



Office of Business Opportunity

**FY2026 Proposed Budget
Workshop Presentation
May 19, 2025**

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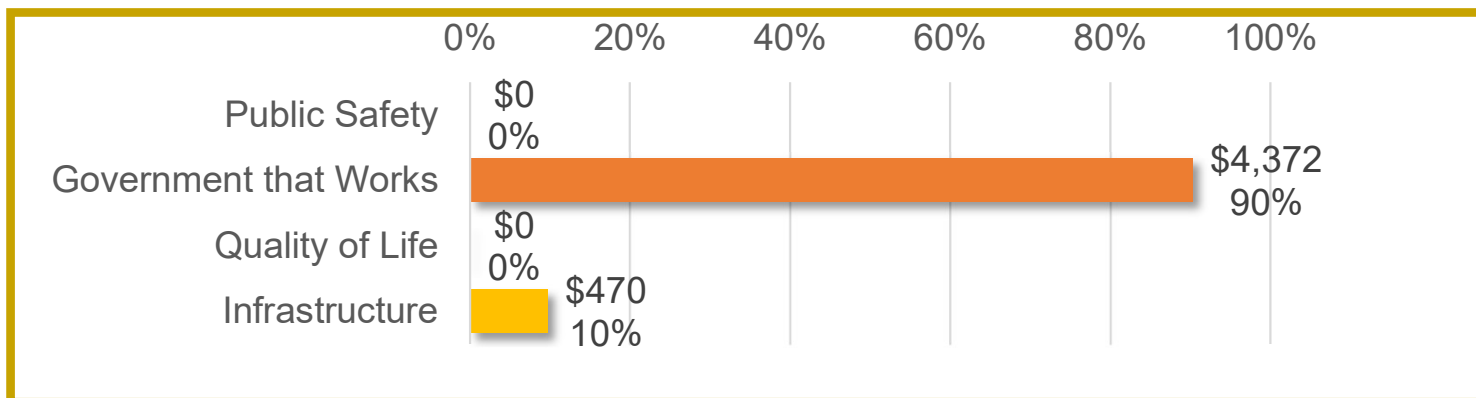


Strategic Alignment

The tables below summarizes OBO's alignment to the Mayor's Priorities.

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			

Department Budget by Priority





Plans to Eliminate the Gap (PEG)

This table represents the reductions taken by OBO.

Name of Program	FTEs Filled	FTEs Vacant	Personnel Cost	Other Cost	Total Approved Reduction
Personnel Reduction	0.0	4.0	\$304,219	\$ 0	\$304,219
General Ledger Accounts	0.0	0.0	\$ 0	\$41,137	\$ 41,137
Total	0.0	4.0	\$304,219	\$41,137	\$345,356

Voluntary Municipal Employee Retirement Payout Option (VMERPO)



This table represents the impact of the VMERPO on OBO.

Number Eligible for VMERPO	Number Accepting Option	% Accepting
5	1	20%

Reductions Included in Proposed Budget

	Number of Employees	Value of Reduction
Non-Critical Positions Accepting Offer Before April 20 th	1	\$275,971

Proposed Department Restructure



	<u>Current State</u>	<u>Proposed State</u>
Average Span of Control	3	7
% Managers/Supervisors with Less Than 4 Direct Reports	50%	15%
Layers of Management	2	2

