



Office of Business Opportunity

FY 2025 Proposed Budget
Workshop Presentation
May 23, 2024

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Strategic Guidance Alignment

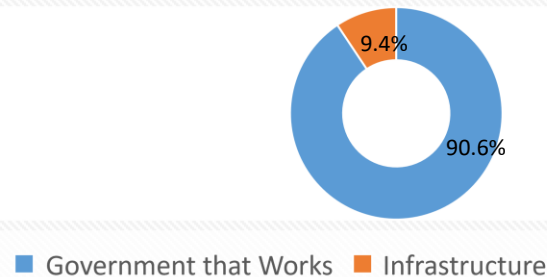
Objective

Government that Works	Public Safety	Quality of Life	Infrastructure
Administration Services			Business Support & Development
Certification & Designations			Workforce Development
Contract Compliance			
Department Services			
Debt Services & Interfund Transfers			

KEY INITIATIVES THAT SUPPORT MAYOR'S PRIORITIES

- Government that Works
- Infrastructure

DEPARTMENT BUDGET BY PRIORITY





Expenditure by Program [in thousands]

Objective

List Program Budgets for FY25 Proposed vs FY24 Current Budget (in thousands)

Program	FY23 Actual	FY24 Budget	FY24 Estimate	FY25 Proposed	Variance FY25 Proposed/ FY24 Budget	% Change
Administration Services	\$1,933	\$2,204	\$2,117	\$2,454	250	11.34%
Business Support & Development	\$498	524	\$540	\$499	-25	-4.77%
Certification & Designations	\$879	1,077	\$1,007	\$1,104	27	2.51%
Contract Compliance	\$1,045	1,653	\$1,527	\$1,531	-122	-7.38%
Department Services	\$179	285	\$259	\$207	-78	-27.4%
Workforce Development	\$124	131	\$135	\$125	-6	-4.58%
Debt Service & Interfund Transfers	\$790	662	\$662	\$744	82	12.39%
Total	\$5,448	\$6, 536	\$6,247	\$6,664	128	1.96%



Revenue by Program [in thousands]

Objective

List Program Budgets for FY25 Proposed vs FY24 Estimate (in thousands)

Program	FY23 Actual	FY24 Budget	FY24 Estimate	FY25 Proposed	Variance FY25 Proposed/ FY24 Estimate	% Change
Administration Services	0	0	0	0	0	0%
Business Support & Development	0	0	0	0	0	0%
Certification & Designations	0	0	0	0	0	0%
Contract Compliance	1,641	1,814	2,077	2,206	129	6.21%
Department Services	57	99	99	104	5	5%
Workforce Development	0	0	0	0	0	0%
Debt Service & Interfund Transfers	0	0	0	0	0	0%
Total	1,698	1,913	2,176	2,310	134	6.16%



Administration Services Program

Priority:	Government that Works
FY2025 FTE Count:	9

<u>Program Description</u>	<u>Significant Budget Items</u>	<u>FY25 Prop Budget by Fund</u>	
Administration Services Program sets and implements the strategic direction, policies, and long-term goals of the department, manages all budget and personnel matters, data analytics and reporting, Title VI compliance, and directly engages with the Mayoral Administration, City Council, and the general public in the execution of OBO’s mission.	<ul style="list-style-type: none"> Includes funding for health benefits, and pension contributions. Includes an increase in the restricted accounts. Includes funding for contract compliance monitoring services and B2G MWBE Certification and Compliance platform. 	Fund 1000	\$2,454
		Total	\$2,454

<u>Performance</u>					
Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
MWSBE Contract Participation – Goods & Services	23.2%	11%	11%	11%	Measures the Dollar Amount
MWSBE Contract Participation – Professional Services	41.2%	24%	24%	24%	Measures the Dollar Amount
MWSDBE Contract Participation – Construction	39.2%	34%	34%	34%	Measures the Dollar Amount
Percentage of Citywide Compliance with Title VI Requirements	50%	100%	100%	100%	Measures Compliance Percentage
Expenditures Adopted Budget vs Actual Utilization	81%	78%	98%	98%	Monitors OBO’s Expenditures
Revenues Adopted Budget vs Actual Utilization	94%	N/A	100%	100%	Monitors OBO’s Revenue



Business Support & Development Program

Priority:	Infrastructure
FY2025 FTE Count:	4.9

Program Description

Business Support and Development Program, via the OBO Solutions Center, serves as an information clearinghouse for Houstonians wishing to start, operate, or grow a business, regardless of certification. In addition, this Program provides business development and capacity building resources.

