

NOTICE OF SPECIAL MEETING

February 18, 2009

Notice is hereby given that a special meeting of the Commissioners Court of Harris County, Texas will be held on **Tuesday, February 24, 2009 at 9:00 a.m., immediately prior to the regular meeting** of the Commissioners Court, in the Courtroom of the Commissioners Court of Harris County, Texas, on the ninth floor of the Harris County Administration Building, 1001 Preston, Houston, Texas, for the purpose of discussing the 2009-2010 budgets and policy issues for Harris County, Flood Control District, Port of Houston, and Hospital District.

February 20, 2009

Policy Issues

The following items are presented for consideration February 24, 2009 as part of the proposed FY 2009-10 budget. The items will be adjusted in accordance with court direction for public hearing and budget adoption on March 10, 2009.

1. Financial Policies

- a. Expenditures are to be budgeted and controlled so that at the end of the fiscal year the minimum undesignated fund balance for operating funds will be no less than 15% of fiscal year expenditures.
- b. Full disclosure and open lines of communication will be provided for rating agencies. A goal is sustaining the county's AAA (Standard & Poor's) and AA+ (Moody's & Fitch) debt ratings with a stable outlook. Decisions of financial matters are to consider this goal.
- c. Tax anticipation notes for annual cash flow purposes will be issued for the general operating fund. A recommended order will be presented to the court as an agenda item.
- d. Ad valorem tax requirements for operations and debt service are to be analyzed in conjunction with projections of taxable values by the Appraisal District. A recommended tax rate schedule will be presented to the court in September. Funding plans will be considered for Harris County, Harris County Flood Control District, Port of Houston Authority, and the Harris County Hospital District.
- e. The court will consider capital improvement plans and financing requirements at a review session to be held at 9 a.m. Tuesday, June 23, 2009.
- f. Mid-Year Review will be held at 9 a.m. Tuesday, September 29, 2009.

2. Economic Environment

A report on the current economic environment prepared by the E-Business Results Team is enclosed for your review and consideration. Recent developments in the financial and credit markets nationally, along with significant fluctuations in energy prices, have created a degree of uncertainty that could affect Harris County government and its financial condition. In light of the economic uncertainty, it is important to proceed with the budget and capital planning process with caution.

Strong consideration should be given to deferring any discretionary increases in spending until at least Mid-Year Review. Departmental budgets are currently at or below target figures in the general fund, subject to possible changes when the final budget estimate is complete for March 10, 2009.

3. **Salaries, Allowances and Positions**

- a. **Cost of Living** The question of whether the court should grant a cost-of-living salary adjustment for the new fiscal year should be delayed for discussion at Mid-Year Review in September. The annual cost of such an adjustment would be \$27 million. The court approved 3% increases in each of the last three fiscal years.
- b. **Allowances** It is recommended that allowances for FY 2009-10 be as follows: 55¢ per mile reimbursement for use of a personal vehicle on county business, subject to a maximum of \$675 per month; maximum monthly car allowances of \$575 for law enforcement officers, and, subject to court approval, \$550 per month for elected officials and appointed department heads, and \$420 per month for other non-law enforcement personnel. These amounts will be reviewed for any necessary changes that should be considered at the Mid-Year Review in September.

The maximum cellular phone allowance, not to exceed \$50 per month, for authorized staff should not be changed at this time.

- c. **Positions and Salaries** It is recommended that requests for new positions be deferred at this time subject to further review. Departments in the general fund have requested 583 new positions. Management Services should be instructed to analyze vacant positions in each department along with requests for new positions for reports to the court. Salary changes and reclassification requests should also be included in the departmental analyses so they would be available for the court's consideration.

The average annual salary of a full-time position in the county is \$56,763 plus benefits of \$20,796. The total annual requirement for salaries and allowances in the general fund for 13,261 full-time equivalent positions is \$753 million plus \$276 million in benefits, the total of which is about 73% of general operating costs.

- d. **Group Health and Related Benefits** A status report by the director of Human Resources & Risk Management is enclosed for your review and reference. The total annual cost for employees, retirees, and dependents is projected to be \$187 million, an increase of \$4.4 million. The county's portion of the cost will be \$148 million, or 79% of the total. Fluctuations in enrollment growth (employees, retirees and dependents) and payroll would change these estimates.

The county's policy for basic coverage remains unchanged, with 100% of the cost for the employee and qualified retiree paid by the county plus 50% of the cost for dependents. A second option allows the employee or retiree to pay a higher premium for another level of benefits.

Effective March 1, 2009, as approved by the court, the medical provider, Aetna, Inc., will begin the first year of a new seven-year agreement.

Staff of the Office of Human Resources & Risk Management and the Office of Financial Services are reviewing with the Auditor and County Attorney requirements of the Government Accounting Standards Board to determine appropriate alternatives for financial statements regarding the expense of county-paid retiree health care benefits. An actuarial study is updated periodically to provide information on this funding obligation.

