



Administration & Regulatory Affairs

FY2021 Zero Based Budget Workshop Presentation

April 29, 2020

FY2021 Program Organizational Chart (in thousands)



General Fund
Administration & Regulatory Affairs Department
 FY2021 Budget: \$29,666
 FY2021 FTEs: 187.7

Payroll Services

FY21 Budget:
\$4,239

FTEs: 40.5

- Responsible for the remuneration of all city employees, including the regular bi-weekly payroll run and off-cycle runs
- Responsible for time and attendance, and all payroll-related reporting and remittances

Franchise Administration

FY21 Budget:
\$319

FTEs: 3.0

- Manages the private use of the COH public rights-of-way and exercise the COH's legal role as original jurisdiction regulator over investor-owned utilities operating within the City limits

311 Call Center

FY21 Budget:
\$6,161

FTEs: 78.8

- Provides one-stop access for citizens who need information or want to request service

BARC Transfer

FY21 Budget:
\$9,523

FTEs: 0.0

- General Fund Transfer to support programs at BARC

Burglar Alarm Permitting

FY21 Budget:
\$1,258

FTEs: 3.0

- Administers and regulates the permitting and billing program for burglar alarms and panic alarms

FY2021 Program Organizational Chart (in thousands)



General Fund
Administration & Regulatory Affairs Department
 FY2021 Budget: \$29,666
 FY2021 FTEs: 187.7

Business License & Permit

FY21 Budget:
\$2,265

FTEs: 20.7

- Engages in compliance investigations, permit processing and fee collection activities associated with over 50 various commercial permits

Vehicle for Hire Regulation

FY21 Budget:
\$1,018

FTEs: 12.0

- Issues licenses and permits to the operators and drivers of several different categories of vehicles-for-hire services in compliance with State/City regulation

Records Management

FY21 Budget:
\$632

FTEs: 5.7

- Manages the City's retention schedules and records
- Responds to citizen's PIRs

Asset Disposition

FY21 Budget:
\$536

FTEs: 7.0

- Disposes of surplus and end of life City property

Mail Services

FY21 Budget:
\$300

FTEs: 4.0

- Oversees the City's internal and external mail service

FY2021 Program Organizational Chart

Allocated Programs (in thousands)



General Fund
Administration & Regulatory Affairs Department
FY2021 Budget: \$29,666
FY2021 FTEs: 187.7

| Executive Oversight | Financial Services | Office of Sustainability |
|---|--|---|
| FY21 Budget: \$1,870 | FY21 Budget: \$918 | FY21 Budget: \$627 |
| FTEs: 4.0 | FTEs: 4.6 | FTEs: 4.4 |
| <ul style="list-style-type: none"> ▪ ARA General Management ▪ Administration ▪ Strategic Planning and Initiatives ▪ Performance Improvement | <ul style="list-style-type: none"> ▪ Provides budget management for ARA & MYR ▪ Provides Accounts Payable Responsibilities ▪ Reconciles statements for all department funds ▪ Departmental Fixed Assets Responsibilities | <ul style="list-style-type: none"> ▪ Greenhouse gas mitigation ▪ Council liaison ▪ PIO ▪ Utility Regulation |

General Fund Revenues Overview (in Thousands)



| Revenue Category | FY16 Actual | FY17 Actual | FY18 Actual | FY19 Actual | FY20 Budget | FY20 Estimate | FY21 Proposed | Variance FY21 Prop/ FY20 Estimate |
|---------------------|------------------|-------------------|------------------|-------------------|-------------------|------------------|------------------|-----------------------------------|
| Electric Franchise | \$ 99,756 | \$ 101,021 | \$ 100,840 | \$ 99,206 | \$ 99,414 | \$ 99,414 | \$ 97,693 | \$ (1,721) |
| Telephone Franchise | \$ 43,061 | \$ 41,928 | \$ 39,704 | \$ 37,501 | \$ 25,220 | \$ 28,094 | \$ 24,455 | \$ (3,639) |
| Gas Franchise | \$ 14,840 | \$ 15,016 | \$ 13,791 | \$ 12,324 | \$ 12,386 | \$ 12,386 | \$ 13,034 | \$ 648 |
| Other Franchise | \$ 32,056 | \$ 30,988 | \$ 30,019 | \$ 29,225 | \$ 20,031 | \$ 22,721 | \$ 20,316 | \$ (2,405) |
| Other Revenues | \$ 21,441 | \$ 22,814 | \$ 17,641 | \$ 20,524 | \$ 18,283 | \$ 18,548 | \$ 18,833 | \$ 285 |
| Total | \$211,153 | \$ 211,767 | \$201,994 | \$ 198,780 | \$ 175,334 | \$181,162 | \$174,331 | \$ (6,832) |