Significant Budget Items

- Includes funding for health benefits, and pension contributions.
- External resources (i.e., grants and other City departments) are relied upon for funding for certain business development programs and the annual business plan competition.

FY25 Prop Budget by Fund

Fund 1000	\$499
Total	\$499

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Conduct a Customer Satisfaction Survey for the cohort-based business development and capacity building programs	N/A	N/A	N/A	100%	Measures the Satisfaction Rate
Number of small businesses and aspiring entrepreneurs assisted by the OBO Solutions Center	2,519	2,781	3,000	3,000	Measures the Number



Certification and Designations Program

Priority:	Government that Works
FY2025 FTE Count:	12.1

Program Description

Certification and Designations Program measures the average number of days it takes OBO to process an application for MWSDBE certification from the date an application is received to the date a decision is made; and measures the increase in the pool of Hire Houston First designated businesses.

Significant Budget Items

- Includes funding for health benefits, and pension contributions.
- Additional certification staff is funded by the Houston Airport System

FY25 Prop Budget by Fund

Fund 1000	\$1,104
Total	\$1,104

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Number of firms participating in the Hire Houston First Designations Program	435	399	300	300	Measures the Number
Number of days to process certification for MWSDBE	142	156	120	120	Measures the Days



Contract Compliance Program

Priority:	Government that Works
FY2025 FTE Count:	12.8

Program Description

Contract Compliance Program monitors and audits Prime Contractors' performance related to MWSDBE goals, Labor & EEO laws and Prevailing Wages.

Significant Budget Items

- Includes funding for health benefits, and pension contributions.
- Additional Contract Compliance staff is funded by HPW.

FY25 Prop Budget by Fund

Fund 1000	\$1,200
Fund 2424	\$331
Total	\$1,531

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Percentage of closed construction contracts meeting Labor Standards requirements	80%	38%	100%	100%	Measures the Percentage
Percentage of closed construction contracts meeting or exceeding the awarded contract goal and/or providing the requisite "Good Faith Efforts"	97%	90%	100%	100%	Measures the Percentage
Percentage of new and existing contracts in which vendors chose the "PLAY" option to provide health benefits to employees in a manner that satisfies the City's requirements for the PAY or PLAY Program	60%	75%	100%	100%	Measures the Percentage



Department Services Program

Priority:	Government that Works
FY2025 FTE Count:	2.0

Program Description

Department Services Program facilitates compliance with the MWSDBE program by City departments and the contracting community in the award of MWSDBE goal-oriented contracts by offering training, guidance, and technical assistance to City department procurement teams and prime contractors.

Significant Budget Items

Includes funding for health benefits, and pension contributions.

FY25 Prop Budget by Fund

Fund 1000	\$207
Total	\$207

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Number of Pre-Bid Good Faith Efforts and Pre-Award Good Faith Efforts Reviews	63	38	30	45	Measures the Number



Workforce Development Program

Priority:	Infrastructure
FY2025 FTE Count:	1.2

Program Description

Workforce Development Program initiatives are held bi-annually to support employment efforts by Prime Contractors and Certified Firms.

Significant Budget Items

- Includes funding for health benefits, and pension contributions.
- External funding is used to augment this Program's impact.

FY25 Prop Budget by Fund

Fund 1000	\$125
Total	\$125

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Number of attendees at the workforce development events	843	608	1,300	1,000	Measures the Number
Percentage of attendees receiving supportive services at workforce development events	N/A	N/A	N/A	20%	Measures the Percentage

Debt Service and Interfund Transfers Program



Priority:	Government that Works
FY2025 FTE Count:	0

Program Description

Debt Service and Interfund Transfers. Budget allocations included in this section reflect debt service payments and/or interfund transfers.

Significant Budget Items

Includes funding for health programs such as HPD’s Crisis Call Diversion Program, HHD’s Client Access Program, and the HFD’s Emergency Tele-Health & Navigation (ETHAN) Program.

