

How to Complete a Compliant HSP

Presented by

Norma Barrera, Department of Public Safety

HUB Discussion Work Group Chair

HUB Subcontracting Plan

- The session is intended to provide you with the most effective resource materials to ensure that your HUB Subcontracting Plan (HSP) is compliant.
- The HSP is a pass/fail process. If the HSP fails, so does your solicitation response.

Introduction to the HSP

- State overall subcontracting and certified HUB subcontracting to be provided in the contract.
- Identify the subcontractors that will be used during the course of the contract.
- Identify the expected percentage of work to be subcontracted.
- Identify the approximate dollar value of that percentage of work.

Annual HUB Utilization Goals

11.2% - heavy construction other than building contracts

21.1% - building construction, including general contractors and operative builders contracts

32.9% - special trade construction contracts

23.7% - professional services contracts

26.0% - other services contracts

21.1% - commodities contracts

HUB Subcontracting Plan

- Each state agency that considers entering into a contract with an expected value of \$100,000 or more over the life of the contract (including renewals) shall, before the state agency solicits bids, proposals, offers, or other applicable expressions of interest, determine whether subcontracting opportunities are probable under the contract.
- Agencies may seek HUB subcontracting in contracts that are less than \$100,000 whenever possible.

HUB Subcontracting Plan (HSP)

- A state agency determines that subcontracting opportunities are probable, then its invitation for bids, request for proposals or other purchase solicitation documents shall state that probability and require a HUB subcontracting plan. A bid, proposal, offer, or other expression of interest to such a solicitation must include a completed HUB subcontracting plan to be considered responsive.
- Responses that do not include a completed HSP shall be rejected due to material failure.

HSP - Getting Started

- Step 1. Determine what HSP option will best fit the commodity, project and/or service contract requirements.
- Step 2. Respondents are required to use the comptroller's Centralized Master Bidders List (CMBL) and the HUB Directory to search for subcontractors.
- Step 3. Respondent's participating in the Mentor-Protégé Program may submit their protégé as a subcontractor in the HUB subcontracting plan for the particular area to be subcontracted.

Good Faith Effort (GFE)

- Good faith effort means efforts to achieve a HUB goal or other requirement of the HSP, on which, by their scope, intensity, and appropriateness to the objective, can reasonably be expected to fulfill the program requirement.
- A **state agency** shall make a good faith effort to meet or exceed the HUB goals to assist HUBs in receiving a portion of the total contract value of all contracts that they expect to award in a fiscal year.
- The basic obligation of **bidders** is to make good faith efforts (GFE) to meet the goals. Bidders can demonstrate these efforts as follows:

Good Faith Effort (GFE)

- Divide the contract work into reasonable lots or portions to the extent consistent with prudent industry practices.
- Bidders shall notify HUBs of subcontracting opportunities that the respondent intends to subcontract in writing. Notice shall include the following: scope of work, specifications and identify a contact person's information. email
- Bidders shall provide potential HUB subcontractors no less than seven working days from receipt of notice to respond.
- Bidders shall use the Centralized Master Bidders List (CMBL), HUB Directory, and/or other directories as identified by the agency when searching for HUB subcontractors.
- Bidders shall provide notice of subcontracting opportunities to **minority/women trade organizations or development centers** to assist in identifying HUBs by disseminating subcontracting opportunities to their membership.

Good Faith Effort (GFE) - Bidder

- Bidder shall provide notice to three or more HUBs per each subcontracting opportunity that provide the type of work required for each subcontracting opportunity identified in the contract specifications or any other subcontracting opportunity the respondent cannot complete with its own equipment, supplies, materials, and/or employees. The respondent must keep and provide written documentation (email is sufficient to demonstrate compliance).
- Provide written justification of the selection process if a non HUB subcontractor is selected.
- Encourage selected non-certified minority or woman owned business subcontractors to apply for HUB certification. If the minority or woman owned vendor is not a State certified HUB you may refer the firm to the HUB office for additional information on becoming HUB certified or the State HUB website.

Method A

- Bidders WILL MEET or EXCEED the HUB subcontracting goal identified in the Agency Special Instructions of the HSP or within the solicitation document. Bidders may use HUBs and non-HUBs as long as the HUB utilization meets the procurement category goal.

Method A

- Submit documentation that one or more HUB subcontractors will be utilized and that the total value of those subcontracts will meet or exceed the statewide goal for the appropriate procurement category goal.
- When utilizing this method, HUB subcontractors with which the respondent has existing contracts that have been in place for more than five years cannot be claimed for purposes of demonstrating that the applicable goal has been met or exceeded.

HSP Checklist

- Section 1 – Respondent and Requisition info
- Section 2a – Subcontracting Y or N
- Section 2b – List portions subcontracting
- Section 2c & 2d – Indicate No
- Section 4 – Sign the form. Include your e-mail address and contact phone number should the agency has any questions.
- **Good-Faith Effort (Attachment B)**
- Complete the attachment for each subcontracting opportunity listed in Sec. 2B.

Method B

- The respondent WILL NOT meet the HUB subcontracting goal as identified in the Agency Special Instructions of the HSP or within the solicitation document.

