

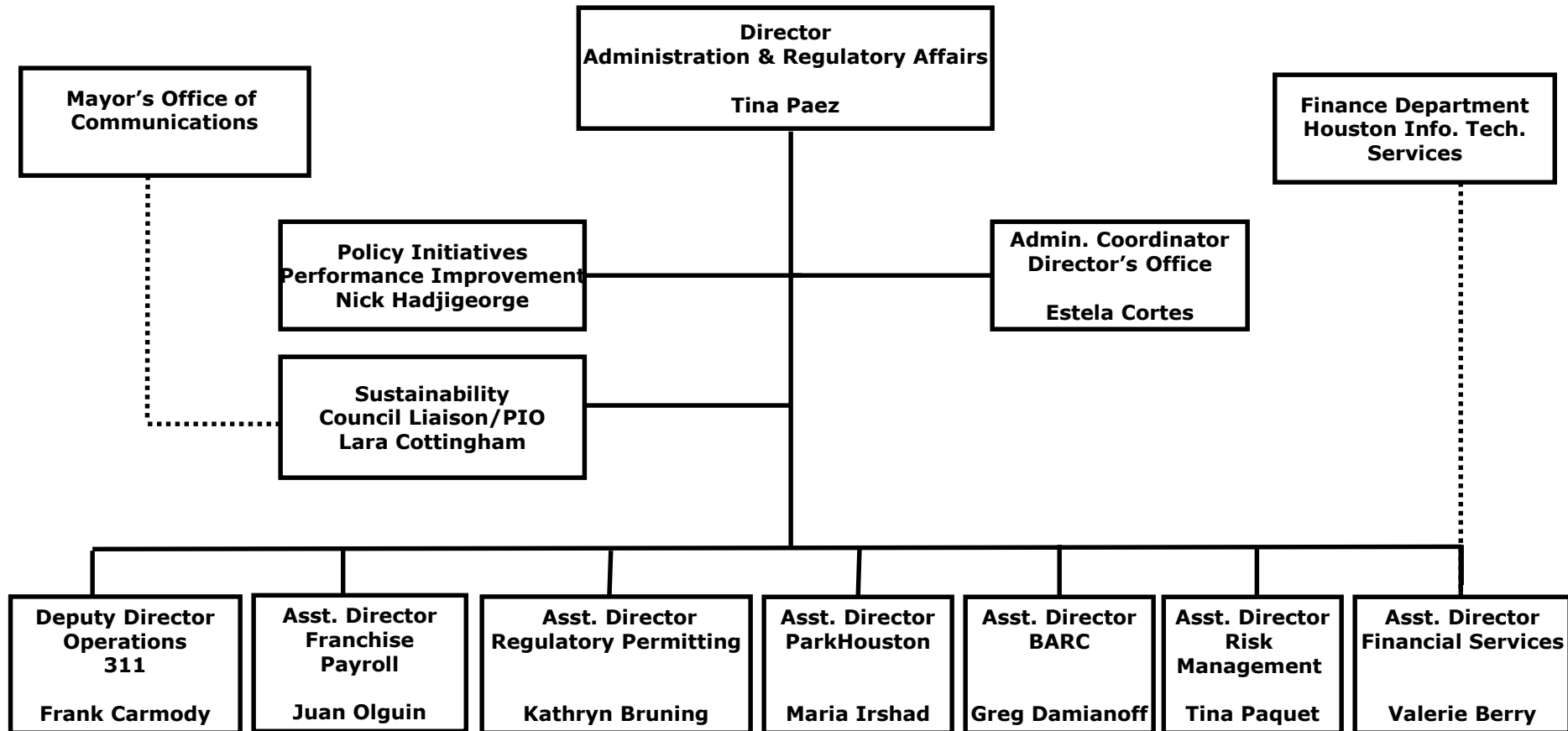


# Administration & Regulatory Affairs **FY2019 Proposed Budget Presentation**

May 9, 2018



# Administration & Regulatory Affairs Organization Chart





# FY2019 General Fund Expenditures Net Change (in thousands)

FY2019 General Fund Budget Expenditures Net Change to FY2018 Current Budget		
<b>FY2018 Current Budget</b>		
Operating Budget	\$	16,473
Restricted Budget	\$	3,682
Transfer to BARC	\$	8,024
<b>FY2018 Current Budget</b>	<b>\$</b>	<b>28,179</b>
<b>Explanation of FY2018 Incremental Increase/(Decrease)</b>		
<b>Operating Budget Adjustments</b>		
Budget reduction initiatives		(619) 1
<b>Subtotal Operating Budget Adjustments</b>	<b>\$</b>	<b>(619)</b>
<b>% Change from FY18 Operating Budget</b>		<b>(3.8%)</b>
<b>Contractual or Mandated Adjustments:</b>		
Health Benefits Active Civilian	\$	104
Municipal Pension		(79)
Restricted Accounts		53
<b>Subtotal Contractual/Mandated Increases</b>	<b>\$</b>	<b>79</b> 2
<b>FY2019 Proposed Budget</b>		
Operating and Contractual Adjustments Net	\$	(540)
Program Adjustment	\$	1,500 3
<b>FY2019 Proposed Budget</b>	<b>\$</b>	<b>29,139</b>
<b>% Change from FY18 Current Budget</b>		<b>3.4%</b>
<b>Notes:</b>		
1. FY2019 Budget Reduction includes:		
Elimination of 5 full time and 1 part time positions	\$	(381)
Reduction of unemployment budget	\$	(187)
Reduction of Supplies & Services budget	\$	(50)
	\$	(619)
2. Contractual or Mandated Adjustments		
		79
3. Program Adjustment: Restore one-time reduction in BARC transfer taken in FY2018 (historically \$9.5M each year; for FY18 transfer was \$8M)		
	\$	1,500



