

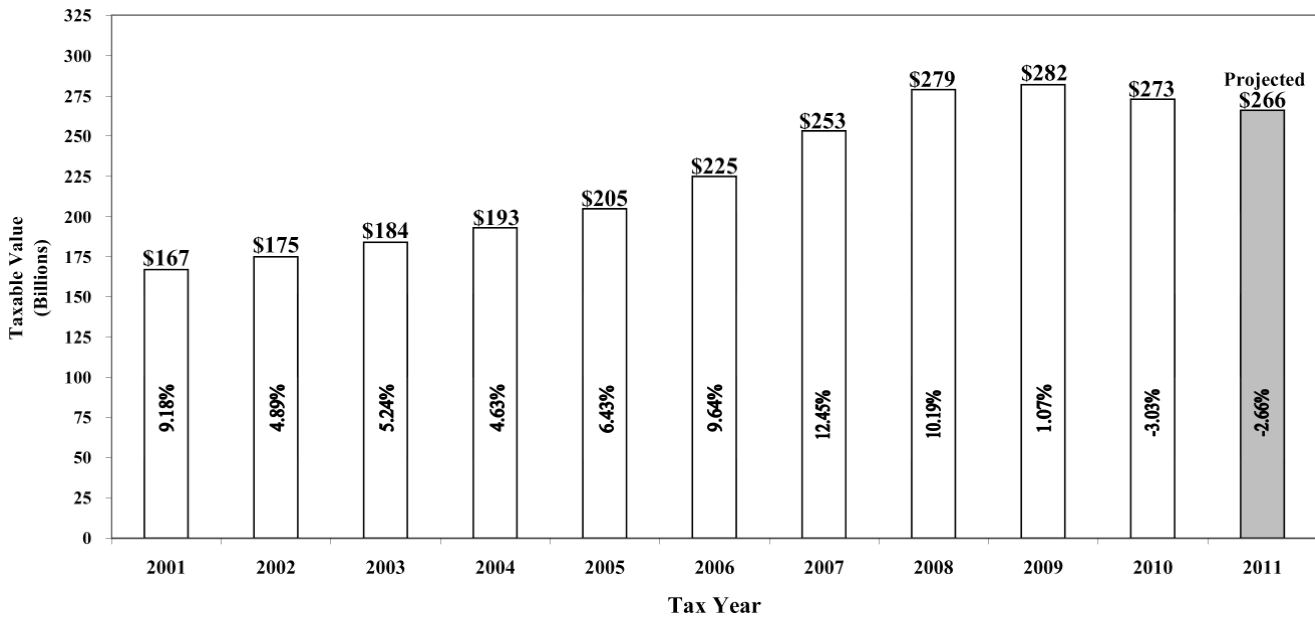
Policy Issues

The following items are presented for consideration March 8, 2011 as part of the proposed FY 2011-12 budget. The items result from hearings January 26-28, 2011 and February 22, 2011, and are in accord with court direction for public hearing and budget adoption on March 8, 2011.

1. **Financial Outlook**

- a. **Tax Appraisal** The Appraisal District's preliminary estimate of the tax base for the 2011 tax year for Harris County is \$266.2 billion, a drop of \$7.3 billion or 2.7% from 2010. The decrease in 2010 compared to 2009 was \$9 billion, or 3.2%. The following chart shows the taxable value changes from tax year 2001 through 2010 and as projected for 2011.

**Changes in the Value Base
and 2011 Estimated Taxable Value**



As the district chart shows, the county saw steady growth in taxable value from 2001 to 2008. The value slowed in 2009 and then began to decline. The difference between 2009 and the projection for 2011 shows a drop of approximately \$16 billion, or 5.7%. Between 2001 and 2009, the value had grown \$115 billion, or 69%.

The Appraisal District table that follows shows the breakdown of the 2011 estimate. The values are down in six of the nine categories.