Recommended New Job Classifications

Staff Analyst

Contract Administrator

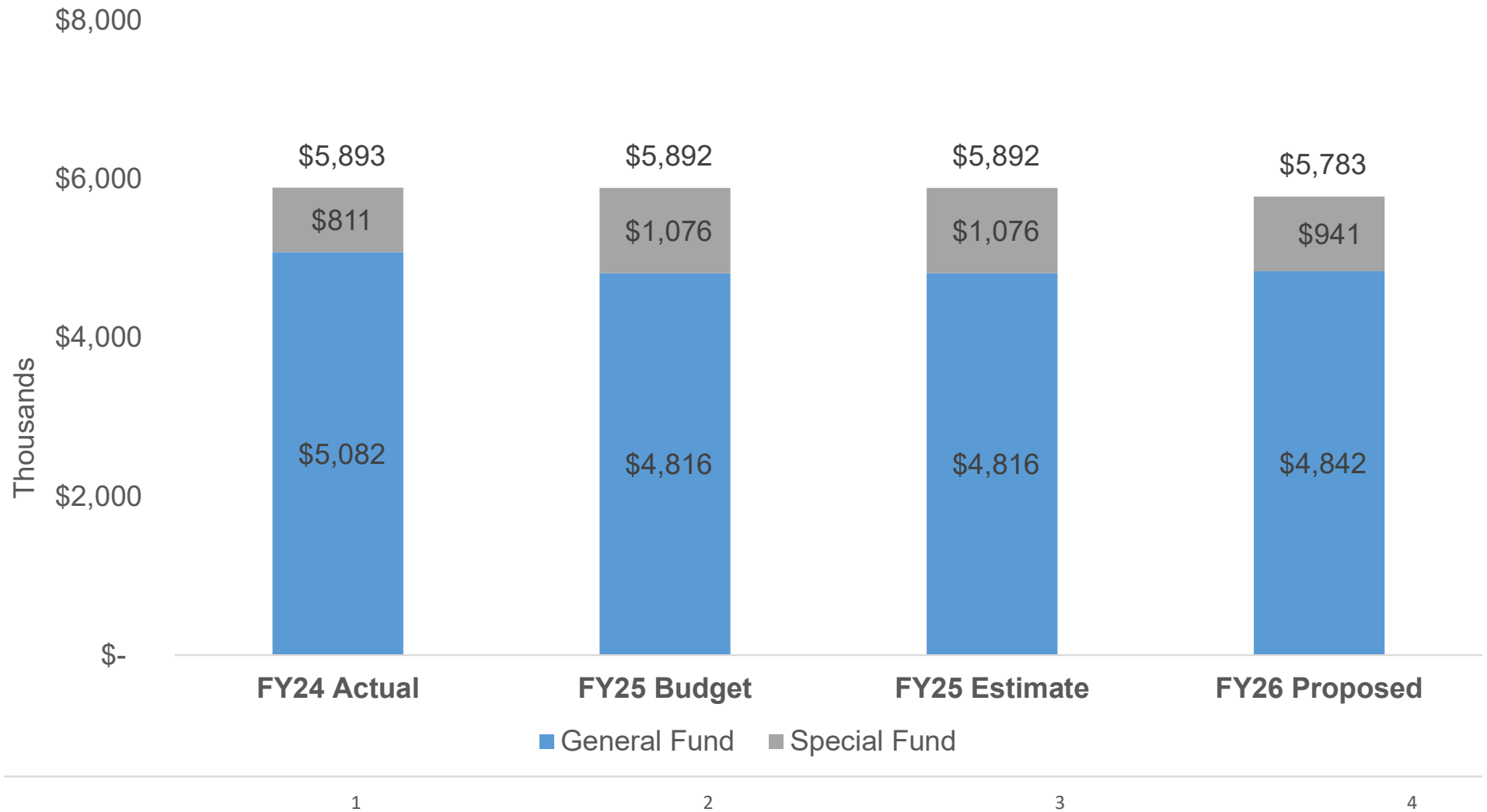


Expenditures by Fund [in thousands]

This slide represents the total expenditures by fund in thousands – FY26 Proposed vs FY25 Current Budget (in thousands)

Category	FY24 Actual	FY25 Budget	FY25 Estimate	FY26 Proposed	Variance FY26 Proposed/ FY25 Current	% Change
General Fund	5,082	4,816	4,816	4,842	26	0.54%
Special Revenue Fund	811	1,076	1,076	941	(135)	-12.55%
Total	5,893	5,892	5,892	5,783	(109)	-2%

