



Turning a New Chapter: Chapter 15 Policy & Procedure Updates

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A Word From the Director

Chapter 15 Policy & Procedure Updates Training:

The Office of Business Opportunity (OBO) is aware of the recent developments affecting small business programs at both the federal and state levels. On October 29th, the Director provided a statement updating the public on the status of our local state and federal programs, how we are affected, and what we are doing.

IMPORTANT REMINDER!

Chapter 15 Policy & Procedure Updates Training:

Please note, attendance at these trainings is mandatory to ensure we all share a consistent understanding of the new policies. Primes and subcontractors who miss this training may continue to bid but will not have compliance access in B2GNow or LCP Tracker until training is completed.

- I. Vision and Mission
- II. Department Overview
- III. Chapter 15 Changes
- IV. Certification Updates
- V. How is the Goal Setting Process Affected?
- VI. Counting MWSBE Goal Credit
- VII. Good Faith Efforts
- VIII. Contract Compliance
- IX. Data Analytics Updates

Agenda

Outline of Presentation

Mission

The Office of Business Opportunity (OBO) is committed to cultivating an inclusive and competitive economic environment in the City of Houston by promoting the success of small businesses and developing Houston's workforce, with a special emphasis on historically underutilized businesses and disenfranchised individuals.

Vision

OBO's vision is to eliminate systemic barriers to prosperity and economic opportunity in the Greater Houston region.



Chapter 15, Article V

City of Houston's Code of Ordinance

- Chapter 1 - GENERAL PROVISIONS
- Chapter 2 - ADMINISTRATION
- Chapter 3 - ALCOHOLIC BEVERAGES
- Chapter 4 - AMBULANCES
- Chapter 5 - AMUSEMENTS
- Chapter 6 - ANIMALS AND FOWL
- Chapter 7 - ANTIQUE DEALERS, COMMON MARKETS, SCRAP METAL PROCESSORS, SECONDHAND RESELLERS AND RELATED BUSINESSES
- Chapter 8 - AUTOMOTIVE DEALERS AND AUTO WRECKERS
- Chapter 9 - AVIATION
- Chapter 10 - BUILDINGS AND NEIGHBORHOOD PROTECTION
- Chapter 11 - BURGLAR AND FIRE ALARM PROTECTIVE SERVICES
- Chapter 12 - CONVENTION AND ENTERTAINMENT FACILITIES DEPARTMENT

- Chapter 13 - EMERGENCY MANAGEMENT
- Chapter 14 - CIVIL SERVICE
- Chapter 15 - CONTRACTS
- Chapter 16 - MUNICIPAL COURTS
- Chapter 17 - EQUAL RIGHTS
- Chapter 18 - ETHICS AND FINANCIAL DISCLOSURE
- Chapter 19 - FLOOD PLAIN
- Chapter 20 - FOOD AND DRUGS
- Chapter 21 - HEALTH
- Chapter 22 - STREET VENDORS
- Chapter 23 - LAKE HOUSTON
- Chapter 24 - LIBRARIES
- Chapter 25 - SPECIAL EVENTS
- Chapter 26 - PARKING
- Chapter 27 - MINI-WAREHOUSES

- Chapter 28 - MISCELLANEOUS OFFENSES AND PROVISIONS
- Chapter 29 - MANUFACTURED HOMES AND RECREATIONAL VEHICLES
- Chapter 30 - NOISE AND SOUND LEVEL REGULATION
- Chapter 31 - OIL AND GAS WELLS
- Chapter 32 - PARKS AND RECREATION
- Chapter 33 - PLANNING AND DEVELOPMENT
- Chapter 34 - POLICE AND FIRE PROTECTION
- Chapter 35 - PRISONERS AND PRISON FARM
- Chapter 36 - PUBLIC CHARITIES AND TRUSTS
- Chapter 37 - PUBLIC UTILITIES
- Chapter 38 - RAILROADS

Chapter 15, Article V

City of Houston's Code of Ordinance

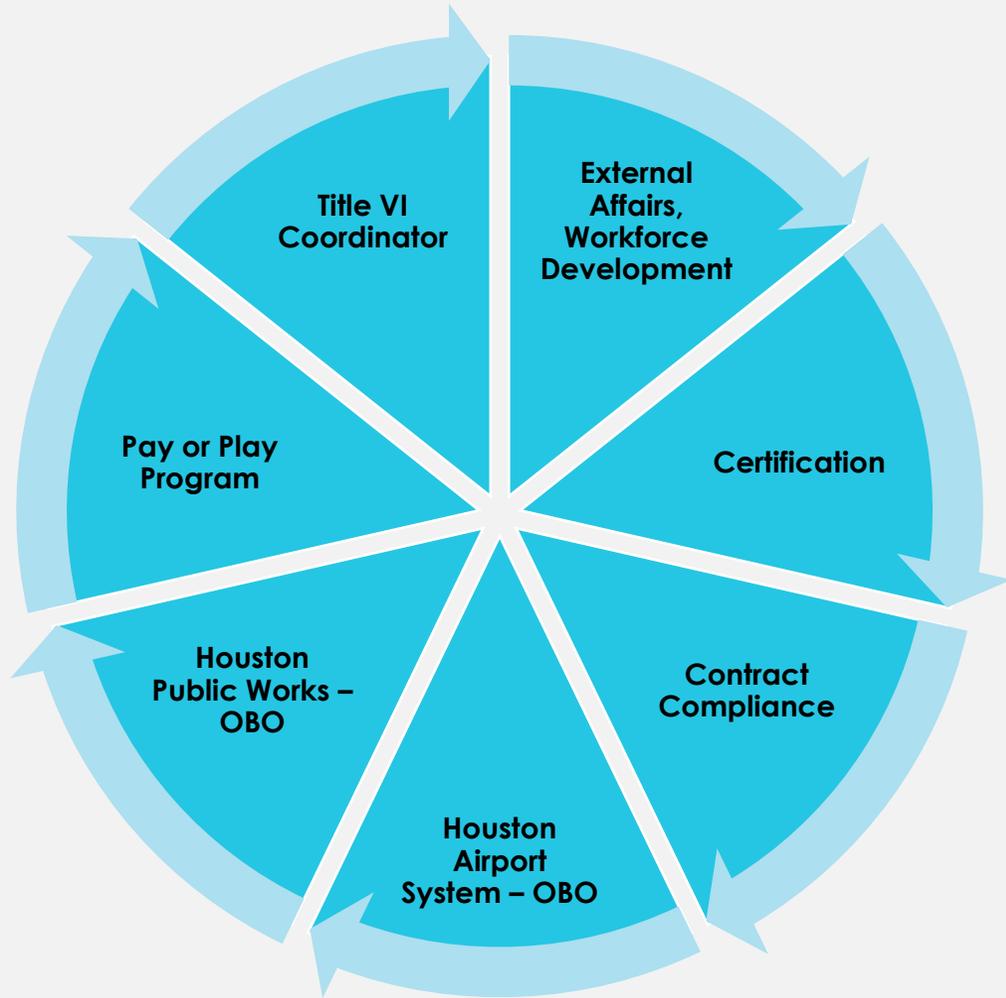
(a) It is the policy of the city to **stimulate the growth of local minority, women and small business enterprises** by encouraging the full participation of these business enterprises in various phases of city contracting, as set forth in this article. The purposes and objectives of this article are:

- 1) To **promote equal opportunity for participation** amongst local minority, women and small business enterprises in all phases of city contracting;
- 2) To **increase the utilization of such local firms** in providing certain goods and services;
- 3) To provide opportunities to **broaden and enhance local firms' ranges of capacities**; and
- 4) To **increase opportunities for such local firms** to serve as contractors, in addition to acting as subcontractors to others, where applicable, in an effort to remedy discriminatory practices and eliminate statistical disparities in city contracting.

(b) This article is intended to be remedial in nature and to continue only until its purposes and objectives are achieved. **At least every five years the city shall make its best efforts to initiate a review of its minority and women business enterprise program**, the results of which shall be provided to city council, who shall determine, upon its receipt of recommendations and the consideration of other relevant information from the OBO director, whether there is strong statistical and anecdotal evidence of discrimination against minority and women business enterprises in city contracting warranting the continuation of a race and gender conscious minority and women business enterprise program.

City of Houston's Minority, Women and Small Business Program

- City Establishes goals on contracts as a way to increase participation of MWSBEs:
 - Goal - Oriented Contracts (Construction, Goods, & Non-Professional Services)
 - Regulated Contracts (Professional Services)
- Contract goals are based on divisibility of the work required under the contract and the availability of certified MWSBEs to perform the work.
- Goals are *not* quotas. The standard for meeting goals is demonstrating and documenting Good Faith Efforts.



Department Overview

OBO Department Structure

A group of people are gathered around a wooden table, looking at a large set of architectural blueprints. The scene is lit with warm, golden light, suggesting an indoor setting with large windows. The people's hands are visible, some pointing at specific details on the plans. The background is slightly blurred, focusing attention on the collaborative work.

Chapter 15 Updates

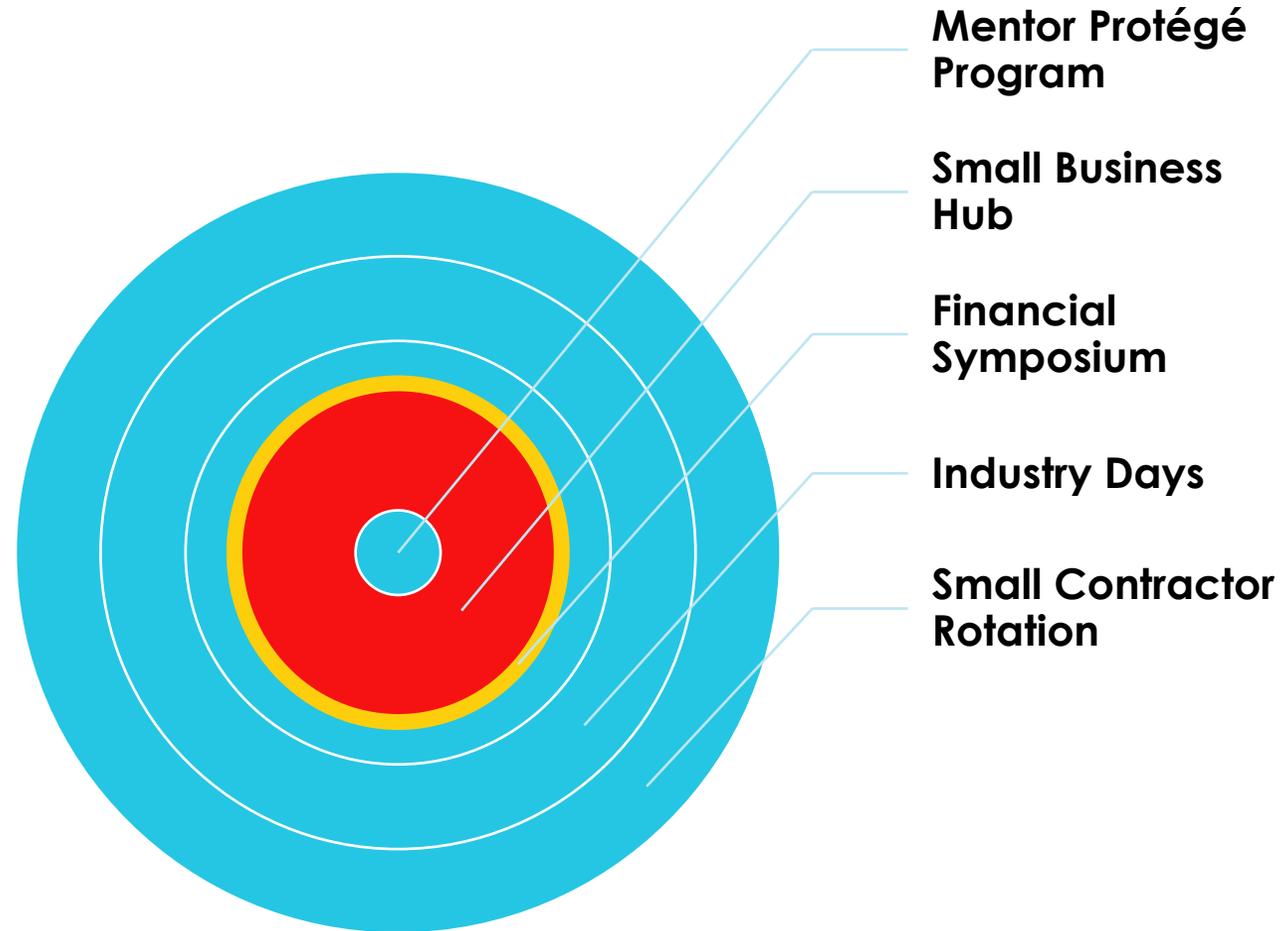
The City of Houston's Chapter 15
MWSBE Policy Changes