**Harris County - Preliminary Estimate
Of 2011 Taxable Value**

(\$ BILLIONS \$)

	2010 Tax Base	2011 Tax Base	% Change
Residential & Rural Improved	\$117.451	\$116.130	-1.125%
Apartments	\$18.050	\$17.020	-5.706%
Commercial	\$60.677	\$56.659	-6.622%
Vacant Land	\$9.892	\$9.965	0.738%
Industrial Real	\$14.751	\$13.706	-7.084%
Utility	\$4.390	\$4.349	-0.934%
Commercial Personal	\$23.886	\$24.050	0.687%
Industrial Personal	\$23.705	\$23.753	0.202%
Other	\$0.696	\$0.576	-17.241%

2010 Roll:
January 21, 2011

	2010 Roll Value	2011 Estimate Total	% Chg
	\$273.496	\$266.209	-2.664%

The district said the outlook for 2011 is that the majority of residential values will stay flat with some decreases expected countywide. Single family home sales at the end of 2010 were down 3.9% compared to a year ago and foreclosed homes in 2010 were at 47,652. The district does report some light in the new home market where builders are projected to start more than 19,000 homes in the Houston area, an increase from 18,752 starts last year. Obstacles to housing recovery remain however, due to the backlog of foreclosures, a growing inventory of existing homes, and insufficient job growth.

The certified roll for 2011 will be sent to Harris County in late August and the court will set its annual tax rate the first week in October after public hearings. Ad valorem taxes provide approximately 74% of the county's annual revenue for the general fund.

A quotation in the Appraisal District's report said the best scenario for 2011 would be "simply a year in which things do not get worse." The report said some improvement in the tax base could occur in 2012, depending on market activity, but "significant" improvements are "unlikely" until 2013.

Commercial real estate, the report said, is showing some evidence that markets are starting to come back and downtown areas have seen "slight improvements," but suburban areas "are still feeling the effects of the economic meltdown." For improvements to be sustained, job growth will be necessary along with consumer confidence.

- b. **Financial Policies** The county's policy has been for expenditures to be budgeted and controlled so that at the end of a fiscal year the minimum unreserved balance for operating funds would be no less than 15% of fiscal year expenditures. The county will need to focus on rebuilding its reserve capacity while controlling expenditures in order to meet the targeted minimum. A continuing goal is sustaining the county's high bond ratings.

A recommendation will be provided to the court as an agenda item for issuance of tax anticipation notes for annual cash flow purposes for the general fund.

For further discussion of budget concerns and consideration of immediate and long-range plans, the court will meet at 9 a.m. Tuesday, June 21, 2011 for its annual review of capital projects, and at 9 a.m. Tuesday, September 27, 2011 for the Mid-Year Budget Review.

- c. **Population and Redistricting** An updated population report is in this book behind the budget policy material. It should be noted that 2010 census data will be available for the court to use in adjusting the boundary lines of the commissioners' precincts. After that task, the court may wish to consider whether the lines of the Justices of the Peace and Constables should be changed.

2. **FY 2011-12 Budgets and Operations**

- a. **Revenue** The Auditor's estimate of available resources for the general fund for FY 2011-12 is \$1,230,488,710, a decrease of \$156.8 million, or 11.3%, from the estimated actual of \$1,387,248,141 for FY 2010-11 that ended February 28, 2011.

b. **Operating Budgets**

1. **Positions and Salaries** For departments, the key to remaining within budget allocations will be for directors to stay within the amounts that will be provided for positions and salaries during the fiscal year.

After adoption of the FY 2011-12 budget, Management Services will be available to assist each department to prepare its budget allocation and to respond to any questions. Once a department is ready, the budget allocation, including salaries and benefits, will be loaded into the system.

While the hiring freeze is still in effect, a proposed order will be given to the court in April that would allow officials to have discretion to manage their budgets without the hiring freeze, subject to their remaining within the salary and benefit levels that are authorized. An order could also be considered at Mid-Year Review that would allow departments to retain unspent funds at the end of FY 2011-12 for rebudgeting in the next fiscal year, subject to availability of funds.

The Auditor and Management Services will be working together for position and salary expense controls during the fiscal year.

2. **Deleted Positions** The director of Human Resources & Risk Management has placed on the agenda for March 8 a list of frozen and vacant positions to be deleted from the payroll system effective March 11, 2011, which is the end of the current payroll period.

