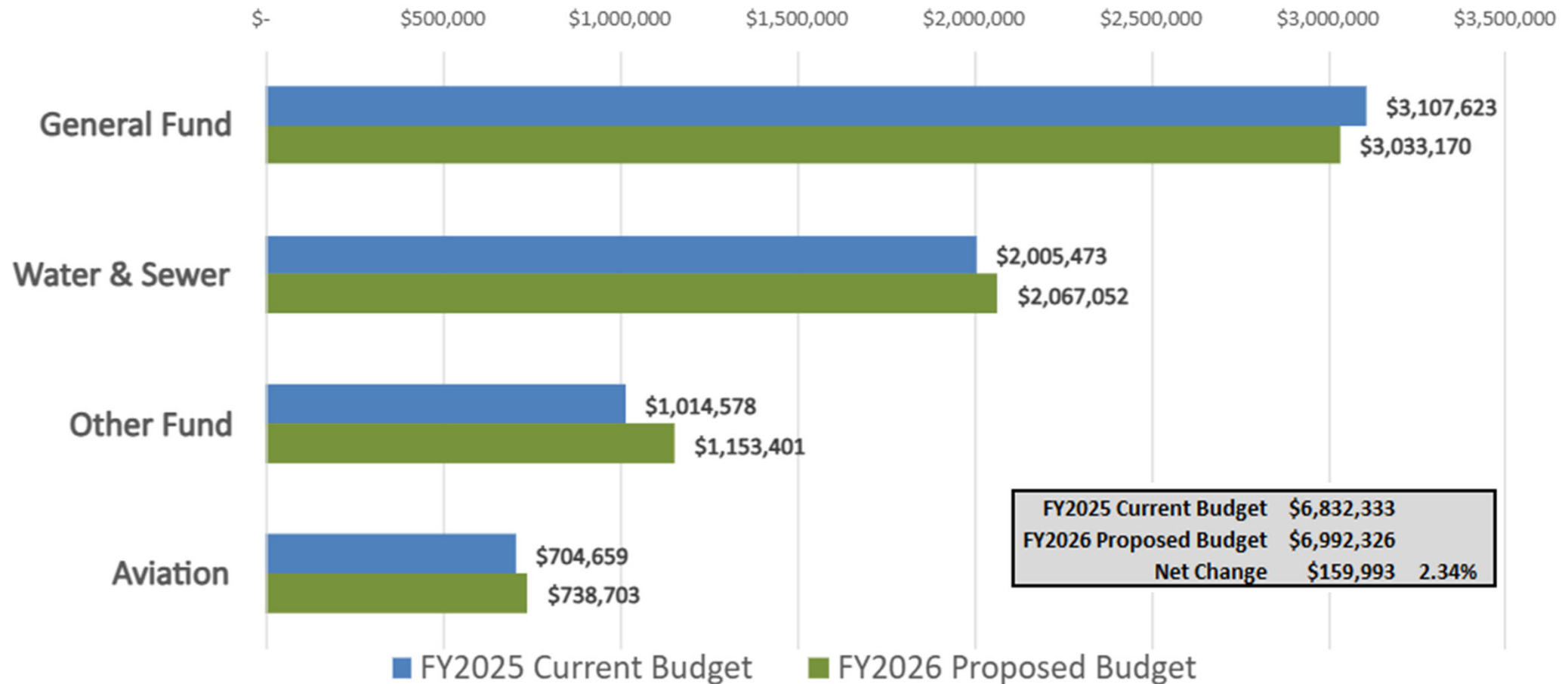




Fiscal Year 2026 Budget Overview

Town Hall Meeting

Citywide Expenditures Comparison Including Debt Service & PAYGO (\$ in thousands)