Method B

- Notify at least three (3) HUB businesses for each subcontracting opportunity that the respondent intends to subcontract.
- Provide the type of work required for each subcontracting opportunity identified in the contract specifications or any other subcontracting opportunity the respondent cannot complete with its own equipment, supplies, materials, and/or employees.
- The notification shall be in writing, and the respondent must document the HUBs contacted on the forms provided in the HSP.

Method B

- The notice shall include the scope of the work, information regarding the location to review plans and specifications, information about bonding and insurance requirements (if applicable), and identify a contact person.
- The notice shall be provided to potential HUB subcontractors at least seven working days prior to submission of the respondent's response.
- Respondents must also provide notice to at least two minority, women, trade organizations or business development centers to assist in identifying HUBs by disseminating subcontracting opportunities to their membership / participants.

Method B – HSP Checklist

Complete the attachment for each subcontracting opportunity listed in Section 2B.

- **Section B1** - List the name of the subcontracting opportunity listed on the corresponding line in Section 2B.
- **Section B3** Subsection (b) - List 3 three HUBs you notified regarding the portion of work indicated in Section B1.
- NOTE: Attach addressed and dated supporting documentation in the form of transmittals or emails demonstrating evidence of the GFE performed. Please note that you must give the subcontractor **7 *working*** days to respond to your request.
- Subsection (d) – Indicate the names of two minority or women’s organization you contacted. NOTE: Include copies of correspondence as well as the date the notice is sent and indicate if the notice was accepted or rejected.
- Submit documentation that one or more HUB subcontractors will be utilized and that the total value of those subcontracts will meet or exceed the goal for the appropriate procurement category.
- When utilizing this method, HUB subcontractors with which the respondent has existing contracts that have been in place for more than five years cannot be claimed for purposes of demonstrating that the applicable goal has been met or exceeded.

Self Performing

- **Self –Performing** - The respondent will NOT be subcontracting any portion of the contract and will utilize its own resources in completing the project. Note: 1099 employees are subcontractors.

Self Performing

- If the respondent is able to fulfill all of the potential subcontracting opportunities identified with its own equipment, supplies, materials and/or employees, respondent must sign an affidavit and provide a statement explaining how the respondent intends to fulfill each subcontracting opportunity. Respondent will be required to provide the following documentation if requested by the state agency:

Self Performing

- Evidence of existing staffing to meet contract objectives (review the W2s).
- Monthly payroll records showing company staff fully engaged in the contract.
- On site reviews of company headquarters or work site where services are to be performed.
- Documentation proving employment of qualified personnel holding the necessary licenses and certificates required to perform the work.

Frequently Asked Questions

- Q: I am a certified HUB. Do I have to complete the HSP?
- A: Yes once the Agency has determined the probability of subcontracting opportunities in a solicitation, all respondents must submit a HSP.
- Q: As a certified HUB who is a prime, what is the percentage of work I must perform in order for the Agency to receive 100% HUB credit?
- A: In accordance with Texas Administrative Code §20.285, when a prime contractor is a HUB, it must perform at least 25% of the total value of the contract with its own or leased employees in order for the agency to receive 100% HUB credit for the entire contract.

Frequently Asked Questions

- Q: What is the good faith effort?
- A: Good faith effort requirements include dividing the contract work into reasonable lots or portions, seeking a minimum of three HUBs for each subcontracting opportunity, provide written justification of the selection process if the selected subcontractor is not a HUB, and provide a notification to trade organizations and minority organizations that disseminate subcontracting opportunities to their membership/participants.
- Q. How do I report after award?
- A: Prime contractor payment requests shall include: Prime Contractor Progress Assessment Report (PAR) that identify all HUB and non-HUB subcontractor payments.

Frequently Asked Questions

- Q: Is a consultant on the project considered a subcontractor?
- A: Subcontractor” means a person who contracts with a prime contractor to work, to supply commodities, or to contribute toward completing work for a governmental entity.
- Q. I need to replace a subcontractor. What steps are required?
- A: All changes made to the HSP must contain evidence that a good faith effort was performed and the prime contractor obtained prior approval from the agency before utilizing a subcontractor that was not on the initial HSP.

Summary

- Determine what HSP option best fits the commodity, project and/or service contract requirements.
- If you have questions regarding completing the HSP, contact the agency HUB Coordinator for assistance.
- Follow the good faith effort requirements.
- Provide sufficient time to the subcontractors to respond.
- Complete and sign the HSP.

Internet Links & Forms

[HUB Forms \(texas.gov\)](#)

- [HUB Subcontracting Plan Good Faith Effort - Method A \(Attachment A\) \(PDF\)](#)
- [HUB Subcontracting Plan Good Faith Effort - Method B \(Attachment B\) \(PDF\)](#)
- [HUB Subcontracting Opportunity Notification Form \(PDF\)](#)
- [HUB Subcontracting Plan Progress Assessment Report \(XLS\)](#)

Thank you for your participation

We hope the session provided you with effective resource materials to ensure that your HUB Subcontracting Plan (HSP) is compliant.