General Fund Expenditures Summary (in Thousands)



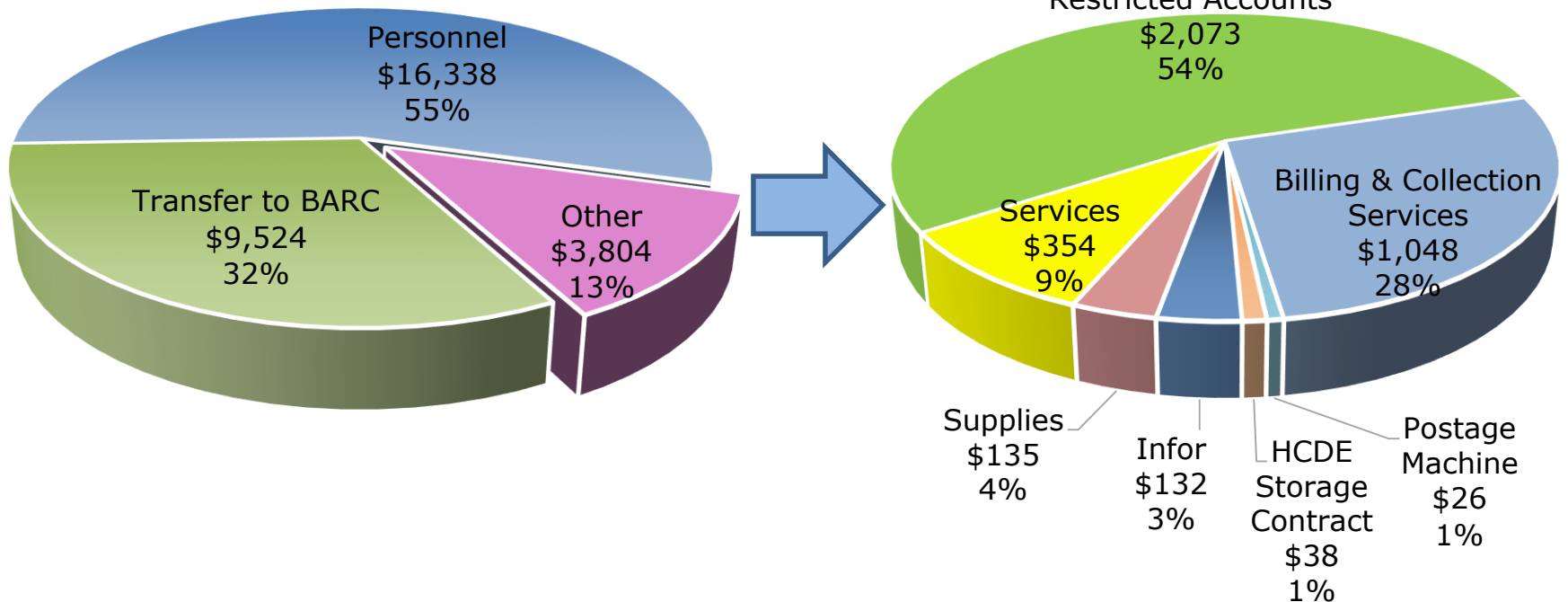
| Expenditure Category | FY19 Actual | FY20 Budget | FY20 Estimate | FY21 Proposed | Variance FY21 Prop/ FY20 Bud | % Change |
|----------------------|------------------|------------------|------------------|------------------|------------------------------|---------------|
| Personnel | \$ 15,551 | \$ 15,761 | \$ 15,235 | \$ 16,338 | \$ 576 | 3.66% |
| Supplies | 63 | 113 | 113 | 135 | 22 | 19.72% |
| Restricted Accounts* | 1,938 | 2,290 | 2,236 | 2,073 | (218) | -9.50% |
| Services (Contracts) | 1,289 | 1,968 | 1,954 | 1,589 | (379) | -19.25% |
| Equipment | 13 | 14 | 18 | 8 | (7) | -46.49% |
| Transfer to BARC | 9,524 | 9,524 | 9,524 | 9,524 | 0 | 0.00% |
| Total | \$ 28,378 | \$ 29,671 | \$ 29,079 | \$ 29,666 | \$ (5) | -0.02% |