FY25 Prop Budget by Fund

Fund 2424	\$744
Total	\$744

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context

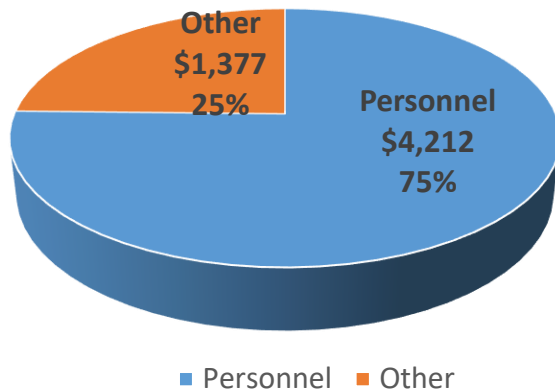
Personnel vs. Non-Personnel [in thousands]



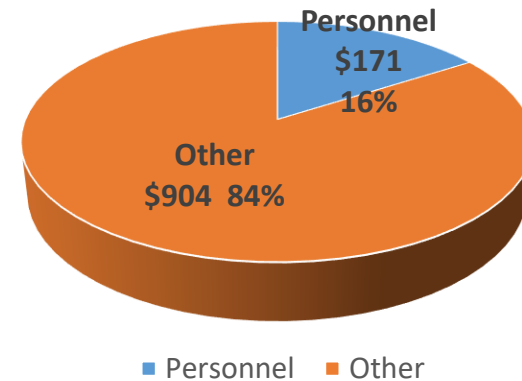
Objective

The graphs below are utilized to show much of the budget is personnel vs. non-personnel. All non-personnel charges are broken out by primary service function.

