

HUB PROGRAM & VENDOR TIP GUIDE

OFFICE OF THE ATTORNEY GENERAL

MINDY SUE COHEN
HUB COORDINATOR
512-475-4411

MINDY.COHEN@OAG.STATE.TX.US

The goal of the OAGs' HUB program is to increase procurement opportunities for minority and women-owned businesses. The OAG is committed to developing its HUB program by actively working with both agency staff and the vendor community.

WHAT IS A HUB (HISTORICALLY UNDERUTILIZED BUSINESS)?

A HUB is a business that is formed for the purpose of making a profit and is otherwise a legally recognized business organization under the laws of Texas. A HUB company must be at least 51 percent owned by one or more persons who are members of one of the following groups:

- African-Americans
- Hispanic-Americans
- Asian Pacific-Americans
- Native-Americans
- Women

The HUB owner must have a proportionate interest and demonstrate active participation in the control, operation, and management of the company's affairs. A HUB also must have its' principal place of business in Texas. **HUB certification with the State is always free!**

TIPS ON HUB CERTIFICATION

<http://www.cpa.state.tx.us/procurement/prog/hub/hub-certification>

The Comptroller's's HUB Certification and Compliance team: **888-863-5881**

- **Don't let your HUB certification expire!**
Make it one person's job to track the HUB certification expiration date on their electronic calendar and get the proper documentation submitted to the Comptroller's (CPA's) HUB Certification and Compliance Team at least 2 months prior to expiration date.

Why is HUB Certification important to your State agency customers?

- Agencies receive HUB credit for their expenditures with your business in their Semi-Annual and Annual HUB reports.
- An agency's HUB participation helps to measure an agency's Good Faith Effort in the HUB Program.
- HUB certification tracks the success of minority businesses in doing business with the State.

OAG HUB PROGRAM

In accordance with the Texas Government Code, Title 10, Chapter 2161, and the Texas Administrative Code, Title 34, Part 1, Chapter 20 Subchapter B, §20.11 - §20.27, state agencies are required to make a good faith effort to assist HUB vendors in receiving contract awards from the state. The HUB program was designed to promote full and equal opportunity for all companies seeking to do business with Texas.



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

PROGRAM OBJECTIVES

The goal of the OAGs HUB program is to increase procurement opportunities for minority and women-owned businesses. The OAG is committed to developing its HUB program by actively working with both agency staff and the vendor community. Through the Historically Underutilized Business Program, the OAG seeks to:

- Make a Good Faith Effort to meet or exceed established HUB goals
- Assist businesses in obtaining state HUB certification
- Increase the number of HUB businesses contacted for procurement opportunities
- Educate HUBs about the agency's procurement policies and procedures
- Incorporate HUBs into all areas of agency purchasing activities
- Keep HUBs informed of OAG procurement opportunities

All businesses participating in the OAG's HUB Program must be certified by the Comptroller of Public Accounts, the agency which oversees purchasing for the state. There is no fee to become certified as a HUB vendor and certification lasts 4 years. HUBs are listed on the Comptroller's HUB database which is accessible to all state agencies. HUBs also should consider being registered on the **Centralized Master Bidders List**, since this is the database used by state purchasers to identify vendors receiving solicitation notices. Vendors who are interested in becoming HUB certified should contact the OAG HUB Coordinator or the Office of the Comptroller and request a HUB application. The application can also be downloaded from the Comptrollers' Internet Web site:

<http://www.cpa.state.tx.us/procurement/prog/hub/hub-certification/>

HUB SUBCONTRACTING

The OAG must evaluate contracts expected to exceed \$100,000 in value in order to determine whether or not subcontracting opportunities are probable. If the agency determines that subcontracting opportunities are probable, a HUB Subcontracting Plan is required for a bid or proposal to be considered responsive. The plan must demonstrate that a Good Faith Effort was made to subcontract work to HUB vendors. HUB prime vendors must also comply with HUB subcontracting plan requirements. Once an award has been made, the HUB Subcontracting Plan becomes a

part of the contract. Compliance with the plan is monitored throughout the contract term. ***You must submit a HUB subcontracting Plan with your response, even if you are a HUB prime vendor – no exceptions!***

