

City of Houston

Office of Business Opportunity

Good Faith Efforts Policy

General Policy

Good Faith Efforts are steps taken to achieve an Contract Goal or other requirements which, by their scope, intensity and usefulness demonstrates the bidder's responsiveness to fulfill the business opportunity objective prior to the award of a contract, as well as the contractor's responsibility to put forth measures to meet or exceed the Contract Goal(s) throughout the duration of the contract.

Good Faith Efforts are required to be made and demonstrated by an apparent successful bidder on goal-oriented contracts or proposer on a regulated contract prior to award of a contract. Good Faith Efforts are required on professional services and construction contracts and on procurement of goods and non-professional service contracts with goals. If a bidder, when submitting a participation plan at the time of bid or proposal submission, anticipates it cannot or will not meet the Contract Goal(s) prior to the award, the bidder must demonstrate to Office of Business Opportunity ("OBO") it has made Good Faith Efforts to meet the Contract Goal(s) to be eligible for the contract award.

Good Faith Efforts shall be evaluated on a case-by-case basis in making a determination whether a bidder or contractor is in compliance with this policy. The efforts employed by a bidder or contractor should be those that one could reasonably expect a bidder or contractor to take if the bidder or contractor were actively and aggressively attempting to obtain MWSBE participation sufficient to meet the Contract Goal(s). Efforts taken that are mere formalities or other perfunctory acts shall not be considered Good Faith Efforts to meet Contract Goals.

The factors provided herein are representative of the types of actions OBO will consider in determining whether the bidder or contractor made Good Faith Efforts to obtain MWSBE participation to meet the Contract Goal(s). The list of factors described below are not intended to be a mandatory checklist, nor is it intended to be exhaustive or exclusive. OBO may consider other factors or types of efforts that may be relevant in appropriate cases.

If a bidder or contractor fails to submit Good Faith Efforts documentation as provided in this Policy, it waives the right to appeal OBO decisions related to this Policy. OBO will review all the efforts made by the contractor, including the quality and quantity of those efforts.

Pre-Award

A bidder must submit a participation plan (Document 00470) to OBO at the time the bidder submits the bid. If the participation by certified MWSBE subcontractors documented on the participation plan ("participation") is less than the Contract Goal(s), a bidder should submit

a Record of Good Faith Efforts (Document 00471) with the bid. A bidder should also submit a request for a deviation (Document 00472) if the bidder, having used Good Faith Efforts, reasonably believes that it cannot meet the Contract Goal(s) or a commercially useful deviation.

In making a determination that the bidder has made a good faith effort to meet the Contract Goal(s), OBO shall consider specific documentation¹ concerning the steps taken to obtain MWSBE participation, with a consideration of, by way of illustration and not limitation, whether the bidder demonstrated a genuine effort to comply with the following factors.

1. Attended any pre-bid or pre-proposal meetings scheduled by the City Department;
2. Followed up with MWSBEs that attended the pre-bid or pre-proposal meetings to discuss subcontracting and supplier opportunities and contacted MWSBEs listed in the City's online directory;
3. Conducted outreach with minority and women focused organizations and associations far in advance of solicitation due date (no less than 10 business days);
4. Identified and designated portions of the work to be performed by MWSBEs to increase the likelihood of meeting the Contract Goals (including where appropriate breaking down the contract into reasonably sized subcontracts to ensure participation);
5. Advertised subcontracting opportunities in news media focused towards minority and women persons far in advance of solicitation due date;
6. Provided MWSBEs with a point of contact that was knowledgeable about the project and possessed decision-making authority to answer questions from interested MWSBEs;
7. Provided a reasonable number of MWSBEs certified with timely written notices via email, mail, and/or fax and/or with documented contact regarding the subcontracting/supplier opportunities. A "reasonable number of MWSBEs" shall be based on the number of MWSBEs available in the directory;
8. Solicited the MWSBEs within a reasonable amount of time (no less than seven business days) before bid submission, as well as followed up with the MWSBEs solicited to determine if they were interested in submitting a bid or proposal or participating on a team.
9. Provided interested MWSBEs certified to perform the solicited work with prompt

¹ A list of common supporting documentation that may allow Contractors to support their good faith efforts can be found on the Office of Business Opportunity's website at www.houstontx.gov/obo.

access to the plans, specifications, scope of work and requirements of the contract;