The deletion list, which was prepared in consultation with department heads, includes 1,090 positions, with 887 in the general fund and 203 in other funds. If the positions were left on the books and became filled, the total amount required including benefits would be \$61.9 million, including \$50.9 million in the general fund.

3. **Temporary & Part-Time** The annual adjusted list of temporary and part-time positions is included as an agenda item for March 8.
4. **Overtime** The county spent approximately \$22 million on direct overtime payments in the general fund during the previous fiscal year. Of that total, \$21 million, or 95%, was expended in the Sheriff's Department. Of the total spent in the Sheriff's Department, \$19 million, or 90%, was spent in the Detention Bureau.

Management Services will work with the Sheriff's Department with a goal to reduce or eliminate use of overtime payments during this fiscal year. A report will be given to Commissioners Court.

5. **Compensation and Vacation Time** Department directors are to monitor and control the use of comp and vacation time allowed for employees in compliance with personnel regulations. Comp time should be held to a minimum amount.
6. **Incentives and Allowances** All paid incentive allowances are to be kept at current levels with no changes or additions pending consultations with department directors about their desires and the future of the programs.

Car and cell phone allowances are to be kept at current levels pending consultations with departments. Meanwhile, department heads should consider deletion of active allowances where possible.

7. **Vehicles** No new or replacement county vehicles will be purchased at this time pending review at the Capital Review session in June. Recommendations concerning the use and types of vehicles will be presented.
8. **Group Health Benefits** An annual report from the director of Human Resources & Risk Management on group health and related benefits has been transmitted to court members and has been placed on the court's agenda for March 8.

3. **Departments**

a. **Law Enforcement**

Contract Patrol A report on the status of the contract patrol program has been transmitted for your reference. There are 916 positions allocated including 633, or 69%, in areas outside of Houston; 181, or 20%, in neighborhoods within Houston; and 102, or 11%, to school districts. There are 672 constable officers, or 73% of the total of 916 positions, and 244 officers, or 27%, assigned by the Sheriff.

Of the 916 officers, 553, or 60%, are in 70%-30% contracts; 228, or 25%, are in 80%-20% contracts; and 135, or 15%, are in 100% contracts.

There was a net gain of 14 positions that were added to contracts between February 9, 2010 and January 25, 2011. There were 32 officers added in contracts with the constables, and a reduction of 18 officers in contracts with the Sheriff's Department.

The following recommendations were presented for the court's consideration.

1. In order to control the county's cost for new contracts or added positions in existing contracts, such requests should be limited to quarterly submissions and subject to availability of funds in the department's allocation for salaries and benefits with review by Management Services. The court agreed for this process to be followed.
2. Annual budgets and policy in the county must consider nine separate police agencies, each directed by a separate elected official. Fragmentation occurs and contributes to increased costs for county operations. There is a continued need for greater collaboration and coordination. A method the court could consider is to instruct Management Services to prepare a plan with the Constables and Sheriff that could help lead to greater communication and coordination between the nine agencies and improve patrol coverage and response times throughout the county's growing unincorporated areas.

The court, for example, could consider a plan that would, over time, transfer all contracts for patrol to the Constables and place the Sheriff's contract officers on general patrol in the unincorporated areas.

The change would require development of model plans for improved response to calls and preventive activities in all patrol areas. Each Constable would work with designated Sheriff's patrol officers in preparation of plans for providing the improved services. The developed plans for each defined zone, district, or precinct area would become part of a law enforcement effort that could be updated as necessary. Investigative and detective resources could be assigned to areas to increase response capabilities. The Houston Police Department could be requested to participate where appropriate.

Improved and coordinated radio communications should be included in development of such a collaborative effort among the nine county police agencies and, where possible, with HPD.

