

# TCEQ Interoffice Memorandum

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**To:** Commissioners

**Through:** Kelly Keel, Executive Director ~~KK~~ 12/21/23

**From:** Donna White, Director *DW* 12/20/23  
Office of Administrative Services

Yolanda Davis, Deputy Director *YD* 12/13/23  
Financial Administration Division

**Date:** December 20, 2023

**Subject: Agenda Date: 1/10/24 - Docket No. 2023-1491-MIS:** TCEQ Historically Underutilized Business (HUB) Program Fiscal Year 2023 Annual Report.

Enclosed for your consideration is the TCEQ HUB Program report on the agency's Fiscal Year 2023 HUB performance. Included is information on TCEQ's:

- HUB goal attainment
- HUB utilization by eligible HUB categories
- HUB Program FY 2024 action plan

## TCEQ HUB Goal Attainment for Fiscal Year (FY) 2023

### 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	
<b>Commodities</b>	21.1	21.1	36.39%	\$2,384,039
<b>Other Services</b>	26	26	41.23%	\$22,008,294
<b>Professional Services</b>	23.7	23.7	16.49%	\$1,123,921
<b>Special Trades</b>	32.9	32.9	25.84%	\$71,218
<b>TOTAL</b>				\$25,587,472

Source: Texas Comptroller of Public Accounts, Consolidated Annual Report Received for FY 2023, Final Reporting Date: 11/15/23.

#### TCEQ HUB Utilization

By Eligible HUB Categories	Total HUB Expenditures	Percentage Utilization of HUB Total (100%)	Total Active HUB Count
Asian Pacific	\$4M	15.78%	17
Black	\$3.1M	12.18%	18
Hispanic	\$3.4M	13.50%	28
Native American	\$0.00	0%	0
Service-Disabled Veteran	\$500K	2.00%	5
Woman	\$14.4M	56.53%	79

#### 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

Source: Texas Comptroller of Public Accounts, Consolidated Annual Report Received for FY 2023, Final Reporting Date: 11/15/23.

## **FY 2023**

- TCEQ ranked fourth among agencies spending more than \$5 million in terms of the percentage of agency expenditures spent on HUBs.
- Total TCEQ FY23 expenditures: \$67,023,423. Of the total expenditures, HUB expenditures equaled \$25,587,472 (38.18%).
- Were TCEQ to have performed precisely at its goal level in each HUB category – 21.1% for Commodities; 26% for Other Services; 23.7% for Professional Services; and 32.9% for Special Trades, TCEQ would have generated \$16,967,282 in HUB expenditures. TCEQ's FY 2023 HUB expenditures totaled \$25,587,472, 51% percent higher than what it would have been if the agency had obtained the precise goals in each of the categories.
- TCEQ surpassed its Commodities and Other Services goals.
- TCEQ did not meet its Professional Services goal (23.7%); the agency does not usually attain this goal. A key challenge in this area is the limited presence of HUBs providing the services needed. A note: Professional Services in FY 2023 increased to 16.49% utilization. The decline in previous years was attributable to regular fluctuations in engineering work at remediation sites and a correction to expenditure coding. A few coding corrections reclassified some expenditures from Professional Services to Other Services. Previous fiscal year Professional Services utilizations: FY19: 8.27%, FY20: 9.58%, FY21: 12.23%, and FY22: 5.2%.
- TCEQ expends the least in Special Trades and did not meet the goal of (32.9%). FY 23 expenditures totaled \$275,628; of that amount, HUB expenditures were \$71,218 (25.84%).
- TCEQ attended 58 economic opportunity forums to market the HUB program to vendors and participated in the Statewide HUB Discussion Workgroup discussions.
- The HUB program participated in the TCEQ Environmental Trade Fair, Governor's Office Small Business Summits, Greater Houston Business Procurement Forum - Doing Business with our State of Texas Agencies and Institutions, Women's Business Council Southwest - Connections to Contracts, The Small, Minority, Women and Veteran Business Owners (SMWVBO) Conference, 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.

### **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

## **FY 2024 Action Plan**

- The HUB program will continue to meet with Directors and their direct reports to review 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 and providing training on the new HUB Subcontracting Plan (HSP).
  - 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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