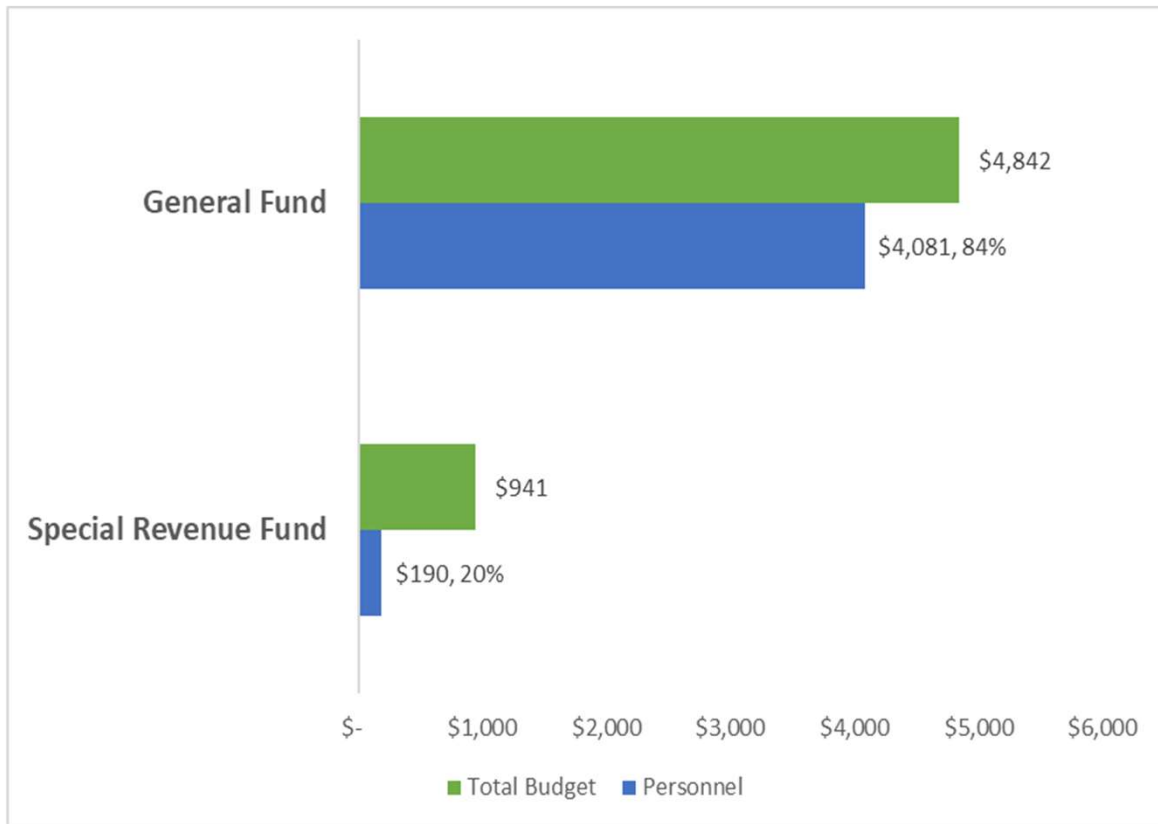
Expenditures by Fund [in thousands]



Personnel vs. Non-Personnel [in thousands]



Personnel Breakdown



Non-Personnel Breakdown

Supplies	\$ 36	1%
Services	\$ 444	9%
Restricted Accounts	\$ 281	6%
Total	\$ 761	16%

Supplies	\$ 1	0%
Services	\$ 745	79%
Restricted Accounts	\$ 5	1%
Total	\$ 751	80%

Expenditures by Program [in thousands]



This slide lists the program budgets for FY26 Proposed vs FY25 Current Budget (in thousands)

Program	FY24 Actual	FY25 Budget	FY25 Current	FY26 Proposed	Variance FY26 Proposed/ FY25 Current	% Change
Administration Services	\$ 2,124	\$ 2,067	\$ 2,067	\$ 1,426	\$ (641)	-31%
Business Support and Development	\$ 524	\$ 416	\$ 416	\$ 376	\$ (40)	-10%
Certification and Designations	\$ 1,001	\$ 1,046	\$ 1,046	\$ 1,359	\$ 313	30%
Contract Compliance	\$ 1,340	\$ 1,332	\$ 1,332	\$ 1,668	\$ 336	25%
Department Services	\$ 213	\$ 183	\$ 183	\$ 229	\$ 46	25%
Workforce Development Program	\$ 131	\$ 104	\$ 104	\$ 94	\$ (10)	-10%
Debt Service and Interfund Transfers	\$ 560	\$ 744	\$ 744	\$ 631	\$ (113)	-15%
Total	\$ 5,893	\$ 5,892	\$ 5,892	\$ 5,783	\$ (109)	- 2%



Administration Services Program

Priority: Government that Works

FY2026 FTE Count: 5.5

Program Description

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.

Significant Budget Items

- Includes funding for health benefits, pension contributions and municipal employees contractual pay increases.
- Includes funding for the B2G MWBE Certification and Compliance platform.

