



Legislation Details (With Text)

File #: 23-0205 **Version:** 1 **Name:**
Type: Discussion Item **Status:** Passed
File created: 12/29/2022 **In control:** Commissioners Court
On agenda: 1/10/2023 **Final action:** 1/10/2023
Title: Request for discussion and possible action on continuing funding and approval of one or more Local Government Code (LGC) Chapter 381 Economic Development Organization (EDO) performance agreements with corresponding FY 2023 funding levels to be administered by the Department of Economic Equity and Opportunity, and that the County Judge execute any approved performance agreements.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 2023 Jan 10 - RCA Ch 381 Attachments

Date	Ver.	Action By	Action	Result
1/10/2023	1	Commissioners Court		
1/10/2023	1	Commissioners Court		

Department: Economic Equity and Opportunity
Department Head/Elected Official: Diana A Ramirez

Regular or Supplemental RCA: Regular RCA
Type of Request: Discussion Item

Project ID (if applicable):
Vendor/Entity Legal Name (if applicable):

MWDBE Contracted Goal (if applicable):
MWDBE Current Participation (if applicable):
Justification for 0% MWDBE Participation Goal: N/A - Goal not applicable to request

Request Summary (Agenda Caption):
Request for discussion and possible action on continuing funding and approval of one or more Local Government Code (LGC) Chapter 381 Economic Development Organization (EDO) performance agreements with corresponding FY 2023 funding levels to be administered by the Department of Economic Equity and Opportunity, and that the County Judge execute any approved performance agreements.

Background and Discussion:

As part of the over \$1 million in budget cuts that have been authorized for DEEO's FY 2023 Adopted Budget, approximately \$800,000 is related to funding that supports programming in 11 area economic development organizations (EDOs). Such funding support has been provided to EDOs for approximately 25 years under the

Local Government Code Chapter 381. Because much of the discussion around the FY23 budget has focused on the impact to county departments and direct service delivery, DEEO wanted to bring to your attention a budget cut that impacts our economic development partners. Since 1997, Harris County has been supporting a number of economic development partners in providing the following programs and services to Harris County businesses, entrepreneurs, and new prospects.

The Short Fiscal Year 2022 agreements included each organization's scope of work and reporting method to capture benefit and impact of their activities across Harris County. During the Short Fiscal Year 2022 agreement performance period all organizations met their contractual obligations and reported the following outcomes for the work they performed from March to July 2022.

- ✓ \$1.03 billion in Capital Investment and 250 jobs from 3 new businesses choosing Harris County
- ✓ 8,063 participants reached via networking events, business conferences, business retention efforts, and/or individual consultations
- ✓ 64 types of programming offered across the four County precincts including technical assistance with product development for small businesses, export-focused conferences, MWBE certification training, entrepreneurship and business university, small business consulting, and workforce development training

The agreements expired September 30, 2022. We have obtained Scopes of Work from each entity should their agreements be approved for FY23. We have also informed each entity that there is no continued funding for this program. The cut to their County funding will impact each organization to a different extent given the duration of their contracts, the size of the organization, type of programming, and the amount of funding the County provides.

Those differences also make it difficult for DEEO to compare performance across organizations. Some organizations reached hundreds of participants through networking events, while others reached only dozens, but those participants participated in training and workshops that imparted in-depth knowledge needed to expand or grow a business. Other organizations work with prospective national and international companies interested in locating or expanding their operations within Harris County and thus diversify the local economy, increase economic opportunities, and enhance the business ecosystem. Through their diverse programming, the EDO partners elevate Harris County's stature across a wide spectrum of industries and business audience, market its assets and work to attract business opportunities. All are valuable tools for the County to assist in the growth and diversification of the area economy and business community and remain competitive nationally and internationally.

If funding were to become available, DEEO recommends that Commissioners Court fund as many of the organizations as possible. During the December 14, 2022 Commissioners Court meeting, Commissioner Adrian Garcia, Harris County Precinct 2, and Commissioner Tom S. Ramsey, Harris County Precinct 3 indicated support for Bay Area Houston Economic Partnership and for Economic Alliance Houston-Port Region.

Given the variety of programming offered across the economic development partners there is no one method to allocate funding, only a variety of options to consider. One such option is consideration of longevity of the partnership as a mechanism to prioritize funding decision. The following tables provide information on Option A and Option B, each with 3 scenarios, and Option C with 2 scenarios for consideration. The options provide for total cost ranges from \$793,500 to \$224,961. Calculations are based on the last approved total amount of

\$793,500 for FY21.