*Restricted Accounts – General Fund budget includes service chargeback accounts for items such as fuel, HITS accounts, HR Interfund, etc. See appendix for more details.



FY2021 Personnel vs Non Personnel General Fund (in Thousands)

ARA FY2021 Proposed Budget: \$29,666M



FY2021 General Fund Expenditures Net Change (in thousands)

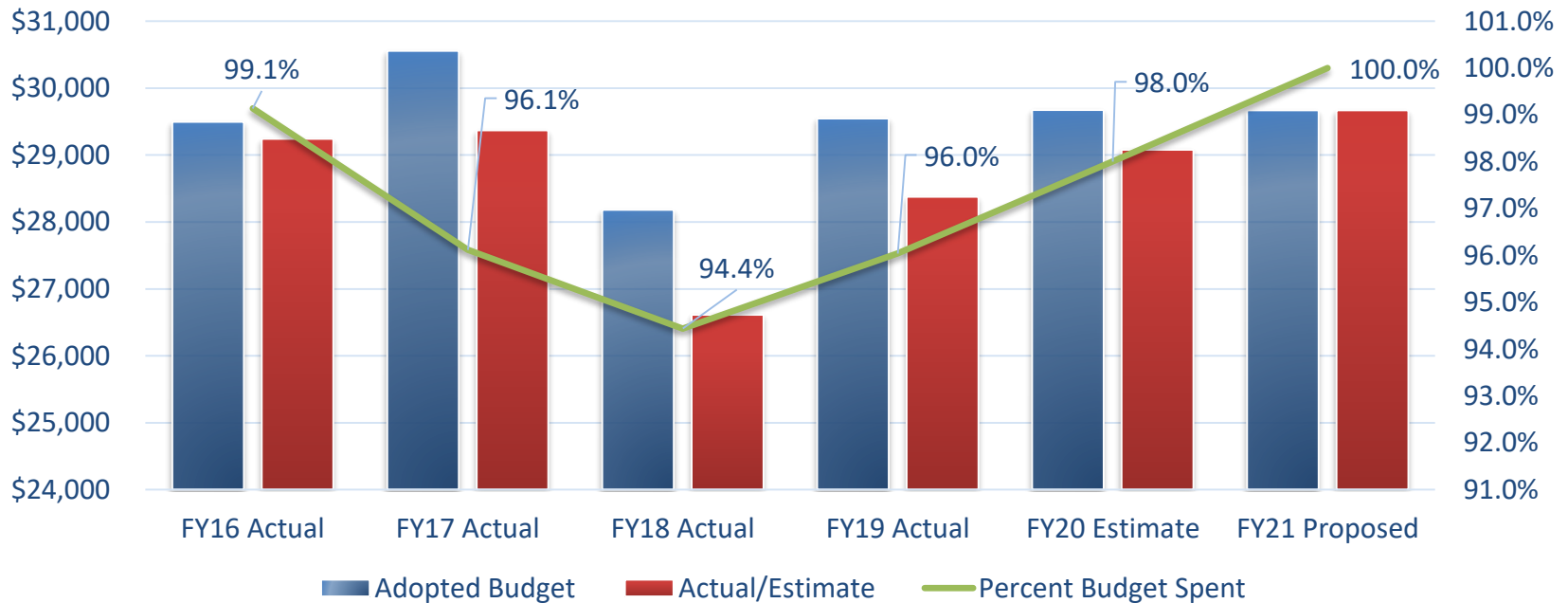


| FY2021 General Fund Budget Expenditures | | |
|--|------------------|---------------------|
| Net Change to FY2020 Current Budget | | |
| FY2020 Current Budget | | <u>Notes</u> |
| Operating Budget | \$ 17,857 | |
| Restricted Budget | \$ 2,290 | |
| Transfer to BARC | \$ 9,524 | |
| FY2020 Current Budget | \$ 29,671 | |
| Explanation of FY2021 Incremental Increase/(Decrease) | | |
| Operating Budget Adjustments | | |
| Change in burglar alarm third party collections vendor commission structure | \$ (373) | 1 |
| Termination Pay and other Retirement Planning Expenses | \$ 353 | 2 |
| 311 Overtime | \$ 65 | 3 |
| Other Budget Adjustments | 14 | 4 |
| Subtotal Operating Budget Adjustments | \$ 59 | |
| % Change from FY20 Operating Budget | 0.3% | |
| Contractual or Mandated Adjustments: | | |
| Health Benefits Active Civilian | \$ (42) | |
| Municipal Pension | 87 | |
| Restricted Accounts | (218) | |
| Contractual Agreements (HOPE) | \$ 108 | |
| Subtotal Contractual/Mandated Increases | \$ (64) | 5 |
| FY2020 Proposed Budget | | |
| Total Change | \$ (5) | |
| FY2021 Proposed Budget | \$ 29,666 | |
| % Change from FY20 Current Budget | -0.02% | |
| Notes: | | |
| 1. Change in burglar alarm third party collections vendor commission structure | \$ (373) | |
| 2. Termination Pay & other retirement planning expenses | \$ 353 | |
| 3. 311 Overtime increase due to attrition | 65 | |
| 4. Other Budget Adjustments | 14 | |
| 5. Contractual or Mandated Adjustments | (64) | |
| Net Change in Budget | \$ (5) | |



General Fund Budget History (in thousands)

Budget Utilization



| | FY16 Actual | FY17 Actual | FY18 Actual | FY19 Actual | FY20 Estimate | FY21 Proposed |
|-----------------------------|-------------|-------------|-------------|-------------|---------------|---------------|
| Adopted Budget | \$ 29,496 | \$ 30,555 | \$ 28,179 | \$ 29,547 | \$29,671 | \$ 29,666 |