FY26 Prop Budget by Fund

Fund 1000	\$1,426
Total	\$1,426

Performance

Measure Name	FY24 Actual	FY25 Progress (Q3)	FY25 Target	FY26 Target	Target Context
MWSBE Contract Participation – Goods	N/A	N/A	N/A	15%	Measures the Dollar Amount
MWSBE Contract Participation – Goods & Services	11%	11%	11%	N/A	Measures the Dollar Amount
MWSBE Contract Participation – Professional Services	24%	24%	24%	26%	Measures the Dollar Amount
MWSBE Other Services	N/A	N/A	N/A	19%	Measures the Dollar Amount
MWSDBE Contract Participation – Construction	34%	34%	34%	34%	Measures the Dollar Amount
Percentage of Citywide Compliance with Title VI Requirements	100%	100%	100%	100%	Measures Percentage
Expenditures Adopted Budget vs Actual Utilization	90%	78%	98%	98%	Monitors Expenditures
Revenues Adopted Budget vs Actual Utilization	131%	610482%	100%	100%	Monitors Revenue

Business Support & Development Program



Priority:	Infrastructure
FY2026 FTE Count:	3.4

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, pension contributions and municipal employees contractual pay increases.
- External resources (i.e., grants and other City departments support) are relied upon for funding for certain business development programs and the annual business plan competition.

FY26 Prop Budget by Fund

Fund 1000	\$376
Total	\$376

Performance

Measure Name	FY24 Actual	FY25 Progress (Q3)	FY25 Target	FY26 Target	Target Context
Conduct a Customer Satisfaction Survey for the cohort-based business development and capacity building programs	N/A	100%	100%	100%	Measures the Satisfaction Rate
Number of small businesses and aspiring entrepreneurs assisted by the OBO Solutions Center	3,075	755	3,000	2,500	Measures the Number

Certification and Designations Program



Government that Works

FY2026 FTE Count: 13.1

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 and municipal employees contractual pay increases.
- Additional staff is funded by two procurement personnel from the Finance Department.

FY26 Prop Budget by Fund

Fund 1000	\$1,359
Total	\$1,359

Performance

Measure Name	FY24 Actual	FY25 Progress (Q3)	FY25 Target	FY26 Target	Target Context
Number of firms approved in the Hire Houston First Designations Program	N/A	N/A	N/A	300	Measures the Number
Number of firms participating in the Hire Houston First Designations Program	486	91	300	N/A	Measures the Number
Number of new certified firms	N/A	N/A	N/A	1,000	Measures the Number
Number of days to process certification for MWSDBE	149	157	120	N/A	Measures the Days
Number of firms renewed	N/A	N/A	N/A	1,400	Measures the Number



Contract Compliance Program

Priority:	Government that Works
FY2026 FTE Count:	13.9

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 and municipal employees contractual pay increases.

FY26 Prop Budget by Fund

Fund 1000	\$1,359
Fund 2424	\$309
Total	\$1,668

Performance

Measure Name	FY24 Actual	FY25 Progress (Q3)	FY25 Target	FY26 Target	Target Context
Percentage of closed construction contracts meeting Labor Standards requirements	40%	30%	100%	75%	Measures the Percentage
Percentage of closed construction contracts meeting or exceeding the awarded contract goal and/or providing the requisite "Good Faith Efforts"	85%	90%	100%	85%	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	77%	70%	100%	80%	Measures the Percentage



Department Services Program

Priority:	Government that Works
FY2026 FTE Count:	2.2

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 and municipal employees contractual pay increases.

FY26 Prop Budget by Fund

Fund 1000	229
Total	\$229

Performance

Measure Name	FY24 Actual	FY25 Progress (Q3)	FY25 Target	FY26 Target	Target Context
Number of Pre-Bid Good Faith Efforts and Pre-Award Good Faith Efforts Reviews	65	46	45	N/A	Measures the Number
Reduction in the number of rejected participation plans submitted by the departments due to department and/or prime contractor error	N/A	N/A	N/A	45	Measures the Number



Workforce Development Program

Priority:	Infrastructure
FY2026 FTE Count:	0.8

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 and municipal employees contractual pay increases.
- External funding is used to augment this Program's impact.

FY6 Prop Budget by Fund

Fund 1000	\$94
Total	\$94

Performance

Measure Name	FY24 Actual	FY25 Progress (Q3)	FY25 Target	FY26 Target	Target Context
Number of attendees at the workforce development events	608	520	1,000	1,000	Measures the Number
Percentage of attendees receiving job offers and supportive services at workforce development events	N/A	N/A	N/A	30%	Measures the Percentage
Percentage of attendees receiving supportive services at workforce development events	N/A	N/A	20%	N/A	Measures the Percentage

Debt Service and Interfund Transfers Program



Priority:	Government that Works
FY2026 FTE Count:	0.0

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 and HHD's Client Access Program.