General Fund
\$5,589



Fund 2424
\$1,075

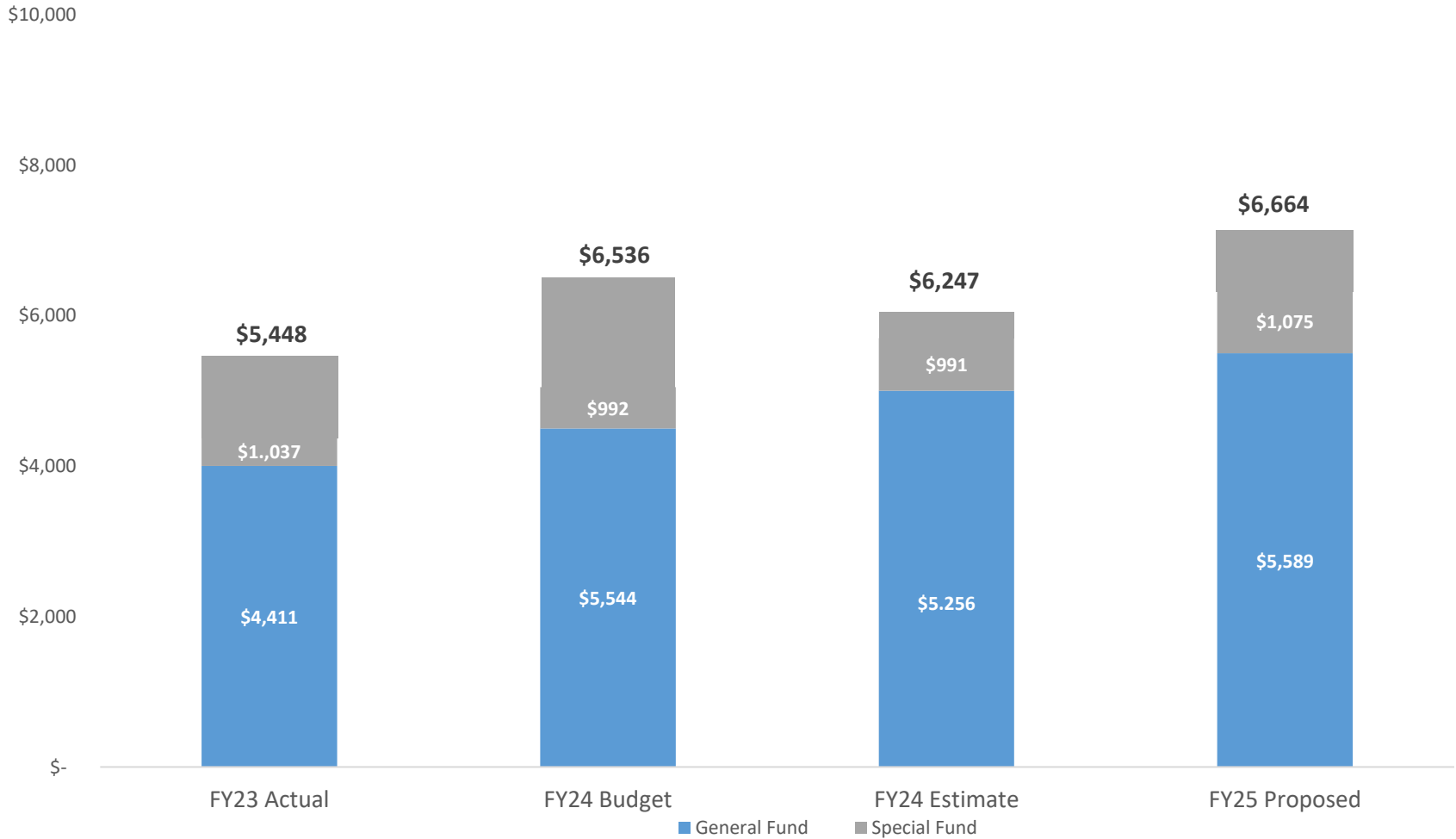


Other Category Breakdown

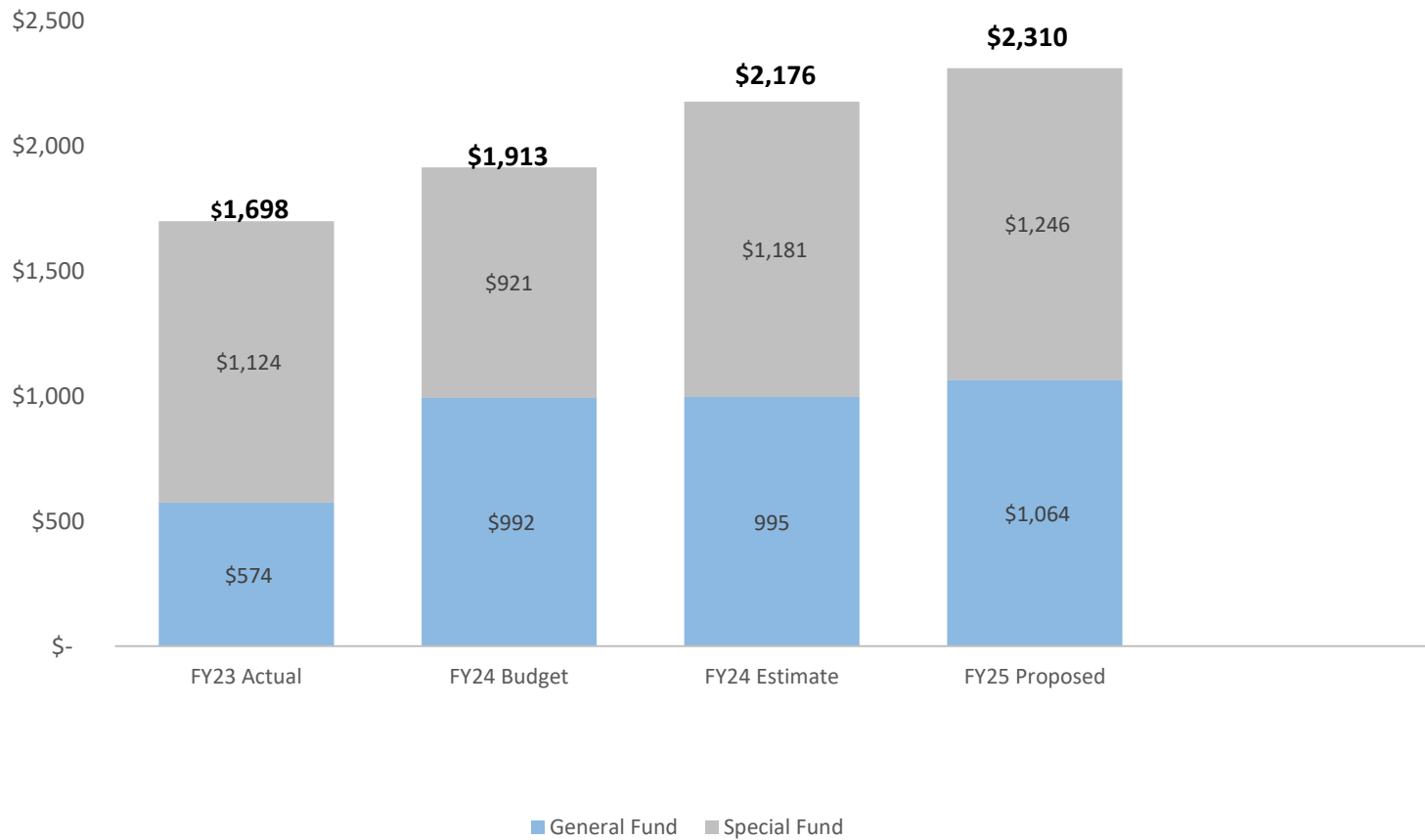
Restricted Accounts	\$300
Supplies	\$27
Services	\$1050
Total	\$1,377

