



EDUCATE. CONNECT. GROW.



Certification Revenue Options

EDUCATE. CONNECT. GROW.

Presented by

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Vision and Mission



VISION

The Office of Business Opportunity's (OBO) vision is to eliminate systemic barriers to prosperity and economic opportunity in the Greater Houston region.



MISSION

The Office of Business Opportunity 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.

Key Objectives: *Educate, Connect & Grow Businesses*

Certifications and Designations: Building the City's Supplier Diversity Pipeline

Minority Business Enterprise
4,165

Women Business Enterprise
2,457

Small Business Enterprise
2,013

Persons with Disabilities Business Enterprise
143

Disadvantaged Business Enterprise
1,361

Airport Concessions Disadvantaged Business Enterprise
323

Historically Underutilized Business
1,328

LGBT Business Enterprise (provided by NGLCC)
22

Hire Houston First (Local Preference Program)
1,679

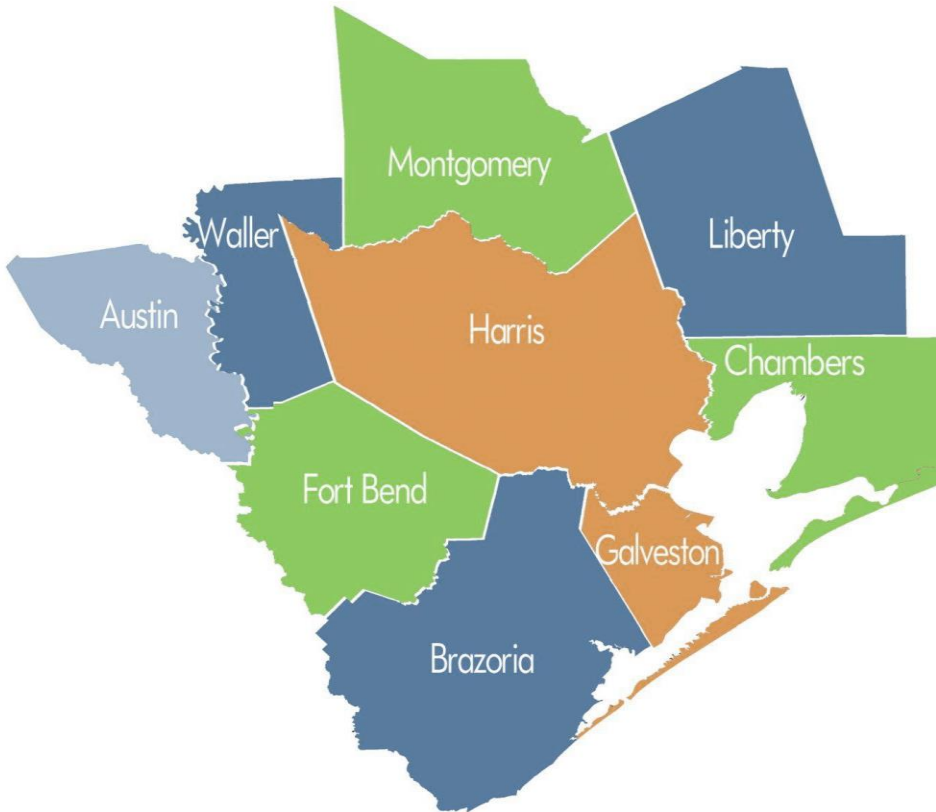


Agencies Utilizing the Certifications

Certifications accepted by:



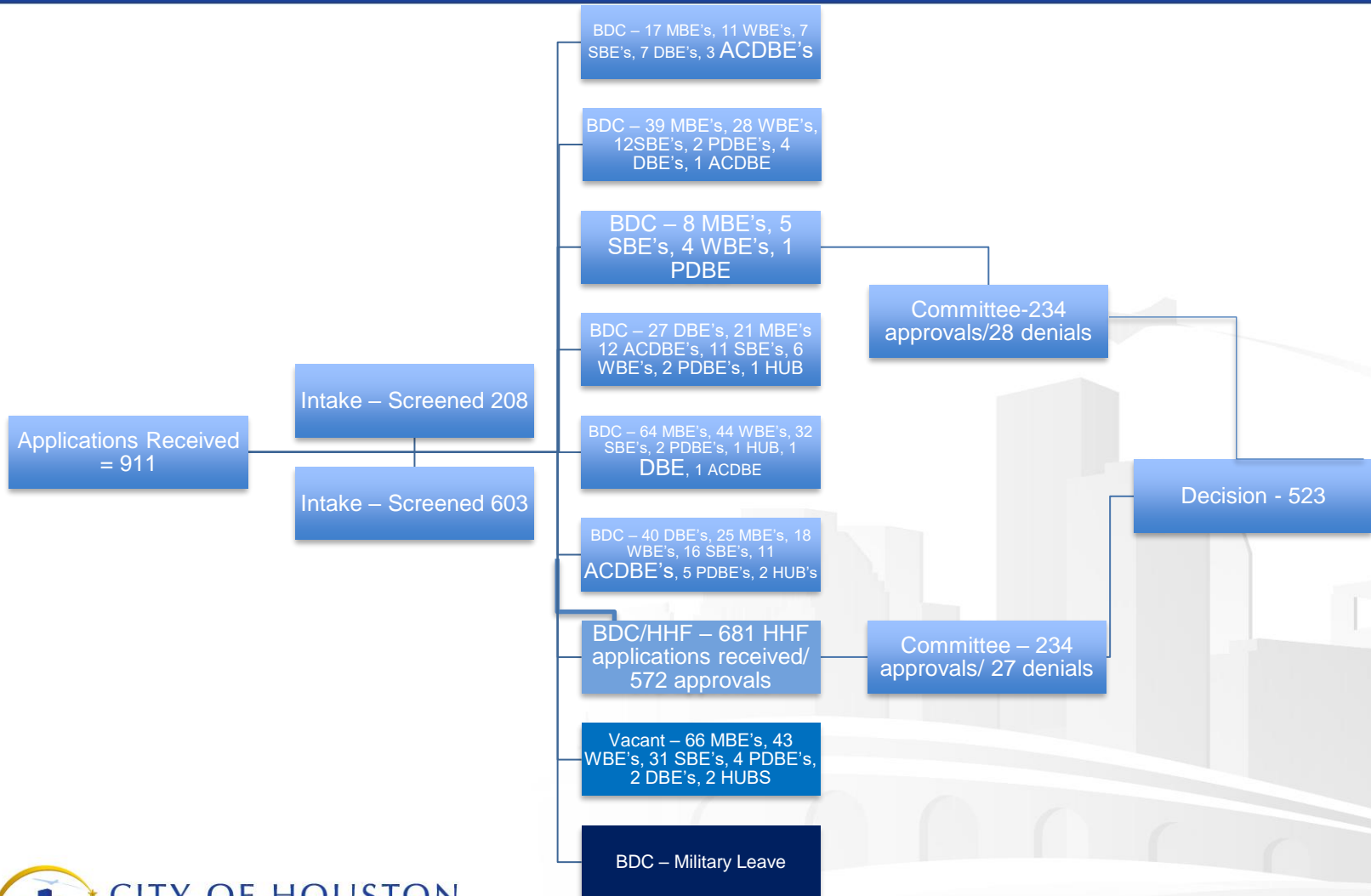
OBO Certifications Service Counties



- AUSTIN
- BRAZORIA
- CHAMBERS
- FORT BEND
- GALVESTON
- HARRIS
- LIBERTY
- MONTGOMERY
- SAN JACINTO
- WALLER



The Process: Staff Flow



Impacting Timeline: Application Volume

High Volumes of Applications

- FY23: 810 New Certification Applications (9% increase from FY22)
- FY24: 911 New Certification Applications (12.35% increase from FY23)
- FY24: 2586 Renewal Applications (55% increase from FY23)