FY26 Prop Budget by Fund

Fund 2424	\$631
Total	\$631

Performance

Measure Name	FY24 Actual	FY25 Progress (Q3)	FY25 Target	FY26 Target	Target Context

Revenue Highlights [in Thousands]

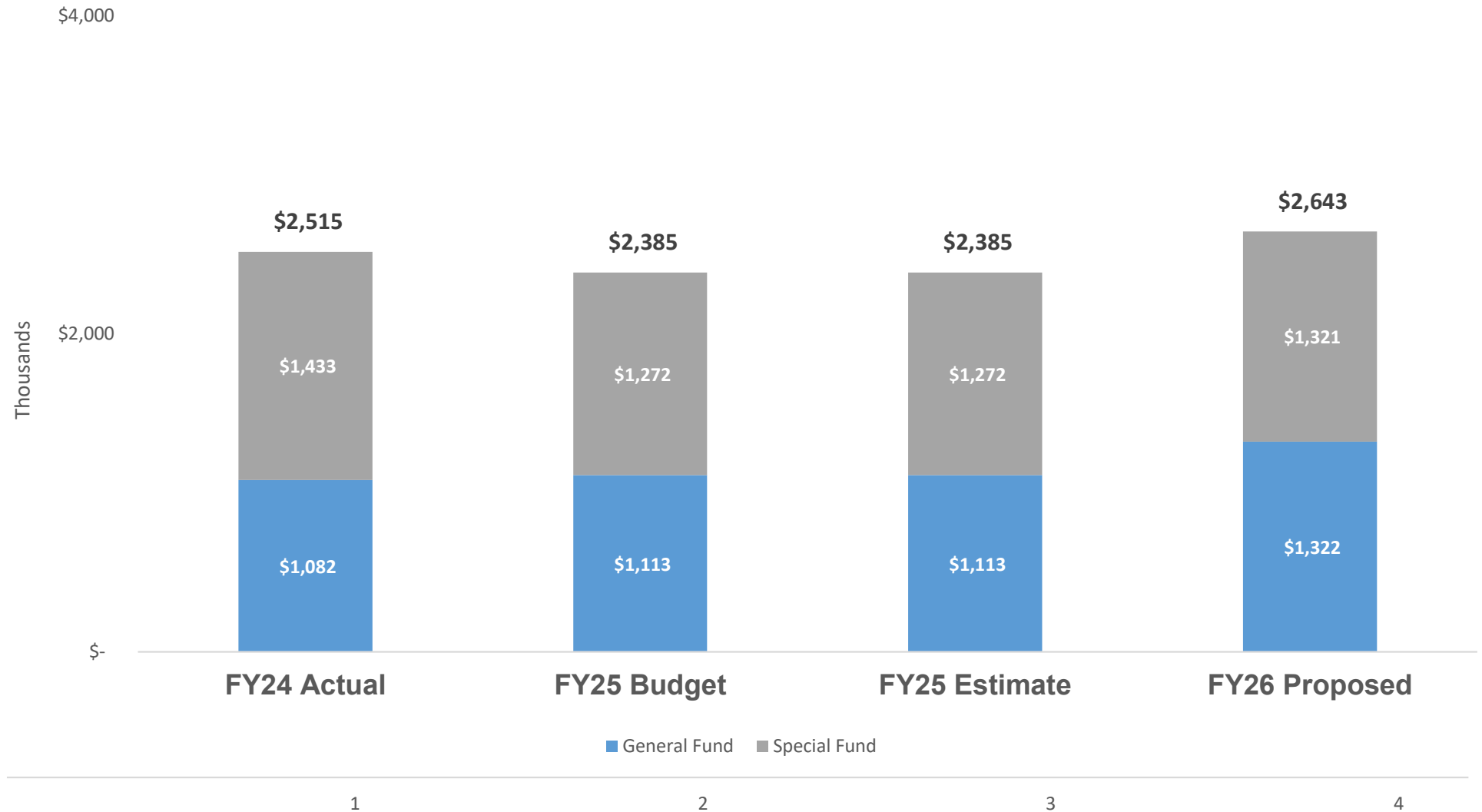


Revenue Highlights

- Significant changes from the FY2025 Estimates to the FY2026 Proposed Budget Revenue represents a 19% increase in the General Fund.
 - In the FY'26 budget HPW supports 10 FTEs in Cost Center 5100030001 up from 8 FTEs in the FY'25 budget. This was done to realign staff and broaden the span of control for managers.
 - There is also a projected increase in prevailing wage penalty collections due to an anticipated increase in contracts within HPW.

