



BILL WHITE
MAYOR

OFFICE OF THE MAYOR
CITY OF HOUSTON
TEXAS

May 12, 2009

RE: FY2010 Budget

Dear Citizens, City Controller, and Council Members,

The City of Houston's proposed FY2010 budget allows us to provide essential City services within disciplined budgets.

Sound fiscal management in the five prior years allowed the City to build reserves, helping Houston to provide good public services despite the national recession and natural disaster. The City of Houston has been well prepared to deal with the global economic crisis, but Houston's economy and tax revenues will not grow as quickly as some fixed costs of the City of Houston. Hard choices have been made in our FY2010 budget.

Our record of tax relief also allows taxpayers some breathing room in dealing with the recession. Seniors will save \$15.8 million in fiscal year 2010 alone because of actions by this Administration and City Council to increase the senior exemption from \$44,000 to \$70,862. Taxpayers over all will save \$25.1 million in FY2010 because of tax rate cuts over five years. Since fiscal year 2004, seniors will have saved a total of \$61.2 million because of the cumulative effect of raising the senior exemption, and all taxpayers will have saved \$90.6 million because of the cumulative effect of tax rate reductions.

Our budget continues to emphasize public safety. Public safety expenditures now account for over two-thirds of General Fund O&M expenses after debt service. In addition, there is grant funding or dedicated revenue funding available for public safety functions.

From July 1, 2006 through the end of the current fiscal year, June 30, 2009, police staffing increased from 4,755 to 5,234. In addition, 318 civilians have been hired to perform functions previously performed by classified officers. The combination of this "officers to the streets" and the buildup of classified headcount has effectively deployed 797 police officers. This deployment, when combined with substantial investments in equipment such as the real-time crime center and helicopters, overtime programs, and innovative programs such as the crime reduction unit, has helped bring down Houston's major crime rates to the lowest levels in decades.

This budget allows for the services needed to meet the needs of a City which has experienced substantial growth:

- Fire service will be enhanced by a new Fire Station 24 and three new cadet classes.
- A new library will open at the Gregory School and five libraries will replace existing ones.
- Solid Waste will continue to make progress in recycling and has been a real leader among City departments in identifying savings from operations and vendor contracts.
- Health & Human Services will be enhanced by keeping financial commitments made earlier this year to improve the operations of BARC.
- The Parks Department will open two new community centers.
- Enterprise Funds, such as the Combined Utility System (water and sewer), Aviation, and Convention & Entertainment, have been and will continue to perform essential services within reduced rates of revenue growth.

The City of Houston has and will treat its employees fairly. We understand that their efforts are essential. They understand that they must make sure that we deliver services within limited budgets. The operating budget will limit the increase in operating expenses to approximately one half of one percent.

Since some fixed obligations of the City will increase at rates higher than the total spending, our City employees must manage every single cost to the City. There will be some employee positions left unfilled when current employees leave employment, and workloads will need to be readjusted. There will be contracts with suppliers which will be renegotiated.

We need to pursue efficiencies in administrative functions such as payroll and vendor disbursements, procurement, and billings and collections of the water sewer system and any other permitting, billing, and collections functions within the City.

The City has tightened its capital and equipment budgets, but our Capital Improvement Program funds the full amount of the flooding and drainage projects financed by the property tax set-aside enacted earlier this year.

The City's operating budget and the capital improvement program does give high priority to new investments increasing workforce productivity. Examples include implementation of the radio system; the upgrading of the police records management system to allow more access for officers and others to current and more comprehensive information on criminal histories; some investments in recycling; and the replacement of the IT system supporting municipal courts functions.

Finally, we intend to build into the budget ordinance at least one additional scenario for tightening the belt by the middle of the fiscal year if sales and property taxes fall below projections. By September 30, the Administration and City Council should evaluate whether economic conditions warrant additional budget reductions. By the same date, we also intend to present a draft budget for the fiscal year 2011, as a potential tool for the new Administration and City Council taking office at the beginning of next year.

Respectfully submitted,

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

Bill White
Mayor