The court instructed Management Services to work with the Constables and the Sheriff in connection with the above outline and develop plans that could be supported in preparing for the future of county patrol services.

b. **Criminal Justice System**

1. **Pretrial Services** The court approved for a memorandum of understanding to be prepared between Commissioners Court and the Standing Committee of the county and district criminal courts regarding the operation of Pretrial Services. Instead of having Pretrial as an office of Management Services, it could answer to the Standing Committee of the Courts, which is composed of four county court judges and five district court judges. An agenda item will be submitted for the change after preparation of the MOU by the County Attorney's Office.
2. **Front of the System** The court agreed to request the Criminal Justice Coordinating Council to obtain a systematic analysis of ways to expedite the processing of criminal cases through the system and provide recommendations for alternative ways to process persons who suffer from mental health or drug abuse problems. The Standing Committee of the Courts and the two court managers will participate in the study.
3. **Mental Health Services** The director of Harris County Mental Health & Mental Retardation Authority has requested that the court authorize development of a Criminal Justice Mental Health Services Intervention Plan to address as a first priority misdemeanor persons at high risk to recycle with mental illness in the county jail. The goal would be diversion of such persons from the jail and to have them released to appropriate community alternatives. The director is suggesting that a plan be prepared for presentation to the court. He envisions the program could be designed and implemented over a period of 2011-2015.

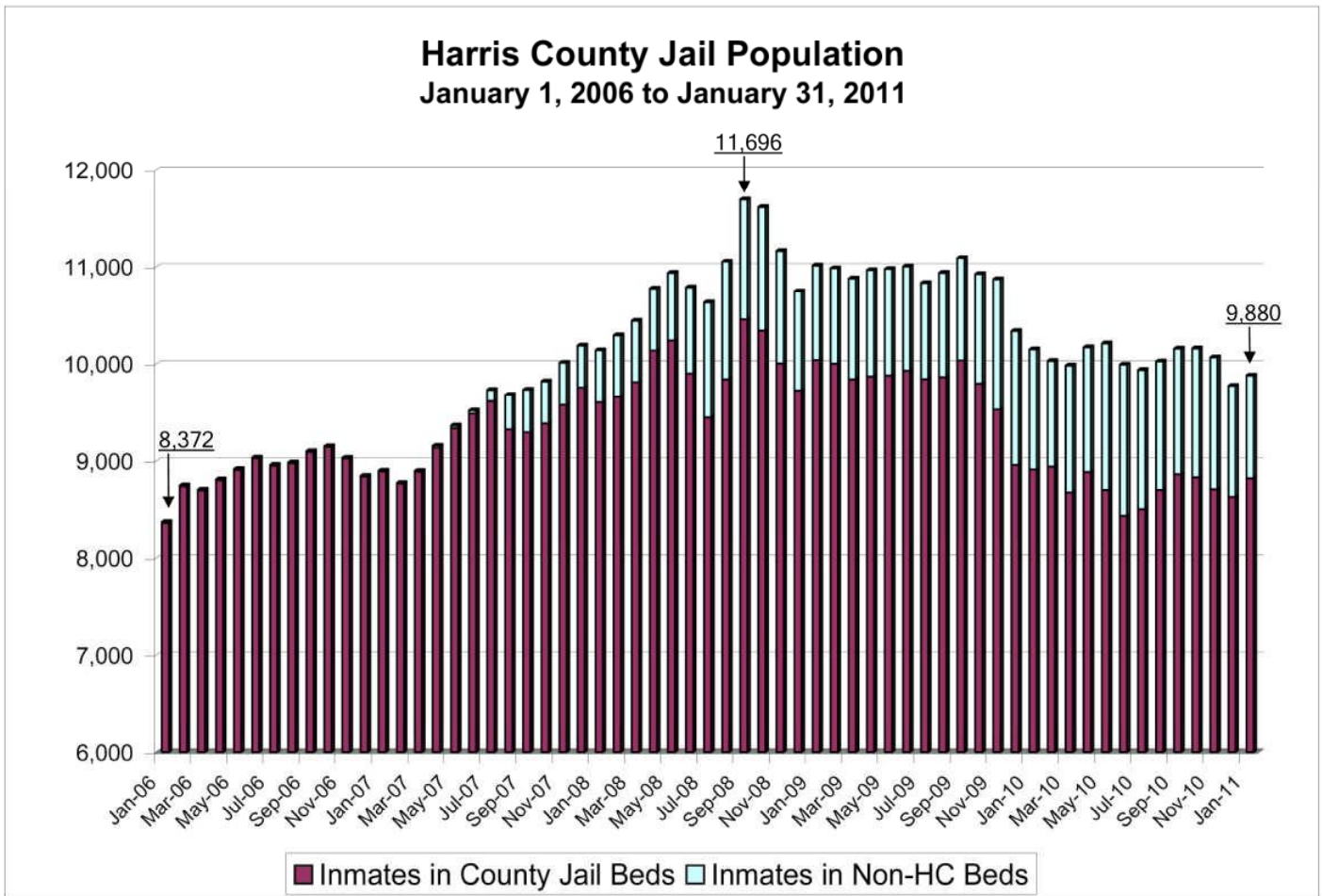
The court instructed the MHMRA director's paper be transmitted to the Criminal Justice Coordinating Council for review and response.