Option A reference point is a 12-months FY21 funding level (or \$793,500):

- **Scenario 1** shows full funding at \$793,500 as well as a 10% reduction based on *each organization's* previously approved FY21 budget.
- **Scenario 2** reduces the total 12-months FY21 amount to \$300,000 (38%), or \$400,000 (50%), or \$500,000 (63%), with *equal distribution* among the organizations.
- **Scenario 3** reduces *each* organization's 12-months FY21 funding level to 38%, or 50%, or 63%, respectively.

Option B reference point is a 9-months FY21 funding level (or \$595,125):

- **Scenario 1** shows funding at \$595,125, as well as a 10% reduction based on *each organization's* previously approved FY21 budget.
- **Scenario 2** reduces the total 9-months FY21 amount to 38%, or 50%, or 63%, respectively (same percentages as used in Option A) with *equal funding distribution* among the organizations.
- **Scenario 3** reduces *each* organization's 9-months FY21 funding level to 38%, or 50%, or 63%, respectively.

Option C takes the above amounts and distributes them equally among the five Commissioners Court Offices for their consideration and further action.

OPTION A				SCENARIO 1			
12 Months (Oct 1, 2022 - Sep 30, 2023)				Based on FY21 Amounts			
Years	Economic Development Organizations	Primary Svc. Are: Harris County Precinct	Partial Svc. Are: Harris County Precinct	Amount	Cumulative Moving Down List	10% reduction Amount	Cumulative Moving Down List
25	Bay Area Houston Economic Partnership	2	1, 3, and 4	\$175,000	\$175,000	\$157,500	\$157,500
25	Economic Alliance - Houston Port Region	2	1 and 3	+ \$112,500	\$350,000	\$101,250	\$315,000
25	Baytown-West Chambers County EDF	2	3	+ \$62,500	\$237,500	\$56,250	\$213,750
24	Lone Star College	3	1, 2, and 4	\$125,000	\$475,000	\$112,500	\$427,500
15	Katy Area Economic Development Council	4		+ \$45,000	\$520,000	\$40,500	\$468,000
5	Houston Hispanic Chamber of Commerce	County-wide		+ \$73,500	\$593,500	\$66,150	\$534,150
2	Emancipation Economic Development Council	1		+ \$50,000	\$643,500	\$45,000	\$579,150
2	Fifth Ward Community Redevelopment Council	1		+ \$50,000	\$693,500	\$45,000	\$624,150
2	Houston Minority Supplier Development Council	County-wide		+ \$50,000	\$743,500	\$45,000	\$669,150
2	Houston Area Urban League	County-wide		+ \$25,000	\$768,500	\$22,500	\$691,650
2	Local Initiatives Support Corporation Houston	County-wide		+ \$25,000	\$793,500	\$22,500	\$714,150
				\$793,500		\$714,150	

OPTION A					SCENARIO 2					
12 Months (Oct 1, 2022 - Sep 30, 2023)					All Organizations Receive EQUAL Funding Allocation					
Years			Primary Svc. Are: Harris County Precinct	Partial Svc. Are: Harris County Precinct	37.8% of FY21	Cumulative Moving Down List	50.4% of FY21	Cumulative Moving Down List	63.0% of FY21	Cumulative Moving Down List
Funding	Economic Development Organizations				\$300,000		\$400,000		\$500,000	
25	Bay Area Houston Economic Partnership		2	1, 3, and 4	\$27,273	\$27,273	\$36,364	\$36,364	\$45,455	\$45,455
25	Economic Alliance - Houston Port Region		2	1 and 3	+ \$27,273=	\$81,818	+ \$36,364=	\$109,091	+ \$45,455=	\$136,364
25	Baytown-West Chambers County EDF		2	3	+ \$27,273=	\$54,545	+ \$36,364=	\$72,727	+ \$45,455=	\$90,909
24	Lone Star College		3	1, 2, and 4	\$27,273	\$109,091	\$36,364	\$145,455	\$45,455	\$181,818
15	Katy Area Economic Development Council		4		+ \$27,273=	\$136,364	+ \$36,364=	\$181,818	+ \$45,455=	\$227,273
5	Houston Hispanic Chamber of Commerce	County-wide			+ \$27,273=	\$163,636	+ \$36,364=	\$218,182	+ \$45,455=	\$272,727
2	Emancipation Economic Development Council	County-wide	1		+ \$27,273=	\$190,909	+ \$36,364=	\$254,545	+ \$45,455=	\$318,182
2	Fifth Ward Community Redevelopment Council	County-wide	1		+ \$27,273=	\$218,182	+ \$36,364=	\$290,909	+ \$45,455=	\$363,636
2	Houston Minority Supplier Development Council	County-wide			+ \$27,273=	\$245,455	+ \$36,364=	\$327,273	+ \$45,455=	\$409,091
2	Houston Area Urban League	County-wide			+ \$27,273=	\$272,727	+ \$36,364=	\$363,636	+ \$45,455=	\$454,545
2	Local Initiatives Support Corporation Houston	County-wide			+ \$27,273=	\$300,000	+ \$36,364=	\$400,000	+ \$45,455=	\$500,000
					\$300,000		\$400,000		\$500,000	