| Actual/Estimate | \$ 29,241 | \$ 29,369 | \$ 26,613 | \$ 28,378 | \$29,079 | \$ 29,666 |
| Savings/Overage | \$ 255 | \$ 1,186 | \$ 1,566 | \$ 1,169 | \$ 592 | \$ - |
| Percent Budget Spent | 99.1% | 96.1% | 94.4% | 96.0% | 98.0% | 100.0% |



Program Details

Payroll Services

(in thousands)



| | |
|-----------------------------|---|
| Program Name | Payroll Services |
| Program Description | Responsible for the remuneration of all City employees, including the biweekly payroll run and off-cycle runs. Responsible for time and attendance, and all payroll-related reporting and remittances such as income taxes, payroll taxes, pension contributions, garnishments and deductions. |
| Program Deliverables | Processes bi-weekly remuneration, time and attendance, and tax remittances for over 21,000 employees; processes all W2s, 1095C forms, Deferred Compensation remittances, and child support garnishments biweekly. |
| Plan Houston | Communicate Clearly and with Transparency. |
| FTE Count | 40.5 |
| Significant Changes | Increase in this program is primarily due to adding funding for termination pay since almost 45% of the employees are eligible to retire. Also funding a new position in the division as part of overall succession planning. Other expenditure changes include contractual obligations including HOPE pay raises, pension cost, and health benefits costs. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 3,842 | \$ 3,865 | \$ 3,621 | \$ 4,239 |

Franchise Administration

(in thousands)



| | |
|-----------------------------|--|
| Program Name | Franchise Administration |
| Program Description | Responsible for the administration of franchises for the use of the public rights-of-way by private entities such as utilities, cable companies, telephone companies, and private waste haulers. |
| Program Deliverables | Collects approximately \$157M in franchise fees annually. |
| Plan Houston | Spend Money Wisely. |
| FTE Count | 3 |
| Significant Changes | Budget includes transferring one Division Manager and one Staff Analyst to the new Office of Sustainability cost center in FY2021 and contractual obligations including HOPE pay raises, pension costs, and health benefits. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 747 | \$ 577 | \$ 573 | \$ 319 |