4. **Electronic Monitoring** Another study and recommendation for the system is underway for development of a pilot program for electronic monitoring of certain offenders in the criminal justice system. Work has been done on this subject through the Sheriff's Department and the Criminal Justice Coordinating Council, and plans are for a proposal to be presented to Commissioners Court for the pilot project.

5. **Grants** A recommendation has been made for the county to consider employing a person experienced in criminal justice for research of state, federal, and private foundation grant opportunities.

6. **Jail** A major goal of the Criminal Justice Coordinating Council since its creation in July 2009 has been to facilitate changes in policy and processes that could help lower and stabilize the county's jail population. The following graph shows the inmate numbers from January 2006 when it was 8,372 to a peak of 11,696 in September 2008 to a level in January 2011 of 9,880. Of the number in January 2011, 1,048 inmates, or 11%, were in contract facilities in three Texas counties and two Louisiana parishes. The balance, 8,832, or 89%, were in Harris County facilities.

Management Services will work with the Sheriff regarding steps that are necessary during the fiscal year to meet and maintain certification standards for jail operations and medical services. The staffing plan provided to the Sheriff for the jail by MGT of America, Inc., will be reviewed for the court to consider so that it can be sent to the Texas Commission on Jail Standards. The review for the court will place a five-year timetable on various parts of the study.



The Hospital District has agreed to provide tobacco settlement funds for assistance with medical service requirements for inmates in the county jail and juveniles in Juvenile Probation facilities. Both categories are considered in an annual report prepared by Management Services of uncompensated medical care in combination with such care by the Hospital District that is sent to Austin for distributed tobacco settlement funds. The county has not received these funds in the past.

The court at Mid-Year Review last September asked for a review of the potential for privatizing the county's jail or portions of it. The review is still under way through the County Attorney, Purchasing, and Management Services. A report on the current status of the review will be transmitted to court members.

7. **JIMS** Judge Mark Ellis, chair of the executive board of the Justice Information Management System, said the board recommends that replacement of the JIMS systems be a "top priority" for the justice community "until such time as the systems are fully modernized."

He said the JIMS board in June will provide a recommendation and plan for the replacement. Judge Ellis said the board would work with Information Technology and Management Services to develop "a practical project that has every chance to succeed."

8. **District Attorney** A report by the District Attorney provides information on activities of her office in juvenile cases, a new policy on cases of controlled substances, bond forfeitures, prosecution of environmental crimes, JP court prosecutions, victim restitutions, and victim funds seized and returned. Another report reviews the needs of the department for pay adjustments and personnel.
9. **District Courts** Judge Halbach, administrative judge of the district courts, said the Board of District Judges is requesting duress mechanisms in three court facilities, appointment of a law enforcement agency to assume security functions, additional screening of persons entering any of four court buildings, and that a committee of judges "be given final say" as to whom Frequent Courthouse Visitor security clearance is awarded. The court asked that this request be referred to Public Infrastructure/Facilities & Property Management.
10. **Institute of Forensic Sciences** Plans for expansion of lab capacity and staffing requirements are pending approval of the City of Houston for transfer of its DNA cases to Harris County. A recommendation will be given to the court with terms upon completion of negotiations.

c. **County Attorney**

1. **Law Library and Congress Plaza** The County Attorney's Office requested authorization for the Law Library, for which the County Attorney is the designated liaison, to become a division of the County Attorney's department effective May 1, 2011. The library is on the 17th floor of Congress Plaza and the County Attorney's Office is on the 15th and 16th floors.

