vendors with identical or nearly identical names from PeopleSoft, as vendor records (including name) from the two systems may vary.
- This report does not include payments to subcontractors.
- Contracts were analyzed in three categories: (1) Goods and Services, (2) Construction, and (3) Professional Services.
- For the purposes of this report, M/WBEs are counted as defined by the M/WBE Policy and include M/W/DBE certifications from the Texas Unified Certification Program, the State of Texas' HUB program, the City of Houston, and the 8(a) certification from the SBA.
- Payment data provided for this report were not assigned to the user department seeking the procurement.

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1. Methodology Challenges - Payments

As result of the current status of the data infrastructure of Harris County, the DEEO experiences the following non-comprehensive list of challenges during the production of the periodic M/WBE Utilization Reports. The challenges listed below exist *in addition* to the challenges identified in the FY2023 semi-annual awards report.

Including Payments to Subcontractors

- The recording and validating of payments to subcontractors requires active participation from prime vendors. As such, this report faces two challenges as it relates to subcontractor data:
  1) Professional services agreements are not recorded into PeopleSoft, and thus, are not integrated with B2GNow. Thus, prime vendors are unable to report their subcontractor payments for the contracts whose records are not transferred over to B2GNow;
  2) A technical issue with the interface between PeopleSoft and B2GNow has created operational challenges for the monitoring & compliance team, posing additional obstacles for ensuring vendor compliance regarding subcontractor payment reporting. The technical issue will be fixed as of July 28th, 2023 and we expect subcontractor payment validation to become more consistent from that date on.

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Appendices

2. Overview of Harris County's M/WBE Program

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2. Background

In 2018, the Harris County Commissioners Court conducted its first Disparity Study prompting the start of the County's M/WBE Program.

Completed in June 2020, the Disparity Study estimated a 28% availability of Minority- and Women-owned businesses in the Harris County market area. However, only 9% of contract dollars spent by Harris County went to Minority- and Women-owned businesses. The Study provided recommendations for program enhancements to ensure the County created and maintains a strong and defensible program.

The Harris County Commissioners Court made a commitment to foster greater participation and meet M/WBE goals to the greatest extent possible when it passed the County's Minority- and Women-Owned Business Enterprise Policy in November 2020. The policy follows the recommendations of the 2020 Disparity Study which requires a robust, narrowly-tailored program built upon solid constitutional footing.

With its M/WBE program, Harris County requires all contracts valued at $50,000 and above to be reviewed for goal inclusion, where goals are set on a contract-by-contract basis. The County aspires to achieve a 30% M/WBE participation in its overall spend.

The County's M/WBE Policy, Disparity Study, and other resources related to the M/WBE program are available at https://deeo.harriscountytx.gov/Vendor-Diversity.

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2. Program Administration

The Department of Economic Equity and Opportunity (DEEO) has primary responsibility for the implementation and administration of the M/WBE Program and all other contracting diversity programs, including but not limited to, the Disadvantaged Business Enterprise Program promulgated under 49 C.F.R. Part 26, as amended. The Executive Director of DEEO reports to the Commissioners Court through the County Administrator.

Per the Harris County M/WBE Policy, each County department that has or shares responsibility for the awarding or monitoring of County contracts is responsible for promoting, supporting, and assisting in carrying out the Program. Such departments are to be held accountable for exercising specific functions in support of the Program, as well as any other function(s) deemed necessary by DEEO to implement the goals and objectives of the Program.

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2. Program Eligibility

Harris County accepts the following certifications:

- **City of Houston:** MBE and WBE certifications
- **State of Texas:** Historically Underutilized Business (HUB) certifications
- **Texas Unified Certification Program:** Disadvantaged Business Enterprise certifications
- **U.S. Small Business Administration:** 8(a) certifications

The firm must be certified at the time of bid submission; pending applications will not be accepted.

Only certified businesses that have ***Significant Local Presence*** can be counted towards the contract goal. To establish a Significant Local Presence, a firm without a location in the market area (the counties of Harris, Fort Bend, Montgomery, Brazoria, and Galveston, Texas) can provide documentation that it has performed at least three contracts or subcontracts in the market area in the last three years.

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2. Goal-oriented Contracts

There are three types of goal-oriented contract and non-contract projects that require MWBE utilization. They are:

- **Construction contracts** related to construction projects.
- **Professional Services contracts** that require a professional license e.g., architect, engineer, attorney, or accountant etc.
- **Goods & Services contracts** that provide for the supply of goods and non-personal or non-professional services.

The DEEO reviews all these contract types, including, renewals, valued at and above $50,000 for M/WBE prime contracting and subcontracting opportunities.

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2. Exempt and 0% Goal Contracts

Certain contracts are ***exempted*** from M/WBE goal-setting.

- **Sole Source** - Contracts awarded to meet a need that can be supplied only by one firm that provides specialized and/or unique products or services.
- **Emergency** - A public or administrative emergency exists which requires the goods or services being procured to be provided with unusual immediacy.
- **Funding Source** – Contracts with a funding source that has its own requirement or specifically states a M/WBE goal cannot be utilized.
- **Real Estate Purchases** – Contracts related to the purchase or lease of real property.

Certain contracts are reviewed but DEEO is ***unable to calculate a goal*** or the result of the ***calculation is nil.***

- **Non-Divisible** - The contract cannot be divided to include the use of subcontractors.
- **Specialized** - The goods and services being procured are specialized, technical or of a unique nature as to require the contracting department to select its contractor without application of a goal.
- **Supply Contracts/Direct Shipment** - Contracts where the goods are directly shipped to the customer.
- **M/WBE Availability** - There are less than 3 MBEs and 3 WBEs available in the market to perform the work required in the contract or who possess the specialized license or certification required to do the work.

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