# Revenue By Funds (in thousands)

Fund	FY17 Actual	FY18 Budget	FY18 Estimate	FY19 Proposed	Variance FY19 Prop/ FY18 Est	% Change
General Fund	\$ 211,767	\$ 197,841	\$ 199,843	\$ 193,468	\$ (6,375)	(3.2%)
Parking Management	\$ 21,059	\$ 20,550	\$ 19,136	\$ 20,526	\$ 1,390	7.3%
BARC	\$ 11,482	\$ 10,155	\$ 10,306	\$ 11,475	\$ 1,169	11.3%
Property & Casualty	\$ 11,214	\$ 26,167	\$ 26,167	\$ 22,543	\$ (3,624)	(13.9%)
Central Services	\$ 5,703	\$ 4,480	\$ 4,159	\$ 4,165	\$ 6	0.1%
<b>Total</b>	<b>\$ 261,224</b>	<b>\$ 259,193</b>	<b>\$ 259,611</b>	<b>\$ 252,177</b>	<b>\$ (7,434)</b>	<b>(2.9%)</b>



# FY2019 General Fund Revenue Highlights

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## ❑ **Electricity Franchise Fee:**

- FY17: \$101M
- FY18: \$100.8M
- FY19 proposed budget: \$99.2M
- Electricity franchise fees are based on kWh usage within the city limits. Although CenterPoint is growing outside the city, within the city limits kWh consumption has decreased two years in a row, resulting in lower fees to the City.

## ❑ **Telephone Franchise Fee:**

- FY17: \$41.9M
- FY18: \$38.8M (estimate)
- FY19 proposed budget: \$36.7M
- The number of telephone access lines continues to decline as consumers continue to "cut the cord" in favor of wireless service, which does not use municipal rights-of-way and is not subject to access line fees.

## ❑ **Natural Gas Franchise Fee:**

- FY17: \$15M
- FY18: \$13.8M
- FY19 proposed budget: \$12.3M
- Natural gas franchise fees are based on a 3-year rolling average of CenterPoint's gross revenues from the sale of natural gas. Natural gas prices remain at historical lows, and CenterPoint has advised us no increases are anticipated in the foreseeable future.



# FY2019 General Fund Revenue Highlights

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## ❑ **Cable TV Franchise Fees:**

- FY17: \$22.9M
- FY18: \$20.6M (estimate)
- FY19 proposed budget: \$18.7M
- Cable franchise fees are expected to continue to decrease annually as AT&T customers move away from cable to DirectTV and as other cable customers increasingly adopt Netflix, Hulu, Roku, and other streaming video services that do not use the City ROW.

## ❑ **Burglar Alarm Permits**

- FY17:\$9.24M
- FY18 (estimate): \$8.64M
- FY19 proposed budget: \$9.18M
- Under state law, the vendor can no longer include robocalls in the collection methods, resulting in a \$575k loss in revenue this year and a reduction in the budget for FY19.

## ❑ **Revenue Loss Mitigation:**

- **Audits and Delinquent collections:** \$496,000 recovered in FY18
- **New Revenues: DAS - Network Nodes** is a new revenue. Proposed budget is \$318K in FY2019. These are right-of-way and transport facilities fees for network nodes installed in the right-of-way. Fees are set by state law at \$250 per node (the City had set fees at \$2500 per node).



# Expenditure By Funds (in thousands)

Fund	FY17 Actual	FY18 Budget	FY18 Estimate	FY19 Proposed	Variance FY19 Prop/ FY18 Est	% Change	FTEs FY17 Budget	FTEs FY18 Budget	FTEs FY19 Proposed
General Fund*	\$ 29,369	\$ 28,179	\$ 28,179	\$ 29,139	\$ 960	3.4%	214.3	196.2	191.0
Parking Management	\$ 21,021	\$ 21,093	\$ 19,625	\$ 21,848	\$ 2,223	11.3%	74.0	74.0	81.0
BARC	\$ 11,486	\$ 13,169	\$ 12,037	\$ 13,154	\$ 1,117	9.3%	119.6	119.6	115.0
Property & Casualty	\$ 11,214	\$ 26,167	\$ 26,167	\$ 22,543	\$ (3,624)	(13.9%)	5.0	5.0	5.0
Central Services	\$ 5,703	\$ 4,480	\$ 4,159	\$ 4,165	\$ 6	0.1%	0.0	0.0	0.0
<b>Total</b>	<b>\$ 78,793</b>	<b>\$ 93,088</b>	<b>\$ 90,168</b>	<b>\$ 90,849</b>	<b>\$ 681</b>	<b>0.8%</b>	<b>412.9</b>	<b>394.8</b>	<b>392.0</b>

\*General Fund expenditures shown here **include** the transfer to BARC.  
 FY2018 transfer is \$8.0M.  
 Budgeted transfer for FY2019 is \$9.5M.

