



Finance Department

**FY2025 Proposed Budget
Workshop Presentation
May 15, 2024**

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Table of Contents



Strategic Guidance Alignment	3
Expenditure by Program	4
Revenue by Program	5
Programs	6
Expenditure by Fund	18
Revenue by Fund	19
Appendix	22

Strategic Guidance Alignment

Objective

The tables below summarize your department's alignment to the Mayor's defined Priorities and Initiatives as defined in his strategic guidance. All programs align to a mayoral priority and the overall department budget is broken down as such.

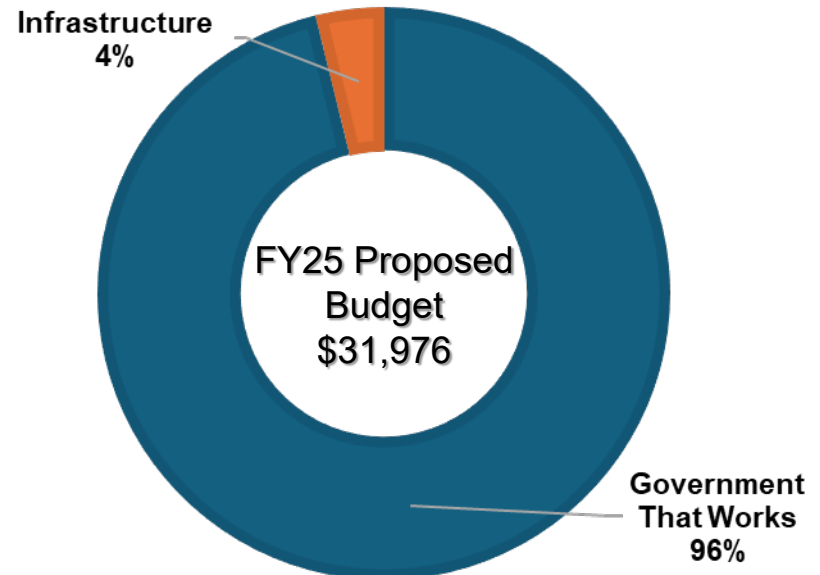
FY25 Proposed Budget Priority Alignment

Government That Works

- Accounting and Financial Reporting
- Administrative Services
- Capital Projects and Debt Management
- Citywide Procurement and Contract Management
- Financial Management Services
- Financial Planning & Budgetary Services
- Grants Management
- Performance Improvement
- Treasury
- Debt Service and Interfund Transfer

Infrastructure

- Disaster Cost Recovery Management
- Energy Management



*All Funds (\$ in thousands)

Expenditure by Program [in thousands]



Objective

List program budgets for FY25 Proposed vs FY24 Current Budget (in thousands)

Program	FY23 Actual	FY24 Budget	FY24 Estimate	FY25 Proposed	Variance FY25 Proposed/ FY24 Budget	% Change
Accounting and Financial Reporting	\$ 7,847	\$ 9,075	\$ 8,330	\$ 9,177	\$ 102	1.12%
Administrative Services	\$ 1,710	\$ 1,596	\$ 1,661	\$ 1,854	\$ 258	16.17%
Capital Projects and Debt Management	\$ 1,189	\$ 1,508	\$ 1,473	\$ 1,531	\$ 23	1.53%
Citywide Procurement and Contract Management	\$ 6,221	\$ 9,149	\$ 9,523	\$ 9,320	\$ 171	1.87%
Debt Service and Interfund Transfer	\$ 1,500	\$ -	\$ -	\$ -	\$ -	0.00%
Disaster Cost Recovery Management	\$ 358	\$ 722	\$ 476	\$ 841	\$ 119	16.48%
Energy Management	\$ 191	\$ 390	\$ 384	\$ 385	\$ (5)	0.00%
Financial Management Services	\$ 2,313	\$ 2,767	\$ 2,812	\$ 2,770	\$ 3	0.11%
Financial Planning & Budgetary Services	\$ 2,007	\$ 2,993	\$ 2,227	\$ 2,781	\$ (212)	-7.08%
Grants Management	\$ 638	\$ 966	\$ 904	\$ 1,090	\$ 124	12.84%
Performance Improvement	\$ 346	\$ 460	\$ 443	\$ 412	\$ (48)	-10.43%
Treasury	\$ 1,753	\$ 1,784	\$ 1,851	\$ 1,815	\$ 31	1.74%
Total	\$ 26,073	\$ 31,411	\$ 30,084	\$ 31,976	\$ 566	1.80%

Revenue by Program [in thousands]



Objective

List program budgets for FY25 Proposed vs FY24 Estimate (in thousands)