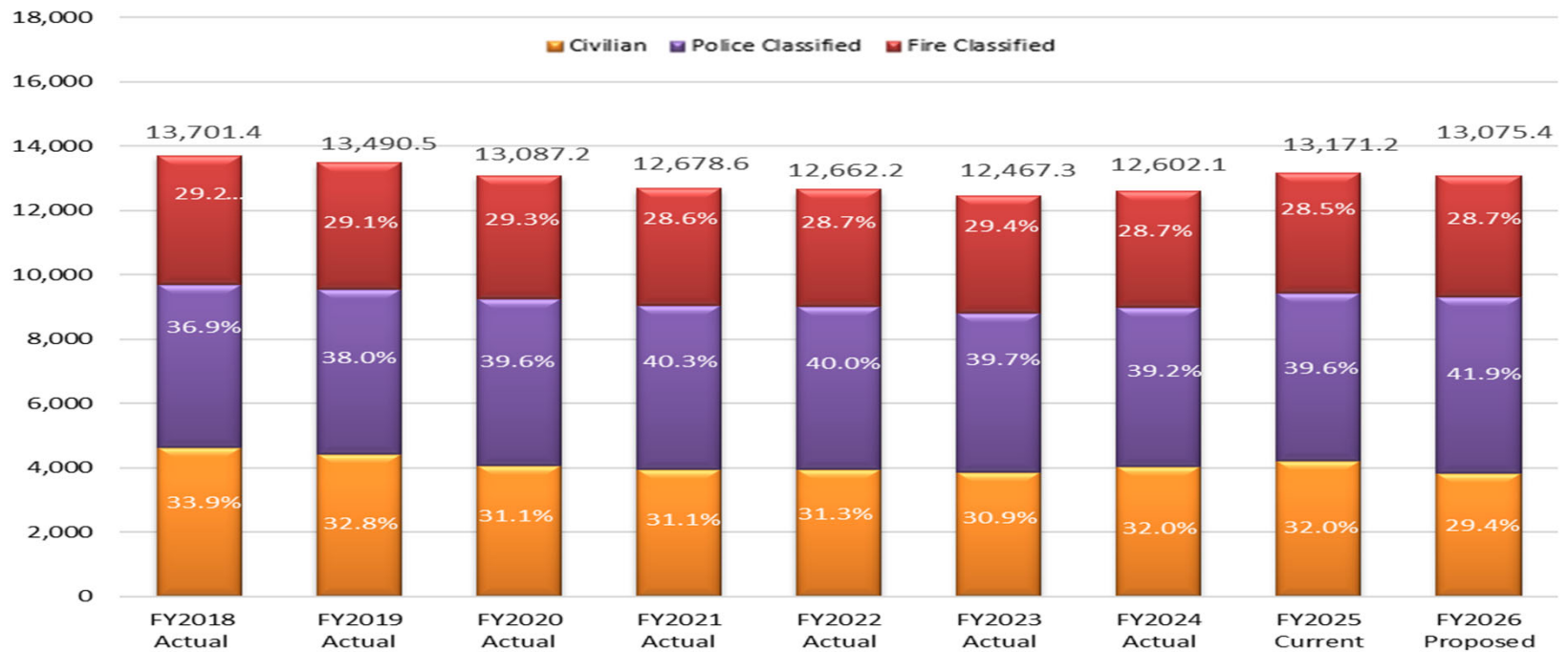


Note:

Expenditures Budget above represents the total budget including General Fund, Special, and Enterprise Funds. Total does not include Service Chargeback and Internal Service Funds.



General Fund Full-Time Equivalents



Civilian	4,646.2	4,430.4	4,071.2	3,940.2	3,967.7	3,849.5	4,037.2	4,209.3	3,846.6
Police Classified	5,059.7	5,128.0	5,177.2	5,111.0	5,064.0	4,955.7	4,945.4	5,213.9	5,473.9
Fire Classified	3,995.5	3,932.1	3,838.8	3,627.4	3,630.5	3,662.1	3,619.5	3,748.0	3,754.9
Grand Total	13,701.4	13,490.5	13,087.2	12,678.6	12,662.2	12,467.3	12,602.1	13,171.2	13,075.4

Notes:

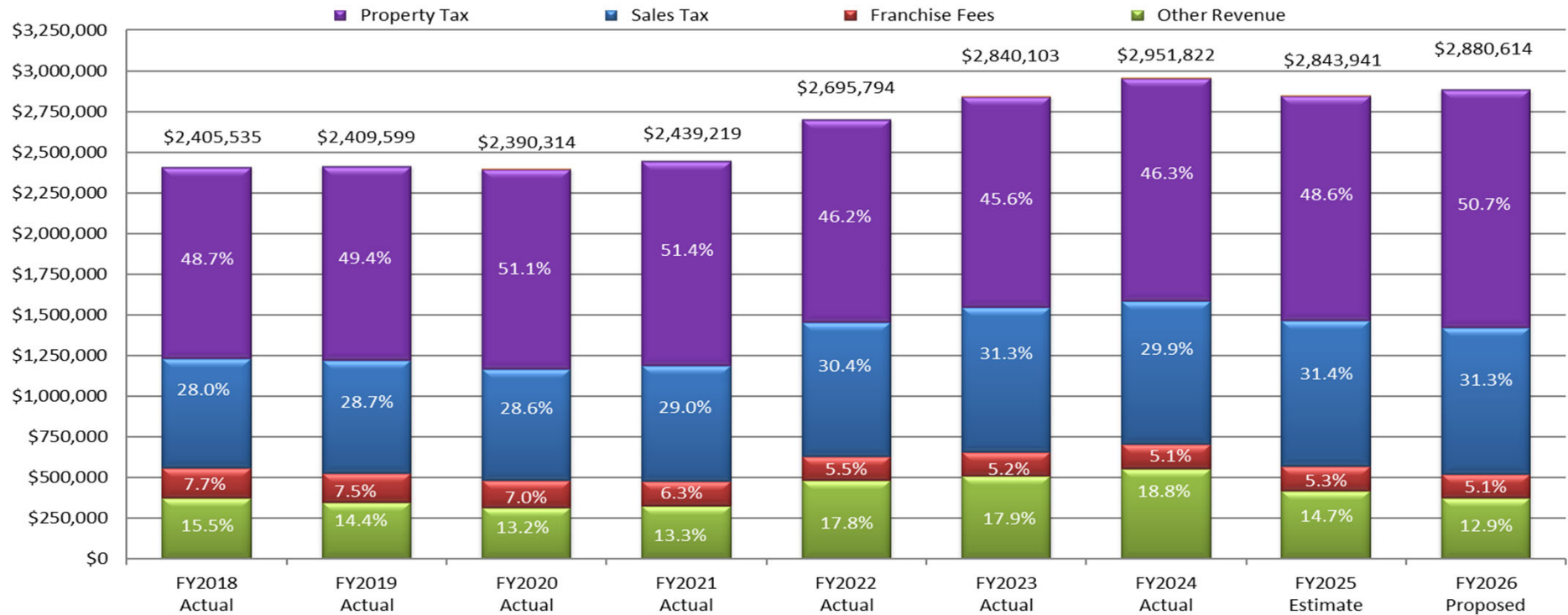
- FY2020 and FY2021 includes lower FTEs due to redeployment funded out of CRF.
- FY2025 Budget and FY2026 Proposed Budget includes cadet classes (5 police, 5 fire in FY2025 and 5 police, 9 fire in FY2026).



General Fund Budget

- This budget includes:
 - 10.8% Fund Balance of expenditures less debt service and pay-as-you-go transfers, above the desired minimum of 7.5% (\$84 million above the minimum 7.5%)
 - 3.5% pay raise for municipal employees
 - 3% pay raise for fire classified
 - 10% pay raise for police classified (proposed contract)
 - Funds **for cadet classes**:
 - five (5) police cadet classes and nine (9) fire cadet classes
 - Three fully funded pension systems
- This budget includes:
 - Fund balance drawdown for FY2026 as we continue to work on efficiencies and expenditure reductions in preparation for FY2027
 - No one-time land sales nor payment deferrals
 - Partial replenishment of the budget stabilization fund – adding \$12 million out of \$25 million, with the remainder to be replenished by FY2027.

General Fund Revenues Excluding Other Resources FY2018 – FY2026 (\$ in Thousands)



Property Tax	\$ 1,172,543	\$ 1,190,243	\$ 1,222,154	\$ 1,254,016	\$ 1,244,722	\$ 1,295,496	\$ 1,365,607	\$ 1,381,231	\$ 1,460,456
Sales Tax	\$ 674,279	\$ 692,271	\$ 684,425	\$ 706,829	\$ 820,622	\$ 889,039	\$ 883,132	\$ 893,382	\$ 902,316
Franchise Fees	\$ 185,774	\$ 179,640	\$ 168,135	\$ 153,600	\$ 149,519	\$ 148,160	\$ 149,152	\$ 151,029	\$ 146,146
Other Revenue	\$ 372,939	\$ 347,445	\$ 315,600	\$ 324,774	\$ 480,932	\$ 507,409	\$ 553,931	\$ 418,299	\$ 371,696
Total GF Revenues	\$ 2,405,535	\$ 2,409,599	\$ 2,390,314	\$ 2,439,219	\$ 2,695,794	\$ 2,840,103	\$ 2,951,822	\$ 2,843,941	\$ 2,880,614
Change YOY (\$)	\$ -	\$ 4,063	\$ (19,285)	\$ 48,905	\$ 256,575	\$ 144,309	\$ 111,719	\$ (107,881)	\$ 36,672
Change YOY (%)	0%	0.17%	-0.80%	2.05%	10.52%	5.35%	3.93%	-3.65%	1.29%

