

May 30, 2006

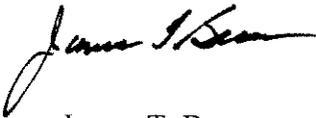
Gary E. Gray, CPA
Assistant Director
Finance and Administration
City of Houston
611 Walker
Houston, TX 77002

Dear Mr. Gray:

Please find attached an indirect cost rate calculation table associated with the Citywide and Houston Police Department Full Cost and OMB Circular A-87 Cost Allocation Plans based on actual expenditures for the fiscal year ended June 30, 2004. We have revised the indirect cost rates to reflect the audit adjustments for federal negotiation. The indirect cost rates presented in this letter include rates for the Houston Police Department that were calculated using the indirect cost allocations determined in the Full Cost and OMB Circular A-87 Cost Allocation Plans for the Houston Police Department based on actual expenditures for the year ended June 30, 2004. All other departmental indirect cost rates were calculated based on the aforementioned Citywide Cost Allocation Plans.

Sincerely,

MAXIMUS, INC.



James T. Brown

Attachment

City of Houston, Texas
Indirect Cost Rate Proposal for Fiscal Year 2006
Based on Actual Expenditures for the Year Ended June 30, 2004

	Source of Indirect Costs	FY 2006		FY 2005	
		Total Personnel Cost	Total Salaries	Total Personnel Cost	Total Salaries
Aviation	OMB	3.08%	4.37%	2.66	3.91
Building Svcs	FC	22.07%	29.85%	26.99	35.01
Building Svcs	OMB	17.27%	23.35%	25.01	32.45
Citywide	OMB	13.45%	16.20%	21.04	27.61
Citywide	FC	14.94%	18.01%	24.87	32.64
F&A	FC	42.54%	57.60%	44.93	57.97
Health & Human Svcs	OMB	6.93%	9.51%	34.26	44.93
Housing & Comm. Dev	OMB	4.82%	6.37%	9.06	11.65
Legal Dept.	FC	38.09%	49.54%	36.65	46.30
Library	OMB	1.42%	1.94%	13.12	17.19
Parks & Recreation	OMB	-1.00%	-1.36%	20.74	28.25
Planning & Development	OMB	44.90%	61.24%	156.16	200.37
Police	FC	26.23%	33.08%	33.18	41.75
Police	OMB	25.22%	31.81%	32.33	40.68
PW & E - Fund 100	FC	-1.14%	-1.45%	74.98	98.19
PW & E - Fund 118	FC	51.24%	51.24%	8.16	10.71
PW & E - Fund 701	FC	3.89%	5.50%	6.89	9.86