



Super Neighborhood Alliance

Minutes of Virtual General Meeting Held 11 April 2022

Guests

Letitia Plummer, CM At-Large 4
Chris Brown, City of Houston Controller
Teresa Geisheker, P&D
Rhonda Sauter, DON
Jack Valinski, DON
Lawrence Bell, Staff for HCC Pct 3
Maria Bolanos, Staff for HCC Pct 2
Kent Clingerman, Staff for HCC Pct 4
Jordan McGinty-Frazier, Staff for CM At-Large 5
CeCe Scott, Staff for CM At-Large 4
DiDi Chavis, Staff for CM Dist K
Mellissa Martinez, Staff for CM Dist F
Abner Lyons, Staff for State HD 142
Christina Walsh, Staff for State HD 148
John Seydler, Staff for Controller
Alan Watkins, HHWC
Kim Perry, Urban Harvest
Travis Leamons, HTV
Linda Trevino, METRO
Margaret Dunlap, METRO
Vernon Lewis, MOTIA
Melvalean McLemore, AIA Houston
Sheri Cortez, HCDAO
Sofia Gonzalez, Community Impact Newspaper

Deb Bonario-Martin
Mark Fairchild
Bessie Mansfield
Kevin Strickland
Ann Terrell
Carol Kleiber
Charlene Ward Johnson
Christy McGowan
Daniella Flanagan
Danielle Keys Bess
Deborah Ester Brooks
Debra DeShazor
Deidre Rasheed
Evelyn Barnett
Jesus DeAnda
Jo Skillman
Johnny DeShazor
Leah Wolfthal
Sharon LaDay
Otis Granville
Saba Khonsari Blanding
Sakina Lanig
Shavon Thompson

Super Neighborhood Representatives

Philip Salerno, SNC 5
Ricky Miller, SNC 5
Mark Klein, SNC 12
Marie Carlisle, SNC 14
John Zavala, SNC 14
Leigh Killgore, SNC 14
Pedro Ayarzagotia, SNC 15
Jeff Baker, SNC 17
Stacie Fairchild, SNC 22
Kay Warhol, SNC 24
Doug Smith, SNC 25
Barbara Quattro, SNC 25
Kathie Easterly, SNC 28
Natasha Butler, SNC 29
Stephen Polnaszek, SNC 38

Terry Cominsky, SNC 31
Cheryl O'Brien, SNC 32
Marcy Williams, SNC 36
Cindy Chapman, SNC 37
Becky Edmondson, SNC 37
Jackie Mayhorn, SNC 47
Keith Downey, SNC 52
Michael Lewis, SNC 62
Kay Walton, SNC 62
Jim Honey, SNC 62
Priscilla Argueta, SNC 65
Kathleen O'Reilly, SNC 66
Tomaro Bell, SNC 83
Bart Harris, SNC 86

Meeting convened at 6:30 PM.

- I. **Minutes of the February 14 and March 14, 2022 General Meetings were delayed approval to May 9, 2022 meeting.**

- II. **Chris Brown, City of Houston Controller** – Doug Smith introduced Controller Brown by saying that Controller Brown was the deputy controller prior to being elected in his current role of six years. Therefore, he is very knowledgeable about city government, familiar with the money flow and leads the annual budgeting process. He is a lifelong Houstonian, father of two who began his career in investment banking. He transitioned into the public sector and was elected in December 2015 as City Controller and re-elected in 2019. Controller Brown gave a presentation of an overview of the Controller’s office, what Super Neighborhoods can expect during the FY23 budget process and a recap on how COVID has impacted the City’s finances. The Controller’s Office is the City of Houston’s CFO and taxpayer “watchdog” with over 60 employees. The department leads on the City’s financial issues, certifies availability of funds, processes payments, conducts internal audits, manages the City’s investment portfolio, conducts the sale of the City’s bonds used to finance all of the CIPs and produces annual financial reports. The City of Houston is a significant financial player globally and 42% of our economy is tied to energy. However, we are diversifying away from it. In 2020, the energy sector was significantly impacted by the onset of the pandemic. At its lowest, the price of a barrel of oil reached -\$37 per barrel. That said, the energy sector has largely recovered with WTI (West Texas Intermediate) prices now topping \$100 per barrel which is having a positive impact on sales tax revenue and other revenue. The Texas Medical Center and new research facility are an added benefit. Houston’s housing market has seen unprecedented growth and sales volume over the past 18-24 months. In fact, 2021 was a record year for Houston’s residential market, breaking records for homes sold, average and median selling price and months of supply. However, Houston’s commercial real estate market remains sluggish, as many employers are still operating in some form of hybrid working model as they reassess their physical real estate needs. Some of Houston’s economic challenges are a growing population, but it is slowing down; rising cost of living, a tight supply of affordable house and the need for economic diversification as crises occur both expected and unexpected are factors. Historically, both Houston and regional population growth has been meteoric. In 1950, Houston’s population was just under 600K and with the invention of air conditioning we’ve grown to 2.4M today. The cost of living is quite good now but it is problematic overall as the trend continues with higher energy prices. The FY23 budget process will kick off in the next month. The mayor proposes the budget followed by a series of budget hearings. City Council proposes budget amendments and ultimately votes to adopt the budget with the input of the Controller’s office. The goal is to ensure that the budget is structurally balanced, meaning matching our revenues to our expenses. The challenge is actually doing it. Every year we spend more than we collect in revenue. To offset, we sell assets and get one time financing sources in the form of transfers from other funds or if there is an excess in one particular area it can be used to help shore up the budget for the next fiscal year. It’s not sustainable. Controller Brown has been advocating for Houston to pass a structurally balanced budget where we spend only what we get in recurring revenue annually. The challenge long term is a historical structural budget imbalance, rising costs associated with a growing population and increased service demand, and a property tax revenue cap. Property taxes is the largest source of Houston’s revenue and sales tax is a close second. During COVID, sales tax revenue dropped drastically by over 17% (~\$20M). Fortunately, Houston received federal funds of \$1B via CARES and ARPA – American Rescue