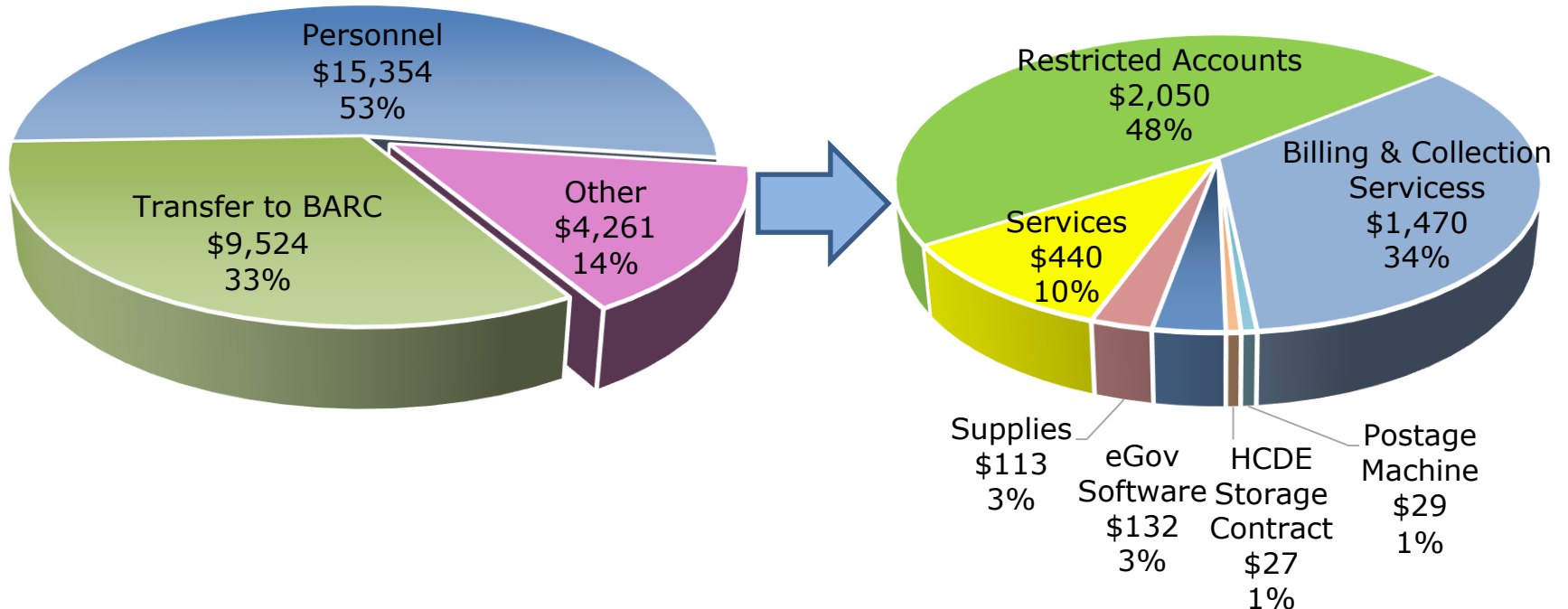
Fund	FY17 Actual	FY18 Budget	FY18 Estimate	FY19 Proposed	Variance FY19 Prop/ FY18 Est	% Change	FTEs FY17 Budget	FTEs FY18 Budget	FTEs FY19 Proposed
General Fund*	\$ 20,183	\$ 20,155	\$ 20,155	\$ 19,615	\$ (540)	(2.7%)	214.3	196.2	191.0
Parking Management	\$ 21,021	\$ 21,093	\$ 19,625	\$ 21,848	\$ 2,223	11.3%	74.0	74.0	81.0
BARC	\$ 11,486	\$ 13,169	\$ 12,037	\$ 13,154	\$ 1,117	9.3%	119.6	119.6	115.0
Property & Casualty	\$ 11,214	\$ 26,167	\$ 26,167	\$ 22,543	\$ (3,624)	(13.9%)	5.0	5.0	5.0
Central Services	\$ 5,703	\$ 4,480	\$ 4,159	\$ 4,165	\$ 6	0.1%	0.0	0.0	0.0
<b>Total</b>	<b>\$ 69,607</b>	<b>\$ 85,064</b>	<b>\$ 82,144</b>	<b>\$ 81,325</b>	<b>\$ (819)</b>	<b>(1.0%)</b>	<b>412.9</b>	<b>394.8</b>	<b>392.0</b>

\*General Fund expenditures shown here **exclude** the transfer to BARC.  
 FY2018 transfer is \$8.0M.  
 Budgeted transfer for FY2019 is \$9.5M.