Chapter 15

MWSBE Policy Changes

- The expansion of the Small Business Enterprise Certification to apply to participation in all City spending categories inclusive of construction (4% cap removed), professional services, goods, and other services.
- The addition of the Veteran and Disabled Veteran Owned Small Business to OBO's Certified Directory to be included as a preference on contract opportunities.
- The addition of the Personal Net Worth (\$2,047,000.00), following the guidelines of the U.S. Small Business Administration, for the M/W/SBE program.
- New city-wide MWSBE annual goals in City contracting per category, excluding contracts funded by U.S. Department of Transportation at: 34% MWBE for Construction (23% MBE and 11% WBE), 26% combined MWBE goal for Professional Services, 15% combined MWBE goal for Goods and a 19% combined MWBE goal for Non-Professional services.

New Programs



New Programs

Financial Symposium

- Council Member Willie Davis, in partnership with the City of Houston's Office of Business Opportunity, proposes a Financial Symposium to equip small, minority, women, and disadvantaged business enterprises with practical tools to access capital and scale. The event will feature lender roundtables, panels on credit readiness, bonding and insurance, cash-flow management, and procurement financing, plus one-on-one advising with banks, CDFIs, and technical assistance providers.

Industry Days

- This signature event is designed to strengthen Houston's small business ecosystem by connecting minority, women, and disadvantaged business enterprises directly with prime contractors and industry leaders who play a critical role in major infrastructure and development projects across the city.

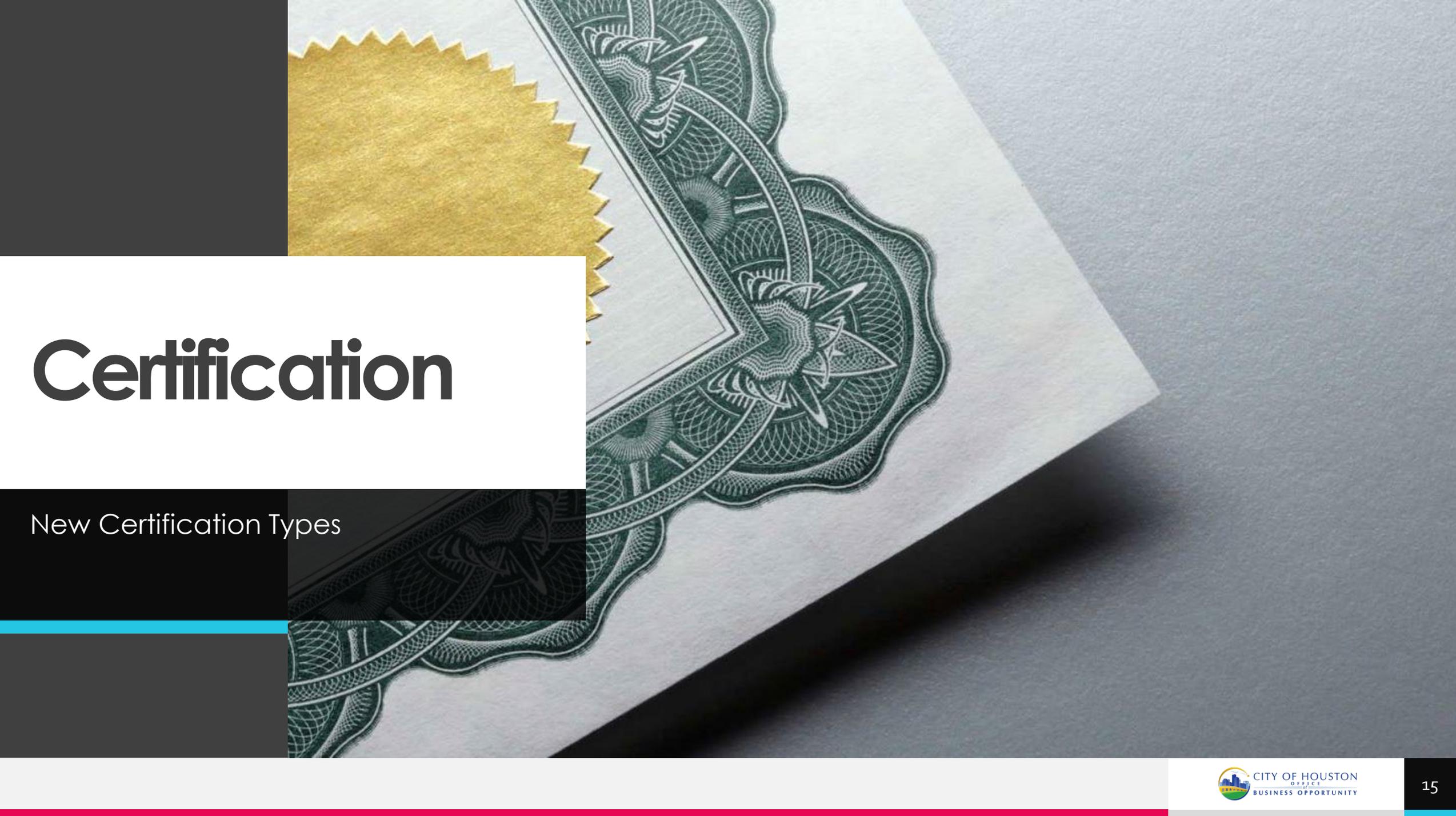
New Programs

Small Contractor Rotation

- This will be initiated by City Departments to include selected recurring projects to place in the CRP. This program will consist of a two-year project designed to provide capacity building and assistance to Small, Minority and/or Women owned businesses and to help transition them into prime contractors.