OAG PURCHASING METHODS

Although the regulations of the Comptroller govern all state procurement, the Comptroller delegates authority to state agencies to purchase some goods and services. The OAG uses the methods described below to acquire goods and services, depending on the total anticipated cost of an order and the type of items being requested. A large percentage of the agency's purchases are made through State term and DIR Go-Direct contracts.

COMPTROLLER OF PUBLIC ACCOUNTS (CPA) TERM CONTRACTS

The Comptroller establishes term contracts for specific goods and services based on the overall needs of the state. Agencies must purchase these goods and services from term contracts whenever the items meet their functional requirements. However, agencies may obtain orders below specified dollar amounts ("spot option limits") from sources other than the contract vendor. The OAG uses term contracts to make routine purchases of items such as office furniture, equipment and supplies.

DELEGATED PURCHASES

The methods outlined below apply to purchases that have been delegated to state agencies by the Comptroller.

Call and Order

Goods and Services \$0.01 – \$5,000.00

For small purchases that do not require competitive bidding, an authorized individual within OAG Central Purchasing may issue a purchase order after obtaining pricing from a single vendor.

Informal Competitive Bid

Goods and Services \$5,000.01 – \$25,000.00

OAG purchasers solicit a minimum of three informal bids from prospective vendors by telephone or with an informal written pricing request. Two of the three bids must be sought from HUBs. The purchaser tabulates responses and makes an award to the vendor that offers the best value to the agency.

Formal Competitive (Sealed) Bid

Services: \$25,000 – \$100,000

For services estimated to exceed \$25,000, the OAG issues detailed written specifications known as an Invitation For Bid (IFB) Vendors must prepare and return bid responses to OAG Central Purchasing by a specified day and time. Invitations for Bid are non-negotiable. Bid openings are available to the public and bid responses may be read aloud, if requested. After evaluating the bids received, the purchaser will make an award to the bidder whose response represents the best value to the OAG. All IFB responses become public record following award.

TXMAS (Texas Multiple Award Schedules)

have been established, as an alternative purchasing method. The use of Texas Multiple Award Schedule (TXMAS) contracts have been developed from contracts competitively awarded by the federal government or any other governmental entity of any state. The responsible federal entity, the General Services Administration's (GSA) Federal Supply Service, awards Federal Supply Schedule contracts by competitive procurement procedures for more than 50 schedules covering multiple commodities and services. The prices reflected on GSA schedule contracts are the most favored customer (MFC) prices and the maximum price allowable. TXMAS contracts take advantage of the MFC pricing and under certain circumstances, an agency or local government entity may negotiate a lower price for the goods or services offered. A "best value" purchase can be made by following the TXMAS purchasing procedures. **Contact Information:** For more information on the TXMAS program, please send an e-mail to txmas@cpa.state.tx.us or call 512-463-8839 or 512-463-3421.

OPEN MARKET PURCHASES

For commodity purchases of more than \$25,000 and service purchases of more than \$100,000, the agency prepares and sends specifications to the Office of the Comptroller. The Comptroller is responsible for advertising, evaluating, and awarding all Open Market purchases, since authority at this dollar level has not been delegated to agencies. However, upon review of specifications, the Comptroller has the option to grant authority to an agency on a case-by-case basis.