OPTION A					SCENARIO 3					
12 Months (Oct 1, 2022 - Sep 30, 2023)					Each Organization Receives a Pro-Rata Cut					
Years	Funding	Economic Development Organizations	Primary Svc. Are: Harris County Precinct	Partial Svc. Are: Harris County Precinct	37.8% of Each Org.'s FY21 Amount		50.4% of Each Org.'s FY21 Amount		62.5% of Each Org.'s FY21 Amount	
					Cumulative Moving Down List		Cumulative Moving Down List		Cumulative Moving Down List	
25	Bay Area Houston Economic Partnership		2	1, 3, and 4	\$66,150	\$66,150	\$88,200	\$88,200	\$110,250	\$110,250
25	Economic Alliance - Houston Port Region		2	1 and 3	+ \$42,525=	\$132,300	+ \$56,700=	\$176,400	+ \$70,875=	\$220,500
25	Baytown-West Chambers County EDF		2	3	+ \$23,625=	\$89,775	+ \$31,500=	\$119,700	+ \$39,375=	\$149,625
24	Lone Star College		3	1, 2, and 4	\$47,250	\$179,550	\$63,000	\$239,400	\$78,750	\$299,250
15	Katy Area Economic Development Council		4		+ \$17,010=	\$196,560	+ \$22,680=	\$262,080	+ \$28,350=	\$327,600
5	Houston Hispanic Chamber of Commerce	County-wide			+ \$27,783=	\$224,343	+ \$37,044=	\$299,124	+ \$46,305=	\$373,905
2	Emancipation Economic Development Council	County-wide	1		+ \$18,900=	\$243,243	+ \$25,200=	\$324,324	+ \$31,500=	\$405,405
2	Fifth Ward Community Redevelopment Council	County-wide	1		+ \$18,900=	\$262,143	+ \$25,200=	\$349,524	+ \$31,500=	\$436,905
2	Houston Minority Supplier Development Council	County-wide			+ \$18,900=	\$281,043	+ \$25,200=	\$374,724	+ \$31,500=	\$468,405
2	Houston Area Urban League	County-wide			+ \$9,450 =	\$290,493	+ \$12,600=	\$387,324	+ \$15,750=	\$484,155
2	Local Initiatives Support Corporation Houston	County-wide			+ \$9,450 =	\$299,943	+ \$12,600=	\$399,924	+ \$15,750=	\$499,905
					\$299,943		\$399,924		\$499,905	

OPTION B					SCENARIO 1			
9 Months (Jan 1, 2023 - Sep 30, 2023)					Based on FY21 Amounts			
Years		Primary Svc. Are: Harris County Precinct	Partial Svc. Are: Harris County Precinct		Amount	Cumulative Moving Down List	10% reduction Amount	Cumulative Moving Down List
Economic Development Organizations								
25	Bay Area Houston Economic Partnership	2	1, 3, and 4		\$131,250	\$131,250	\$118,125	\$118,125
25	Economic Alliance - Houston Port Region	2	1 and 3	+	\$84,375	\$262,500	\$75,938	\$236,250
25	Baytown-West Chambers County EDF	2	3	+	\$46,875	\$178,125	\$42,188	\$160,313
24	Lone Star College	3	1, 2, and 4		\$93,750	\$356,250	\$84,375	\$320,625
15	Katy Area Economic Development Council	4		+	\$33,750	\$390,000	\$30,375	\$351,000
5	Houston Hispanic Chamber of Commerce	County-wide		+	\$55,125	\$445,125	\$49,613	\$400,613
2	Emancipation Economic Development Council	1		+	\$37,500	\$482,625	\$33,750	\$434,363
2	Fifth Ward Community Redevelopment Council	1		+	\$37,500	\$520,125	\$33,750	\$468,113
2	Houston Minority Supplier Development Council	County-wide		+	\$37,500	\$557,625	\$33,750	\$501,863
2	Houston Area Urban League	County-wide		+	\$18,750	\$576,375	\$16,875	\$518,738
2	Local Initiatives Support Corporation Houston	County-wide		+	\$18,750	\$595,125	\$16,875	\$535,613
					\$595,125		\$535,614	

