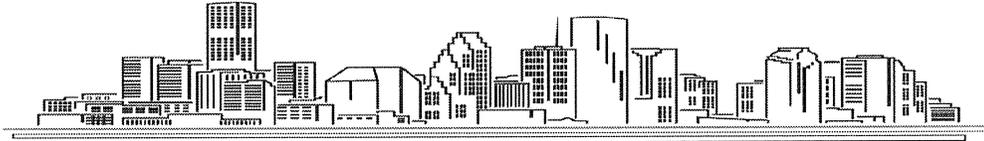


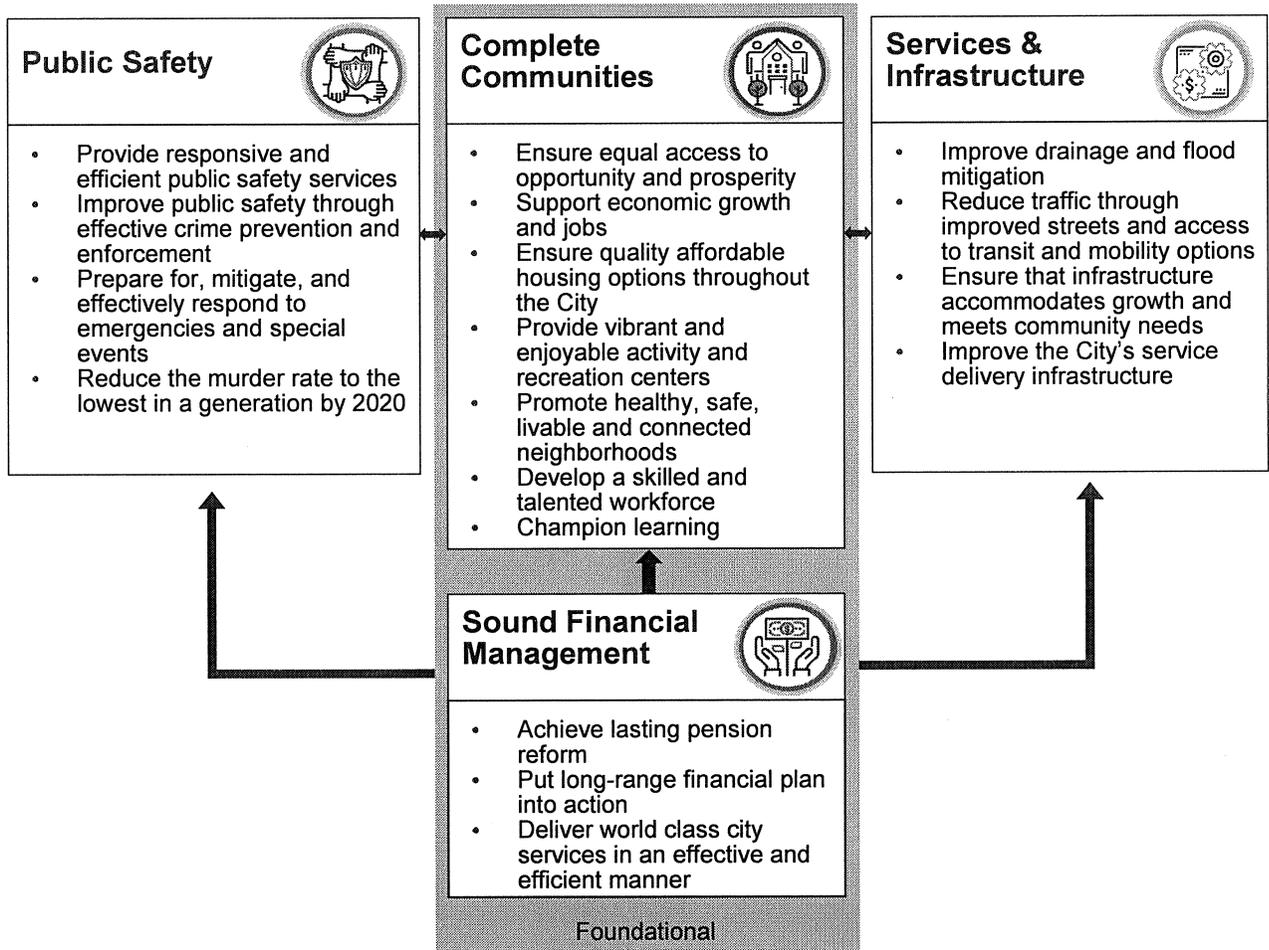
Connecting Budget to Strategy

The Mayor's Priorities for the City of Houston are Complete Communities, Public Safety, Services & Infrastructure and Sound Financial Management, which are the foundation of each priority. These Priorities are drawn from Plan Houston and will guide the strategic direction of the City through Mayor Turner's administration. Along with the Mayor's Priorities are goals to provide further definition, and outcome measures to ensure the goals are achieved. Under Mayor Turner's leadership, the City is redesigning its budget to better align the City's resources towards this shared vision and ensure greater transparency and accountability in the process.



Mayor Sylvester Turner's Priorities

Houston: A welcoming city that works for all.



FISCAL YEAR 2018 BUDGET

Implementation:

In his first Executive Order, Mayor Turner set forth a budgeting framework that moves the City from an incremental budgeting approach to a more strategic program performance-based approach in order to better align resources with the needs of the City. Executive Order 1-53 and the accompanying Administrative Policy 4-10, ensure that budgeting and spending decisions focus on specific measureable outcomes that align with the Mayor's Priorities.

The FY2018 Budget reflects elements of this new approach, which is to be fully implemented by the FY2019 Budget.

FY2018 Key Initiatives:

The following is a list of key initiatives currently underway or planned for FY2018 that will help fulfill the Mayor's Priorities:

| Initiative | Description | Primary Priority* |
|--|--|----------------------------|
| 21st Century Policing | Deploy innovative strategies and techniques to engage the community in policing efforts and strengthen trust | Public Safety |
| 311 Service Improvements | Ensure departments are responding to citizens' requests for service appropriately and within the stated timeframe | Services & Infrastructure |
| Complete Communities | Create attractive, inclusive, efficient, healthy and resilient neighborhoods that improve quality of life for residents | Complete Communities |
| Hire Houston Youth | Work with public and private partners to provide summer jobs and internships to Houston's youth | Complete Communities |