DEPARTMENT OF INFORMATION RESOURCES (DIR)

I.T. GOODS AND SERVICES PURCHASING FOR STATE AGENCIES

In order to save the state money, the 79th Texas Legislature passed and the Governor signed legislation, H.B. 1516, which requires the Department of Information Resources (DIR) to negotiate favorable prices for commodity items based on aggregate demand. The law further requires state agencies to buy through these contracts unless a formal exemption is obtained. This legislation should provide additional savings to other governmental entities in Texas, such as counties, cities and school districts that use DIR cooperative contracts because doing so makes good business sense. Planning and purchasing commodity items through DIR contracts will enable DIR to leverage the purchasing power of all state agencies when negotiating contracts with the vendor community. Aggregating the state's commodity purchases through common contract vehicles will result in (1) reduced information technology costs, (2) decreased administrative costs, (3) maximized value, (4) common IT procurement processes, and (5) an advocate on an enterprise level.

DIR Contact Information

Phone: 512-463-3580

Toll Free: 800-348-9157

E-mail: sherri.parks@dir.state.tx.us

DIR Technical Staffing Contracts:

Brian Bell

Phone: 512-475-4903

E-mail: brian.bell@dir.state.tx.us

VENDOR SELECTION THROUGH THE CENTRALIZED MASTER BIDDERS LIST (CMBL)

The OAG obtains the names of prospective vendors from the CMBL and HUB Directory maintained by the Texas Comptroller. The CMBL is a database of vendors who are registered to receive solicitations or notices of solicitations from Texas state agencies. Texas law requires state agencies to use the CMBL for all purchases that require competitive bidding or competitive sealed proposals.

A \$70 annual fee is required to be listed on the CMBL. The CMBL registration is available on the Internet at: <http://www.cpa.state.tx.us/procurement/prog/cmbL>.

TIPS FOR REGISTERING ON THE CMBL

The CMBL is your Yellow Pages ad to State Government Purchasers.

- **Keep the information on your profile current!!** If your contact person, address, phone, or fax numbers change, update your profile: https://cmbLreg.cpa.state.tx.us/login_cmbL_only.cfm
- **Very Important:** Make sure you have an updated e-mail address on your profile as most notices of bid solicitations are completed electronically.
- Carefully choose which commodity code class and item numbers you select for your profile, so that the state agency solicitations you receive most closely match the goods and services that your business offers.

HOW TO FIND BID OPPORTUNITIES

- Purchases under \$25,000: call or e-mail the agency purchasers.
- Send them your information, brochures, catalog, or line card electronically, if possible.
- Follow up with a phone call and ask about upcoming contracts, solicitation opportunities, and commodity purchases for the agency.
- Call or e-mail them regularly, but be brief.

TIPS FOR UNCOVERING HIDDEN OPPORTUNITIES REQUIRES RESEARCH

- The Secretary of State's Texas Register announces Professional Service bids, consulting services bids and other agency reports:

<http://www.sos.state.tx.us/texreg/index.shtml>

The Comptroller of Public Account's State contracts:

Find lists of state contracts that agencies and local governments can use while meeting their competitive bidding requirements. Follow up with the Comptroller's purchasing team to see when these contracts will come up for bid again.

http://www.window.state.tx.us/procurement//cat_page/

TIPS FOR RESPONDING TO BID OPPORTUNITIES

- Be certain you have provided all the required documentation including lists of references, financial statements, insurance documentation, and sign the response. Otherwise, your bid could be considered non-responsive.
- **Your bid response must be received by the agency on time – no exceptions!**

TIPS WHAT THE OAG LOOKS FOR IN A VENDOR

The OAG constantly seeks quality vendors who can fulfill the agency's needs in a timely and efficient manner at a competitive price. Our agency's expectations for vendor performance are outlined below:

- Quote prices F.O.B. destination and specify if there are shipping/handling charges.
- Respond to requests for telephone quotes on the same or the following day.
- Return bids or catalog quotes by the scheduled deadline. The OAG cannot accept late responses for any reason.
- Comply with all terms and conditions set out in the Pricing Request, Invitation for Bid, or catalog solicitation.
- Be in good standing with the Texas Comptroller for payment of sales and franchise taxes.
- Provide product samples and literature upon request.
- Acknowledge receipt of the purchase order and communicate an estimated delivery date.
- Alert OAG Purchasing of any price discrepancies or added charges prior to filling orders.
- Meet or exceed expected delivery schedules.
- Record the correct OAG purchase order number on cartons, packing slips, invoices, and other documents connected with the order.
- Communicate delays in established delivery time to OAG Purchasing as soon as possible.
- Respond promptly to customer service requests and telephone messages.
- Resolve problems with orders and invoices in a prompt, efficient, and professional manner.
- Submit accurate invoices to the OAG Accounts Payable Section.
- Reference OAG purchase order numbers and your taxpayer identification numbers on all invoices.

TIPS FOR KEEPING THE CONTRACT

- Respond to phone calls from the agency in a timely manner. Have a cell phone number for the project manager's use so that you can be reached anytime.
- Keep lines of communication open with the project manager.
- If you can't make delivery in the timeline specified, let the project manager know as soon as possible.
- Meet specifications as written on the RFP or contract. Do not provide a substitute or "like" product unless you have cleared this with the Purchaser **first**.
- Excellence in customer service: Follow up, follow through!

INVOICING THE AGENCY

- Send your invoices to the OAG Accounts Payable Department. The fax and address are on the Purchase Order.
Accounts payable fax: 512-397-1645
invoices@oag.state.tx.us
Accounts Payable Phone: 512-475-4383
Always reference Purchase Order number on your invoice!

TIPS FOR FOLLOWING UP IF YOU DID NOT GET THE AWARD

- Follow up with the Purchaser in charge of that procurement after the award is made.
- Ask them where you fell short in your response.
- You can also make an Open Records request in writing to the agency or governmental entity for the bid tabulation sheet. Make sure to identify the reference or P.O.# on your request. This will show you where your response fell among the other bidders, and will help you to improve your future responses.
- Consider a joint-venture or partnership with another business in order to raise your commodity volume and leverage better pricing from manufacturers.

TIPS FOR TARGETING YOUR BUSINESS TO STATE GOVERNMENT

Each state agency has a specific mission given to them through the Legislature. The agency's purchasing profile follows their mission. Get to know the agency you are marketing yourself to before you contact them.

Each agency must report their HUB expenditures twice per year to Comptroller's Office. The results of those reports

are listed on their website. You may review these reports by expenditure category (Object Code) which will allow you to target your market to the state entities. You may find this information by clicking on the following links:

<http://www.cpa.state.tx.us/procurement/prog/hub/hub-reporting/>

- Fiscal Year
- Detail by Object code (this is an expenditure code designated by the Comptroller's Office for each expenditure type).
- Select an object code and the link will take you to a list of agencies that spent the most in that category in descending order.
- Select an agency link and you will see the full report for that agency's expenditures.
- Review the expenditure listings for that object code and you will see how much was spent and with which businesses. Is there an opportunity for subcontracting with one of these businesses? Find out from the agency when the contracts will be up for bid again.

TIPS-STRATEGIES FOR SUCCESS

- Partner with a larger company who can act as the prime contractor and with whom you can perform part of the work of a state contract. Use your Chamber or Minority Business Council to find these strategic partners. Agencies have field offices all over the state and sometimes their remote locations make servicing a contract problematic for a single vendor.
- Competition for State business is very tight. Make clear what your value added proposition is, and what sets your business apart from other vendors who do the same type of work.

HUB MENTOR/PROTÉGÉ PROGRAM

The State of Texas Mentor-Protege Program is designed to foster long-term relationships between prime contractors and a HUB. The OAG supports the Mentor-Protege Program. For further information:

<http://www.cpa.state.tx.us/procurement/prog/hub/mentorprotege/>

HELPFUL STATE OF TEXAS RESOURCES

TEXAS ON-LINE PORTAL

Access Texas government services on-line at www.texasonline.state.tx.us

ELECTRONIC STATE BUSINESS DAILY (ESBD)

View state agency procurement opportunities of more than \$25,000.00 at the Electronic State Business Daily Web site maintained by the Comptroller's Office at <http://esbd.cpa.state.tx.us>. You may sort the ESBD by the NIGP codes you selected in your CMBL vendor profile in order to identify bid opportunities appropriate to your business.