# FY2019 Personnel vs Non Personnel General Fund (in Thousands)

**FY2019 Proposed Budget \$29,139**

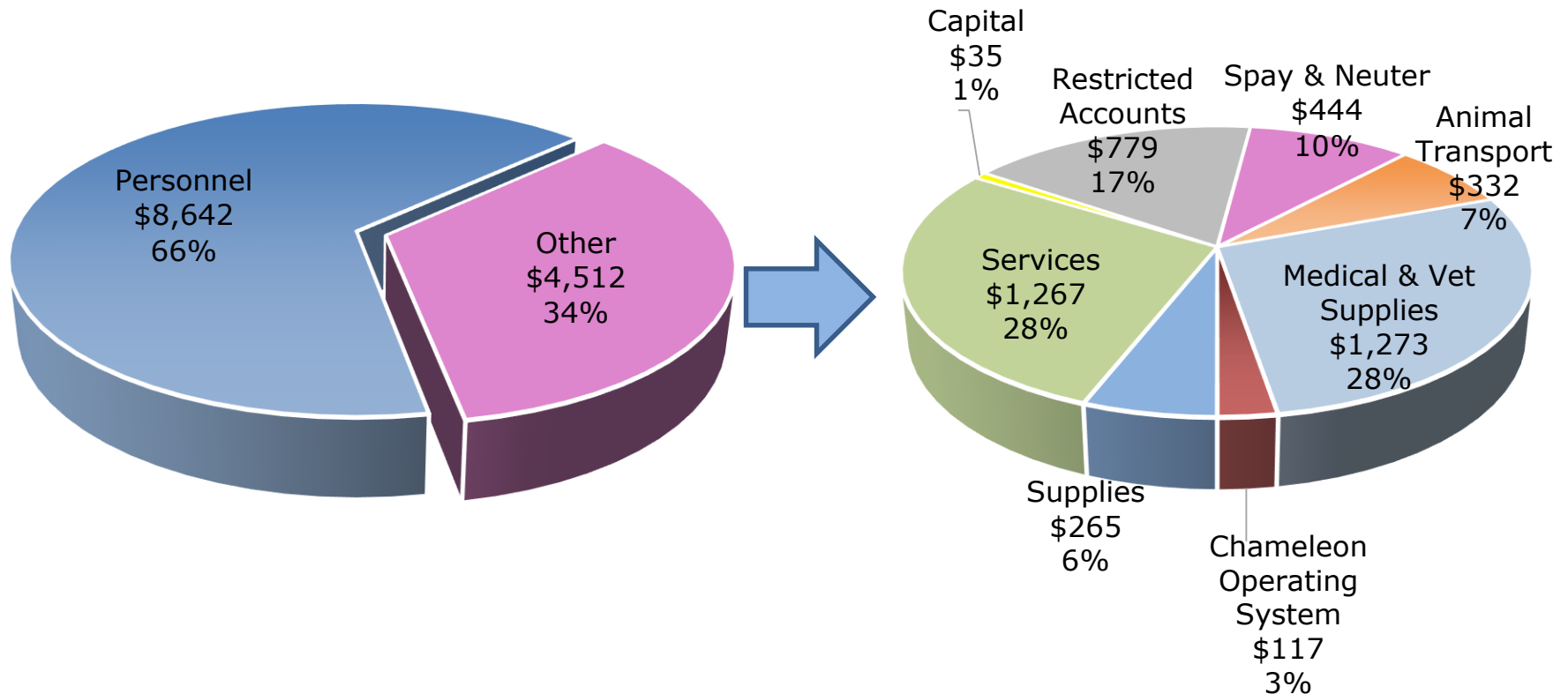






# FY2019 Personnel vs Non Personnel BARC Special Revenue Fund (in Thousands)

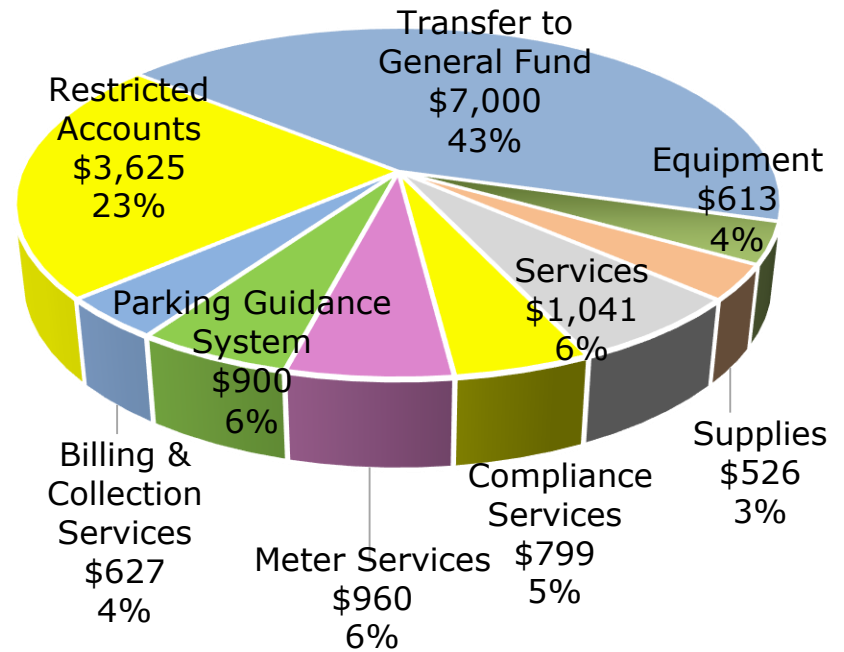
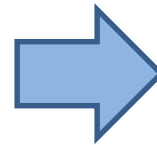