311 Call Center

(in thousands)



| | |
|-----------------------------|--|
| Program Name | 311 Call Center |
| Program Description | Provides one-stop access for citizens who need information or want to request service. |
| Program Deliverables | 2.2 M contacts each year, over 450K service requests created annually. |
| Plan Houston | Communicate Clearly and with Transparency |
| FTE Count | 78.8 |
| Significant Changes | Decrease in this program is primarily due to the redistribution of IT services' budgets between Executive Oversight and 311 Call Center. Budget also includes contractual obligations including HOPE pay raise, pension cost, and health benefits. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 5,839 | \$ 6,567 | \$ 6,283 | \$ 6,161 |



BARC Transfer

(in thousands)

| | |
|----------------------|--|
| Program Name | BARC Transfer |
| Program Description | General Fund Transfer to support programs at BARC. |
| Program Deliverables | To support BARC in promoting animal care and protecting the public health through sheltering, pet placement programs, pet ownership education, and animal law enforcement. |
| Plan Houston | Nurture Safe and Healthy Neighborhoods. |
| FTE Count | 0.0 |
| Significant Changes | Transfer amount set at FY20 level. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|---------------|---------------|-----------------|-----------------|
| \$ 9,524 | \$ 9,524 | \$ 9,524 | \$ 9,524 |

Burglar Alarm Permitting

(in thousands)



| | |
|-----------------------------|--|
| Program Name | Burglar Alarm Permitting |
| Program Description | Administers and regulates the permitting and billing program for burglar alarms and panic alarms. |
| Program Deliverables | This program issues approximately 114,442 burglar and panic alarm permits annually. The permits are issued to assist in the reduction of false alarm calls. |
| Plan Houston | Grow Responsibly. |
| FTE Count | 3.0 |
| Significant Changes | Decrease in budget is mainly due to having a new contract with different commission structure. Budget also includes contractual obligations including HOPE pay raise, pension cost, and health benefits. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 1,019 | \$ 1,619 | \$ 1,623 | \$ 1,258 |

Business License & Permits

(in thousands)



| | |
|-----------------------------|--|
| Program Name | Business License & Permits |
| Program Description | Engages in compliance investigations, permit processing and fee collection activities associated with over 50 types of commercial permits including everything from alcohol related businesses, to carnivals, and many others. |
| Program Deliverables | This program conducts 1,455 alcohol location checks to certify locations for TABC prequalification applications annually. The group also issues 23,933 business licenses and permits annually. |
| Plan Houston | Grow Responsibly |
| FTE Count | 20.7 |
| Significant Changes | The increase in this program is primarily due to adding a position to review alcohol certification requests and Human Trafficking certifications. We added a position to begin knowledge transfer for another 30+ year employee who will be retiring in FY21. The budget change also includes contractual obligations including HOPE pay raises, pension costs, and health benefits. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 2,151 | \$ 2,238 | \$ 2,186 | \$ 2,265 |

Vehicle for Hire Regulation

(in thousands)



| | |
|-----------------------------|--|
| Program Name | Vehicle for Hire Regulation |
| Program Description | Issues licenses and permits to the operators and drivers of several different categories of vehicle-for-hire services in compliance with State/City regulations. |
| Program Deliverables | This program provides permitting, licensing and enforcement for over 7,500 vehicle for hire companies, vehicles and drivers in the City of Houston on an annual basis. |
| Plan Houston | Grow Responsibly |
| FTE Count | 12 |
| Significant Changes | Budget includes contractual obligations including HOPE pay raises, pension costs, and health benefits, and budget re-allocation in Supplies and Services line items based on historical usage. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 878 | \$ 1,019 | \$ 1,014 | \$ 1,018 |

Records Management

(in thousands)



| | |
|-----------------------------|---|
| Program Name | Records Management |
| Program Description | Manages the City Retention Schedules and records. |
| Program Deliverables | This program maintains 1,048 record retention schedules, 235,687 record boxes in storage and responds to 780 TPIA request annually. |
| Plan Houston | Communicate Clearly and with Transparency |
| FTE Count | 5.7 |
| Significant Changes | Budget changes mainly due to contractual obligations including HOPE pay raise, pension cost, and health benefits. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 711 | \$ 694 | \$ 694 | \$ 632 |