Program	FY23 Actual	FY24 Budget	FY24 Estimate	FY25 Proposed	Variance FY25 Proposed/ FY24 Estimate	% Change
Accounting and Financial Reporting	\$ 3,335	\$ 3,744	\$ 3,521	\$ 3,865	\$ 344	9.8%
Capital Projects and Debt Management	\$ 284	\$ 304	\$ 390	\$ 345	\$ (45)	-11.5%
Citywide Procurement and Contract Management	\$ 1,501	\$ 1,990	\$ 1,880	\$ 2,099	\$ 219	11.6%
Energy Management	\$ 191	\$ 390	\$ 384	\$ 385	\$ 1	0.3%
Financial Management Services	\$ 1,477	\$ 1,849	\$ 1,837	\$ 2,002	\$ 165	9.0%
Grants Management	\$ 78	\$ 77	\$ 77	\$ 75	\$ (2)	-2.6%
Treasury	\$ 2,224,098	\$ 2,277,739	\$ 2,300,763	\$ 2,360,994	\$ 60,231	2.6%
Total	\$ 2,230,964	\$ 2,286,091	\$ 2,308,852	\$ 2,369,765	\$ 60,913	2.6%

Accounting & Financial Reporting



Priority:	Government that Works
FY2025 FTE Count:	53.9

Program Description

Directs the financial reporting and operations of internal controls, cost and fee analysis, capital fixed asset, trusts and funds management, accounts receivable, accounts payable and the annual audit for the City of Houston. Develop annual indirect cost allocation plans in accordance with 2 CFR 200.

Significant Budget Items

- Funding for 1.5 FTEs - 1 FTE Staff Analyst and 0.5 FTE for SDM (for city-wide Accounts payable support)
- 5% budget reduction in ERM internal control contractual services.

FY25 Prop Budget by Fund

General Fund	\$5,371
CSRF	\$3,806
Total	\$9,177

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Collection Rate for EMS	40%	37%	43%	40%	Manage the revenue stream and maximize revenue collections
Collection Rate for Vendor Managed Revenues	32%	45%	35%	45%	Manage the revenue stream and maximize revenue collections
Cost per Invoice	\$39	\$39	\$45	\$45	Manage AP function for 10 departments cost effectively
Invoice Payments Processed within Payment Terms	93%	94%	95%	95%	Ensure compliance per Prompt Payment Act

Administrative Services



Priority:	Government that Works
FY2025 FTE Count:	4.0

Program Description

Provides support for leadership and executive support which includes development, monitoring and recording of the budget, accounts receivables and the procurement of goods and services for the department.

Significant Budget Items

FY25 Prop Budget by Fund

General Fund	\$1,854
Total	\$1,854

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Expenditures Adopted Budget vs Actual Utilization	92%	92%	98%	98%	Responsible for monitoring Finance Department expenditures to ensure spent are within budget
Revenues Adopted Budget vs Actual Utilization	106%	132%	100%	100%	Responsible for monitoring Finance Department revenue

Capital Projects & Debt Management

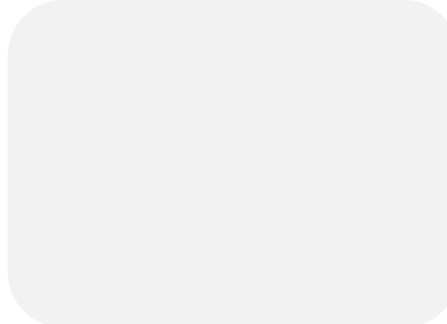


Priority:	Government that Works
FY2025 FTE Count:	10.9

Program Description

Engage all departments in the annual preparation of the five-year Capital Improvement Plan. Work with Administration and City Council to adopt the CIP annually. Maintain asset replacement models and bring forth the equipment models. Maintain asset replacement model for Fleet and IT with possibility of others coming online.

Significant Budget Items



FY25 Prop Budget by Fund

General Fund	\$1,216
CSRF	\$ 315
Total	\$1,531

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Capital Improvement Plan adopted before the end of preceding fiscal year	June 29, 2022	June 21, 2023	June 30, 2023	June 30, 2024	To be in compliance with Financial Policies
Ensures submission of three actuarial valuation reports to Pension Review Board annually	April 30, 2023	April 30, 2024	April 30, 2024	April 30, 2025	To be in compliance with State statute
Review all outstanding debt annually for purposes of identifying refunding opportunities	Review 4 credits	Review 4 credits	Review 4 credits	Review 4 credits	To be in compliance with Financial Policies
Debt Service Expenditures as % of General Fund Revenues	15%	16%	16%	18%	To be in compliance with Financial Policies

Citywide Procurement & Contract Management



Priority:	Government that Works
FY2025 FTE Count:	66.1

Program Description

On behalf of client departments, manage the full procurement process for the purchase of goods and services and provide oversight for any departmental delegated procurement authority. Assist client departments with developing purchase specifications, scopes of service and all other necessary information for solicitation development. Work with the vendor community, including certified MWBE firms, to competitively procure needed goods and services.