| Homelessness & Panhandling Strategies | Expedite efforts to provide more permanent housing for homeless and reduce panhandling | Complete Communities |
| Long-range Financial Plan Implementation | Focus on achieving annual budgets that are structurally balanced and clearly aligned to short and long-term goals | Sound Financial Management |
| Permitting Center Improvements | Improve the Houston Permitting Center operations to help foster safe and sustainable growth in the City | Services & Infrastructure |
| Street Repair | Continue to assess and repair citizen-reported potholes by the next business day and address long-term street repair needs | Services & Infrastructure |
| Stormwater Action Team (SWAT) | Work proactively to reduce drainage problems that are not directly attributable to overflow from the City's bayous | Services & Infrastructure |
| Turnaround Houston | Remove barriers to employment by offering resources to residents in Houston's low income, high crime areas | Complete Communities |

*Initiatives may encompass multiple priorities. For brevity, these initiatives show linkage to the primary priority only.

Citywide Performance Measures

Citywide performance measures provide decision-makers and the public with a better understanding of the overall financial and operational health of the City. These measures show the results of the City's work and set targets aimed at making tangible improvements towards the Mayor's Priorities. The measures are categorized by Priority-area as follows:

| Public Safety | FY2016 Actual | FY2017 Budget | FY2017 Estimate | FY2018 Budget |
|---|----------------------|----------------------|------------------------|----------------------|
| 911 Emergency Calls Answered within 10 Seconds | 97% | 90% | 97% | 90% |
| Dangerous Buildings Demolished | 542 | 425 | 425 | 425 |
| Fear of Crime Index ¹ | 25% | 25% | 18% | 18% |
| Fire First Unit Response Time (Minutes) | 7.4 | 7.3 | 7.3 | 7.4 |
| Percent of Buildings Inspected by Fire in 5 Years | N/A** | N/A | 30% | 45% |
| Police Priority 1 Calls Responded to within 6 Minutes | 56.6% | 65.5% | 68.3% | 68.3% |
| Police UCR Part 1 Crime Clearance Rate | 14.9% | 17.3% | 13.4% | 13.9% |
| Police UCR Part 1 Crime Rate (Per 100,000) | 5,505 | 5,945 | 5,397 | 5,734 |
| Traffic Fatalities | 240 | 210 | 255 | 224 |