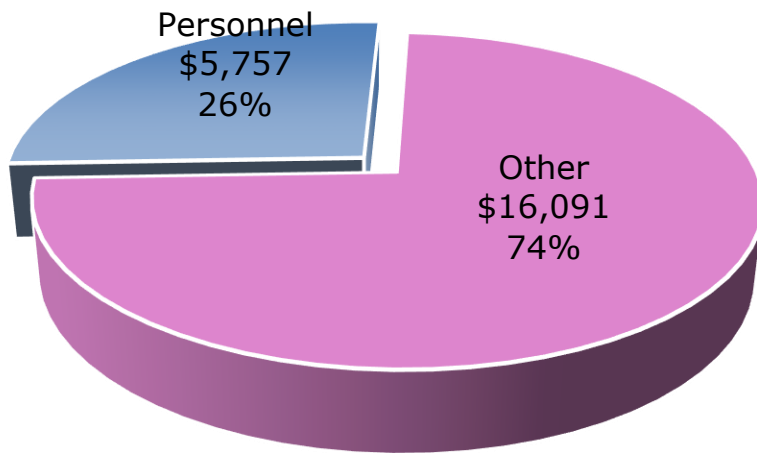
**FY19 Proposed Budget \$13,154**





# FY2019 Personnel vs Non Personnel Parking Management Special Fund (in Thousands)

**FY19 Proposed Budget \$21,848**



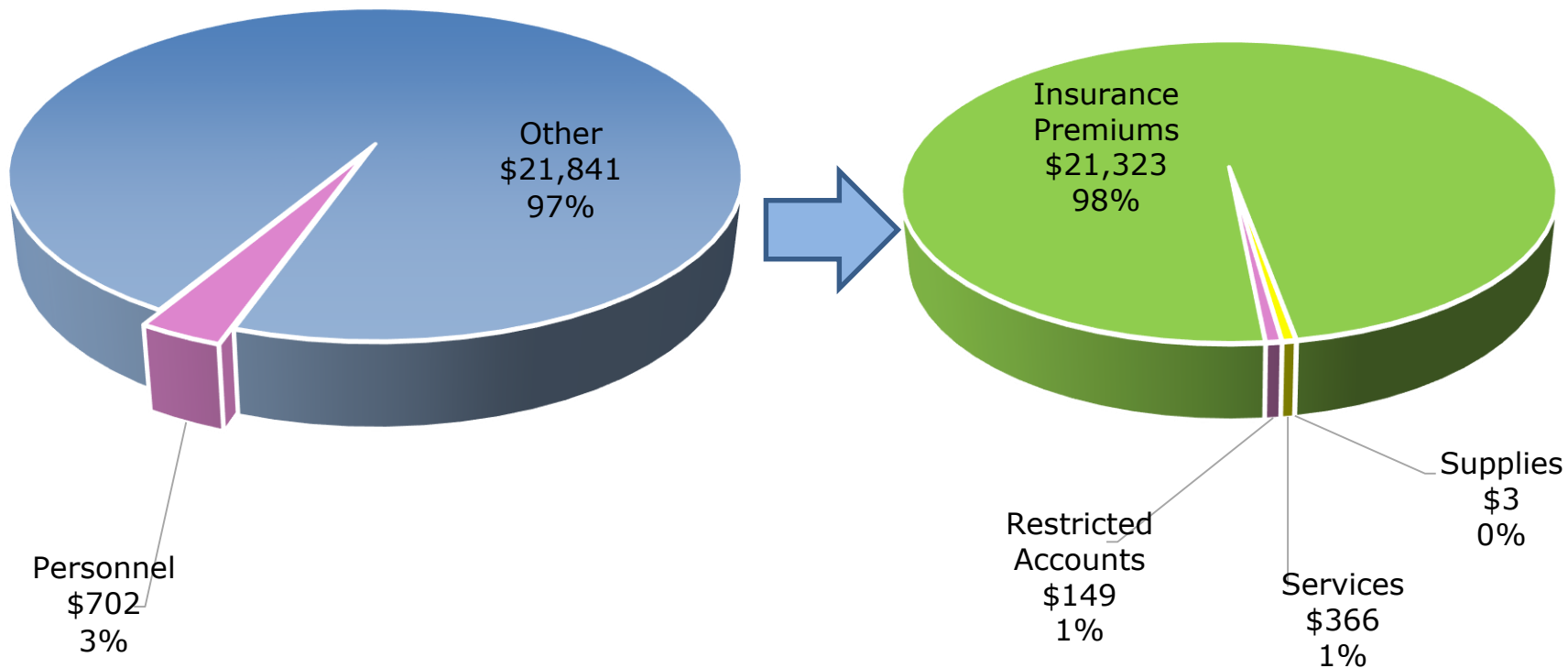
**Budget Percentage Including Transfer to General Fund in Other Budgets**





