

TCEQ Interoffice Memorandum

To: Commissioners
Erin E. Chancellor, Interim Executive Director

From: Kelly Keel, Director
Office of Administrative Services

Yolanda Davis, Deputy Director
Financial Administration Division

Date: February 16, 2023

Caption: **Docket No. 2023-0247-MIS:** TCEQ Historically Underutilized Business Program FY22 Annual Report.

Enclosed for your consideration is a report from the TCEQ Historically Underutilized Business Program (HUB) on the agency's HUB performance in Fiscal Year 2022. Included is information on TCEQ's:

- HUB goal attainment
- HUB utilization by eligible HUB categories
- Ongoing FY 2023 action plan

TCEQ HUB Goal Attainment
By Procurement Categories and Compared to Statewide Goals

| | Statewide HUB Utilization Goal | TCEQ HUB Utilization Goal | Actual TCEQ HUB Utilization | Actual TCEQ HUB Expenditures |
|------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As a % of Total Expenditures | As a % of Total Expenditures | As a % of Total Expenditures | |
| Commodities | 21.1 | 21.1 | 50.81 | \$4,577,671 |
| Other Services | 26 | 26 | 36.34 | \$18,303,595 |
| Professional Services | 23.7 | 23.7 | 5.02 | \$302,391 |
| Special Trades | 32.9 | 32.9 | 53.82 | \$231,133 |

Source: Texas Comptroller of Public Accounts, Consolidated Annual Report Received for FY 2022, Final Reporting Date: 1/20/22.

TCEQ HUB Utilization
By Eligible HUB Categories

| | Total HUB Expenditures | Percentage Utilization of HUB Total (100%) | Total Active HUB Count |
|--------------------------|-------------------------------|---|-------------------------------|
| Asian Pacific | \$3.6M | 15.33% | 17 |
| Black | \$2.5M | 10.63% | 17 |
| Hispanic | \$2.3M | 9.66% | 29 |
| Native American | \$1,548 | 0.01% | 1 |
| Service-Disabled Veteran | \$339,659 | 1.45% | 4 |
| Woman | \$14.7M | 62.93% | 85 |

Source: Texas Comptroller of Public Accounts, Consolidated Annual Report Received for FY 2022, Final Reporting Date: 1/20/22.

FY 2022

- TCEQ ranked 8th among agencies spending more than \$5 million in terms of the percentage of agency expenditures spent on HUBs.
- Total TCEQ FY 22 expenditures: \$65,821,057. Of the total expenditures, HUB expenditures equaled \$23,414,789 (35.57%).

Examples of HUB category purchases:

Commodities – Supplies, Fuel, Vehicles, Boats, Furnishings, Computers, Air Monitoring Equipment, etc.
 Other Services – IT Services, Water Monitoring Services, Delivery Services, etc.
 Professional Services – Architectural, Engineering, Financial and Accounting Services, Land Surveying Services
 Special Trades – Building Maintenance and Repair, Leasehold Improvements

- TCEQ surpassed its Commodities, Other Services, and Special Trades goals.
- TCEQ did not meet its Professional Services goal; the agency does not usually attain this goal. The main challenge in this area is the limited presence of HUBs providing the services needed. A note: Professional Services in FY 2022 declined to 5.02% utilization (FY 18: 15.45%; FY 19: 8.27%; FY 20: 9.58%; FY 21: 12.23%). The decline was attributable to closure of a site where HUB services were provided and a correction to expenditure coding. The coding correction reclassified some expenditures from Professional Services to Other Services.
- TCEQ attended 64 economic opportunity forums to market the HUB program to vendors and participated in the Statewide HUB Discussion Workgroup discussions.
- TCEQ participated in the Governor's Small Business Office HUB Webinars; 2nd Annual Greater Houston Black Chamber Procurement Expo; Senator Miles' Houston Minority Supplier Development Council Spot Bid Fair; Senator West's Spot Bid Fair; and more.
- TCEQ sponsors two mentor-protégé agreements; agreements between prime contractors and HUBs to assist HUB growth and development. Sponsoring a mentor-protégé program is required for agencies with biennial appropriations exceeding \$10M.

FY 2023 Action Plan

- The HUB program will resume meeting with Directors and their direct reports to review the Offices' expenditure patterns, encourage HUB utilization, and field questions.
- The HUB program will continue additional measures to improve HUB utilization. Efforts will include:
 - recruiting through outreach activities as noted above and with organizations such as chambers of commerce.
 - hosting workshops for HUBs on how to do business with the State of Texas.
 - inviting HUBs to participate in pre-solicitation conferences to meet prime contractors.
 - encouraging program areas to continue addressing HUB utilization in their procurement and contracting.

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