| Services & Infrastructure | FY2016 Actual | FY2017 Budget | FY2017 Estimate | FY2018 Budget |
|---|----------------------|----------------------|------------------------|----------------------|
| Average Age of Fleet | 8.6 | 7.0 | 8.6 | 7.0 |
| Citizen Satisfaction Rating of Flood Prevention (1-4) | N/A | N/A | 1.9 | 2.5 |
| Citizen Satisfaction Rating of Traffic Signals (1-4) | N/A | N/A | 2.6 | 2.6 |
| Citywide 311 Service Request On-Time Performance | N/A | N/A | 65% | 90% |
| Commercial Plan Reviews Completed within 15 Days | 44% | 90% | 98% | 90% |
| Overall City Customer Satisfaction Rating (1-4) | N/A | N/A | 2.4 | 3.0 |
| Pavement Condition Index – City Streets Average (1-100) | 73 | 73 | 72 | 73 |
| Potholes Repaired within Next Business Day | 65% | 95% | 95% | 95% |
| Sanitary Sewer Outflows (per 100 Miles of Pipe) | 25 | 25 | 21 | 18 |

**Please note that several of the measures have "N/A" or "TBD" values, as they are new City performance measures.

¹ Fear of Crime Index is based on the percentage of respondents who were "very worried" about becoming a victim of a crime. Houston Area Survey, Rice Kinder Institute, May 2017

Citywide Performance Measures

| Complete Communities <i>(Measures still in development)</i> | FY2016 Actual | FY2017 Budget | FY2017 Estimate | FY2018 Budget |
|--|--------------------------|--------------------------|----------------------------|--------------------------|
| Citywide Average School Rating ² (1-100) | 43 | N/A | TBD | TBD |
| Harris County Unemployment Rate | 4.7% | 4.5% | 5.9% | 5.0% |
| Residents Living within a Quarter Mile of Transit | N/A | N/A | TBD | TBD |
| Residents who Spend 45% or Less of Income on Housing and Transportation ³ | 82% | N/A | TBD | TBD |
| Residents within a 10-Minute or Half-Mile Walk to a Park ⁴ | 48% | 48% | 48% | 48% |
| Residents without Adequate Food Access Nearby ⁵ | 34% | N/A | TBD | TBD |

| Sound Financial Management | FY2016 Actual | FY2017 Budget | FY2017 Estimate | FY2018 Budget |
|--|--------------------------|--------------------------|----------------------------|--------------------------|
| General Fund Balance % of Expenditures | 11.84% | 9.39% | 11.02% | 8.94% |
| General Fund Surplus or (Deficit) | (\$47M) | (\$10M) | (\$12M) | (\$46M) |
| General Fund Expenditures Budget vs Actual Utilization | 98% | 98% | 101% | 98% |
| General Fund Revenues Budget vs Actual Utilization | 100% | 100% | 101% | 100% |
| General Fund Expenditures Per Capita | \$872 | \$889 | \$887 | \$870 |
| General Fund Revenues Per Capita | \$1,002 | \$998 | \$1,009 | \$1,010 |
| Pension Payments as a % of Expenditures | 9.0% | 8.6% | 9.0% | 8.0% |
| Pension Payments Per Capita | \$163 | \$167 | \$169 | \$157 |

See Appendix section page XV - 17 - for Definitions of Performance Measures.

² Source: Children at Risk: Annual School Rankings, 2017 (released in June for prior calendar year)

³ Source: Center for Neighborhood Technology, Housing & Transportation Index

⁴ Source: Trust for Public Land, Parkscore Index 2018

⁵ Source: USDA Food Access Research Atlas