Asset Disposition

(in thousands)

| | |
|----------------------|--|
| Program Name | Asset Disposition |
| Program Description | Disposes of surplus and end of life City property. |
| Program Deliverables | This program generates \$1.2M in auto sales and \$300K in general merchandise annually. |
| Plan Houston | Partner with Others, Public and Private. |
| FTE Count | 7 |
| Significant Changes | Increase in this program is primarily due to contractual obligations including HOPE pay raise, pension cost, and health benefits |

| FY2019 Actual | | FY2020 Budget | | FY2020 Estimate | | FY2021 Proposed | |
|---------------|-----|---------------|-----|-----------------|-----|-----------------|-----|
| \$ | 517 | \$ | 518 | \$ | 518 | \$ | 536 |

Office of Sustainability

(in thousands)



| | |
|-----------------------------|--|
| Program Name | Office of Sustainability |
| Program Description | Provides support for climate and greenhouse gas mitigation initiatives and serves as liaison to the mayor, city council, city departments, and other public and private entities on matters pertaining to climate, sustainability, and ARA matters in general. |
| Program Deliverables | Sustainability Office leads the City's participation in 1) utility rate case proceedings at the PUC and RRC, 2) annual energy and emission reporting (Carbon Disclosure Report, ACEEE, SECO, Climate Mayors, C40, Global Covenant, etc.) and 3) the City's Climate Action Plan, Climate Risk Assessment, and Greenhouse Gas Inventory. |
| Plan Houston | Protect and Conserve Our Resources. |
| FTE Count | 4.4 |
| Significant Changes | Office of Sustainability is a new program* in FY2021. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ - | \$ - | \$ - | \$ 627 |

*Staff and functions were included in Director's Office & Franchise Utility Regulation in previous years.

Financial Services (Allocated Program) (in thousands)



| | |
|-----------------------------|--|
| Program Name | Financial Services |
| Program Description | Provides budget management for Administration and Regulatory Affairs & Mayor's Office, processes over 3,700 invoices per year for Administration and Regulatory Affairs, Mayor's Office and Department of Neighborhoods, and provides financial support to divisions and vendors in matters relating to payments including recording revenue and cash receipts of over \$252 million per year. |
| Program Deliverables | This program manages/monitors all ARA revenues and expenditures, as well as revenues and expenditures for the Mayor's Office. It is also responsible for paying invoices for several departments and recording revenues and cash receipts. |
| Plan Houston | Spend Money Wisely. |
| FTE Count | 4.6 |
| Significant Changes | Budget change includes contractual obligations such as the HOPE pay raises, pension costs, and health benefits, as well as a reduction in charges for HR Interfund Services. |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 934 | \$ 935 | \$ 934 | \$ 918 |

Mail Services

(in thousands)



| | |
|-----------------------------|--|
| Program Name | Mail Services |
| Program Description | Responsible for City's mail services including pick-up and delivery of mail, letters and interoffice department mail to all supported locations. |
| Program Deliverables | This program handles an average of 5,000 incoming letters and inter-office mail pieces each day; maintains logs for certified mail; responsible for pickup and delivery services for the central post office, the HPC, 611 Walker, City Hall and City Hall Annex |
| Plan Houston | Communicate Clearly and with Transparency. |
| FTE Count | 4 |
| Significant Changes | Increase in this program is primarily due to contractual obligations including HOPE pay raise, pension cost, and health benefits |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 286 | \$ 298 | \$ 298 | \$ 300 |

Executive Oversight (Allocated Program) (in thousands)



| | |
|-----------------------------|--|
| Program Name | Executive Oversight |
| Program Description | Maintains authority and management over all ARA divisions to ensure a common vision and the accomplishment of common goals which align with the City's mission. |
| Program Deliverables | This program is comprised of the Department Director's office, and provides oversight of the Administration and Regulatory Affairs Department with authority over all Department policies, procedures, and employees. Responsible for establishing the Department vision and strategies to accomplish the vision, as well as identifying opportunities to streamline service delivery. |
| Plan Houston | Communicate Clearly and with Transparency. |
| FTE Count | 4 |
| Significant Changes | Budget changes include moving 1 Deputy Assistant Director and 1 Senior Staff Analyst to the Office of Sustainability program, including redistributing related supplies and services expenses, from Executive Oversight to the Office of Sustainability |

| FY2019 Actual | FY2020 Budget | FY2020 Estimate | FY2021 Proposed |
|----------------------|----------------------|------------------------|------------------------|
| \$ 1,929 | \$ 1,817 | \$ 1,811 | \$ 1,870 |



Questions?