Significant Budget Items

- Development of a Procurement Manual
- Development of an annual report
- Technology update/enhancement of Marketplace

FY25 Prop Budget by Fund

General Fund	\$7,951
CSRF	\$1,368
Total	\$9,320

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Average days to complete direct award procurements from project acceptance to Council award	89 days	36 days	45 days	45 days	Based on restructure, automation and filled vacancies, a new expedited team is processing all direct award projects
Average days to complete formal Invitations to Bid "ITB" procurement projects, from project acceptance to Council award	247 days	153 days	120 days	120 days	Based on restructure, automation and filled vacancies, the process is being streamlined
Average days to complete formal Requests for Proposals, Requests for Qualifications, and Requests for Information	389 days	266 days	180 days	180 days	Based on restructure, automation and filled vacancies, the process is being streamlined

Disaster Cost Recovery Management

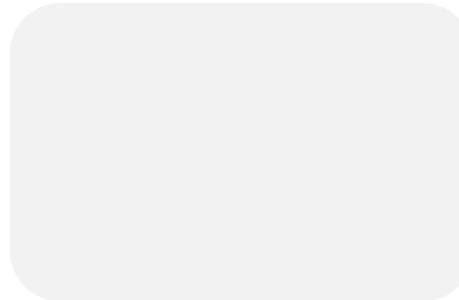


Priority:	Infrastructure
FY2025 FTE Count:	6.2

Program Description

Oversee disaster cost recovery for city owned assets. This includes managing and reporting of the federal and state grants related to declared disasters.

Significant Budget Items



FY25 Prop Budget by Fund

General Fund	\$841
Total	\$841

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
For new disasters, identify and submit damaged city assets within 60 days of the disaster's recovery scoping meeting	N/A	N/A	60 days	60 days	Maximize cost recovery for damaged city assets.
Number of Project Worksheet (PW) close out requests submitted to State/FEMA	N/A	7	5	8	Ensure timely close out of projects upon maximized reimbursements

Energy Management



Priority:	Infrastructure
FY2025 FTE Count:	2.3

Program Description

Manages the energy and natural gas costs of the City of Houston. This process includes but is not limited to contract energy and natural gas rates negotiations with companies, monitoring of the respective markets, and annual projections. Additionally, the program supports the City's efforts to increase investment in renewable energy and restore the Houston area's natural resources.

Significant Budget Items

- Oversees the management of the electricity and natural gas contracts.

FY25 Prop Budget by Fund

CSRF	\$385
Total	\$385

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
% Renewable Energy for Electricity Contract	100%	100%	100%	100%	Goal within the Houston CAP to support energy transition
Amount (\$) of utility rebates received for energy projects	\$15,313	\$19,138	\$30,000	\$186,497	Expand the City's investments in energy efficiency
Annual energy consumption (kWh)	1,235,391,621 kWh	883,547,961 kWh	1,251,393,497 kWh	1,168,730,585 kWh	Monitoring to measure progress towards optimizing building energy use per CAP
Tree planting initiative (Goal of 100,000 trees planted by 2024)	29,553	30,446	80,000	20,447	Goal cited in the current energy contract for the City

Financial Management Services



Priority:	Government that Works
FY2025 FTE Count:	17.1

Program Description

Manage all aspects of financial management to ensure fiscal integrity. This process includes: 1) maintaining the fiscal and financial integrity of records and information, 2) providing information that supports the client department's management of public resources thru the annual budgeting process and long-term forecasting, 3) providing timely and accurate information to client department to support daily operations, inclusive of but not limited to, budget management and monitoring

Significant Budget Items

- Manage the financial operations of: HITS, HFD, Fleet, and Council.

FY25 Prop Budget by Fund

General Fund	\$ 768
CSRF	\$2,002
Total	\$2,770

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
# of client departments supported	4	4	5	5	Standardizes the financial practices and increases efficiencies
Receive an outstanding rating (5) from client departments	N/A	4.3	5	5	Satisfactory ratings from client departments supports the adoption of centralizing financial management

Financial Planning & Budgetary Services



Priority:	Government that Works
FY2025 FTE Count:	17.1

Program Description

Responsibilities include the development and management of the City's Operating Budget, long-range financial planning, monthly financial reporting, and ad-hoc financial analysis.

Significant Budget Items

- Includes a reduction of \$150,259 as part of the department saving initiatives
- Includes 2 additional FTEs to administer the Performance Management program

FY25 Prop Budget by Fund

General Fund	\$2,781
Total	\$2,781

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Citywide General Fund Expenditures Adopted Budget vs Actual Utilization	99%	99%	98%	98%	Responsible for monitoring citywide expenditures to ensure spent are within budget.
Citywide General Fund Revenues Adopted Budget vs Actual Utilization	104%	125%	100%	100%	Responsible for monitoring citywide revenues to ensure revenues are within budget.
Unassigned Fund Balance as % of General Fund Expenditures less Debt Service and PAYGO	21.2%	13.2%	16.5%	11.1%	Per the Financial Policies, the City desired minimum unassigned Fund Balance for any given fiscal year is 7.5% of General Fund exp. less Debt and PAYGO.

Grants Management



Priority:	Government that Works
FY2025 FTE Count:	8

Program Description

Grants Management is tasked with directing and monitoring grant acquisition, management, and compliance procedures to ensure consistent use by City Departments and compliance with all applicable federal, state, and local regulations.