# FY2019 Personnel vs Non Personnel Property & Casualty Special Fund (in Thousands)

**FY19 Proposed Budget \$22,543**





# ARA Department Budget Reductions

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Fund	FY17	FY18	FY19	3-Year Total
<b>General Fund</b>	\$ 311,383	\$ 576,081	\$ 618,546	\$ 1,506,010

- Total General Fund budget cut FY17-FY19: \$1,506,010**
  
- Total FTE reductions:** 23.3 total FTEs reduced and positions eliminated between FY17 and FY19; 10.8% decrease in General Fund FTEs
  
- Impact of FY17-FY19:**
  - 311 – slightly impacts call wait time
  - Records Management – no impact; recent employee transfer into ARA will compensate for this loss
  - Payroll: Post-pay period error corrections instead of pre-payday



# FY2019 General Fund Expenditures Highlights

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## ❑ **Approved FY2019 Budget Reduction – \$619K**

- Elimination of 5 full-time and 1 part-time position for a savings of \$381,491
- Reduction of unemployment budget by \$186,710
- Reduction in supplies and services of \$50,345

## ❑ **Impact of the Reductions:**

- The six positions were vacant at the time of the reduction proposal however, not filling them will result in payroll corrections in subsequent pay period; less vehicle for hire enforcement and citations; increases in customer wait times in Regulatory Permitting.

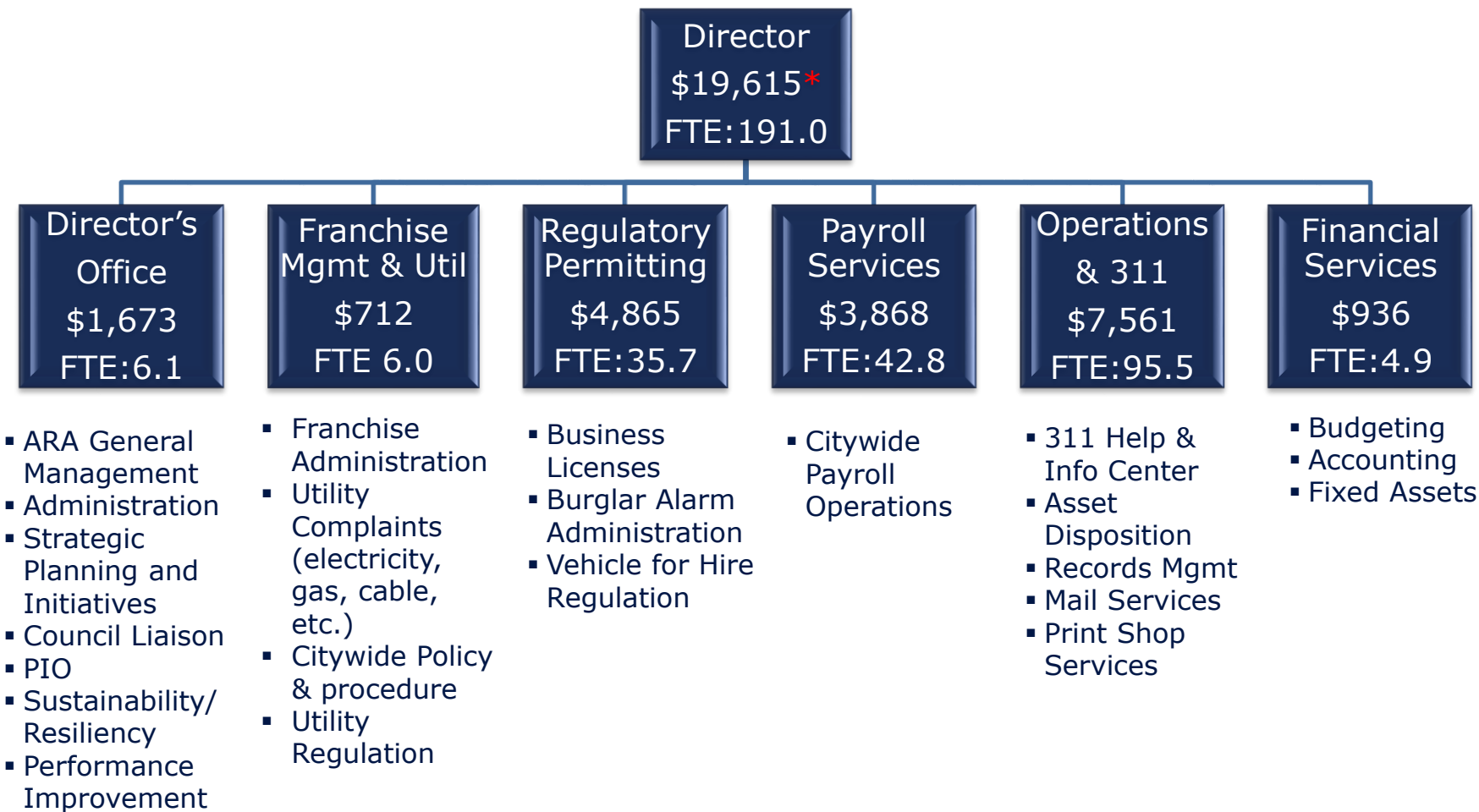
## ❑ **Restoration of FY18 One-time Reduction in Transfer to BARC-\$1.5M**

