



Legislation Text

File #: 23-0205, **Version:** 1

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 | Funded | 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 | Funded | Economic Development Organizations | 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 |
| 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 | 1 | | + \$27,273 | \$190,909 | + \$36,364 | \$254,545 | + \$45,455 | \$318,182 |
| 2 | | Fifth Ward Community Redevelopment Council | 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 | |

| | | | | | SCENARIO 3 | | | | | |
|---|---|------------------------------------|--------------------------------|--------------------------------|---|-----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| OPTION A | | | | | Each Organization Receives a Pro-Rata Cut | | | | | |
| 12 Months (Oct 1, 2022 - Sep 30, 2023) | | | | | 37.8% of Each Org.'s FY21 | | 50.4% of Each Org.'s FY21 | | 62.5% of Each Org.'s FY21 | |
| Years | Funder | Economic Development Organizations | Primary Harris County Precinct | Partial Harris County Precinct | Amount | Cumulative Moving Down List | Amount | Cumulative Moving Down List | Amount | 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 | 1 | | | + \$18,900= | \$243,243+ | + \$25,200= | \$324,324+ | + \$31,500= | \$405,405+ |
| 2 | Fifth Ward Community Redevelopment Council | 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 | |

| | | | | | SCENARIO 1 | | | |
|---------------------------------------|---|------------------------------------|--------------------------------|--------------------------------|-----------------------|-----------------------------|------------------|-----------------------------|
| OPTION B | | | | | Based on FY21 Amounts | | | |
| 9 Months (Jan 1, 2023 - Sep 30, 2023) | | | | | | | 10% reduction | |
| Years | Funder | Economic Development Organizations | Primary Harris County Precinct | Partial Harris County Precinct | Amount | Cumulative Moving Down List | Amount | Cumulative Moving Down List |
| 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= | \$400,614+ |
| 2 | Emancipation Economic Development Council | 1 | | | + \$37,500= | \$482,625+ | + \$33,750= | \$434,364+ |
| 2 | Fifth Ward Community Redevelopment Council | 1 | | | + \$37,500= | \$520,125+ | + \$33,750= | \$468,114+ |
| 2 | Houston Minority Supplier Development Council | County-wide | | | + \$37,500= | \$557,625+ | + \$33,750= | \$501,864+ |
| 2 | Houston Area Urban League | County-wide | | | + \$18,750= | \$576,375+ | + \$16,875= | \$518,739+ |
| 2 | Local Initiatives Support Corporation Houston | County-wide | | | + \$18,750= | \$595,125+ | + \$16,875= | \$535,614+ |
| | | | | | \$595,125 | | \$535,614 | |

| OPTION B | | | | | SCENARIO 2 | | | | | |
|---------------------------------------|---|------------------------------------|--------------------------------|--------------------------------|--|-----------------------------|------------------|-----------------------------|--------------------|-----------------------------|
| 9 Months (Jan 1, 2023 - Sep 30, 2023) | | | | | All Organizations Receive EQUAL Funding Allocation | | | | | |
| Years | Funding | Economic Development Organizations | Primary Harris County Precinct | Partial Harris County Precinct | 37.8% of FY21 | Cumulative Moving Down List | 50% of FY21 | Cumulative Moving Down List | IF TOTAL Available | Cumulative Moving Down List |
| 25 | Bay Area Houston Economic Partnership | | 2 | 1, 3, and 4 | \$20,455 | \$20,455 | \$27,273 | \$27,273 | \$34,091 | \$34,091 |
| 25 | Economic Alliance - Houston Port Region | | 2 | 1 and 3 | + \$20,455= | \$61,364 | + \$27,273= | \$81,818 | + \$34,091= | \$102,273 |
| 25 | Baytown-West Chambers County EDF | | 2 | 3 | + \$20,455= | \$40,909 | + \$27,273= | \$54,545 | + \$34,091= | \$68,182 |
| 24 | Lone Star College | | 3 | 1, 2, and 4 | + \$20,455= | \$81,818 | + \$27,273= | \$109,091 | + \$34,091= | \$136,364 |
| 15 | Katy Area Economic Development Council | | 4 | | + \$20,455= | \$102,273 | + \$27,273= | \$136,364 | + \$34,091= | \$170,455 |
| 5 | Houston Hispanic Chamber of Commerce | Countv-wide | | | + \$20,455= | \$122,727 | + \$27,273= | \$163,636 | + \$34,091= | \$204,545 |
| 2 | Emancipation Economic Development Council | 1 | | | + \$20,455= | \$143,182 | + \$27,273= | \$190,909 | + \$34,091= | \$238,636 |
| 2 | Fifth Ward Community Redevelopment Council | 1 | | | + \$20,455= | \$163,636 | + \$27,273= | \$218,182 | + \$34,091= | \$272,727 |
| 2 | Houston Minority Supplier Development Council | Countv-wide | | | + \$20,455= | \$184,091 | + \$27,273= | \$245,455 | + \$34,091= | \$306,818 |
| 2 | Houston Area Urban League | Countv-wide | | | + \$20,455= | \$204,545 | + \$27,273= | \$272,727 | + \$34,091= | \$340,909 |
| 2 | Local Initiatives Support Corporation | Houston County-wide | | | + \$20,455= | \$225,000 | + \$27,273= | \$300,000 | + \$34,091= | \$375,000 |
| | | | | | \$225,000 | | \$300,000 | | \$375,000 | |

