



CITY OF HOUSTON

Office of the Mayor

Bill White

Mayor

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May 13, 2008

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

The City remains in sound financial condition, and our proposed Fiscal Year 2009 budget continues our commitment to fiscal discipline. That discipline resulted in an upgrading of our bond ratings in both our general obligation debt and utility system.

Cutting the Tax Rate and Raising the Senior Exemption

The budget proposes a half cent cut in property tax rates, the second largest cut in rates in at least 25 years. This will be the fifth consecutive annual property tax rate cut. We doubt that has ever occurred in Houston. The difference between the rate in 2003 (FY2004) and the rate proposed for the FY2009 budget is 1.625 cents. This represents about \$20 million in tax relief in FY2009. Assuming modest annual increases in appraised values, the total property tax savings over the next decade will exceed a quarter of a billion dollars from these tax rate cuts.

This budget also assumes a rise in the senior exemption from \$64,420 to \$70,862. This increase will result in \$3.3 million in additional tax relief for seniors in FY2009. The senior exemption has been raised from \$44,000 in 2003 (FY2004) to \$70,862 in this proposed budget.

The total tax savings for seniors during FY2004-2009 is \$44 million. During the next ten years, assuming modest increases in appraised values and the number of households eligible for the senior exemption increasing in line with trends in the last five years, total property tax savings for seniors will exceed \$185 million.

The rise in total property tax receipts in FY2009 – after the rate cuts – will be fueled in large part by new construction and the rise in commercial and industrial values. The increase complies with the charter limit of 4.5%, adjusted for the voter-authorized increase in public safety spending.

Public Safety First

Public Safety receives the highest priority, as it has throughout this Administration, accounting for 66.4% of the City's general fund operating expenditures, after debt service costs. The combined expenditures for Police, Fire and EMS will increase by \$105 million.

The number of officers will increase from 5,044 to 5,194, a net staffing gain of 150. Strengthened recruiting efforts, including advertising and incentives, will assist us in filling seven new cadet classes, without compromising HPD's high standards.

We have substantially increased the investments in equipment and technologies to support our police force. This budget accommodates: (a) the first installment of a radio upgrade; (b) new helicopters; (c) approximately 300 new patrol cars; (d) a new police station, with staffing; and (e) a modern property room and additional staffing for forensics.

In addition to increased staffing, this budget will allow us to use our existing personnel more effectively, by continuing a program begun in FY2008 in which we took 139 classified officers out of support positions filled by newly-hired civilians. In FY2009 an additional 98 officers will be redeployed through this program. The budget also provides increased civilian support to extend police storefront hours of operation.

The Fire Department's budget provides three additional cadet classes and will add 135 cadets. Other highlights include increasing Fire pay by 4.5%; implementing the Ask-a-Nurse program using experienced nurses in triage of EMS callers; and adding eleven incident command technicians for improved fire scene safety, and two ambulances and crews to serve areas with high call volume.

Drainage

This budget accommodates a dedication by special council ordinance of a portion of ad valorem taxes to drainage improvements. This amount will begin with 0.3 of a cent per \$100 of valuation in FY2009 and increase to .75 of a cent per \$100 in 2017. These dedications will allow completion by FY2013 of approximately one-half billion dollars in drainage projects commencing with the Plan approval by City Council in 2004.

Aviation

We have budgeted to maintain and manage the growth in one of the fastest growing and most dynamic airport systems in the world. There were more than 51.7 million passengers using both Bush Intercontinental and Hobby airports last year, compared to 42 million in 2003.

Parks

The parks budget includes funds to operate new facilities, including the new Downtown Skate Park, Keith Weiss Park, Memorial West Pocket Park, a newly acquired community center in the Alief area, and several water playgrounds. The budget also provides for a major tree planting initiative, a wildflower seeding program, and increased staff for the Urban Garden program.

Libraries

This budget restores staffing reduced while the Central Library was under renovation. In FY2009, we will open additional Express library locations, including the Express-Frank and Express on Wheels, a mobile unit to bring technology to senior centers and neighborhoods. This budget increases staffing for our busiest libraries, such as Stella Link and Hennington Alief, while enhancing programs that better serve our diverse population.

Health and Human Services

Our Health and Human Services Department has increased funding for disease prevention and control of communicable diseases. HHS will create an oral health network for children, emphasizing prevention and education. This budget funds better service for veterans and a new program to better transition offenders into productive employment. We will also implement a program to serve those with mental health issues who create a chronic challenge for HPD. Our budgets for HHS and Legal Department also fund experts we may need for any contested proceedings on benzene reduction.

Public Works and General Services

Public Works and General Services Departments will continue infrastructure improvements and maintenance programs, renewing and maintaining the condition of the city rights of way and facilities. We continue to maintain and manage the right-of-way maintenance in our neighborhoods by increasing the number of times we mow all areas to three times a year. We encourage new development within the City limits through Developer Participation Agreements.

Water and Sewer Systems

We continue to improve the maintenance and repairs on the water and sewer systems. The rehabilitation of pipe in the Wastewater System increased by 50% since FY2004 and as a result decreased the number of repairs. There were more than 3,348 repairs in FY2004 compared to an estimated 2,260 in FY2008, a decrease of 1,088 a month. The average response time for a requested residential repair for a break of the sewer line is 11 hours and the average repair of the break is approximately 3 days. These

improvements were achieved even as the customer base increased by 41,439 accounts.

Solid Waste

We will establish chipping facilities for recycling woody waste to conserve valuable landfill space and begin an environmental educational outreach program to ensure communication to residents about these program changes.

Mobility

To improve the incident response, we have budgeted for one additional crew for the Mobility Response Team, currently composed of 24 civilian mobility service officers, bringing the total to 36 officers. Since the inception of the Mobility Response Team in July 2007, the team has responded to over 20,000 incidents.

Making City Hall More Responsive With a Strong Workforce

I appreciate and acknowledge the professionalism and dedication of department heads and others who helped prepare this budget. We proudly continue to encourage performance by our City employees with fair compensation, secure retirement, and comprehensive health benefits. Our budget has been challenged by increases in the pricing of health benefits, electricity, and fuel which have far outstripped the percentage growth in City revenues. But through efficient management of the City we have provided far more services, for a growing city, with a significantly lower tax rate.

Sincerely,

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

Bill White
Mayor