OPTION B**9 Months (Jan 1, 2023 - Sep 30, 2023)**

Years	Funder	Economic Development Organizations	Primary Svc. Are: Harris County Precinct	Partial Svc. Are: Harris County Precinct
25	Bay Area Houston Economic Partnership		2	1, 3, and 4
25	Economic Alliance - Houston Port Region		2	1 and 3
25	Baytown-West Chambers County EDF		2	3
24	Lone Star College		3	1, 2, and 4
15	Katy Area Economic Development Council		4	
5	Houston Hispanic Chamber of Commerce	Countv-wide		
2	Emancipation Economic Development Council	1		
2	Fifth Ward Community Redevelopment Council	1		
2	Houston Minority Supplier Development Council	Countv-wide		
2	Houston Area Urban League	Countv-wide		
2	Local Initiatives Support Corporation Houston	Countv-wide		

SCENARIO 2**All Organizations Receive EQUAL Funding Allocation**

37.8% of FY21	Cumulative Moving Down List	50% of FY21	Cumulative Moving Down List	IF TOTAL Available	Cumulative Moving Down List
\$225,000		\$300,000		\$375,000	
\$20,455	\$20,455	\$27,273	\$27,273	\$34,091	\$34,091
+ \$20,455=	\$61,364	+ \$27,273=	\$81,818	+ \$34,091=	\$102,273
+ \$20,455=	\$40,909	+ \$27,273=	\$54,545	+ \$34,091=	\$68,182
+ \$20,455=	\$81,818	+ \$27,273=	\$109,091	+ \$34,091=	\$136,364
+ \$20,455=	\$102,273	+ \$27,273=	\$136,364	+ \$34,091=	\$170,455
+ \$20,455=	\$122,727	+ \$27,273=	\$163,636	+ \$34,091=	\$204,545
+ \$20,455=	\$143,182	+ \$27,273=	\$190,909	+ \$34,091=	\$238,636
+ \$20,455=	\$163,636	+ \$27,273=	\$218,182	+ \$34,091=	\$272,727
+ \$20,455=	\$184,091	+ \$27,273=	\$245,455	+ \$34,091=	\$306,818
+ \$20,455=	\$204,545	+ \$27,273=	\$272,727	+ \$34,091=	\$340,909
+ \$20,455=	\$225,000	+ \$27,273=	\$300,000	+ \$34,091=	\$375,000
\$225,000		\$300,000		\$375,000	

OPTION B**9 Months (Jan 1, 2023 - Sep 30, 2023)**

Years	Funder	Economic Development Organizations	Primary Svc. Are: Harris County Precinct	Partial Svc. Are: Harris County Precinct
25	Bay Area Houston Economic Partnership		2	1, 3, and 4
25	Economic Alliance - Houston Port Region		2	1 and 3
25	Baytown-West Chambers County EDF		2	3
24	Lone Star College		3	1, 2, and 4
15	Katy Area Economic Development Council		4	
5	Houston Hispanic Chamber of Commerce	Countv-wide		
2	Emancipation Economic Development Council	1		
2	Fifth Ward Community Redevelopment Council	1		
2	Houston Minority Supplier Development Council	Countv-wide		
2	Houston Area Urban League	Countv-wide		
2	Local Initiatives Support Corporation Houston	Countv-wide		