Significant Budget Items

FY25 Prop Budget by Fund

General Fund	\$1,015
CSRF	\$ 75
Total	\$1,090

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Audit findings	0	0	0	0	Accomplish zero audit findings for annual external audit
Complete and upload Single Audit Report to the Federal Audit Clearing House within 30 calendar days of receipt of the auditors' report(s)	N/A	30 days	30 days	30 days	To be in compliance with Federal requirements
Number of Grants placed in closing status in SAP	N/A	95	160	140	Ensure the Grants are closed after seeking allowable funding

Performance Improvement

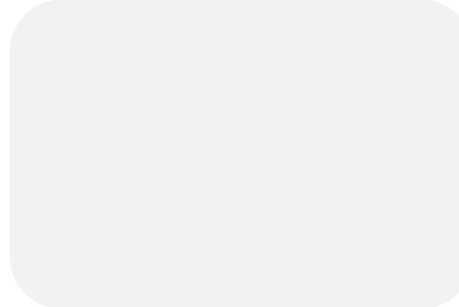


Priority:	Government that Works
FY2025 FTE Count:	3.0

Program Description

Performance Improvement program (also known as the Mayor's Office of Innovation and Performance) works with departments to identify and implement innovative solutions that improve customer service and modernize government operations. This division also implements performance management processes and systems to ensure continued process excellence.

Significant Budget Items



FY25 Prop Budget by Fund

General Fund	\$412
Total	\$412

Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Client Satisfaction Rating	100%	100%	90%	90%	Provide exceptional internal consulting services to City Departments
Number of In-House Consulting Engagement	28	N/A	24	24	Deliver/implement recommendations for City Departments
Number of Lean Six Sigma Green Belts Certified	5	5	6	6	Train departmental change agents on process improvement methods

Treasury



Priority:	Government that Works
FY2025 FTE Count:	2.9

Program Description

Forecast all City taxes (property, sales, and mixed beverage) based on economic modeling. Collect and account for revenues in SAP. Ensure compliance with all applicable state laws. Perform the annual Truth in Taxation and setting of the property tax rate within 60 days of receipt of the certified roll as provided by state statute. Research, analyze, and provide recommendation of proposed tax laws and ensuring compliance with passed laws.

Significant Budget Items

- Oversees the largest two General Fund revenue sources, Property Tax and Sales Tax.

FY25 Prop Budget by Fund

General Fund	\$1,815
Total	\$1,815

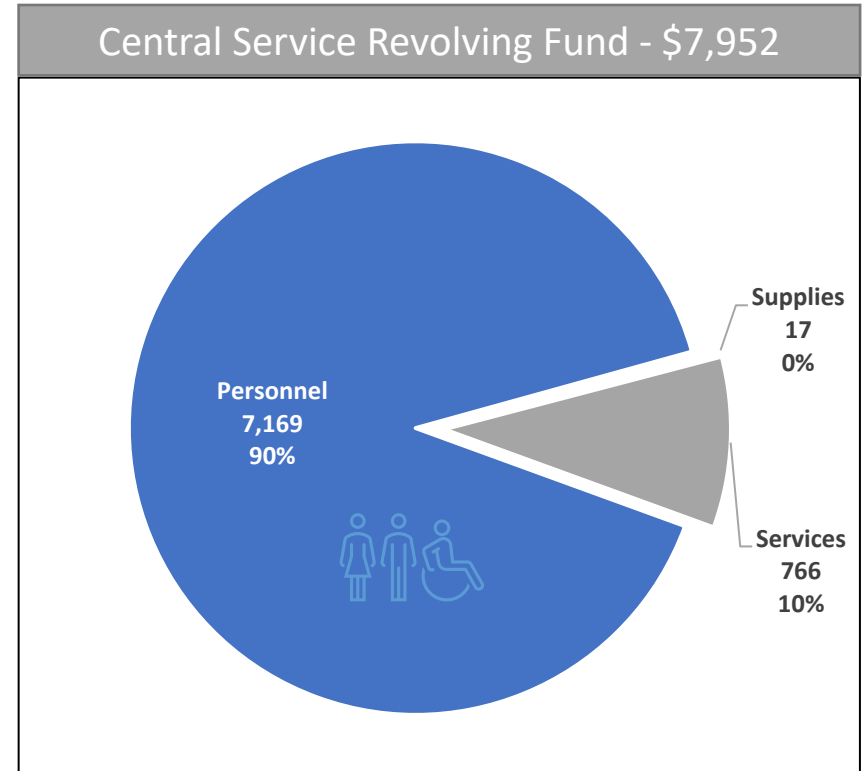
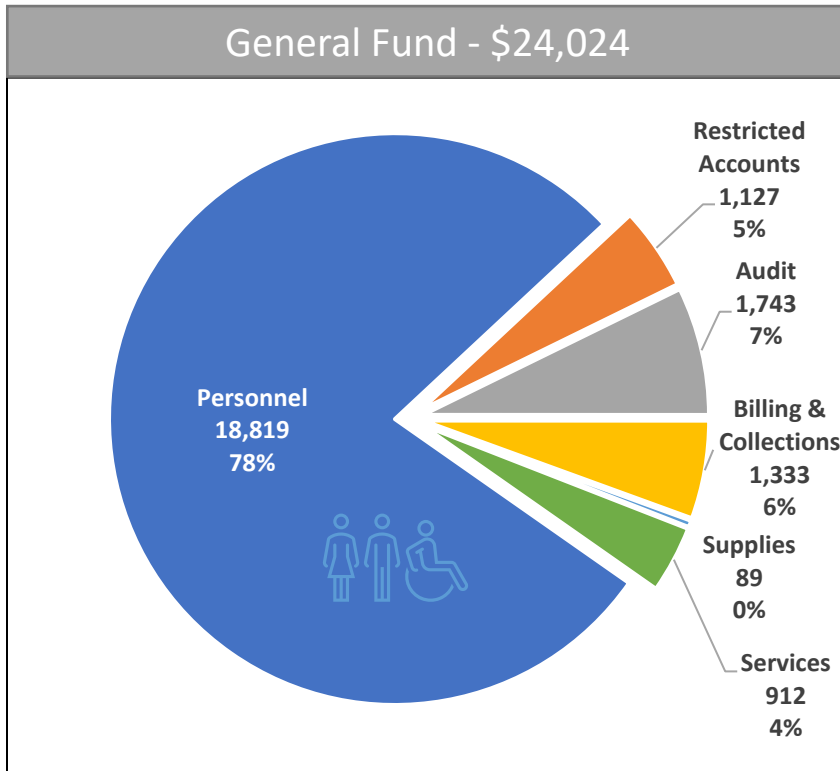
Performance