Additional BDC Requests

- Expansion requests
- Changes in circumstances:
 - Ownership
 - Management and Control
 - General Inquiries

Impacting Timeline: Staff Salaries



City of Houston - \$51,000

Port Houston - \$70,000

METRO- \$65,000 - \$70,000

State of Texas HUB - \$81,500



- **Employee retention/PAY/medical leave/military leave**
- **High turnover creates increased workloads & backlog**

Improvements



- Interviews only when necessary.
- Site visits only for DBE or if necessary.
- Denial issued immediately due to size/licensure.
- Desk audit reduced to 1 point of contact vs 3 points; contact by phone or email.
- Change request other than ownership/management/control processed by Intake.
- Interstate DBE/ACDBE now processed at Intake.
- Filled vacancies.



Production



Actual

- Free Certification = Increased Volume
- 421 Applications Pending = Backlog
- 130 Renewals Pending = Backlog
- Average Timeline (New) ~ 149 Days
- Average Timeline (Renewals) ~ 44 days
- \$0 Revenue = \$0
- High Turnover = Backlog

Reimagined

- Vendor Fees = Reduced Volume
- Local Agency Fees = Increased Staff
- Increased Staff = Higher Production
- Competitive Salary = Retention
- Reassessing Policies = Production
- Reduced Backlog ~ 45-60 Days
- **Funds must be allocated to OBO**





CITY OF HOUSTON
OFFICE
of
BUSINESS OPPORTUNITY

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REVENUE GENERATION



Application Fees Comparison



Houston Minority Supplier Development Council (HMSDC) By Revenue

Revenue	Certification Fee
Less than \$1M	\$400
\$1M - \$9.99M	\$650
\$10M - \$49.9M	\$1,050
\$50M and above	\$1,400
Expedited Processing Fee	\$350 Additional

North Central Texas Regional Certification Agency (NCTRCA) By Certification Type

Certification Type	Certification Fee
1 st Type	\$150
2 nd Type	\$100 Additional
3 rd Type	\$75 Additional
4 th Type	\$75 Additional
Out of Jurisdiction Fee	\$250 Additional
Renewal Fee	\$75 for Each Type

Proposed Application Fees



Certification Type	Proposed Certification Fee
1 st Type	\$200
2 nd Type	\$50 Additional
3 rd Type	\$50 Additional
4 th Type	\$50 Additional
Renewal Fee	\$75 for Each Type



Application Fees Projections



BASED ON FY23

1 st Type: 521 x \$200	\$104,200
2 nd Type: 364 x \$50	\$18,200
3 rd Type: 188 x \$50	\$9,400
4 th Type: 35 x \$50	\$1,750
TOTAL	\$133,550

BASED ON FY24

1 st Type: 611 x \$200	\$122,200
2 nd Type: 334 x \$50	\$16,700
3 rd Type: 195 x \$50	\$9,750
4 th Type: 31 x \$50	\$1,550
TOTAL	\$150,200