Small Business Reserve

- The Small Business Reserve (SBR) Program will offer opportunities for mid-sized firms to compete for Prime contract opportunities. This program establishes a unique marketplace where small businesses only compete against other small businesses instead of larger, more established, companies.



Certification

New Certification Types

Certifications and Designations

Building the City's Supplier Diversity Pipeline

Minority Business Enterprise

Women Business Enterprise

Small Business Enterprise

Persons with Disabilities Business Enterprise

Disadvantaged Business Enterprise

Airport Concessions Disadvantaged Business Enterprise

Historically Underutilized Business

LGBT Business Enterprise
(provided by NGLCC)

Hire Houston First
(Local Preference Program)

Service-Disabled Veteran-Owned Small Business

Veteran-Owned Small Business

Certifications & Designations

SBE Program Expansion

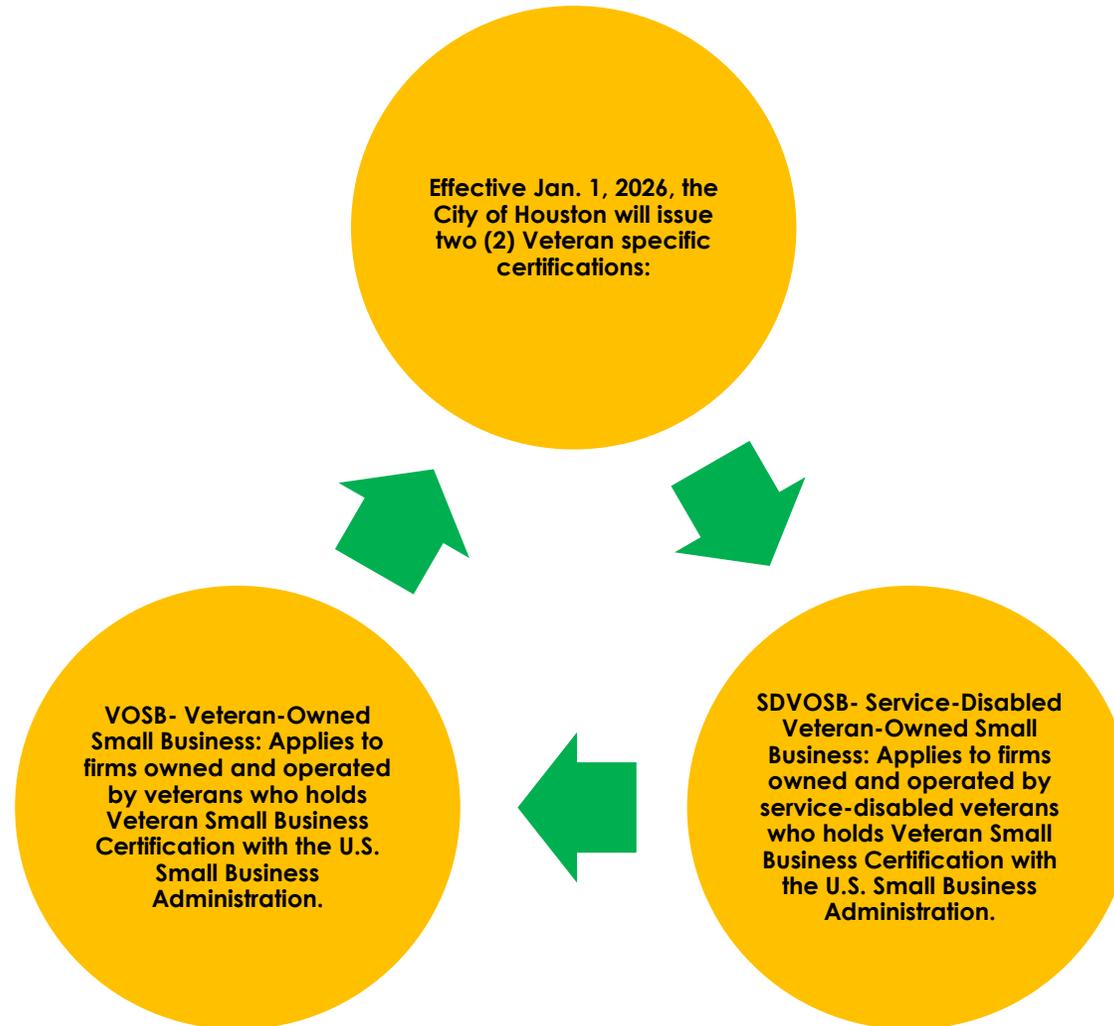
The SBE program has expanded from construction only to all industries.

All firms that receive any of our local certifications (MBE, WBE, or PDBE) will automatically receive SBE certification moving forward (unless otherwise instructed by applicant).

- Architectural & Engineering Products and Services
- Automotive & Transportation
- Business Services & Support/Creative Products & Services
- Construction Services & Equipment
- Energy & Utilities/Environmental Services & Equipment
- Facilities & Security Products & Services (Janitorial/Security/HVAC)
- Health Care & Pharmaceutical Products & Services Industrial Manufacturing & Equipment
- Legal, Financial & Insurance & Real Estate Services
- Retail, Wholesale & Warehousing
- Technology & Telecommunications
- Concessions & Food Products Service
- Other Services

Certifications & Designations

City of Houston Veteran Certification Program





Participation

How is the Goal Setting Process Affected?