10. Negotiated in good faith with interested MWSBEs, and not rejecting MWSBEs as unqualified without sound reasons based on a thorough investigation of their capabilities;
11. Entered into a formal contract, or signing enforceable letters of intent with MWSBEs;
12. Provided an explanation to any MWSBE whose bid or price quotation is rejected, unless another MWSBE is accepted for the same work, as follows:
 - a. Where price competitiveness is not the reason for rejection, a written rejection notice including the reason for rejection will be sent to the rejected MWSBE firm;
 - b. Where price competitiveness is the reason for rejection, a meeting must be held with the price-rejected MWSBE, if requested, to discuss the rejection;
13. Ensured that MWSBE Supplier participation did not account for more than 50% of the MWSBE participation plan
14. Made efforts to assist interested MWSBEs in obtaining bonding, lines of credit, insurance required for the contract, and documenting MWSBE denied by bona fide surety agents;
15. Ensured that the conditions and requirements for subcontracts are commensurate with industry standards and would not cause an economic hardship on MWSBEs, such as unnecessary insurance or coupling bid bonds with retainage;
16. Incorporated efforts not attempted earlier or on previous bids that appear more likely to lead to attaining the Contract Goal. Past performance on similar contracts with similar scopes will also be taken in consideration when determining Good Faith Efforts. A bidder that continues to make same efforts without any significant change in the level of participation may not be making Good Faith Efforts.

Post-Award

The contractor must sign the approved participation plan (Document 00470 or Document 00570) prior to starting work on the Project. A contractor should submit a request for deviation from OBO if the contractor, having made Good Faith Efforts, reasonably believes that it will not achieve the Participation Plan Percentage documented in the approved participation plan. Unless OBO approves a deviation, a contractor must submit to OBO a Participation Summary (Document 00660) prior to City Council's consideration of any close-out, term extension, or change order. If participation is less than anticipated in the approved

participation plan, the contractor must, along with the Participation Summary, submit supporting documentation evidencing their Good Faith Efforts. . A contractor that fails to submit a deviation request and Good Faith Efforts documentation waives the right to appeal OBO decisions related to this Policy.

If the contractor is awarded the contract and fails to achieve the established Participation Plan Percentage(s), the contractor must demonstrate to OBO its efforts to meet the Participation Plan Percentage(s) and failure to do so based on circumstances that the contractor could not reasonably control. In determining whether the contractor made Good Faith Efforts to ensure full participation and achievement of the Participation Plan Percentage, OBO shall consider the following factors:

1. Whether the contractor designated an MWSBE liaison officer to administer the Contractor's MWSBE programs and to be responsible for maintenance of records of Good Faith Efforts.
2. Whether the contractor furnished prompt MWSBE Utilization Reports in a timely and accurate manner through the online Contract Monitoring System or via hard copy.
3. Whether the contractor responded to efforts to resolve disputes with MWSBEs, and genuinely attempted to resolve these issues.
4. Whether the contractor disclosed payment discrepancies timely and within the monthly reporting period;
5. Whether the contractor complied with the participation plan, unless the contractor received a deviation from the OBO Director and whether upon approval, the contractor made Good Faith Efforts to replace a removed MWSBE with another certified firm;
6. Whether MWSBE Supplier participation accounted for more than 50% of the MWSBE participation plan.
7. Whether the contractor furnished prompt written responses to written inquiries from the Director or any employee of OBO regarding the MWSBE's performance or information germane to the MWSBE's certification;
8. Whether the contractor ensured that at all times during the performance of any contract or subcontract the MWSBE firm is engaging in a commercially useful function as that term is defined in Chapter 15 of the City of Houston Code of Ordinances;
9. Whether the contractor provided the OBO information, or other material, that was factually accurate and free of material misrepresentation; and

10. Whether the contractor furnished prompt responses to requests for information, books and records needed to verify compliance from the department administering the Contract, the City Attorney and the City Controller;
11. Whether the contractor attended all meetings and mediation hearings as requested by the Director or his/her designee; and
12. How the contractor may be affected by change orders, with consideration given to the size of the change orders.

Change Orders

The requirement to make Good Faith Efforts to achieve the approved Participation Plan Percentage is applicable to change orders. Contractors should make Good Faith Efforts to ensure that the Participation Plan Percentage remains substantially the same after the issuance of change orders. If a contractor cannot maintain substantially the same level of participation provided in the latest approved Participation Plan (Document 00470 or Document 00570) due to a change order, the contractor shall submit to the OBO Director and Contracting Department a Document 00571 (Post-Award Record of Good Faith Efforts) and Document 00572 (Post-Award Plan Deviation Request) in a timely manner that does not cause disruption to the project. In addition to other relevant factors, in evaluating whether Good Faith Efforts were made by the contractor to meet the Participation Plan Percentage despite change orders, the OBO Director shall consider the contractor's efforts to timely and efficiently deliver the project.

END OF DOCUMENT