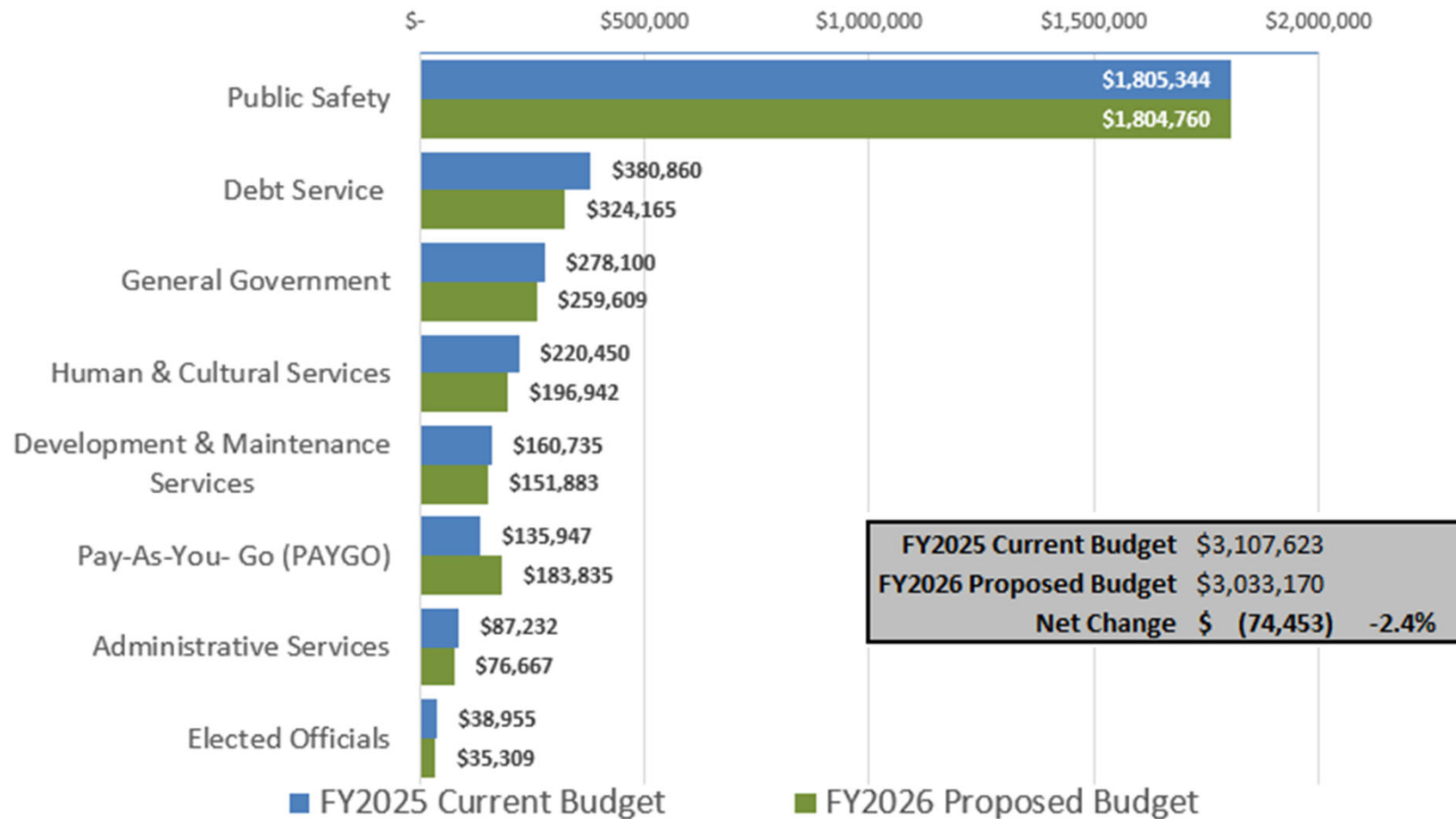
Notes:

- FY2022 Actual, FY2023 Actual, FY2024 Actual and FY2025 Estimate includes \$139.4 million, \$162.6 million, \$160 million and \$15 million from ARPA funding relative to revenue reduction due to COVID-19 public health emergency, respectively.