- Significant changes from the FY2025 Estimates to the FY2026 Proposed Budget Revenue represents a 4% increase in the Special Revenue Fund.
 - HPW, HAS, and HCD anticipate additional contracts in FY2026, which will increase the Contractor Responsibility Fund revenue based on trending "Pay" Option vendors.

Revenue by Fund [in thousands]



Revenue by Fund [in thousands]



OBO's list of total revenues by fund in thousands – FY26 Proposed vs FY25 Estimate (in thousands)

Category	FY24 Actual	FY25 Budget	FY25 Estimate	FY26 Proposed	Variance FY26 Proposed/ FY25 Estimate	% Change
General Fund	1,082	1,113	1,113	1,322	209	19%
Special Revenue Fund	1,433	1,272	1,272	1,321	49	4%
Total	\$2,515	\$2,385	\$2,385	\$2,643	\$258	10.82%

Revenue by Program [in thousands]



OBO's program budgets for FY26 Proposed vs FY25 Estimate (in thousands)

Program	FY24 Actual	FY25 Budget	FY25 Estimate	FY26 Proposed	Variance FY26 Proposed/ FY25 Estimate	% Change
Administration Services	0	0	0	0	0	0%
Business Support and Development	0	0	0	0	0	0%
Certification and Designations	0	0	0	0	0	0%
Contract Compliance	2,515	2,385	2,385	2,643	258	10.82%
Department Services	0	0	0	0	0	0%
Workforce Development Program	0	0	0	0	0	0%
Debt Service and Interfund Transfers	0	0	00	0	0	0%
Total	\$2,515	\$2,385	\$2,385	\$2,643	\$258	10.82%