Measure Name	FY23 Actual	FY24 Progress (Q3)	FY24 Target	FY25 Target	Target Context
Variance of Mixed Beverage Tax Budget to Actual/Estimate	13.8%	-0.36%	2.0%	2.0%	Responsible for monitoring revenues to ensure revenues are within budget.
Variance of Property Tax Budget to Actual/Estimate	1.9%	-1.32%	0.0%	0.0%	Responsible for monitoring revenues to ensure revenues are within budget.
Variance of Sales Tax Budget to Actual/Estimate	10.2%	2.4%	7.6%	7.6%	Responsible for monitoring revenues to ensure revenues are within budget.

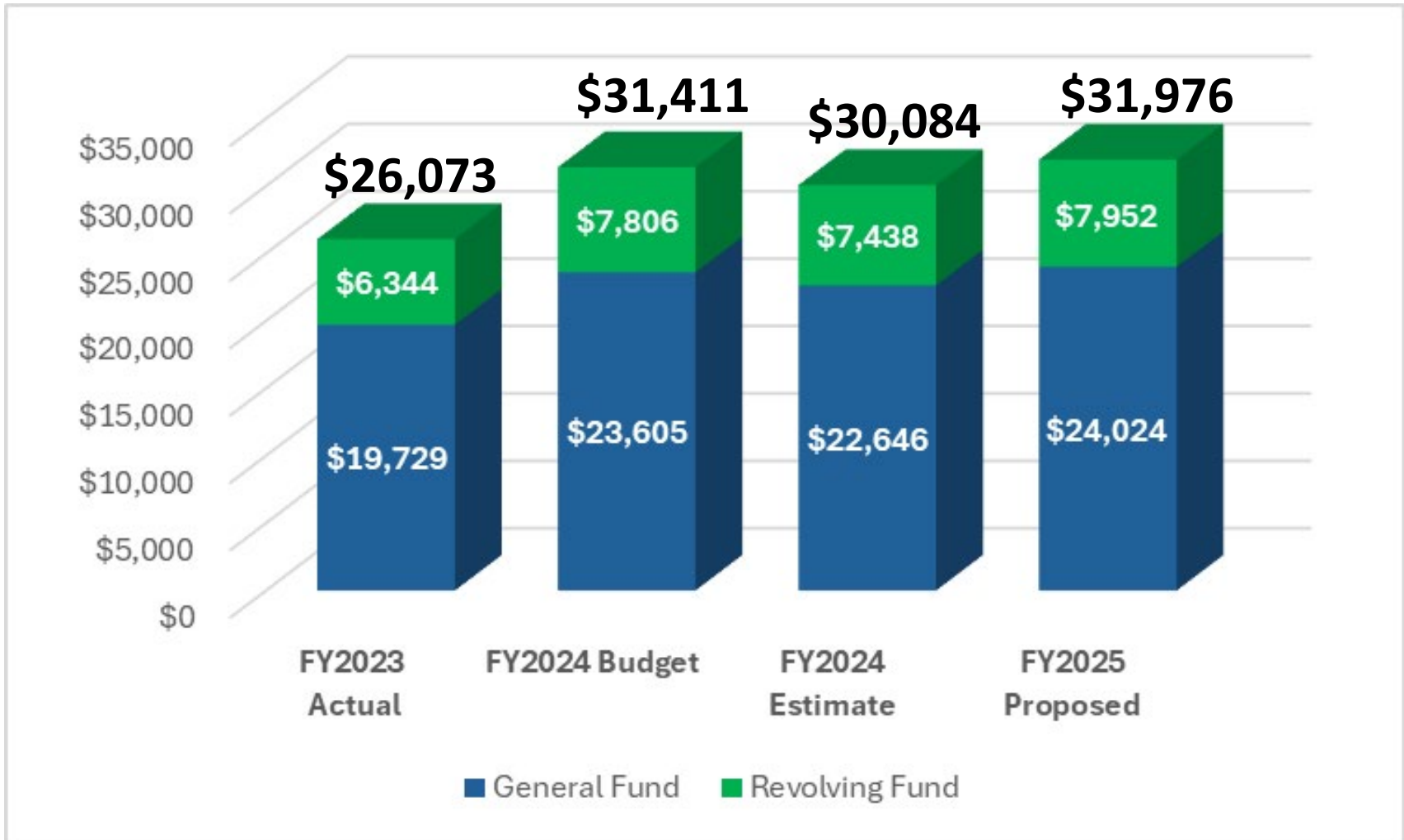
Personnel vs. Non-Personnel [in thousands]