General Fund Expenditures Comparison Including Debt Service & PAYGO

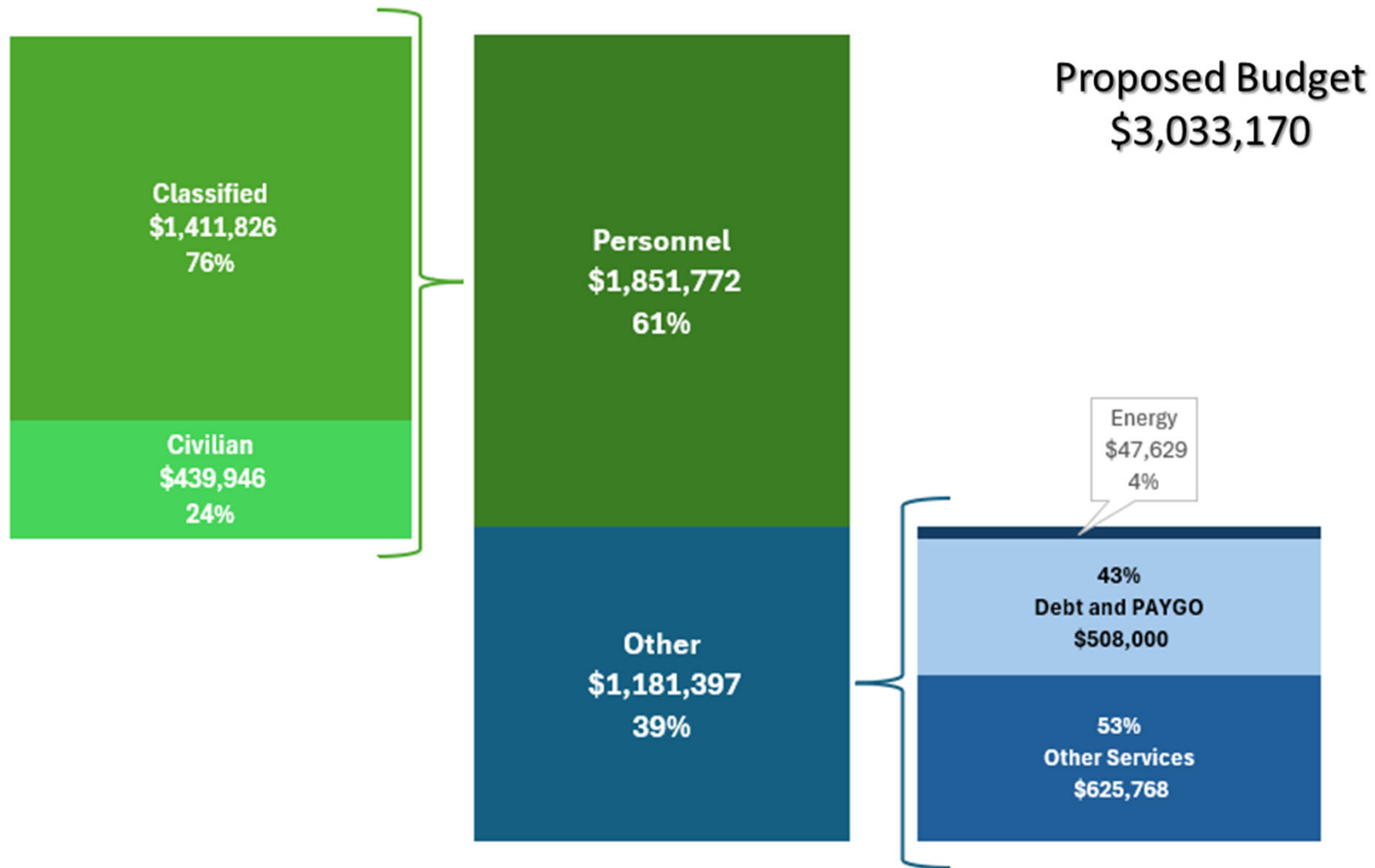


(\$ in Thousands)



Public Safety: Police, Fire, Houston Emergency Center (HEC), Municipal Courts
 Other: General Services, Planning & Development, Houston Public Works, Solid Waste, Houston Health Department, Housing, Library, Neighborhoods, Parks, Administration and Regulatory Affairs, Controller, City Council, City Secretary, Finance, Human Resources, Legal, Mayor's Office, Office of Business Opportunity