Renewal Fees Revenue Projections



BASED ON FY23 RENEWALS

MBE	348 x \$75	\$26,100
WBE	219 x \$75	\$16,425
SBE	188 x \$75	\$14,100
PDBE	35 x \$75	\$2,625
TOTAL		\$59,250

BASED ON FY24 RENEWALS

MBE	657 x \$75	\$49,275
WBE	363 x \$75	\$27,225
SBE	350 x \$75	\$26,250
PDBE	21 x \$75	\$1,575
TOTAL		\$104,325

Proposed Admin Fees



Out of Jurisdiction Fee - \$250

Expedited Processing Fee - \$325

Delist Fee - \$150

Appeal Administrative Fee - \$150



Proposed Local & Public Agency Fee

\$100,000 Per Year for Use of Certifications

➤ Harris County



➤ State of Texas HUB



➤ METRO



➤ Houston ISD



➤ Port Houston



➤ Fort Bend ISD



TOTAL = \$600,000

Proposed Contract Compliance Fees

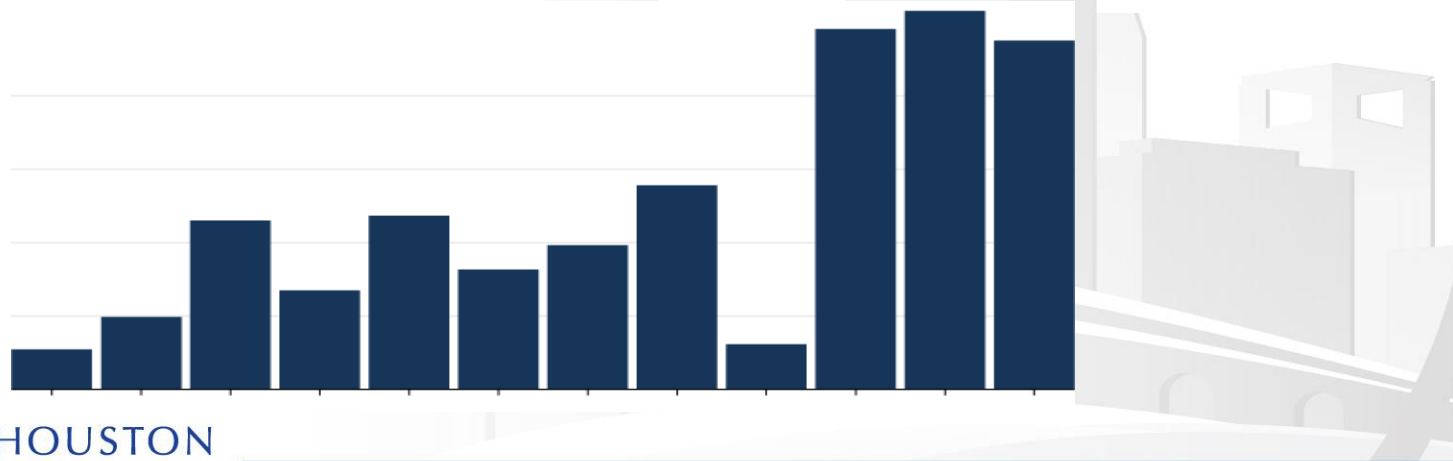
Mediation Services	\$350
B2GNow	\$150 Per Contract *1818 (Avg)
LCP Tracker Admin Fee	\$150 Per Contract *1818 (Avg)
Underpayment Penalties	Varies

COMPLIANCE



Contract Compliance Projections

Service	Proposed Contact Compliance Fee
Mediation Services	\$5,250
B2GNow	\$272,700 *1818 (Except HCD)
LCP Tracker Adm Fee	\$272,700
Underpayment Penalties	\$250,000



Total Revenue Projections



FY 24 New Applications Processing Fees - **\$150,200**

FY 24 Renewals Processing Fees - **\$104,325**

Public Partnership Fees - **\$600,000**

Expediting Fees - **\$32,500**

Appeal Administrative/Informal Hearing Fees - **\$3,600**



Total Revenue Projections



Out of Jurisdiction Fee – **No Data**

Delist Fee - **\$1,000**

Mediation Fee - **\$5,250**

B2GNow Admin Fee - **\$272,700**

LCP Tracker Admin Fee - **\$272,700**

Underpayment Penalties - **\$250,000**



FY'26 Estimated Revenue Projections = \$1,692,275



Revenue vs Staffing vs Production



Revenue = All (\$1.6M) = 17 FTEs = 2,550 applications

Revenue = Agency Fees (\$600K) = 6 FTEs = 900 applications

Revenue = Certification Fees (\$255K) = 2.5 FTEs = 375 applications

Revenue = Compliance Fees (800K) = 8.0 FTEs = 1,200 applications



Thank You!

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