Objective

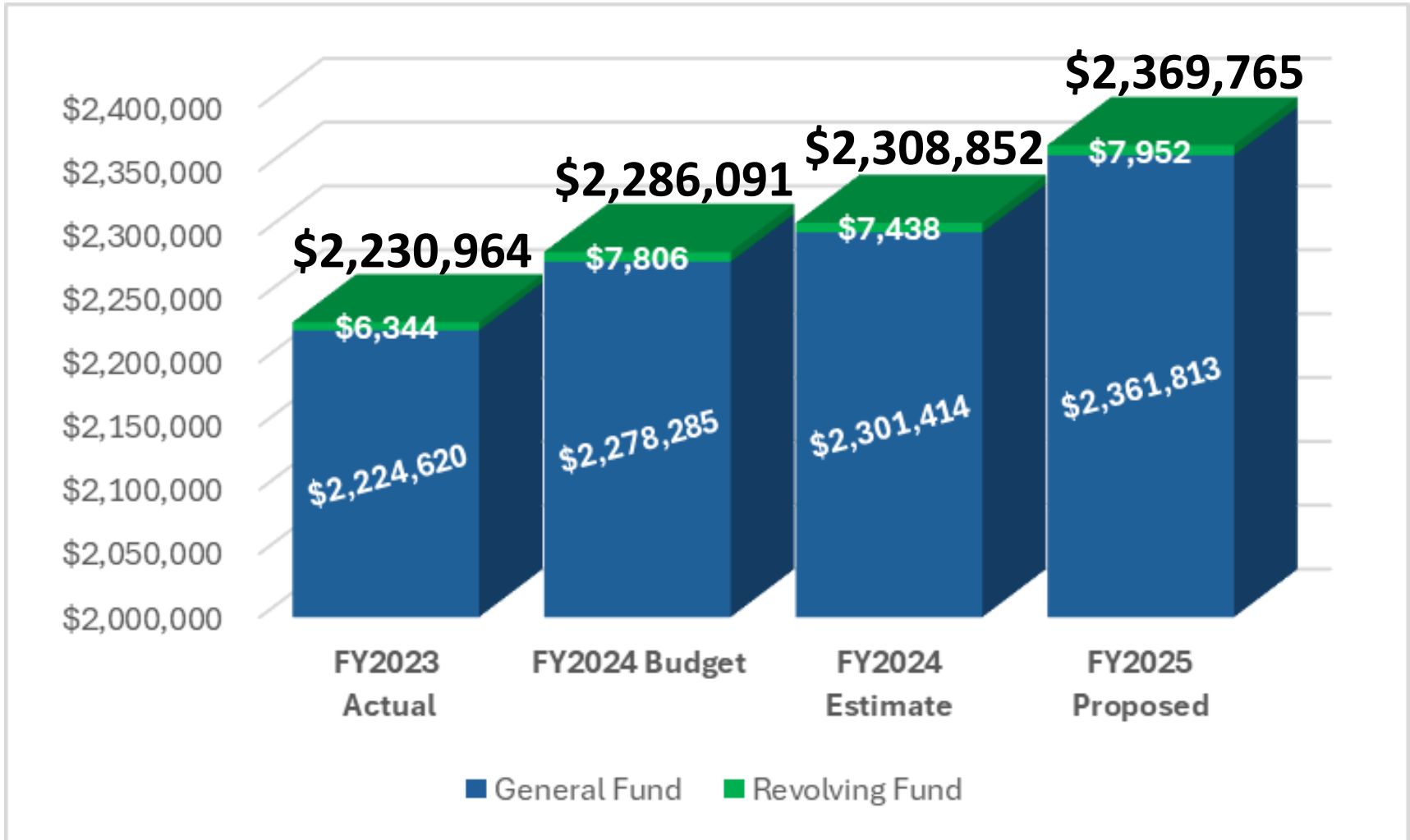
The graphs below are utilized to show much of the budget is personnel vs. non-personnel. All non-personnel charges are broken out by primary service function.