Restricted Accounts	\$4
Supplies	\$1
Services	\$899
Total	\$904

Expenditure by Fund [in Thousands]



Revenue by Fund [in thousands]



Revenue Highlights [in Thousands]



Revenue Highlights

- Significant changes from the FY2024 Estimates to the FY2025 Proposed Budget Revenue represents a 6.93% increase in the General Fund.
 - HPW supports nine FTEs in Cost Center 5100030001. In the FY2025 budget, there is a reorganization of staff.
 - The Contract Compliance Division's staff collects Prevailing Wage penalties.

- Significant changes from the FY2024 Estimates to the FY2025 Proposed Budget Revenue represents a 5.50% increase in the Special Revenue Fund.
 - HPW, HAS, and HCD anticipate additional contracts in FY2025, which will increase the Contractor Responsibility Fund revenue based on trending "Pay" Option vendors.



Questions



Appendix

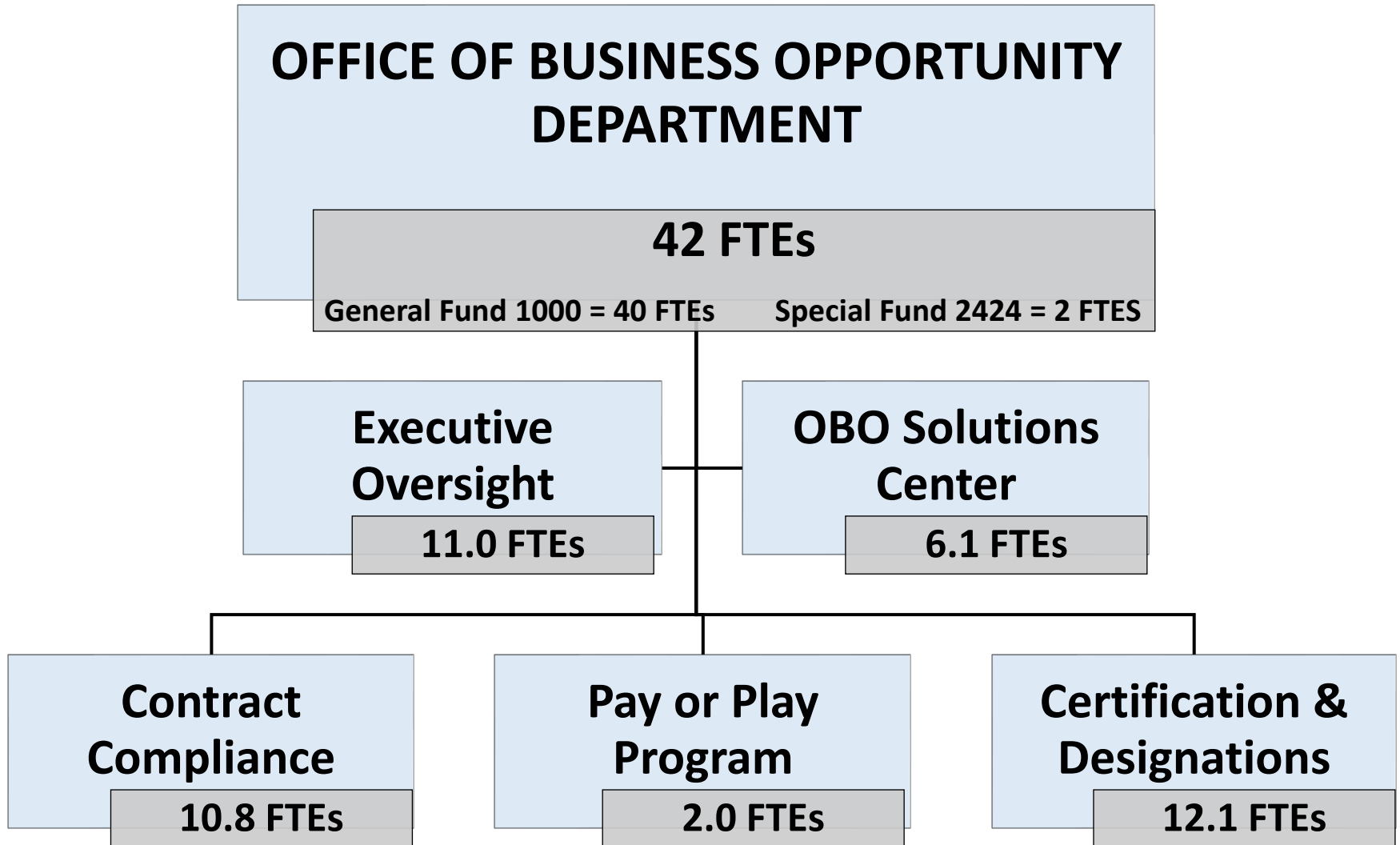


Appendix

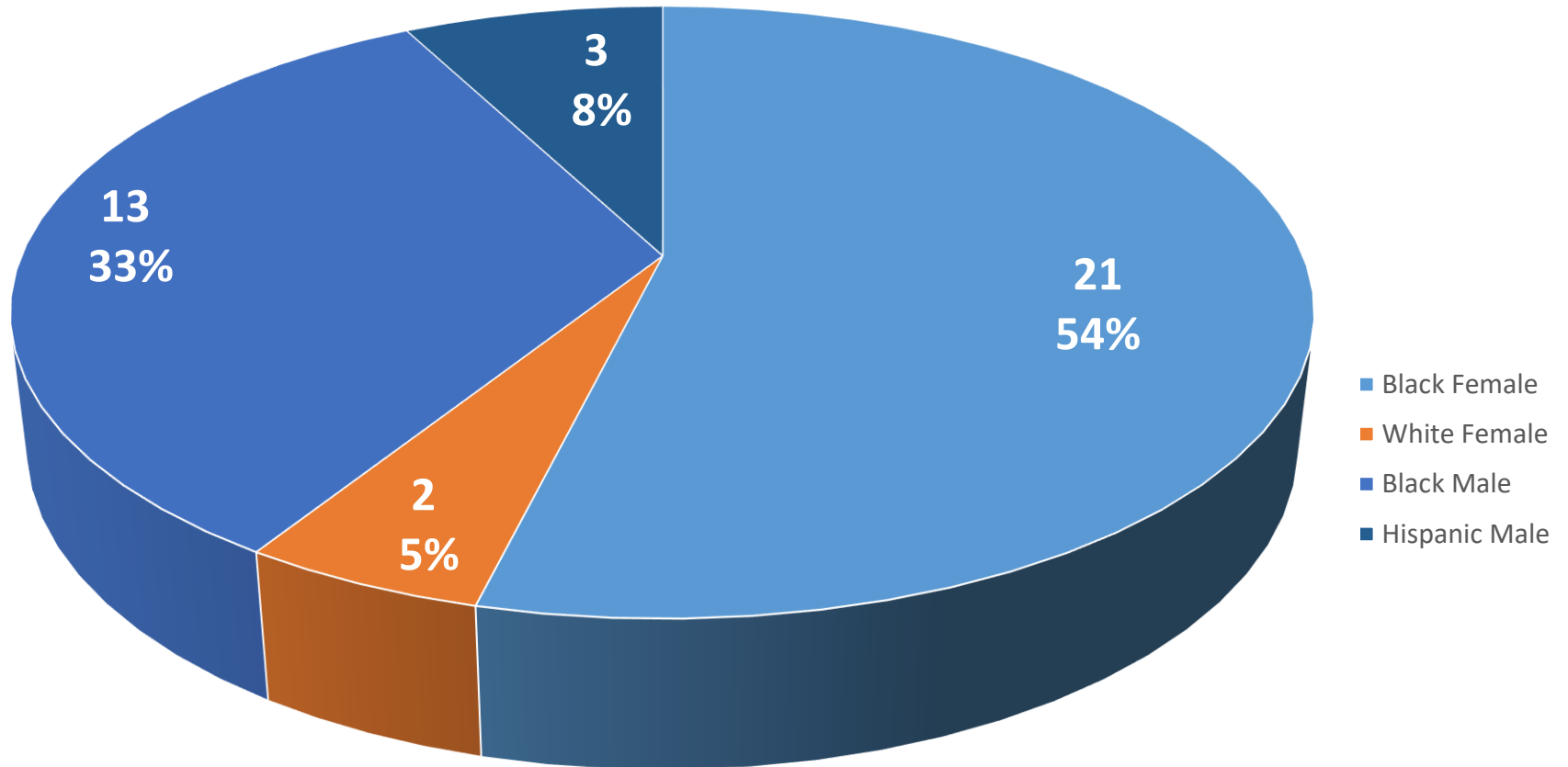
- **Department Organization Chart**
- **FY2024 Staff Demographic Breakdown**
- **Department FY2024 Accomplishments**