Appendix



Restricted Account Details

| GL Description | Justification & Cost Drivers |
|---|--|
| Fuel | Fuel Program operates and manages all City owned fuel sites. Expense explanation - Fuel services are driven primarily by market pricing. |
| Application Services | Costs include Microsoft Enterprise licenses, 3-1-1 maintenance support and applications, SAP licenses maintenance and support, various Enterprise Application and Server support personnel, CSMART (MCD Only), eSignature, Project Management, Infor, eDiscovery, Cyber Security Office software and support, HITS Budget support via the Finance Department, eSignature. |
| Insurance Fees | Cost increase for property insurance premium. |
| Electricity | Responsible for administering the electricity accounts for the City. Program is responsible for overseeing procurement contracts, forecasting, providing price certainty, and financial reporting. Electricity expenses are projected to be lower than the previous year as a function of the competitive bidding process. |
| Natural Gas | Responsible for administering the natural gas accounts for the City. Program is responsible for overseeing procurement contracts, forecasting, providing price certainty, and financial reporting. Natural gas expenses are projected to be lower than the previous year due to current market conditions and locking in a rate favorable to the City. |
| Data Services | Costs associated with software and maintenance support contracts required to maintain city networks, applications, desktop devices, servers, payment card industry security, storage devices, cloud services, telephone systems and network equipment including Phonoscope circuits. Contracts cover Antivirus, Firewall and Network backup systems. Also, the Data Center costs are included in the Data Services restricted account. |
| Voice Services | Monthly costs for Voice/Communication Services. The services include: Local landlines, voice/data circuits, long distance, 1-800 numbers, calling cards, language lines, Citywide ISP/Internet Access. The major vendors are ATT, Department of Information Resources (DIR), Verizon and Century Link. |
| Voice Labor | Labor costs and parts needed to perform work associated with installation and/or upgrades of telephone systems and cabling. The sole vendor is Selrico. |
| GIS Revolving Fund Services | Personnel, software licenses and maintenance costs associated with the city of Houston's Enterprise Geographic Information System (EGIS) |
| Voice Services - Wireless | Monthly charges for Verizon Business services and mobile devices including cell phones, air cards and tablets. |
| Interfund HR Client Services | Include HR operation cost reflecting health benefits and restricted accounts increase. |
| KRONOS Service Chargeback | Software license and maintenance costs associated with the city of Houston's Time and Attendance System (KRONOS). |
| Drainage Fee Service Chargeback | Fee is based on impervious service. |
| Interfund Permit Center Rent Chargeback | The cost include the HPC Point of Sale cost increase for credit card merchant fee, and lease cost increase. |
| Interfund Vehicle Services | Provides repair, maintenance, and administrative support for all city departments' rolling stock equipment. Expense explanation - Vehicle Services are projected to increase driven by part cost, contractual increases, and an aging vehicle population. |
| Interfund Radio System Access | Due to the consolidation of the radio group in General Fund to revolving fund for HITS. This group is responsible for the operation and maintenance of the City's public safety radio system. |