| OPTION B | | | | | SCENARIO 3 | | | | | |
|---------------------------------------|---|------------------------------------|--------------------------------|--------------------------------|---|-----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| 9 Months (Jan 1, 2023 - Sep 30, 2023) | | | | | Each Organization Receives a Pro-Rata Cut | | | | | |
| Years | Funding | Economic Development Organizations | Primary Harris County Precinct | Partial Harris County Precinct | 37.8% of Each Org.'s FY21 | Cumulative Moving Down List | 50.4% of Each Org.'s FY21 | Cumulative Moving Down List | 62.5% of Each Org.'s FY21 | Cumulative Moving Down List |
| 25 | Bay Area Houston Economic Partnership | | 2 | 1, 3, and 4 | \$49,613 | \$49,613 | \$66,150 | \$66,150 | \$82,688 | \$82,688 |
| 25 | Economic Alliance - Houston Port Region | | 2 | 1 and 3 | + \$31,894= | \$99,226 | + \$42,525= | \$132,300 | + \$53,157= | \$165,371 |
| 25 | Baytown-West Chambers County EDF | | 2 | 3 | + \$17,719= | \$67,332 | + \$23,625= | \$89,775 | + \$29,532= | \$112,220 |
| 24 | Lone Star College | | 3 | 1, 2, and 4 | + \$35,438= | \$134,664 | + \$47,250= | \$179,550 | + \$59,063= | \$224,440 |
| 15 | Katy Area Economic Development Council | | 4 | | + \$12,758= | \$147,422 | + \$17,010= | \$196,560 | + \$21,263= | \$245,700 |
| 5 | Houston Hispanic Chamber of Commerce | Countv-wide | | | + \$20,838= | \$168,260 | + \$27,783= | \$224,343 | + \$34,729= | \$280,430 |
| 2 | Emancipation Economic Development Council | 1 | | | + \$14,175= | \$182,435 | + \$18,900= | \$243,243 | + \$23,625= | \$304,050 |
| 2 | Fifth Ward Community Redevelopment Council | 1 | | | + \$14,175= | \$196,610 | + \$18,900= | \$262,143 | + \$23,625= | \$327,680 |
| 2 | Houston Minority Supplier Development Council | Countv-wide | | | + \$14,175= | \$210,785 | + \$18,900= | \$281,043 | + \$23,625= | \$351,300 |
| 2 | Houston Area Urban League | Countv-wide | | | + \$7,088 = | \$217,873 | + \$9,450 = | \$290,493 | + \$11,813= | \$363,120 |
| 2 | Local Initiatives Support Corporation | Houston County-wide | | | + \$7,088 = | \$224,961 | + \$9,450 = | \$299,943 | + \$11,813= | \$374,930 |
| | | | | | \$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