



First Quarter Updates:
Long Range Financial Plan & Recommendations

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Overview

- In early September 2016, an independent consulting firm, PFM Consulting was selected to develop a long range financial plan to tackle City's financial challenges
- In February 2018, initial presentation of PFM Recommendations
 - Included implementation recommendations and cost impact for seven initiatives in FY2019
 - Councilmembers had subsequently provided initiatives based on PFM recommendations
- In July 2018, Chief Peña presented options for revenue opportunities and restructuring of the Fire Department
- Today we will focus on the claw-back language for special revenue funds and dependent eligibility audit



Council Recommendations

	Category	Recommendation
1	Consolidation	Increase Consolidation of Finance Functions
2	Consolidation	Centralize the Talent Management Function
3	Consolidation	Increase Consolidation of Finance Functions
4	Consolidation	Combine 311 and Police Non-Emergency Calls
5	Consolidation	Create a Shared Services Working Group
6	Consolidation	Consolidate and Reform Procurement
7	Coordination	Increase Joint Planning for Youth Services
8	Coordination	Interlocal agreement with Harris Health
9	Coordination	Create a volunteer Real Estate Working Group
10	Coordination	Continue strategic, geographic, expansion of TIRZs
11	Coordination	Rethink Public Works and Engineering
12	Coordination	Implement recommendations from the 2018 UT Law Clinic report
13	Fire	Support Expansion of Ethan Project
14	Fire	Pursue Additional EMS Collections
15	Fire	Reduce Frequent Users of 911 and EMS
16	Fire	Separate EMS from HFD
17	Fire	Move to three platoons
18	Fire	Identify Opportunities to Reduce the Number of Fire Stations
19	Fire	Examine HFD retirement age
20	Healthcare	Fully Fund a Retiree's Share of Health Benefits through Another Employer
21	Healthcare	Perform Dependent Eligibility Audit
22	Healthcare	Explore Changes to Spousal and Dependent Eligibility Coverage
23	Healthcare	Renegotiate Prescription Benefits Plan Contract
24	Healthcare	Incentivize Effective and Proactive TPA Monitoring and Management
25	Healthcare	Increase Access to Telemedicine
26	Healthcare	Offer Health Benefits Buy Outs
27	Healthcare	Phase-in Increases in Employee Share of Health Insurance
28	Healthcare	Renegotiate Prescription Benefits Plan Design and Contract
29	Healthcare	Review Funding Structure
30	Healthcare	Review Stop-loss Coverage
31	OPEB	Restructure OPEB Benefits
32	OPEB	Cap Annual OPEB Exposure
33	OPEB	Eliminate OPEB Coverage for Retirees or Dependents with Access to Other Coverage
34	Operations	Use Data to Drive Competition
35	Partnerships	Managed Competition - Fleet Management
36	Partnerships	Market Based Revenue Opportunities
37	Partnerships	Negotiate Voluntary PILOTs with Tax Exempt Organizations
38	Partnerships	Implement sponsorship of the City's Recreational Sports Programs by local professional sports franchises
39	Partnerships	Consolidate and merge the Houston Forensic Science Center with Harris County
40	Police	Expand Arrest Diversion Options
41	Reporting	Annual progress report on recommendations
42	Special Funds	Reduce the Use of Special Revenue Funds
43	Technology	Develop a Strategic Technology Plan

Note: The highlighted initiatives have either been presented or will be presented by the end of this fiscal year.

Timeline



Presented to BFA		Department/PFM Category	Date
1	Increase Civilianization	Police	21-Feb-18
2	Continue with Merger of Jail with Harris County	Police	
3	Pursue Additional EMS Collections	Fire	
4	Revise False Alarm Policy and Fee	Fire	
5	Enhance Vacancy Control	Finance/Operations	
6	Outcome Based Budget	Finance/Performance	
7	Reduce the Use of Special Revenue Funds	Finance/Coordination	
8	Pursue Additional EMS Collections	Fire	10-Jul-18
9	Move to Three Platoons	Fire	26-Jul-18
10	Review Staffing Options	Fire	
Presenting today		Department/PFM Category	Date
1	Special Revenue Funds - Claw-back Language	Finance/Coordination	2-Oct-18
2	Perform Dependent Eligibility Audit	Human Resource/Workforce	
Upcoming Presentations		Department/PFM Category	Date
1	Develop a Strategic Technology Plan	HITS/Operations	3rd Quarter FY19*
2	OPEB	Finance & Human Resources /Workforce	4th Quarter FY19*
3	Healthcare Initiatives	Human Resource/Workforce	4th Quarter FY19*
*Date subject to change			

Special Revenue Funds – Fund Balance Policy



- **Background:** A presentation was made to the BFA Committee on December 12, 2017 detailing the sources and uses of the City’s special revenue funds. (Link: [Special Revenue Fund Presentation](#)).
- **Proposal:** Establish a fund balance policy and identifying the minimum and maximum levels allowed for certain non restricted funds. Proposed Draft language:

The City of Houston will maintain an unassigned fund balance range for each Special Revenue Funds at fiscal year-end of not less than 2 months of expenditures and not greater than 4 months of expenditures, relative to each special fund. If the fund balance for a special revenue fund is in excess of 4 months expenditures (calculation is based on the average of the immediate 3 years audited expenditures less debt)—then the excess fund balance will be transferred to the General Fund at year-end.



Special Revenue Funds (cont.)

- In FY2019 Budget, we are projecting to recover \$13 million from special revenue funds.
- In coordination with Legal, an ordinance will be presented for Council action to adopt Fund Balance Policy for the following Special Revenue Funds:

No.	Fund Name
1	Building Inspection Fund
2	Fire Training Services Fund
3	Health Special Revenue
4	Housing Special Revenue
5	Historic Preservation Fund
6	Laboratory Services
7	Parks Special Revenue Fund
8	Parks Planting Tree
9	Planning & Development (P&DD) Special Revenue
10	Police Special Services
11	Special Waste
12	Swimming Pool Safety



QUESTIONS