STATE AGENCY LISTINGS

Many state agencies post bid opportunities and/or purchasing information on their own Web sites. To access most state agency Web sites:

TRAIL (Texas Records and Information Locator):
<http://www2.tsl.state.tx.us/apps/lrs/agencies/>

The Capitol Complex Phone Directory for State agencies:
<http://www.dir.state.tx.us/ccts/directory/index.html>

TXDOT District map:
http://www.window.state.tx.us/procurement/tools/proc_forms/bid_districts/

State of TX HUB applications:
<http://www.cpa.state.tx.us/procurement/prog/hub/hub-certification/>

To check HUB status:
<http://www.window.state.tx.us/procurement//cmb/cmbhub.html>

State Agency HUB Reports:
<http://www.cpa.state.tx.us/procurement/prog/hub/hub-reporting/>

Economic Opportunity Forum calendar:
<http://hub.cpa.state.tx.us/eof/>

CPA procurement opportunities:
http://www.window.state.tx.us/procurement//bids/tc_adv.html

National Institute of Government Purchasing (NIGP) Commodity Code book:
By Class and Item:
http://www.window.state.tx.us/procurement//com_book/index.html

Alphabetical Listing:
http://www.window.state.tx.us/procurement//com_book/alpha_index.htm

FEDERAL MINORITY AND SMALL BUSINESS DEVELOPMENT CENTERS

These centers, located in many major Texas cities, offer various types of assistance to minority and small businesses. Minority Business Development Centers can be accessed at: <http://www.mbda.gov>

- View the U.S. General Services Administration Greater Southwest Region Office of Enterprise Development Web site at: <http://www.gsa.gov>
- The U.S. Small Business Administration Web site at: www.sba.gov/aboutsba/sbaprograms/sbdc/index.html

HOW TO CONTACT OAG CENTRAL PURCHASING

OFFICE LOCATION

Office of the Attorney General
Budget and Purchasing Division,
Purchasing Section
300 West 15th Street, 3rd Floor
Austin, TX 78701

MAIN TELEPHONE:

(512) 475-4333

FAX:

(512) 477-4058

OFFICE HOURS:

Monday through Friday 8:00 a.m. to 5:00 p.m.

FOR MORE INFO:

Office of the Attorney General
HUB Coordinator
P.O. Box 12548
Austin, TX 78711-2548
Telephone: (512) 475-4411
Fax: (512) 397-1622

View HUB Program Information on OAG Web site at:

<http://www.oag.state.tx.us/agency/hub.shtml>

TYPICAL PURCHASES:

- Audio-Visual Equipment
- Books and Other Publications
- Building Maintenance and Repair
- Cabling Services
- Computer Equipment and Supplies
- Computer Hardware/Software Maintenance
- Computer Programming Services
- Computer Software
- Conference Space
- Copying Services
- Court Reporting Services
- Dry Mounting
- Electrical Services
- Equipment Maintenance
- Fax Machines
- Ground and Overnight Delivery Service
- Janitorial Services
- Key Services
- Material Handling Supplies
- Moving Services
- Office Equipment and Supplies
- Paternity Testing
- Photographic Supplies and Services
- Pre-sort/Mailing Services
- Printing Services
- Reproduction Supplies
- Security Services
- Technical Temporary Personnel Services
- Telecommunications Equipment and Services
- Temporary Personnel Services
- Toner for Fax Machines/Laser Printers
- Training
- Cell Phones/Wireless Service
- Vehicle Care and Maintenance
- Video Depositions
- Video Production Services

REV 04/09