- Historical annual transfer from General Fund to BARC was \$9.5M. For FY18 budget cut included one-time reduction of \$1.5 million in the amount of the transfer to \$8M. For FY19 transfer is returning to \$9.5M.



# ARA Functions - General Fund

## (in thousands)



**\* Does not include \$9.5M transferred to BARC Special Revenue Fund.**



# ARA Functions - Other Funds (in thousands)





# Questions?





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# ARA FY2018 DEMOGRAPHIC BREAKDOWN

Category	White	Black	Hispanic	Asian	Other	Total
<b>Males</b>	23	56	40	7	1	127
<b>%</b>	6.2%	15.1%	10.8%	1.9%	0.3%	34.1%
<b>Females</b>	39	102	88	16	0	245
<b>%</b>	10.5%	27.4%	23.7%	4.3%	0.0%	65.9%
<b>ARA Totals</b>	62	158	128	23	1	372
<b>%</b>	<b>16.7%</b>	<b>42.5%</b>	<b>34.4%</b>	<b>6.2%</b>	<b>0.3%</b>	<b>100%</b>
<b>Citywide Totals</b>	6,810	7,607	5,504	1,421	151	21,493
<b>%</b>	<b>31.7%</b>	<b>35.4%</b>	<b>25.6%</b>	<b>6.6%</b>	<b>0.7%</b>	<b>100%</b>

# **FY2018 ARA Accomplishments & Highlights General Fund**



# FY2018 ARA General Fund: Accomplishments & Highlights

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## ☐ **311:**

- Added functionality to provide access to customers to all the notes created relating to an SR
- Added a customer survey to the auto-response email that is sent to the customer when a Service Request closes
- Launched Chat function on the 311 Website
- Added functionality to enable departmental field inspectors to review the service request history for any address
- Added functionality allowing department inspectors to add photos to Service Requests showing the service site before and after service
- Remained fully operational, without interruption, during Harvey by deploying 311 Agents to work from home using laptops, headsets and hotspots.

## ☐ **Records Management:**

- Launched an on-line 30 minute Records Management training class enabling managers to review their roles and responsibilities relative to the management of City records.
- Published Administrative Policy 2-9, Guidelines for Responding to Requests for Public Information.

## ☐ **Asset Disposition:**

- Published Administrative Policy 7-10, Management of Surplus City Personal Property to ensure proper management and disposal of surplus City property.



# FY2018 ARA General Fund: Accomplishments & Highlights (cont'd)

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## □ Regulatory Permitting:

- Successfully proposed new regulations for Boarding Homes, Lodging Facilities, Correctional Facilities and Alternate Housing Facilities that were approved by City Council in March 2018
- During Hurricane Harvey recovery, partnered with taxi industry and Lyft to dispatch trips from GRB and NRG for shelter evacuees

## □ Sustainability:

- For the 3<sup>rd</sup> year in a row, Houston was named the #1 municipal user of renewable energy; Houston is now ranked #7 on the US EPA's overall top 100 green power users (public and private)
- Winner of the 2017 Green Power Leadership Award from the US EPA
- Launched the City's first power purchase agreement (PPA) for a 50MW solar facility in Alpine, Tx.
- Currently at 89% renewable (10% solar, 79% wind)
- Completed second-ever community-wide greenhouse gas inventory
- Raised over \$350k for the City's first-ever Climate Action and Adaptation Plan
- Through Climate Mayors, organized over 400 US Mayors to commit to the Paris Agreement
- Negotiated post-Harvey donation of 22 Nissan Leaf electric vehicles