Expenditure by Fund [in thousands]



Revenue by Fund [in thousands]



Revenue Highlights [in Thousands]



Revenue Highlights

Describe any significant revenue changes from FY2024 Estimates – FY2025 Proposed and provide context to the financial figures presented.

Property Tax

- An increase in property tax revenue of 3.23%, which is \$44.5 million higher than FY2024 estimates.
- Population data from U.S. Census Bureau as of July 1, 2023, has yet to be received. Therefore, the Finance Department applied the inflation rate of 3.46% plus 0% growth for population for purposes of calculating Proposition 1.

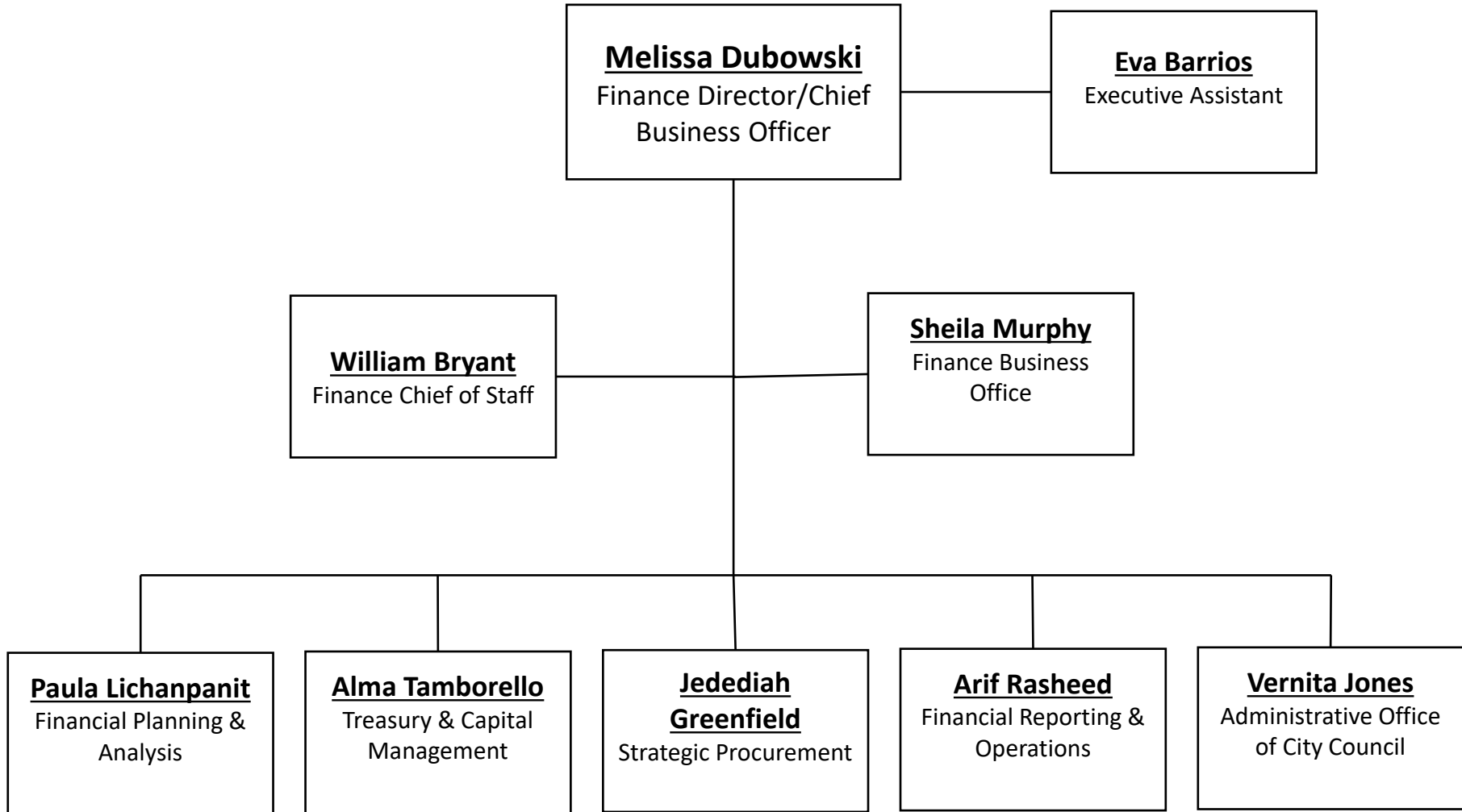
Sales Tax

- 1.44% increase from FY2024 estimates.

Questions?