Department Organization Chart



FY24 Staff Demographic Breakdown



Department FY2024 Accomplishments



- **Certification:** The City's directory of certified businesses currently exceeds 5,600. This is one of the largest pools of certified MWBEs in Texas - second only to the State of Texas HUB Certification Program. The City certifies in 10 counties while the State's program certifies in 254 counties across Texas.
- **New Customer Relations Management System:** Qualtrics is the new customer relations management system that OBO utilizes to track department inquiries, monitor program applications and progress, and become more customer-driven. Qualtrics tracks department inquiries by providing staff with a platform to record their data and automatically generates a report based on the information provided.

Program applications and program progress can be easily tracked through the information entered into the system. By utilizing Qualtrics, reports are automatically generated thus reducing human error, and adding to staff efficiency. The system is customer-driven, and provides a quick click link on the OBO website that connects the customer to the OBO Solutions Center, the Certification & Designations team, and the Contract Compliance team.
- **Business Development:** Celebrated the 11th Anniversary of the Liff Houston Startup Business Plan Competition, with more than \$330,000 in startup funds awarded to winners through sponsorship by Capital One Bank. In FY2024, 94% of participants were identified as people of color, 72% were female, 48% had household incomes of less than \$50,00, and 40% had no college degree.

Department FY2024 Accomplishments Con't



- **Business Development:** Implemented Pillars for Success, a new capacity building program on the Blue Wave International SDP Corporation's platform designed to assist local small to mid-sized businesses understand the international standards required by major corporations and government entities that will poise them to compete for higher added-value business opportunities. The first cohort of Pillars graduated 14 businesses from various industries.
- **Business Development:** Celebrated graduation of Turnaround Entrepreneurship Program's fourth cohort, with financial support from Houston Complete Communities and program support by Houston Health Department's Community Re-Entry Network Program.
- **Workforce Development:** The Turnaround Houston Job & Readiness Fairs have connected more than 7,600 individuals to job opportunities and resource organizations since its inception in 2016. September and December 2023 Fairs had over 600 attendees.
- **Economic Development:** Launched the H-Town Rewards Shop Local Program, an innovative initiative geared towards promoting economic growth throughout the Houston area, with a targeted focus on businesses located in under-resourced communities. Utilizing a mobile app, Houston-area residents earn rewards called H-Points, while shopping and dining at local participating businesses throughout the city. Redeeming Businesses – located within one of the targeted communities, accepts H-Points from customers and receive reimbursements from the City of Houston equivalent to the value of these redemptions. Each H-Town Rewards Point = \$1.

Expenditures by Fund [in thousands]



Objective

Category	FY23 Actual	FY24 Budget	FY24 Estimate	FY25 Proposed	Variance FY25 Proposed/ FY24 Budget	% Change
General Fund	\$4,411	\$5,544	\$5,256	\$5,589	45	0.81%
Special Revenue Fund	\$1,037	\$992	\$991	\$1,075	83	8.37%
Total	\$5,448	\$6,536	\$6,247	\$6,664	128	1.96%

Revenues by Fund [in thousands]