# **FY2018 ARA Accomplishments & Highlights Other Funds**



# FY2018 ARA Accomplishments & Highlights: BARC

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- ❑ **Live Release\***: 86% live release rate YTD compared to 83.4% during the same time period in FY2017; reached a historic 93.5% live release rate in September 2017.
- ❑ **Volunteer Hours\*\***: 93% increase of volunteer hours completed YTD for FY2018.
- ❑ **Revenue\*\***: Donations have increased by 127% and Pet Licensing has increased by 7% YTD.
- ❑ **Rescue/Transfer Program\***: number of animals transferred to rescue partners increased 17% to 7,614.
- ❑ **Animal Enforcement**: Increased field response by 6% to 48% of requests for service; Continued to respond to 100% of Priority 1, 2, and 3 service calls year over year (excluding cancelled calls)\*\*
- ❑ **Hurricane Harvey Related Donations \*\*\*\$195,698**  
**Non Hurricane Harvey Related Donations FY2018 YTD \$110,120**

\*Statistics shown are Year To Date (YTD) in FY2018 compared to the same time period in FY2017

\*\*See animal enforcement priority matrix.

\*\*\*Hurricane Harvey Related Donations period from August 27, 2017 to October 31, 2017.

FY2018 YTD 04-08-17.



# FY2018 ARA Accomplishments & Highlights: ParkHouston

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- ❑ Deployed 276 meters as part of the meter refresh project
- ❑ Trained parking ambassadors to educate the public on use of new meters including Pay by Plate
- ❑ Conducted 24 community presentations
- ❑ Completed installation of bike racks in the Washington Avenue Parking Benefit District
- ❑ Received award for employee of the year in parking from the Texas Parking & Transportation Association (TPTA)
- ❑ Launched enforcement app for parking compliance functions including citations, booting, etc.
- ❑ Selected to participate in T4 America Smart Cities Collaborative
- ❑ Initiated public engagement for parking challenges in Museum District





# FY2018 ARA Accomplishments & Highlights: Risk Management

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## ☐ **Hurricane Harvey Activity:**

- Obtained a complete Property Insurance recovery of the \$100M flood sub-limit within 6 months of the catastrophe
- Negotiated and settled “Other than General Property Insurance” claims as follows:
  - Houston Area Automated Libraries Network, Fine Arts Policy; settlement amount: \$18,552
  - Houston Public Library, Electronic Equipment Protection Policy; settlement amount: \$110,525
- Partnered with Finance to develop a base model to identify FEMA Obtain and Maintain (O&M) insurance obligations for Hurricane Harvey damaged properties

## ☐ **Property Insurance:**

- Negotiated reinstatement of the \$100M flood insurance aggregate sub-limit, resulting from exhaustion of this aggregate coverage for Hurricane Harvey flood related damage
- Increased Flood Insurance sub-limit from \$100M to \$175M

# **FY2019 ARA Performance Measures**



# FY2019 ARA Performance Measures: General Fund

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<b>Performance Measures</b>	<b>FY17 Actual</b>	<b>FY18 Budget</b>	<b>FY18 Estimate</b>	<b>FY19 Budget</b>
311 Average Speed of Answer (seconds)	66.1	75	118	75
Alcohol Site Survey Completion (days)	9	10	10	10
Houston Permitting Center (HPC) Wait Time (Minutes)	25	15	8	10
HPC Customer Satisfaction Survey Rating	100%	98%	99%	98%
HPC Vehicle-for-Hire Customers Served	110,364	20,000	13,600	11,900



# FY2019 ARA Performance Measures: BARC

Performance Measures	FY17 Actual	FY18 Budget	FY18 Estimate	FY19 Budget
Animal Live Release Rate	82.4%	73%	80.5%*	75%
Animals Trapped, Neutered, and Returned	2,010	1,800	1,813	1,800
Completed Service Calls for Animal Control Officers	29,460	29,000	30,500	29,000
Service Calls for Animal Control Officers	50,416	50,000	52,040	50,000
Spay and Neuter Procedures Completed	18,642	17,500	13,560**	17,500

\*The live release rate is currently averaging 86% for FY18. However, at the time of budget submission we did not know what the outcome of the distemper outbreak would be, and we estimated lower in the interest of caution.

\*\*BARC traditionally has four full-time staff vets and one part-time staff vet and now we have two full-time vets. We have two full-time vacancies open and have been unable to recruit additional vets. We are actively recruiting at the national level and are making use of our third party contracts to attempt to keep up with community demand.



# FY2019 ARA Performance Measures: ParkHouston

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<b>Performance Measures</b>	<b>FY17 Actual</b>	<b>FY18 Budget</b>	<b>FY18 Estimate</b>	<b>FY19 Budget</b>
Meter Transactions	2,644,699	2,404,107	2,404,107	2,646,233
Parking Citations Issued	194,653	200,000	180,000	180,143
Parking Citations Paid	142,481	146,000	126,116	135,107
Vehicle Boots Applied	2,355	2,330	1,884	2,330



**End**