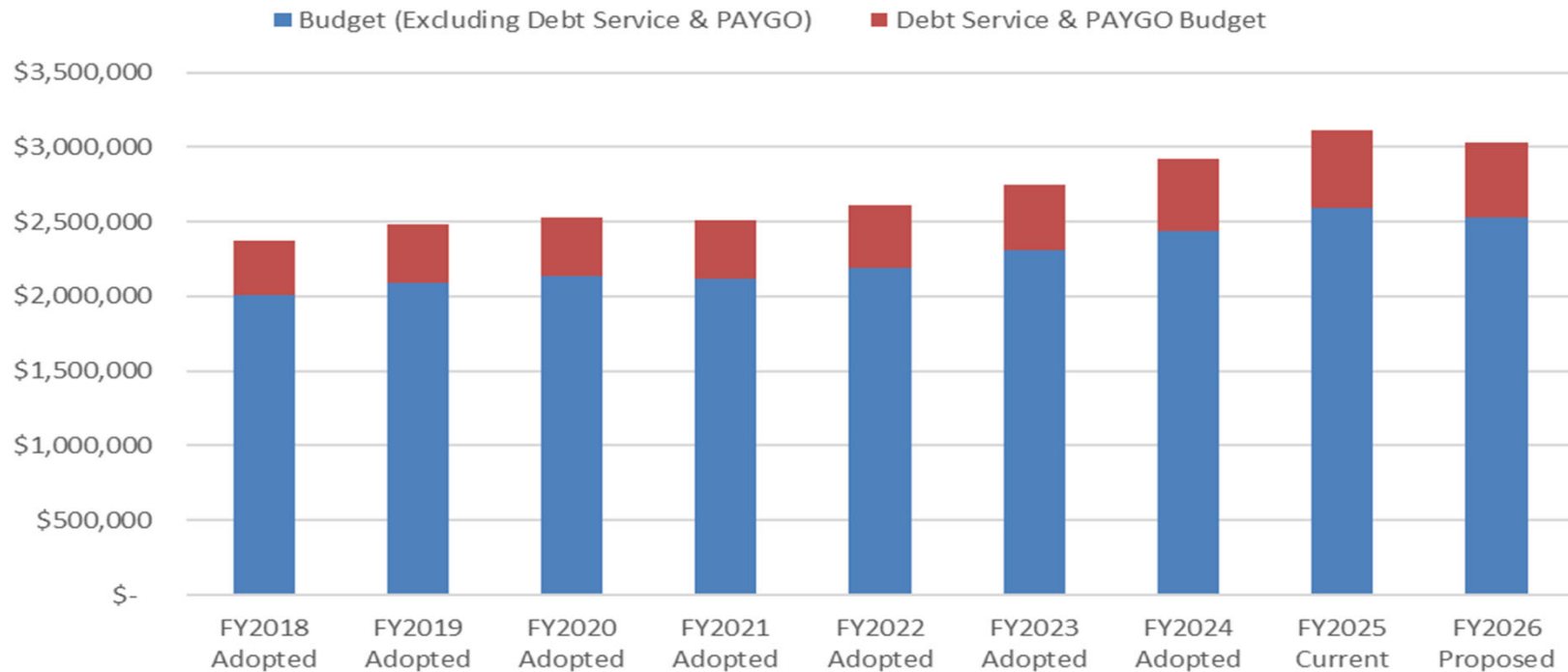
FY2026 General Fund Expenditures Personnel vs. Non-Personnel Comparison (\$ in Thousands)



Note:

Includes items such as salary, FICA, pension, health