Appendix

Department Organization Chart



Department FY2024 Accomplishments



- Completed Open Finance initiative to provide transparency about the City’s finances. This includes publication of accessible datasets about the City’s budget, payroll and checkbook.
- Completed OPEB Trust analysis cooperatively with HR dept included contribution in the proposed budget for the second year.
- Worked with all departments to review and improve Outcome Based Budgeting (OBB) Performance Measures. These OBB elements are incorporated in the FY2025 Proposed Budget. The OBB Performance Measures are tied to the Mayor’s priorities and focus on program budgeting, performance measures, and budget proposal and evaluation.
- Effectively managed and ensured compliance with grant requirements for federal and state grant expenditures nearly \$814M and \$20M, respectively
- Received Zero Audit Findings – financial and grant on the annual audit(s)
- Ariba upstream implementation

Department FY25 General Fund Reductions



Name of Program	Brief Description of the Reduction	Recurring Cost Reduction
Financial Planning & Budget Services	Delimit 1 Division Manager.	150,259
Accounting & Financial Reporting	Reduce budget for Management Consulting Services.	230,122
Performance Management	Reduce budget for Smart City Program Management.	11,621
Capital Projects and Debt Management	Reclassification of vacant postions	37,404
Total		429,406

Reduction Target	\$	(966,639)
FY25 Budget Reductions	\$	429,406
Total Reduction Remaining	\$	(537,233)
Revenue Enhancement (Pcard Rebate)		\$ 550,000
Net of Reduction and Revenue Enhancement		\$ 12,767

Workforce Analysis as of 5/06/2024



	Males					Females					Total				
	Asian/P.I.	Black	Hispanic	White	Total	Asian/P.I.	Black	Hispanic	White	Total	Asian/P.I.	Black	Hispanic	White	Total
Executives	2 29%	1 14%	2 29%	2 29%	7 100%	2 22%	3 33%	2 22%	2 22%	9 100%	4 25%	4 25%	4 25%	4 25%	16 100%
Professionals	5 11%	15 34%	12 27%	12 27%	44 100%	21 24%	38 44%	23 26%	5 6%	87 100%	26 20%	53 40%	35 27%	17 13%	131 100%
Administrative Support	2 25%	2 25%	4 50%	0 0%	8 100%	6 38%	6 38%	3 19%	1 6%	16 100%	8 33%	8 33%	7 29%	1 4%	24 100%
Total	9	18	18	14	59	29	47	28	8	112	38	65	46	22	171

Restricted Account Details

GL Description	Justification & Cost Drivers
Interfund Electricity	Responsible for administering the electricity accounts for the City. Program is responsible for overseeing procurement contracts, forecasting, providing price certainty, and financial reporting. Electricity expenses are projected to be lower than the previous year as a function of the competitive bidding process.
Interfund HR Client Services	Include HR operation cost reflecting health benefits and restricted accounts increase.
Interfund KRONOS Service Charge	Software license and maintenance costs associated with the city of Houston's Time and Attendance System (KRONOS).
Interfund Drainage Charge	Fee is based on impervious service.
Interfund Application Services	Costs include Microsoft Enterprise licenses, 3-1-1 maintenance support and applications, SAP licenses maintenance and support, various Enterprise Application and Server support personnel, CSMART (MCD Only), eSignature, Project Management, Infor, eDiscovery, Cyber Security Office software and support, HITS Budget support via the Finance Department, eSignature.
Interfund Data Services	Costs associated with software and maintenance support contracts required to maintain city networks, applications, desktop devices, servers, payment card industry security, storage devices, cloud services, telephone systems and network equipment including Phonoscope circuits. Contracts cover Antivirus, Firewall and Network backup systems. Also, the Data Center costs are included in the Data Services restricted account.
Interfund Voice Services	Monthly costs for Voice/Communication Services. The services include: Local landlines, voice/data circuits, long distance, 1-800 numbers, calling cards, language lines, Citywide ISP/Internet Access. The major vendors are ATT, Department of Information Resources (DIR), Verizon and Century Link.
Interfund Wireless Services	Monthly charges for Verizon Business services and mobile devices including cell phones, air cards and tablets.
Interfund Voice Labor	Labor costs and parts needed to perform work associated with installation and/or upgrades of telephone systems and cabling. The sole vendor is Selrico.
Interfund Vehicle Accidents	Provides vehicle accidents repairs for all city departments' rolling stock equipment.
Interfund Permit Center Point of Sale	HPC Point of Sale chargeback.
Interfund Insurance Fees	Cost increase for property insurance premium.
Interfund GIS Services	Personnel, software licenses and maintenance costs associated with the city of Houston's Enterprise Geographic Information System (EGIS).
Interfund Permit Center Rent Chargeback	HPC lease chargeback.
Interfund Vehicle Services - Tires	Tire purchases and services costs for City's rolling stock equipment.
Interfund Vehicle Services	Provides repair, maintenance, and administrative support for all city departments' rolling stock equipment. Expense explanation - Vehicle Services are projected to increase driven by part cost, contractual increases, and an aging vehicle population.
Interfund Vehicle Fuel	Fuel Program operates and manages all City owned fuel sites. Expense explanation - Fuel services are driven primarily by market pricing.
Interfund Natural Gas	Responsible for administering the natural gas accounts for the City. Program is responsible for overseeing procurement contracts, forecasting, providing price certainty, and financial reporting. Natural gas expenses are projected to be lower than the previous year due to current market conditions and locking in a rate favorable to the City.
Interfund Radio System Access	Due to the consolidation of the radio group in General Fund to revolving fund for HITS. This group is responsible for the operation and maintenance of the City's public safety radio system.