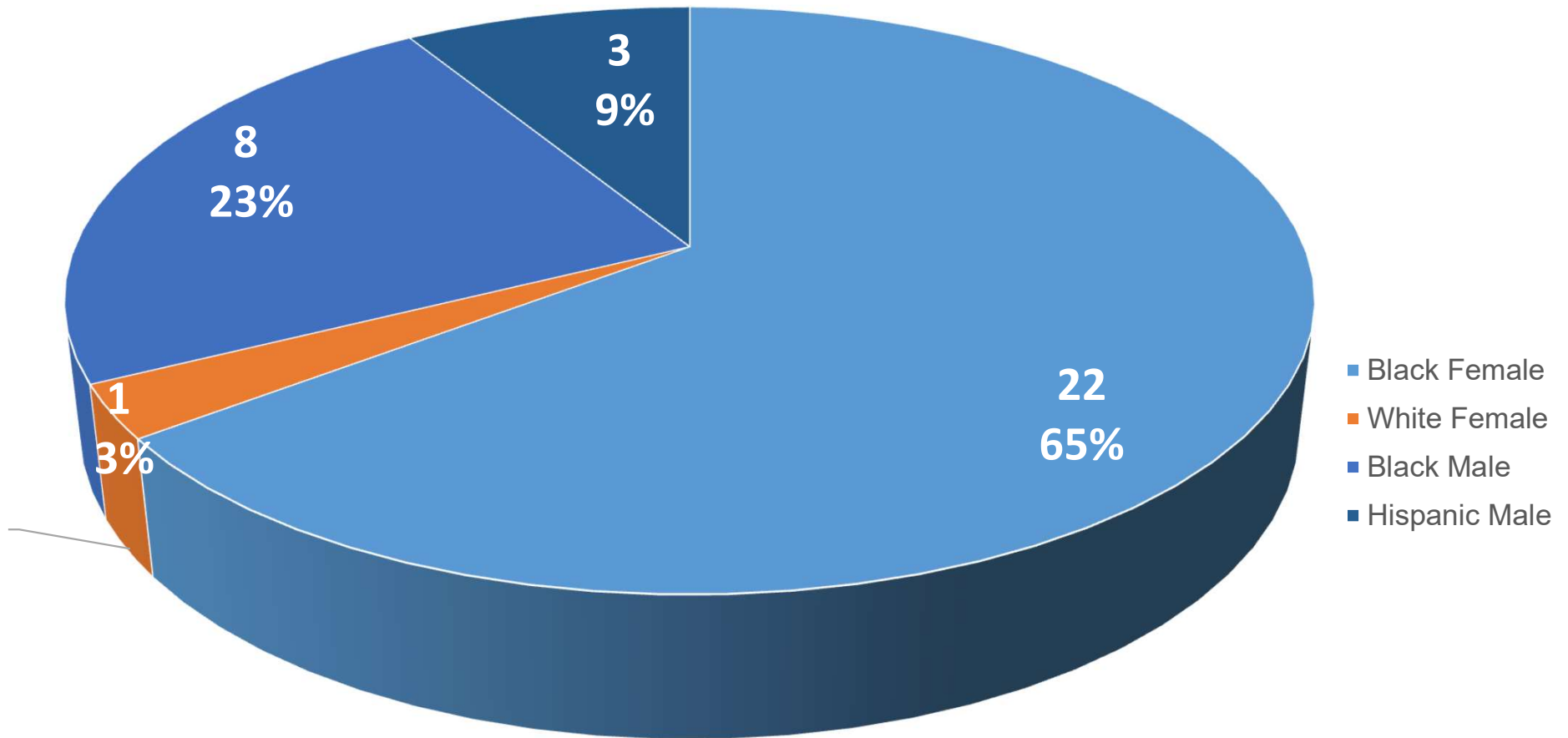


Questions



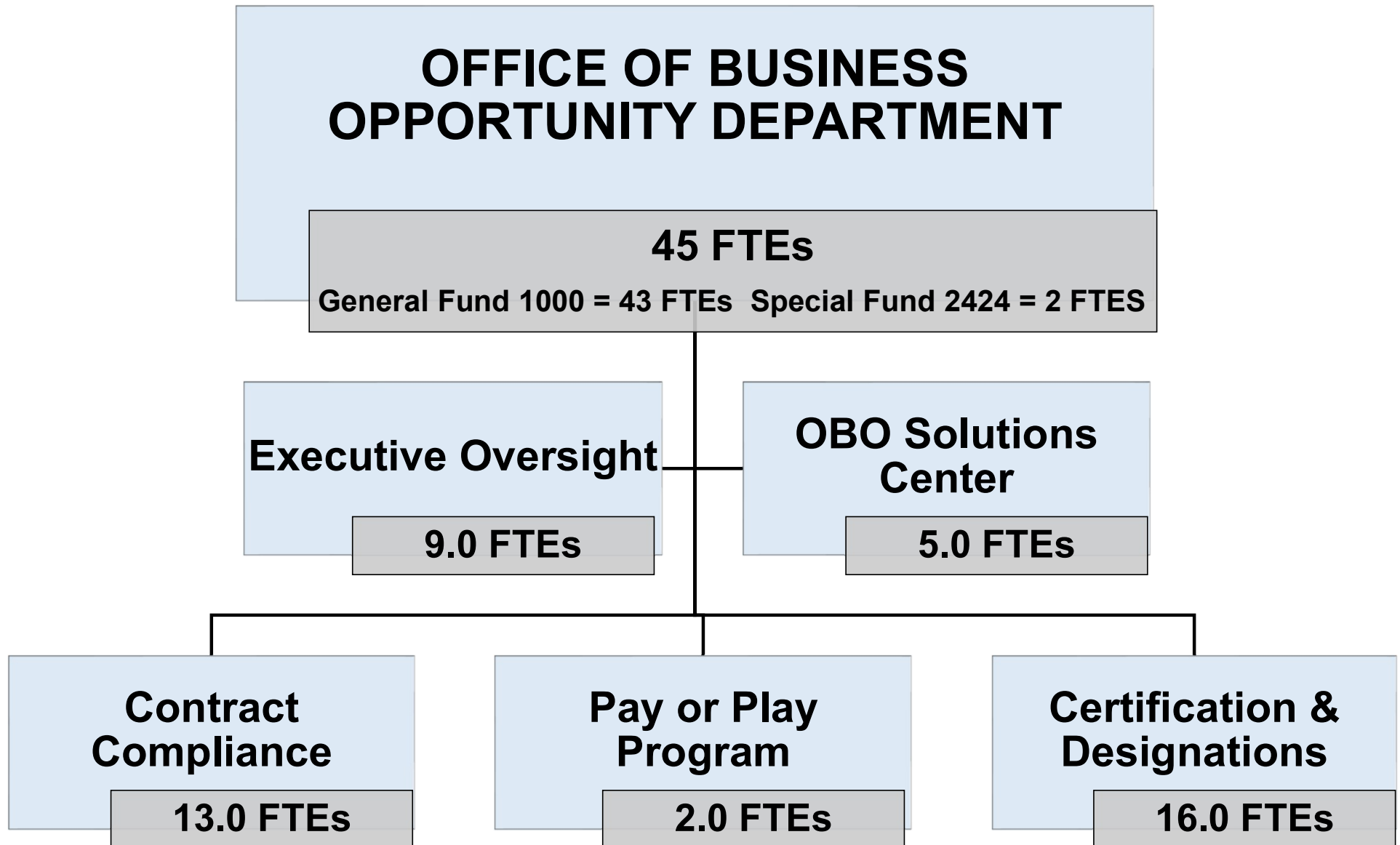
Appendix

FY25 Staff Demographic Breakdown





Department Organization Chart





FY2025 Accomplishments

- **Department Services Unit - 2 FTEs**
 - Conducted 2 Department Services Training Institute Events
 - Conducted 3 Roadshows
 - Reviewed 485 Contracts for Goal Setting
 - Attended 137 Pre-Bid Meetings
 - 1 Staff Promotion

- **Pay or Play Program - 2 FTEs**
 - 21 Compliance Reviews
 - Funds Generated: \$917,317.83 for Crisis Diversion and CAPS Programs
 - Crisis Call Diversion fielded 4,601 calls which enabled \$2.8 million in First Responder resource reallocation
 - 1 Staff Promotion

- **Contract Compliance Division - 13 FTEs**
 - Monitored 736 Contracts
 - Attended 115 Kickoff and 140 Pre-Construction Meetings
 - Performed 164 Audits
 - Performed 115 Contract Closeouts
 - Number of MWSBE Ratings: Outstanding 84; Satisfactory Due to Good Faith Efforts 19; Satisfactory 12; Unsatisfactory 42
 - \$15,205 in Prevailing Wages
 - 1 Staff Promotion / 5 Vacancies



FY2025 Accomplishments

- **External Affairs Division - 5 FTEs**
 - 5 Capacity Building Programs – 64 Participants
 - 4 Workforce Development Programs – 610 Attendees
 - 1 Contractor/Subcontractor Event – 522 Attendees
 - 1 Staff Promotion / 2 Vacancies

- **Certification & Designations Division - 16 FTEs**
 - New MWSBE Approvals: 358
 - New DBE/ACDBE Application Decisions: 124
 - Renewals Completed: 1,503
 - State of Texas HUB Certifications Processed: 183
 - Passed State of Texas HUB Audit With No Findings