benefits, overtime, workers' comp, other pays, temp personnel, etc.

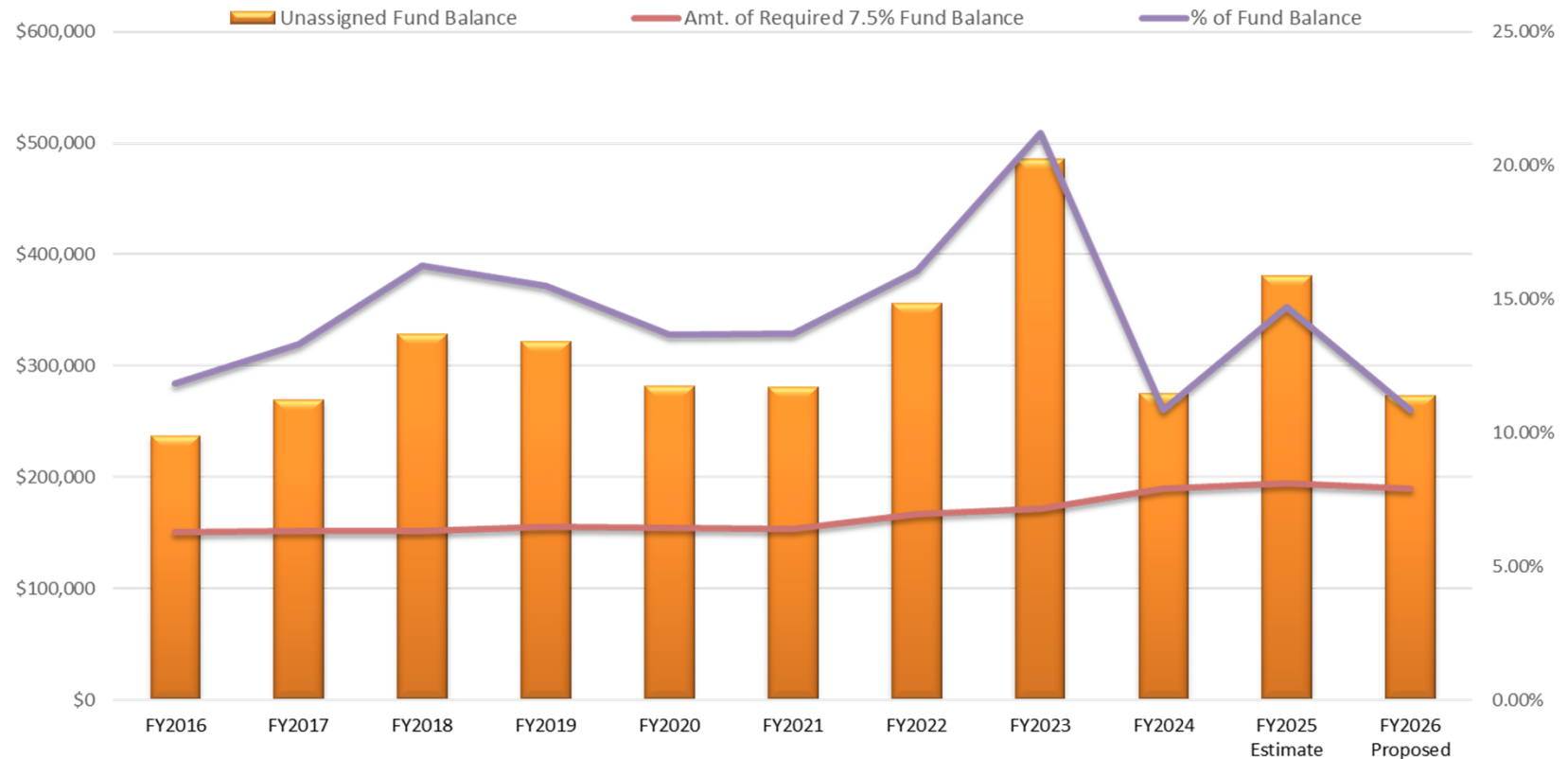
FY2018-FY2026 General Fund - Historical Expenditure Budget



