



CITY OF HOUSTON

Office of the Mayor

Bill White

Mayor

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May 23, 2005

Honorable Members of the City Council, City Controller and Citizens of Houston:

I am pleased to submit the proposed budget for the fiscal year that will begin July 1, 2005, and end June 30, 2006 (FY06).

This letter highlights our operating budgets. Within two weeks I shall transmit a Capital Improvement Plan which allows us to expand our drainage programs and revitalize some of our most neglected neighborhoods through Project Houston Hope.

Public Safety comes first in this budget, as it did last year. We put City Hall on a business-like basis, and this budget continues our commitment to fiscal discipline. There is no increase in property tax rates and another increase in the property tax exemption for seniors and the disabled.

Putting Public Safety First

Public Safety expenditures will be 64 percent of the City's General Fund Budget, minus debt service costs. The combined expenditures for Police, Fire and EMS will increase by \$48 million.

We include an \$18 million first-year cost of the pay increases called for in the collective bargaining contract with the Firefighters Association. Our firefighters have not had a pay increase in five years, and are making far less than firefighters in other Texas cities. This historic agreement will, over the next four years, bring the hourly pay scales into line with others, and will also change work rules to increase productivity and maintain opportunities for diversity.

Our budget allows us to open two new fire stations and relocate and expand another. There will be three new police cadet classes and a lateral entry class, representing two more classes than in the HPOU contract.

The budget also includes \$29 million in increased contributions to the police and fire pension systems, to maintain the security of pensions.

Improving the Quality of Life in Our Neighborhoods

While public safety comes first, we have not neglected human and cultural needs.

Our libraries will be open for longer hours, and we have increased the budgeted funds for books and library materials. Our parks will be better maintained.

Our Health and Human Services Department has increased funding for disease prevention and control of communicable diseases, including HIV/STD. We have also increased funding for environmental health initiatives. We expand the resources available to the Legal Department to pursue those who pollute our air.

We will continue to place a priority on our traffic signals and other ways to improve mobility.

We have increased the budget for Solid Waste, to deal with much higher fuel costs without compromising the level of service.

As in last year's budget, we slowed the rate of growth in property tax increases. This budget is based on property tax revenues which increase less than the combined rates of population and inflation growth last year.

Making City Hall More Responsive and Efficient

We continue to reduce costs and improve productivity. The Building Services Department will take over the facility maintenance and security responsibilities for the libraries, saving \$800,000 per year. We have negotiated discounts for prepayments of computer maintenance and electricity costs. Our 311 system has been expanded to include features for internet reporting of potholes and service requests.

We have taken advantage of continued low interest rates to refinance some of our debt. This has allowed us to maintain the property tax rate for debt service at about the same level as last year, 18.5 cents per \$100 in property value.

Health benefits costs to the City have been held to an increase of only 8 percent, down sharply from recent historical experience.

Promoting Jobs and Opportunity

We understand that Houston's status as a City of opportunity requires we promote economic development and maintain an affordable cost of living. Our budget accommodates expanded airport operations, which helps fuel economic development and growth of jobs with a future. This budget offers increased commitment to neighborhood protection. When combined with our Consolidated Plan for CDBG and our CIP, the budget will support an increase in affordable housing in our City limits.

We also will expand opportunity for small businesses with \$2 million in federal grant funding earmarked for small business lending through established structures supplied by the Small Business Administration.

I want to acknowledge the professionalism and dedication of department heads and others who have helped us through the process of developing this proposal. Our goal remains to provide more services, more efficiently for the dollars we spend, and we've used honest, realistic accounting to do that.

Our FY2006 Budget is disciplined and performance-based. It does not compromise the delivery of basic city services. Houstonians deserve no less than our best performance at City Hall.

Sincerely,

A handwritten signature in black ink that reads "Bill White". The signature is written in a cursive, slightly slanted style.

Bill White
Mayor