 - Graduated Firms (Full/Partial) Processed: 5
 - New Hire Houston First Applications Approved: 457
 - 6 Staff Promotions / 3 Staff Absorbed / 2 Vacancies

- **Administration Services – 9 FTEs**
 - 7 Advisory Board Meetings
 - 6 Contract Compliance Commission Meetings
 - 10th Champions of Diversity Event / \$41K
 - Adopted Disparity Study
 - Added Veterans Certification and Expanded SBE Certification
 - 20 Title VI complaints received. Nineteen of the twenty were procedurally dismissed.
 - 1 City of Houston Title VI & Language Access Training w/ 100 Participants
 - 1 Title VI Liaisons Annual Training for City Departments w/ 14 Participants

Appendix



Data and Reporting:

The External Affairs team, in collaboration with members from our Certification and Data Reporting divisions, focused on integrating data across all OBO divisions into the Qualtrics platform. Since the launch of Qualtrics, the External Affairs team and OBO Solutions Center have transitioned their event registrations, consumer satisfaction surveys, and program applications to this platform. We are currently integrating the Certifications & Designations Division and plan to have all divisions integrated by the 2nd quarter of FY'26.

Special Considerations:

The department was tasked with making recommendations for certification fees. The Finance Department conducted a fee study, and the recommended fees could generate \$200K for the department in the first year based on new applications and certification renewals stats. This does not include government agency agreements, which is included in the next phase of the study.