Budget (Including Debt Service & PAYGO)	\$2,372,419	\$2,479,414	\$2,531,094	\$2,512,745	\$2,609,959	\$2,743,547	\$ 2,916,623	\$ 3,107,623	\$3,033,170
Budget (Excluding Debt Service & PAYGO)	\$2,004,526	\$2,086,669	\$2,131,891	\$2,115,101	\$2,194,326	\$2,308,657	\$ 2,441,319	\$ 2,590,816	\$2,525,170
Debt Service & PAYGO Budget	\$ 367,893	\$ 392,745	\$ 399,203	\$ 397,644	\$ 415,633	\$ 434,890	\$ 475,303	\$ 516,807	\$ 508,000
Change YOY (\$)	\$ -	\$ 106,995	\$ 51,680	\$ (18,349)	\$ 97,214	\$ 133,588	\$ 173,076	\$ 191,000	\$ (74,453)
Change YOY (%)	0.00%	4.51%	2.08%	-0.72%	3.87%	5.12%	6.31%	6.55%	-2.40%

In FY2021, some costs in General Fund were transferred to CARES Act Fund.

General Fund Unassigned Ending Fund Balance FY2016 - FY2026

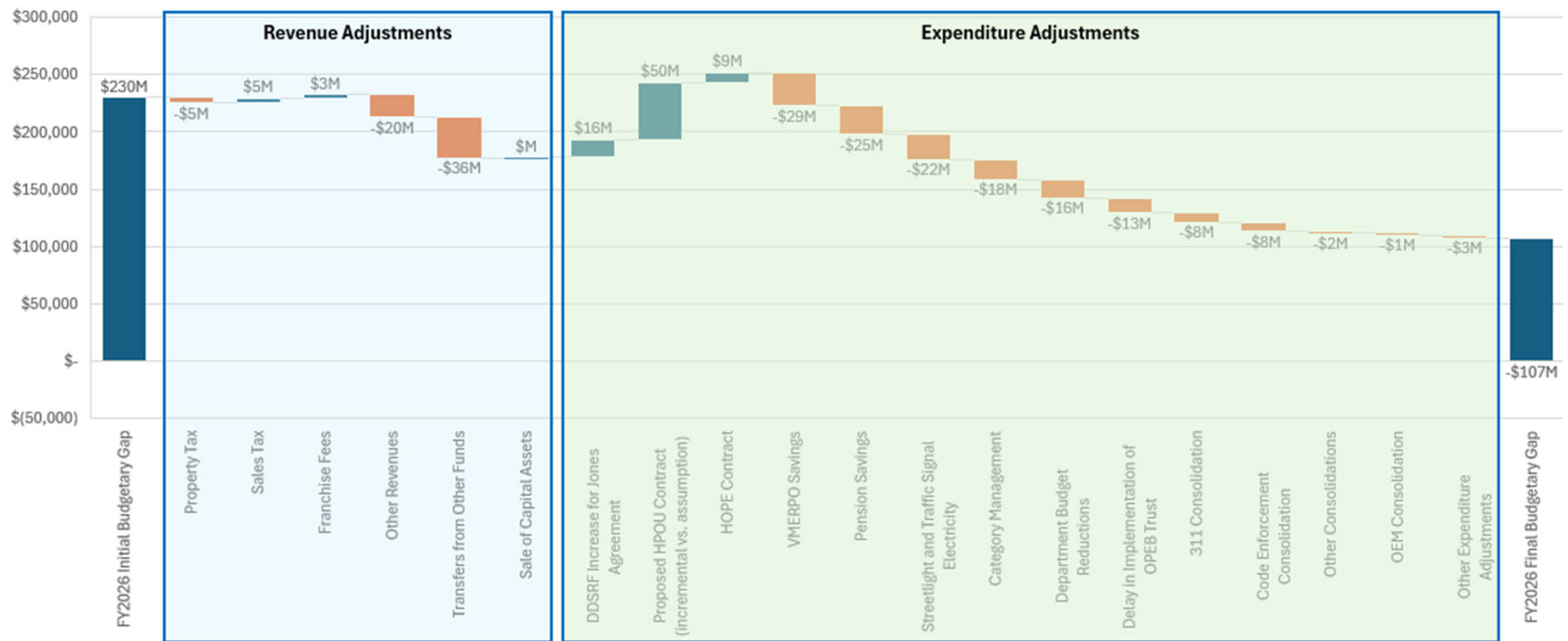


Unassigned Fund Balance	\$ 236,947	\$ 269,558	\$ 328,346	\$ 321,436	\$ 282,068	\$ 281,202	\$ 356,332	\$ 485,383	\$ 274,603	\$ 380,798	\$ 273,402
Amt. of Required 7.5% Fund Balance	\$ 150,143	\$ 151,972	\$ 151,587	\$ 155,450	\$ 154,765	\$ 153,812	\$ 166,432	\$ 171,465	\$ 189,752	\$ 194,311	\$ 189,388
% of Fund Balance	11.84%	13.30%	16.25%	15.51%	13.67%	13.71%	16.06%	21.23%	10.85%	14.70%	10.83%
M&O Expenditures	\$ 2,001,911	\$ 2,026,297	\$ 2,021,156	\$ 2,072,672	\$ 2,063,529	\$ 2,050,824	\$ 2,219,090	\$ 2,286,200	\$ 2,530,031	\$ 2,590,816	\$ 2,525,170

Notes:

- FY2018 7.5% fund balance requirement was adjusted to exclude \$910 million Pension Obligation Bonds.
- FY2022 - FY2025 includes the use of ARPA funding relative to revenue reduction due to COVID-19 public health emergency.

Addressing FY2026 Budgetary Gap





Addressing FY2026 Budgetary Gap

(\$ in thousands)

FY2026 Initial Budgetary GAP	\$	229,996
Revenue Adjustments		
Property Tax	\$	5,034
Sales Tax	\$	(4,646)
Franchise Fees	\$	(3,219)
Other Revenues ¹	\$	19,875
Transfers from Other Funds ²	\$	35,504
Sale of Capital Assets	\$	(252)
Total Revenue Adjustments	\$	52,296
Expenditure Adjustments		
DDSRF Increase for Jones Agreement	\$	16,000
Proposed HPOU Contract (incremental vs. assumption)	\$	49,709
HOPE Contract	\$	8,784
VMERPO Savings	\$	(29,382)
Pension Savings	\$	(25,000)
Streetlight and Traffic Signal Electricity	\$	(21,835)
Category Management	\$	(17,500)
Department Budget Reductions	\$	(16,153)
Delay in Implementation of OPEB Trust	\$	(12,855)
311 Consolidation	\$	(8,450)
Code Enforcement Consolidation	\$	(7,761)
Other Consolidations	\$	(1,700)
OEM Consolidation	\$	(1,332)
Other Expenditure Adjustments	\$	(2,781)
Total Expenditure Adjustments	\$	(70,256)
FY2026 Final Budgetary GAP	\$	107,444

Notes:

1. Primarily due to \$11.7M for interest, \$5.5M for Ambulance Fee, \$2M for moving violations, \$1.8M for indirect cost allocation, and \$550k for STR revenue, offset by decrease of \$2.6M for code enforcement
2. Primarily due to \$26M for traffic enforcement, \$8.6M for reimbursement of 380s and MSC