Objective

Category	FY23 Actual	FY24 Budget	FY24 Estimate	FY25 Proposed	Variance FY25 Proposed/ FY24 Estimate	% Change
General Fund	\$574	\$991	\$995	\$1,064	69	6.93%
Special Revenue Fund	\$1,124	\$922	\$1,181	\$1,246	65	5.50%
Total	\$1,698	\$1,913	\$2,176	\$2,310	134	6.16%

OBO FY25 General Fund Reductions



Department	Name of Program	Brief Description of the Reduction	Filled FTEs	Vacant FTEs	Personnel Cost	Other Cost	Total Cost Reduction
Office of Business Opportunity	Personnel Reduction	Delimit 1 Management Analyst III (position #30057815, cost \$77,920) and 1 Public Information Officer (Position #30092461, cost \$128,115)	1	1	206,035	-	206,035
Office of Business Opportunity	General Ledger Expense Reduction	GL511070 \$2,000 GL520114 \$3,741 GL520605 \$8,000 GL520905 \$3,000	-	-	-	16,741	16,741
Office of Business Opportunity Total			1	1	206,035	16,741	222,776

Reduction Target Amount	(\$222,776)
<u>FY25 Expenditure Reductions</u>	<u>\$222,776</u>
Total Reduction Remaining	\$ 0

Restricted Account Details



GL Description	Justification & Cost Drivers
Interfund Electricity	Responsible for administering the electricity accounts for the City. Program is responsible for overseeing procurement contracts, forecasting, providing price certainty, and financial reporting. Electricity expenses are projected to be lower than the previous year as a function of the competitive bidding process.
Interfund HR Client Services	Include HR operation cost reflecting health benefits and restricted accounts increase.
Interfund KRONOS Service Charge	Software license and maintenance costs associated with the city of Houston's Time and Attendance System (KRONOS).
Interfund Drainage Charge	Fee is based on impervious service.
Interfund Application Services	Costs include Microsoft Enterprise licenses, 3-1-1 maintenance support and applications, SAP licenses maintenance and support, various Enterprise Application and Server support personnel, CSMART (MCD Only), eSignature, Project Management, Infor, eDiscovery, Cyber Security Office software and support, HITS Budget support via the Finance Department, eSignature.
Interfund Data Services	Costs associated with software and maintenance support contracts required to maintain city networks, applications, desktop devices, servers, payment card industry security, storage devices, cloud services, telephone systems and network equipment including Phonoscope circuits. Contracts cover Antivirus, Firewall and Network backup systems. Also, the Data Center costs are included in the Data Services restricted account.
Interfund Voice Services	Monthly costs for Voice/Communication Services. The services include: Local landlines, voice/data circuits, long distance, 1-800 numbers, calling cards, language lines, Citywide ISP/Internet Access. The major vendors are ATT, Department of Information Resources (DIR), Verizon and Century Link.
Interfund Wireless Services	Monthly charges for Verizon Business services and mobile devices including cell phones, air cards and tablets.
Interfund Voice Labor	Labor costs and parts needed to perform work associated with installation and/or upgrades of telephone systems and cabling. The sole vendor is Selrico.
Interfund Vehicle Accidents	Provides vehicle accidents repairs for all city departments' rolling stock equipment.
Interfund Permit Center Point of Sale	HPC Point of Sale chargeback.
Interfund Insurance Fees	Cost increase for property insurance premium.
Interfund GIS Services	Personnel, software licenses and maintenance costs associated with the city of Houston's Enterprise Geographic Information System (EGIS).
Interfund Permit Center Rent Chargeback	HPC lease chargeback.
Interfund Vehicle Services - Tires	Tire purchases and services costs for City's rolling stock equipment.
Interfund Vehicle Services	Provides repair, maintenance, and administrative support for all city departments' rolling stock equipment. Expense explanation - Vehicle Services are projected to increase driven by part cost, contractual increases, and an aging vehicle population.
Interfund Vehicle Fuel	Fuel Program operates and manages all City owned fuel sites. Expense explanation - Fuel services are driven primarily by market pricing.
Interfund Natural Gas	Responsible for administering the natural gas accounts for the City. Program is responsible for overseeing procurement contracts, forecasting, providing price certainty, and financial reporting. Natural gas expenses are projected to be lower than the previous year due to current market conditions and locking in a rate favorable to the City.
Interfund Radio System Access	Due to the consolidation of the radio group in General Fund to revolving fund for HITS. This group is responsible for the operation and maintenance of the City's public safety radio system.