Which Contracts Require Goals Under Chapter 15?

Goal-Oriented Contracts

- Any contract, agreement, or other undertaking anticipated for construction work in excess of \$1,000,000; or
- The supply of goods or non-personal professional services in excess of \$100,000; **and**
- For which competitive bids are required by law
- Not within the scope of the DBE programs of the U.S. EPA or U.S. DOT

Regulated Contracts (Professional Services)

- Any contract that meets the following requirements:
- Competitive bids are not required by law **and**
- Contracts not covered by the MWBE programs of the U.S. EPA or the U.S. DOT

How is the Goal Setting Process Affected?

OBO Policy & Procedure Changes

Effective November 1, 2025, COH Legal has advised that we cannot combine race conscious and race neutral as (1) goal. As a result, all spending categories will have (3) individual goals (MBE, WBE, & SBE) that good faith efforts must be made to meet each separately.

SBE Cap Removal & Good Faith Efforts

- SBE (Small Business Enterprise) is a race and gender-neutral certification.
- Expanded contact-specific SBE goals will increase opportunities for broader community participation.
- Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) goals continue as separate goal-oriented, mandatory categories on contracts.
- Prime contractors demonstrating “Good Faith Efforts” to meet MBE/WBE goals may use excess SBE participation to cover shortfalls in MBE or WBE goal attainment.

How is the Goal Setting Process Affected?

OBO Policy & Procedure Changes

Construction:

- Construction contracts will now have a SBE goal.
- 4% cap on SBE participation has been removed.
- Bidders may now use Service-Disabled Veteran-Owned Small Business (SDVOSB) participation, Veteran-Owned Small Business (VOSB) participation, Persons with Disabilities Business Enterprise (PDBE) participation, and LGBT Business Enterprise (LGBTBE) participation for up to 4% in lieu of MBE and/or WBE participation.
- 16% participation cap for Hispanic Americans performing under the MBE certification.

How is the Goal Setting Process Affected?

OBO Policy & Procedure Changes

Professional Services:

- SBE participation can now be used to meet the goal.
- Contracts will now have a M/W/SBE goal.
- Bidders may now use Service-Disabled Veteran-Owned Small Business (SDVOSB) participation, Veteran-Owned Small Business (VOSB) participation, Persons with Disabilities Business Enterprise (PDBE) participation, and LGBT Business Enterprise (LGBTBE) participation for up to 4% in lieu of MBE and/or WBE participation.
- 6% participation cap for Asian Americans performing under the MBE certification.
- 7% participation cap for Hispanic Americans performing under the MBE certification.

How is the Goal Setting Process Affected?

OBO Policy & Procedure Changes

Non-Professional Services:

- SBE participation can now be used to meet the goal.
- Contracts will now have a M/W/SBE goal.
- Bidders may now use Service-Disabled Veteran-Owned Small Business (SDVOSB) participation, Veteran-Owned Small Business (VOSB) participation, Persons with Disabilities Business Enterprise (PDBE) participation, and LGBT Business Enterprise (LGBTBE) participation for up to 4% in lieu of MBE and/or WBE participation.

How is the Goal Setting Process Affected?

OBO Policy & Procedure Changes

Goods:

- SBE participation can now be used to meet the goal.
- Contracts will now have a M/W/SBE goal.
- Bidders may now use Service-Disabled Veteran-Owned Small Business (SDVOSB) participation, Veteran-Owned Small Business (VOSB) participation, Persons with Disabilities Business Enterprise (PDBE) participation, and LGBT Business Enterprise (LGBTBE) participation for up to 4% in lieu of MBE and/or WBE participation.
- 8% participation cap all WBEs.

How is the Goal Setting Process Affected?

Utilization Caps

Business Ownership Classification	Certification Type	Construction	Professional Services	Other Services	Goods
Black Americans	MBE	FULL	FULL	FULL	FULL
Asian Americans	MBE	FULL	6% Utilization Cap	FULL	FULL
Hispanic Americans	MBE	16% Utilization Cap	7% Utilization Cap	FULL	FULL
Native Americans	MBE	FULL	FULL	FULL	FULL
Women	WBE	FULL	FULL	FULL	8% Utilization Cap

Goal Waivers

When Goals Are Not Required

The following are acceptable reasons:

- A public or administrative emergency exists which requires the goods or services to be provided with unusual immediacy
- If goods and services are specialized, technical, or unique nature as to require the Department to select its Contractor without application of MWSBE and/or DBE provisions (such as contracts for expert witnesses, certain financial advisors or technical consultants)
- If application of MWSBE and/or DBE provisions would impose an unwarranted economic burden or risk on the City or unduly delay acquisition of the goods or services, or is not in the best interest of the City
- If the product, good or service is non-divisible or sole source
- If goods are only available for purchase via drop shipping
- The level of MWSBE and/or DBE availability would produce minimal MWSBE and/or DBE participation

Counting MWSBE Goal Credit

Case Studies



Counting MWSBE Goal Credit

Case Study # 1: Construction

	MBE	WBE	SBE
Advertised Goals	19%	7%	11%
Bidder's Submitted Plan	19% participation from Hispanic American firms	4% participation from Hispanic American firms	15% participation from Asian American firms

DENIED

Reasoning: The threshold for Hispanic American participation under the MBE certification is 16%.

Counting MWSBE Goal Credit

Case Study # 2: Construction

	MBE	WBE	SBE
Advertised Goals	10%	6%	9%
Bidder's Submitted Plan	7%	3%	18%

If the Bidder/Proposer submitted Document 00470, Document 00471, and Document 00472 demonstrating their substantiated Good Faith Efforts to meet the MBE and WBE goals, the participation plan is **APPROVED**, and SBE participation may be used to compensate for the 6% shortfall.