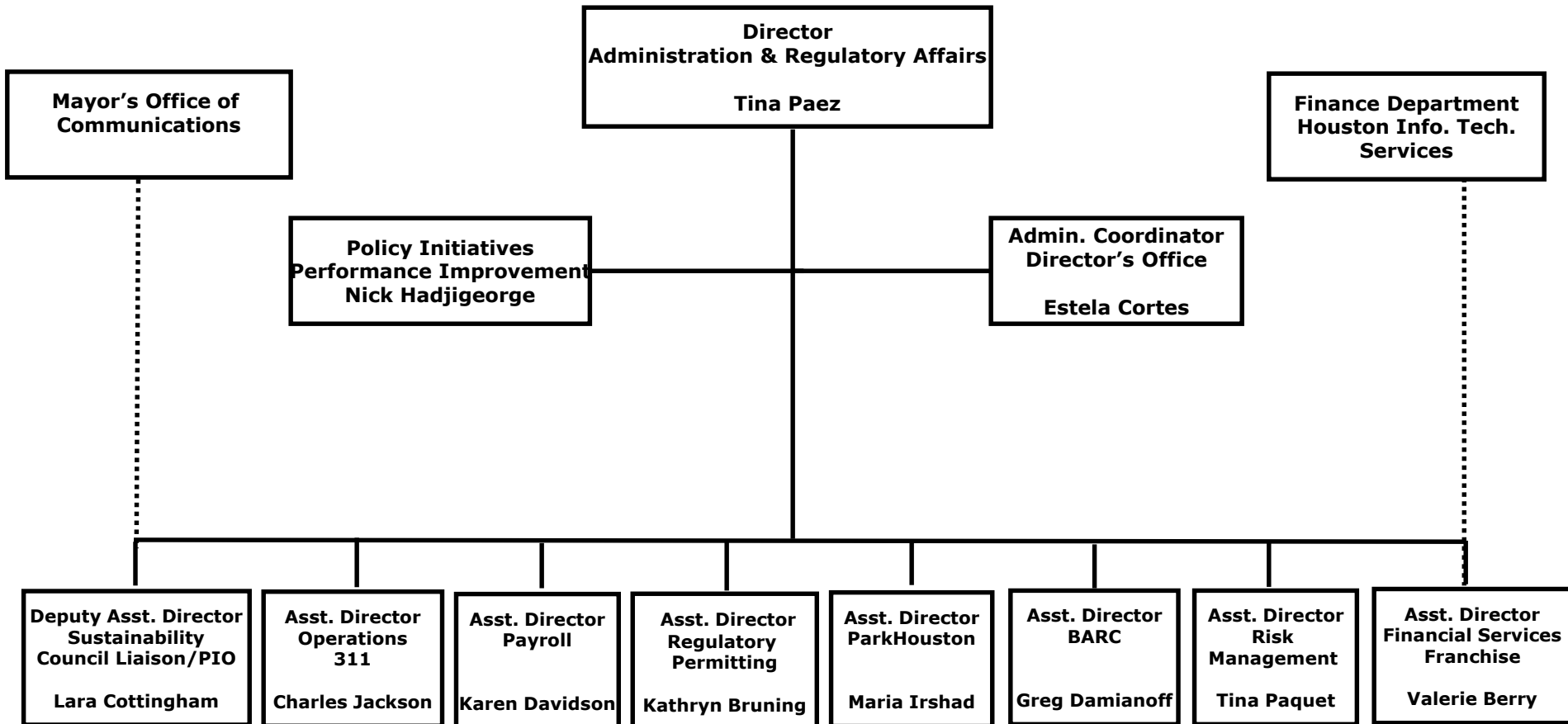
ARA FY2020 DEMOGRAPHIC BREAKDOWN (as of April 1, 2020)



| Category | White | Black | Hispanic | Asian | Other | Total |
|------------------------|--------------|--------------|--------------|-------------|-------------|-------------|
| Males | 25 | 51 | 32 | 7 | 1 | 116 |
| % | 6.9% | 14.6% | 10.7% | 1.6% | 0.3% | 34.1% |
| Females | 38 | 97 | 92 | 14 | 1 | 242 |
| % | 10.7% | 27.7% | 23.4% | 3.8% | 0.3% | 65.9% |
| ARA Totals | 63 | 148 | 124 | 21 | 2 | 358 |
| % | 17.6% | 41.3% | 34.6% | 5.9% | 0.6% | 100% |
| Citywide Totals | 6,818 | 7,300 | 5,480 | 1,443 | 286 | 21,327 |
| % | 32.0% | 34.2% | 26.0% | 6.8% | 1.0% | 100% |



Organization Chart



Functional Organization Chart - General Fund (in thousands)