The library is currently open 8 a.m. to 8 p.m. on weekdays and on Saturdays from 9 a.m. to 5 p.m. except for holiday weekends. The County Attorney's Office requested approval to change the weekday closing time to 7 p.m.

A review is also requested in consultation with the Houston Bar Association on the possibility of closing the library on one or more Saturdays during the month.

The County Attorney also requested that the court authorize the department to relocate 81 of its employees from 2525 Murworth and the Cotton Exchange building to its headquarters at 1019 Congress Plaza in July 2011 when the District Clerk is scheduled to move from the first floor and basement of Congress Plaza to the new Jury Assembly facility. The County Attorney requested approval to use the basement and first floor of Congress Plaza as the space becomes available.

During the February 22, 2011 court meeting on the budget court members did not object to the above changes.

2. **Staff and Contracts** The County Attorney requested additional staff for the Protective Services Division and the Real Property Division. Another item is for the Purchasing Agent to seek requests for qualifications for outside legal counsel on an as needed basis in the following practice areas: administrative and regulatory law, eminent domain, environmental law, labor and employment law, tort claims, and civil rights litigation, voting rights and redistricting matters, and bond counsel services. That item is on the court's regular agenda for March 8.

d. **Public Infrastructure**

1. **Permit Fees** The Architectural & Engineering Division of PID is preparing a schedule of fee adjustments for the Permits Office. A report with recommendations should be ready for presentation to court during the second quarter of calendar year 2011.
2. **Utilities** Management Services will work with PID/FPM regarding cost control methods, service alternatives, and funding requirements for utility services in county facilities.

Another concern of PID/FPM to be addressed would be parking needs and costs in the courthouse complex.

3. **Building Projects** Management Services is reviewing allocation of funds for priority building projects approved by court at the request of PID. Certain items will be presented to the court at the March 8 court meeting.
4. **Flood Control** Funds have been approved for continuation of planned flood control capital projects which will be updated for the court at the June CIP session.

e. **Public Health**

Commissioners Court agreed with the following steps for creation of a separate Pollution Control department.

1. The concern at this time is there should be no increase in personnel required and minimal or no increase in expenditures.
2. Public Health & Environmental Services will be renamed Public Health Services, and Pollution Control, Pollution Control Services.
3. Pollution Control will operate from the new county annex in Pasadena.
4. Public Health at this time will continue to provide support as necessary for Pollution Control for human resource functions.
5. A division of responsibilities and staff will be prepared by the directors for use in FY 2011-12.
6. The court will designate a person to be director of Pollution Control.
7. It will be essential that there be a close working relationship and a sharing of information between Public Health and Pollution Control. There will be continuing and unforeseen public health concerns and emergency situations that will require collaboration. It should be noted that the current Health Director, a licensed medical physician, is the designated Public Health Authority of Harris County.

- f. **Fire Marshal** The county began providing discretionary supplemental funding to certain municipal fire departments and volunteer units for the unincorporated areas in 1974. Since then the population has grown faster in the unincorporated areas than in municipalities and the cost of fire protection has increased. In the 1980s special districts began to form in the unincorporated areas with authority to establish and collect property taxes for fire protection and emergency medical services.

The Fire Marshal's Department has increased responsibilities for inspections for fire prevention and code compliance, emergency operations, and fire and arson case investigations. Given the funding capabilities that are now available in the unincorporated areas through emergency service districts, the Fire Marshal has recommended that the county plan to stop the fire protection service supplements. There are four remaining contracts. The recommended plan agreed to by the court is to continue the contracts through FY 2011-12 and into FY 2012-13, and to end them effective January 31, 2013.