Counting MWSBE Goal Credit

Case Study # 3: Construction

	MBE	WBE	SBE
Advertised Goals	12%	8%	9%
Bidder's Submitted Plan	10%	4%	20%

If the Bidder/Proposer fails to submit Document 00470, Document 00471, and Document 00472 demonstrating their substantiated Good Faith Efforts to meet the MBE and WBE goals, the participation plan is **DENIED**, and SBE participation may not be used to compensate for the 6% shortfall.

Counting MWSBE Goal Credit

Case Study # 3: Professional Services

	MBE	WBE	SBE
Advertised Goals	12%	8%	9%
Bidder's Submitted Plan	10% participation from an Asian American firm	4% participation from a Black American firm	20% participation from a Native American firm

DENIED

Reasoning: The threshold for Asian American participation under the MBE certification is 6%.

Counting MWSBE Goal Credit

Case Study # 3: Non-Professional Services

	MBE	WBE	SBE
Advertised Goals	12%	9%	8%
Bidder's Submitted Plan	7%	10%	12%

If the Bidder/Proposer submitted Document 00470, Document 00471, and Document 00472 demonstrating their substantiated Good Faith Efforts to meet the MBE goal, the participation plan is **APPROVED**, and SBE participation may be used to compensate for the 5% shortfall.

Counting MWSBE Goal Credit

Case Study # 3: Goods

	MBE	WBE	SBE
Advertised Goals	10%	6%	8%
Bidder's Submitted Plan	9%	6%	12%

If the Bidder/Proposer submitted Document 00470, Document 00471, and Document 00472 demonstrating their substantiated Good Faith Efforts to meet the MBE goal, the participation plan is **APPROVED**, and SBE participation may be used to compensate for the 5% shortfall.

Counting MWSBE Goal Credit

MWBE Prime Level Participation

- MWBE Primes will have to choose which goal type they would like to receive credit for on construction projects (MBE or WBE).
- Once a goal type for participation is selected, the Prime's participation credit will be capped at the proposed percentage or the approved goal, whichever is lower.

This policy serves to assist MWBE Primes to build their capacity, while not losing focus on ensuring MWBE subcontractor participation on City contracts.

Counting MWSBE Goal Credit

MWBE Prime Level Participation

- The City allows MWBE Primes to meet advertised goals by self-performing up to 50% of the total contract goal(s).
- MWBE Primes will now retain more dollars on each contract, potentially allowing them to grow and build capacity.

Implementation: This new policy took effect January 2022. Existing contracts or solicitations already advertised will not be affected by this amended policy.

Good Faith Efforts

The Standard, Requests and Commercially Useful Function



Good Faith Efforts

The Standard

- Chapter 15-84(b)(5) provides that OBO is responsible for reviewing documentation from potential contractors and from contractors concerning Good Faith Efforts made to meet or exceed the participation goals for contracts.
- As per Policy, efforts are those that one could reasonably expect a contractor to accomplish if the contractor were actively and aggressively attempting to obtain MWSBE participation to meet the contract goals.
- Good Faith Efforts is the standard of review applied to determine a vendor's MWSBE goal compliance.
- The City's written Good Faith Efforts Policy provides guidance for contractors and is referenced in solicitations and available on OBO's website (www.houstontx.gov/obo).
- A GFE analysis is conducted at bid submission and throughout the life of the project, with a final determination at the end of each project.

Assessing Commercially Useful Function

- A MWSBE performs a Commercially Useful Function (CUF) when it is responsible for a task germane to the contract's scope of work. The work **MUST** be directly related to the work in the contract. A MWSBE must be certified in the NAICS Code in which they are performing.
- A certified firm listed in the directory **does not** eliminate the need to check if they are performing a CUF or if the firm is certified to perform in the NAICS Codes listed.
- Prime Contractors only get goal credit for approved certified firms performing commercially useful functions.
- A CUF analysis is performed pre-award and throughout the life of the project.

Good Faith Efforts

The GFE Appeal Process



Document 00470

Bidder's MWSBE Participation Plan: Construction

Document 00470
BIDDER'S MWSBE PARTICIPATION PLAN

MWSBE ADVERTISED GOALS		
MBE	WBE	SBE

The Bidder or Proposer shall submit this completed form with the bid to demonstrate the Bidder/Proposer's plan to meet the M/W/SBE contract goal(s). If the Bidder/Proposer cannot meet the contract goal(s), the Bidder/Proposer has the burden to demonstrate "Good Faith Efforts," which shall include correctly and accurately preparing and submitting this form, a Record of Good Faith Efforts (Document 00471), a Request for Deviation from the Goal (Document 00472), and supporting documentation evidencing their "Good Faith Efforts," as required by the City of Houston's Good Faith Efforts Policy (Document 00808). The City will review the Participation Plan and Good Faith Efforts at the time of bid opening. Visit <http://www.houston.tx.gov/obo> for more information.

- MBE, WBE, and SBE Goals are all separate Contract Goals, to be met individually on all contracts.
- Any excess of one Goal cannot be applied to meet another Goal.
- Hispanic-owned Firms are capped at 16% MBE in Construction & 7% MBE in Professional Services, Asian-owned Firms are capped at 6% MBE in Professional Services, and Women-owned Firms are capped at 8% WBE in Goods.
- Any excess of SBE participation to meet other goal types must be explained via Good Faith Efforts (Documents 00471 & 00472).
- All other locally certified firms (PDBE, VOSS, DVOSS, LGBTQ) may be utilized for up to 4% in lieu of MBE or WBE or combination of the two.
- Up to 50% of the Bidder's Participation plan may be met using Suppliers.
- Up to 50% of the advertised goal may be met at the Prime level if the Prime is a City of Houston-certified firm. Bidder must select one (1) certification type for Prime-level credit. Prime-level credit must not exceed the individual MBE or WBE advertised goal. Prime-level credit does not apply to SBE-certified firms.