Plan Act. This fiscal year, sales tax revenue is up almost 20% compared to last year which is helping but it's not sustainable. By FY 2026, we're looking at a \$100M to \$250M budget deficit so we need to begin now figuring out how to bridge the gap. Increased inflation and the structural imbalance on the budget poses some real challenges. The ARPA funds must be spent by December 31, 2024. Houston should use the ARPA funds to replace lost revenue but instead we're using it towards recurring expenses. For FY2022, Houston faced a \$201M operating deficit but were able to cover it with the federal money. A third source of federal funds was given via the Infrastructure Investment & Jobs Act (IIJA) to address decades-long need for new roads, bridges and other infrastructure needs. Texas received roughly \$35B and because this is a matching grant program, whatever money Houston receives, we will have to match by 10-20% of a project's total cost. It can help CIP plan but it will increase costs to utilize it. Houston leaders face significant challenges long term include post-employment benefits such as healthcare pensions which grows annually by \$150M, the general fund operating deficit, ongoing litigation with the Firefighters Union, and maintenance issues such as an aging fleet. The takeaway is that Houston won't fix the financial need overnight and we need to have a plan, be very disciplined every year to reduce liability, save money. Some potential solutions to address these challenges, \$300M has been identified in new savings/revenue over 10 years. We need to invest in flooding infrastructure such as the Ike Dike so that we're more resilient in future storms.

Tomaro Bell said Houston doesn't have a revenue cap on what can be collected. Houston has a spending problem. Her concern is that residents will be nickel and dimed instead. Controller Brown agreed there are long term impacts and spends his time educating and raising the issues because we will have to face these issues at some point.

Stacie Fairchild expressed her concerns about how the City will pay for things after the federal funds run out specifically the pre-maternal leave for all employees. Controller Brown said that it's budget neutral but there is a cost associated because people aren't using their sick and vacation time given. He does not know what the number will be yet.

Leigh Killgore asked if Controller Brown could share the 50+ suggestions from the PFM report so that the Super Neighborhoods aren't blindsided by future agenda items. Controller Brown said they are listed on the Finance department's website.

Doug Smith mentioned that when the CARES and ARPA funds run out in December 2024, the City will have to look at laying off approximately 3,000 employees. Controller Brown said it's very realistic to think Houston will end up with a \$300M shortfall.

Keith Downey said he believes too much of the cost burden is being put on residents who can least afford it. Controller Brown agreed and said that when we have the reconciliation of many years of spending it will affect black and brown communities disproportionately. It's part of why he's being so vocal about what's happening with the budget now so that we can plan for it and lessen the blow when we have to deal with it.

John Zavala asked how much does Houston spend on infrastructure and how does it get funded. Controller Brown answered by saying that the CIP plan of \$1B annually is paid for by issuing bonds in conjunction with the Finance department. Hopefully these federal grants will help fund these long

term projects in the future.

Michael Lewis asked what opportunities Super Neighborhoods have to engage in conversations about how TIRZ money is spent in our areas. Controller Brown said to attend the TIRZ board meetings to gather information and suggested that we become vocal about the boards producing long term plans that benefit Houston outside of the dedicated zone once problems are addressed and improvements made.

- III. **Redistricting/CIP Update Meetings** – Stacie Fairchild, SNA Secretary, asked the Super Neighborhood Councils to share the meeting dates with their respective neighborhoods and the importance of providing input at these meetings. Residents are encouraged to attend adjacent district meetings to understand where your neighborhood may end up. Draft maps will be available for public input in July based on feedback received in the May redistricting meetings. The second hour of these meetings are Houston Public Works presenting capital improvement projects in the associated district.
- IV. **SNA Survey** – Roy Lira, SNA Vice President, said it's time to take a periodic pulse check focusing on four key areas. 1) What is the SNA doing well, 2) What can we do better, 3) What are the key concerns for your Super Neighborhood, and 4) Identify topics that impact multiple Super Neighborhood so that we can have a larger impact at City Council, 5) Who's willing to give more of your time. Please share the survey with your Super Neighborhood Councils so that we can get a well rounded idea of what we need to focus on. The data will be shared with the SNA at a later date over the next few months. Contact Roy with any questions.
- V. **Resolution of Support for Broadcasting SNA Meetings on HTV** – Cindy Chapman asked if the Super Neighborhood Councils to take a vote on the SNA continuing broadcasting our monthly meetings on HTV in FY2023. Unanimous support was given to continue and the motion passed.
- VI. **Announcements** – Sakina Lanig mentioned she was attending on behalf of candidate Lesley Briones, HCC Pct. 4.

Tomaro Bell shared the Easter Egg Hunt at Riverside Park on Saturday from 11:00 AM – 1:00 PM. It's free and the Easter bunny will appear, so please bring your children.

Stacie Fairchild reminded everyone there are two elections in May.

VII. **Adjournment**

The meeting adjourned at 7:59 PM.