The recommendation is to contract with the City of Baytown at \$100,000 per year, City of Houston at up to \$85,000, City of Jersey Village at an amount not to exceed \$4,000, and City of Stafford at up to \$6,000. Each contract would end on January 31, 2013.

- g. **Information Technology** The director has listed the need for support of policies for FY 2011-12 including protection from potential threats that could destroy critical county systems, and improvements for county employees to coordinate use of information through various means such as mobile tablet devices.

The director said he will work with the JIMS Executive Board for replacement of the Justice Information Management System with a more sustainable technology. ITC is also seeking replacement of Unisys legacy applications for the Tax Assessor-Collector, the County Clerk, and law enforcement computer-aided dispatch data.

The director is working with the SunGard Public Sector, the Auditor, Purchasing, and Human Resources & Risk Management in a process to eliminate customizations to the Integrated Financial and Administrative Solution (IFAS) in order to allow migration to modules of SunGard's latest products. A capital project will be developed and submitted at the county's Mid-Year Review in September for funding for the migration effort.

The ITC director requested authorization to fill the position of director of the Finance & HR Application Team for support of business application needs. The former director of that division retired in May 2010. It is recommended that this request be approved.

ITC is requesting \$2 million to fund the third of a three-year agreement for use of certain Microsoft products and maintenance.

- h. **County and District Clerks** Management Services will work with the District Clerk and management staff of the courts on funds necessary for payments for jurors and meals.

The District Clerk said his priorities include increasing the salary levels of court clerks; continuing to decrease processing time and staff necessary for in-person, face-to-face transactions and mail requests by use of the department's website; conversion to electronic filing to reduce use of paper and printing costs; conversion of family courts to electronic courts by requiring e-filing and digitizing of active paper case files and use of electronic dockets.

The court authorized the County Clerk to fill a position of Assistant Administrator of Elections.

PID is working with the County Clerk for replacement of the Election Technology Center that was destroyed by a fire last August. The Office of Human Resources & Risk Management has obtained insurance proceeds and will work on a final recovery once a decision is made for the replacement facility.

i. **Youth & Family Services/Community Services**

1. **State Cuts** The Office of Legislative Relations is providing information to county departments concerning pending reductions in state funds. The impact in Youth & Family Services departments appears to be sizable, especially for Protective Services for Children & Adults, Juvenile Probation, and Mental Health & Mental Retardation. The court will be kept abreast of these developments and concerns of the departments.
2. **Juvenile Probation** Management Services will work with Juvenile Probation for funding necessary to maintain services at the Harris County Psychiatric Center for juveniles with significant mental health impairments.
3. **Joint City/County Commission on Children** The county's Community Services director reports that agreement has been reached by leaders of Houston and Harris County participants that the Commission should be ended and its personnel reassigned. The director of Community Services requested that the commission program director be transferred from the County Judge's staff to a vacant grant-funded position at Community Services; a commission employee be transferred within Community Services to a vacant grant-funded Social Services position; and the remaining commission staff person be transferred from the County Judge's office to Commissioner, Precinct 1. The court agreed to approve these changes.
4. **Children's Assessment Center** The Children's Assessment Center Foundation plans a capital campaign to expand the Center's building to provide added space for services and training for prevention and treatment of child sexual abuse.

j. **County Library**

1. **Meador Branch** The Evelyn Meador replacement branch in Precinct 2 is scheduled for completion in late March with an opening at the end of June.
2. **McNair Branch** The director said because of funding issues construction of the McNair Branch in Precinct 2 will be delayed pending review later in the fiscal year. The design phase of the project will continue.
3. **IPAD** The director said she would conduct a pilot project to consider ways IPAD technology could help improve public library services as it is beginning to do in schools.

k. **Harris County Sports & Convention Corporation**

The court on February 22 authorized a request by the corporation for its six employees to participate in the county's health benefits plan.

A continuing problem is the cost of utilities at Reliant Park and the costs for operations and insurance funded by the county through the Hotel Occupancy Tax. Those expenses compete with debt service requirements which are paid from HOT resources. A change could be part of a long-range plan.

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