NAICS Code (6 digit)	Description of Work (Plan Sheet #, Unit Price #, Scope of Work #, as applicable)	% of Total Bid Price (2 decimal places; for example: 5.00%)	Services or Supplier	Cert. Type for Goal: MBE, WBE, SBE or OTHER LOCAL CERTIFICATION	Certified Firm Name Firm Address Contact Name Phone No. and E-Mail
				MBE <input type="checkbox"/> WBE <input type="checkbox"/>	USE THIS LINE FOR PRIME LEVEL CREDIT ONLY. CREDIT MUST NOT EXCEED 50% OF THE ADVERTISED GOAL.
				MBE <input type="checkbox"/> WBE <input type="checkbox"/> SBE <input type="checkbox"/> OTHER <input type="checkbox"/>	
				MBE <input type="checkbox"/> WBE <input type="checkbox"/> SBE <input type="checkbox"/> OTHER <input type="checkbox"/>	
				MBE <input type="checkbox"/> WBE <input type="checkbox"/> SBE <input type="checkbox"/> OTHER <input type="checkbox"/>	

PLEASE ELECTRONICALLY COMPLETE THIS FORM OR PRINT LEGIBLY

By submitting this form, your firm agrees to enter into formal subcontracting agreement(s) with the MWSBE subcontractors/subconsultants listed on this participation plan upon award of a contract from the City.

Bidder's Participation Plan Total	MBE	WBE	SBE	OTHER (up to 4%)	Authorized Signature: _____
					Printed Name: _____
					Company Name: _____
					Date: _____
Phone: _____					Email: _____

Good Faith Efforts Review

Grace Period

Grace Period: From January 1, 2026, until April 1, 2026, in order to institute the changes in these Policies and Procedures, OBO shall follow the procedure set forth below with respect to the non-compliance of Bidder's Participation Plan and/or Good Faith Efforts request with respect to the updated MWBE participation caps. If OBO determines that a Bidder's Participation Plan and/or Good Faith Efforts request will be initially denied, OBO shall provide the Bidder and the Department with a letter of initial denial with explanation for the initial denial with respect to the updated MWBE participation caps.

Bidder shall have a one-time opportunity to correct and resubmit within 72 hours to OBO the Participation Plan and/or Good Faith Efforts with respect to the updated MWBE participation caps only. OBO will notify the Department of its final determination to approve or deny the Bidder's Participation Plan and/or Good Faith Efforts. If the determination is a final denial, OBO will notify the Bidder of the denial and timeline for appeal. The Bidder has three (3) business days to appeal the denial to the OBO Director.

If the OBO Director upholds the final denial, the Bidder may request a final review of the denial to be conducted by the Legal Department, in writing, within three (3) business days of the OBO Director's written decision. All requests for appeals and a final review of the final denial must be sent to Director.OBO@houstontx.gov.

Contract Compliance

New Contract Compliance Updates



Contract Compliance

Post-Award Deviation Requests

- After contract execution, a Prime must comply with Council-approved MWSBE/DBE Participation Plan, unless it has received approval from OBO to deviate from the Plan.
- The Prime must seek OBO's approval to add a MWSBE/DBE for goal credit to the approved MWSBE/DBE Participation Plan.
 - The Prime may not receive goal credit for utilizing any additional subcontractors or suppliers without OBO's prior written approval.
- The Prime must also give notice to the affected MWSBE/DBE of its request to remove or substantially reduce (more than 50%) their participation, stating the specific reason(s) for the request.
 - The Prime must demonstrate a good cause to justify the removal or reduction.
 - The Prime must give the affected MWSBE/DBE five (5) business days to respond to the written notice of removal or reduction.
- The affected MWSBE/DBE must provide a written response consenting to the removal or reduction, or a detailed written response objecting to the removal or reduction.
- Work designated in the approved plan cannot be completed by any other subcontractor, supplier or the Prime unless it receives permission from OBO first.

Contract Compliance

What Does Non-Compliance Look Like?

Construction Contracts

- Documentation not being provided pertaining to EEO and Subcontract Agreements
- Prime contractors and or subcontractors not inputting weekly certified payroll submissions
- Not adhering to the Texas Davis-Bacon Act, Title 10, Subtitle F, Chapter 2258, Chapter 15, Section 15-77 (d) of the City of Houston Code of Ordinances, and/or Federal Standards (29 CRF Part 5)

State Revolving Fund (SRF) Contracts

- Documentation not being provided pertaining to EEO and Subcontract Agreements
- Prime contractors and or subcontractors not inputting weekly certified payroll submissions
- Not adhering to the Texas Davis-Bacon Act, Title 10, Subtitle F, Chapter 2258, Chapter 15, Section 15-77 (d) of the City of Houston Code of Ordinances, and/or Federal Standards (29 CRF Part 5)

Pay or Play (POP) Applicable Contracts

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

Out of Compliance Notifications

OBO Policy & Procedure Changes

Construction contracts and State Revolving Fund (SRF) contracts out of compliance notifications in accordance with Texas Davis-Bacon Act, Title 10, Subtitle F, Chapter 2258, Chapter 15, Section 15-77(d) of the City of Houston Code of Ordinances, and or Federal Labor Standards (29 CFR Part 5).

Letters will be sent out to the Primes as indicated below with Department Director in copy and responsible Project Manager.

- **First letter attempt that may result in the following:**

- Withholding of progress payments

- **Second letter attempt that may result in the following:**

- Withholding of progress payments
- Legal action to recover unpaid wages or enforce compliance

- **Probationary Status letter that may result in the following:**

- Withholding contract payments in sufficient amounts to cover unpaid wages and liquidated damages for overtime violations (CWHSSA)
- Contract suspension or termination for default
- Legal action to recover back wages
- Debarment from future City and federally funded contracts for up to three years

Out of Compliance Notifications

OBO Policy & Procedure Changes

Play or Pay (POP) contract out of compliance notifications under Executive Order 1-7 contractors are required to either “play” by providing health benefits to covered employees or “pay” a fee to the City’s POP fund.