SCENARIO 3**Each Organization Receives a Pro-Rata Cut**

37.8% of Each Org.'s FY21 Amount	Cumulative Moving Down List	50.4% of Each Org.'s FY21 Amount	Cumulative Moving Down List	62.5% of Each Org.'s FY21 Amount	Cumulative Moving Down List
\$49,613	\$49,613	\$66,150	\$66,150	\$82,688	\$82,688
+ \$31,894=	\$99,226	+ \$42,525=	\$132,300	+ \$53,157=	\$165,377
+ \$17,719=	\$67,332	+ \$23,625=	\$89,775	+ \$29,532=	\$112,220
+ \$35,438=	\$134,664	+ \$47,250=	\$179,550	+ \$59,063=	\$224,440
+ \$12,758=	\$147,422	+ \$17,010=	\$196,560	+ \$21,263=	\$245,703
+ \$20,838=	\$168,260	+ \$27,783=	\$224,343	+ \$34,729=	\$280,432
+ \$14,175=	\$182,435	+ \$18,900=	\$243,243	+ \$23,625=	\$304,057
+ \$14,175=	\$196,610	+ \$18,900=	\$262,143	+ \$23,625=	\$327,682
+ \$14,175=	\$210,785	+ \$18,900=	\$281,043	+ \$23,625=	\$351,307
+ \$7,088 =	\$217,873	+ \$9,450 =	\$290,493	+ \$11,813=	\$363,120
+ \$7,088 =	\$224,961	+ \$9,450 =	\$299,943	+ \$11,813=	\$374,933
\$224,961		\$299,943		\$374,933	

OPTION C

SCENARIO 1 12 Months (Oct 1, 2022 - Sep 30, 2022)		SCENARIO 2 9 Months (Jan 1, 2023 - Sep 30, 2023)	
IF TOTAL Funding Available	Per Court Office	IF TOTAL Funding Available	Per Court Office
\$793,500	\$158,700	\$595,125	\$119,025
\$400,000	\$80,000	\$300,000	\$60,000
\$500,000	\$100,000	\$375,000	\$75,000
\$300,000	\$60,000	\$225,000	\$45,000

–Equal split of the ~~To Be Determined~~ total funding among all 5 Commissioners Court Member offices for further allocation in accordance with LGC Ch 381 requirements.

–The above amounts and equal split among Court Offices are for illustrative purposes.

Expected Impact:

Terminating the EDO funding support will diminish the County’s ability to grow and diversify the local economy, assist our business community in expanding opportunities, and partner with EDOs to leverage our modest funding with their other funding streams to increase the County’s overall economic activity and access to prosperity for all.

Alternative Options:

None.

Alignment with Goal(s):

- ☐ Justice and Safety
- ☒ Economic Opportunity
- ☐ Housing
- ☐ Public Health
- ☐ Transportation
- ☐ Flooding
- ☐ Environment
- ☐ Governance and Customer Service

Prior Court Action (if any):

Date	Agenda Item #	Action Taken

Location:

Address (if applicable):

Precinct(s): Countywide

Fiscal and Personnel Summary			
Service Name	Chapter 381 EDO Agreement Program		
	FY 23	FY 24	Next 3 FYs
Incremental Expenditures (do NOT write values in thousands or millions)			
Labor Expenditures	\$	\$	\$
Non-Labor Expenditures	\$	\$	\$
Total Incremental Expenditures	\$	\$	\$
Funding Sources (do NOT write values in thousands or millions)			
Existing Budget			
1000 - General Fund	\$0	\$0	\$0
Choose an item.	\$	\$	\$
Choose an item.	\$	\$	\$
Total Current Budget	\$	\$	\$
Additional Budget Requested			
1000 - General Fund	\$793,500	\$793,500	\$2,380,500
Choose an item.	\$	\$	\$
Choose an item.	\$	\$	\$
Total Additional Budget Requested	\$	\$	\$
Total Funding Sources	\$793,500	\$793,500	\$2,380,500
Personnel (Fill out section only if requesting new PCNs)			
Current Position Count for Service	-	-	-
Additional Positions Requested	-	-	-
Total Personnel	-	-	-

Please note the FY23 cost, using the upper range from the options provided above.

Anticipated Court Date: January 10, 2023

Anticipated Implementation Date (if different from Court date):

Emergency/Disaster Recovery Note: Not an emergency, disaster, or COVID-19 related item

Contact(s) name, title, department: Judit Haracsek, Director, Economic Development, DEEO

Attachments (if applicable): Agreements with the following 11 Economic Development Organizations:

1. Bay Area Houston Economic Partnership
2. Economic Alliance - Houston Port Region
3. Baytown-West Chambers County Economic Development Foundation
4. Lone Star College
5. Katy Area Economic Development Council

6. Houston Hispanic Chamber of Commerce
7. Emancipation Economic Development Council
8. Fifth Ward Community Redevelopment Council
9. Houston Minority Supplier Development Council
10. Houston Area Urban League
11. Local Initiatives Support Corporation Houston