Letters will be sent out to the Primes as indicated below.

- **First letter attempt that may result in the following:**
 - Deduction of unpaid POP fees from City payments via Controller’s Office
- **Second letter attempt that may result in the following:**
 - Suspension or termination of future contracts
- **Probationary Status letter that may result in the following:**
 - Ineligible to receive future contracts

Out of Compliance Notifications

OBO Policy & Procedure Changes



John Whitmire
Mayor

Cylenitha Hoyrd
Director
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Houston, Texas 77251-1562

T. 832.393.0600
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June 27, 2025

[Prime Contact Name]
[Prime Company Name]
[Street Address]
[City, State, Zip Code]

RE: **Mandatory Compliance Round-Up – Enforcement of Probationary Status**

Dear [Prime Contact Name],

Due to your firm's current probationary status for non-compliance in one or more required compliance areas—**MWSBE participation, Pay or Play (POP), and/or Certified Payroll (Davis-Bacon)**—you are hereby required to attend the **City of Houston's Mandatory Compliance Round-Up**.

This session is intended to provide direct engagement, education, and action planning with City staff to support firms in returning to full compliance. Attendance is **mandatory** for all probationary Prime contractors.

Compliance Round-Up Details:

Location: 611 Walker Street, Auditorium, Houston, TX 77002

Date: [Insert Date]

Time: [Insert Start–End Time]

Attendance Requirements:

- Contract and Compliance Leadership & Personnel must attend.
- Non-Compliant subcontractors tied to the non-compliant contract(s).
- Laptop and all relevant compliance documents (e.g., MWBE utilization schedules, POP documentation, certified payrolls).

This meeting will address your firm's outstanding compliance issues, outline the next steps to restore compliance, and provide one-on-one support from OBO staff.

Failure to attend may result in the immediate escalation of enforcement.

[CLICK HERE TO RSVP](#) no later than [Insert RSVP Deadline]

We appreciate your cooperation and expect your full engagement as we work together toward compliance.

Sincerely,

Cylenitha Hoyrd, Director



Council Members: Amy Beck ** Teraha Jackson ** Abbie Kassin ** Carolyn Evans-Gibson ** Fred Riggsberger ** Tiffany D. Thomas ** Mary Ann Huffman ** Maria Castillo **
Jaquan Martinez ** Edward Pollard ** Martha Caster-Tatum ** Julian Ramirez ** Willie Davis ** Tasha Carter ** Laetitia Plummer ** LaBe Aborn ** Controller: Chris Holton

Mandatory Compliance Round-Up Enforcement of Probationary Status

- **MWSBE participation, Pay or Play (POP), and/or Certified Payroll (Davis-Bacon)**—will be required to attend the **City of Houston's Mandatory Compliance Round-Up**
- This meeting will address the firm's outstanding compliance issues, outlining the next steps to restore compliance, and provide one-on-one support from OBO staff.
- Failure to attend may result in the immediate escalation of enforcement.

Data Analytics Updates

Public Dashboard, Qualtrics, SAP & B2G

Reporting and Systems

Public Dashboard



OBO QUICK LINKS

- [Department Overview and Quick Links](#)
- [Disparity Study](#)
- [Financial Education and Assessment Tools](#)
- [Procurement 101: On-Demand Training](#)
- [Apply for Certification](#)
- [Business Development Programs](#)
- [Small Business Legal Consultations](#)
- [Bonding and Capacity Building Program](#)
- [Meet the Buyer Procurement Forum](#)



AWARDS (Amounts)	CONTRACTS MONITORED	PRIME PERFORMANCE
Ethnicity	Construction	Unsatisfactory
Gender	Professional Services	Satisfactory
Department	Goods	Satisfactory - GFE
	Other Services	Outstanding

Before the end of the year, OBO website will have a new look. It will feature new dashboards, charts and graphs.

We are currently working with HITS on the design and concept.

Reporting and Systems

Qualtrics



Participation by Project/Survey 11,331 [↑ Back to top](#)

Surveys	↓ Responses
Houston OBO contacts	4,102
Job Seeker Pre-Registration	2,503
Daily Call Log (REAL LIVE CALLS)	1,508
Job Fair Registration - in person	940
2024 Meet the Buyer Registration	831
OBO Pre-Certification Workshop Registration	363
IMPP Application	229
Get Help! Website Button	184
Turner School of Construction Management 2024	162
2025 April Disparity Study Discussion	143
IMPP Application 2025	116
Pillars for Success Application	73
Turnaround Entrepreneurship Program Application	72
Office of Business Opportunity Pre-Certification Workshop Evaluation	52
Meet The Buyer 2024 Survey	31
Meet The Buyer OBO Staff Survey 2024	7
Liftoff Eligibility Form (test)	6



Qualtrics data currently captures various programs, events for Certification and External Affairs. Our next steps are to cross-reference the data from the B2Gnow system and create new dashboards.

Reporting and Systems

SAP & B2G

MWSDBE HHF POP Details	
Contract Type	<input type="text"/>
MWSDBE Goal Percentage	<input type="text"/> %
Waiver or Exempt	<input type="text"/>
Council Approval Date	<input type="text"/>
Agenda Item Number	<input type="text"/>
Firm Selected due to HHF	<input type="text"/>
Pay or Play Compliance	<input type="text"/>
Bid/Procurement Process	<input type="text"/>
Dept Overseeing Project	<input type="text"/> 



OBO is engaged with a HITS CIP project to optimize importing these data fields from SAP to B2G.

This will further automate and standardize the import of payments from SAP to B2G while eliminating the need for manual data entry.

This will also involve improving the following:

- Improve close-out process
- Improve ratings and performance process
- Citywide contract documentation process



Connect With Us:



Thank You!

John Whitmire, **Mayor**

Cylenthia Hoyrd, **Director**

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