The contribution by the county to the Texas County & District Retirement System in 2009 is estimated at \$86.4 million, or 9.74% of covered payroll. Employee contributions of 7% are estimated at \$62 million. Starting in January 2010 and for the last two months of the 2009-10 fiscal year, the cost is expected to increase to approximately 11.24% of covered payroll based on a preliminary projection by TCDRS.

- e. **Cost of Support Services** If the court agrees, the indirect cost for support services provided by the county will be assessed as applicable to all non-General Fund operations each year consistent with the most current Cost Allocation Plan (CAP). Management Services will continue to review the amounts assessed with the appropriate departments and will provide reports to the court.
- f. **Technology** Management Services will work with IT staff and other officials to restructure the 2010 Committee that provides for development of technology solutions for county-wide needs.

4. **Departments**

Preliminary budget amounts for departments have been prepared and are provided in this book. Adjustments will be made after receipt of the Auditor's Final Revenue Estimate. There will be recommendations for certain items to be placed on the regular court agenda or Mid-Year Review after further departmental analyses and consideration of available funding and economic conditions. The following are summaries of requests and issues from departments.

Public Infrastructure In the aftermath of Hurricane Ike, a number of departments requested consideration for adding generators to their facilities. Recommendations for adding generators will be brought to court through the regular agenda process depending on available resources and/or will be considered during the CIP session in June.

A summary of the planning and funding resources for building projects will be prepared for the court's consideration.

A number of departments mentioned building security issues at courthouses and annex locations. Recommendations for changes in security provisions will be brought to court subject to available funding.

In March 2008, court approved the FY 2008-09 budget which, based on the Auditor's Revenue Estimate, included the \$120 million Toll Road transfer as part of the General Fund and the funds were budgeted for the Precincts for use in accordance with the Texas Transportation Code § 284.0031, subject to annual review by the PID director and Precincts.

Voters approved a bond election in 2007 which includes an \$835 million road construction program to be funded by a combination of bonds, toll road transfers, and Metro and other funds over the next 5-7 fiscal years. Each Commissioner, working with the Director of the Public Infrastructure Department, determines annual updates to the priority list and timetables for completing road construction projects and providing for open mobility for ultimate access to the toll road system.

To accommodate a request from the County Auditor, for the upcoming FY 2009-10 budget, the Toll Road funding transfer and related expenses will be changed from the General operating fund to a new Mobility Fund that would be part of the General Fund Group.

- **Toll Road Authority** The authority has requested an increase in the number of constable deputy positions and related vehicles dedicated for toll road patrol from 90 to 107 officers which would be reimbursed to the county at full cost.
- **Flood Control** The district has requested seven new positions to be responsible for the flood ALERT system. Responsibility for maintaining the system of flood gauges and related equipment has previously been housed at the Office of Homeland Security & Emergency Management.

Continued funding plans for the district's five-year capital program beginning with the next fiscal year will be submitted for consideration in June at the CIP hearing.

Information Technology A concern about the ongoing status of the IT Radio Shop at 2500 Texas should be addressed by the Facilities & Property Management division of PID with recommendations returned for the CIP in June.

The fees charged to jurisdictions for use of the radio system have remained static and should be reviewed for any changes that may be necessary.

Tax Assessor-Collector A request to delete eight positions and provide reclassifications and salary adjustments for four additional positions will be analyzed by Management Services.

Public Health & Environmental Services A request for eight new positions and reclassification of 84 positions has been submitted and will be reviewed.

Health Care Alliance The director of the Harris County Health Care Alliance, which is chaired by the director of Public Health & Environmental Services, requested a job reclassification and a new position. Expenses incurred by the county for the Alliance, except for staff office space, are reimbursed by the Alliance Board from fees contributed by the various organizations that are involved.

Library The new replacement Kingwood branch library is scheduled to open in FY 2009-10. Plans for relocating or replacing the Seabrook branch damaged by Hurricane Ike will be included in the capital improvements session along with any other new or replacement library facilities. An analysis will be made of funding for requested equipment and materials. The department operates 26 branches, including the existing Kingwood branch.

Youth & Family Services Salary changes, positions and other requests will be reviewed for these six departments: **Domestic Relations, MHMRA, AgriLife Extension, Juvenile Probation, Protective Services for Children & Adults, and Children's Assessment Center.**

- **Juvenile Probation** The department reopened its operations at Westside Detention in 2008 providing 45 additional beds to absorb certain youth from the downtown detention facility. Referrals are down by 10% from fiscal 2008 to fiscal 2009. The department requested 29 new positions and eight reclassifications. In addition, the Juvenile Board has requested \$25,000 to employ a lobbyist for the department.

Facilities & Property Management will conduct an evaluation of options for disposing of the juvenile facility on West Dallas.

The Annie Casey Foundation project has been a catalyst for a number of policy and position changes in the juvenile detention area, according to the director of Juvenile Probation. This work will continue to help develop alternatives to detention for at-risk youth in the county.

- **MHMRA** The director has requested consideration for alternatives to incarceration for a group of high risk patients on medication who end up in the county jail on a continuing basis. They also requested consideration of enhancing the civil commitment laws involving people with mental illness, increased funding for TRIAD, and 16-bed treatment centers to further enhance the system of mental health options for processing and care of juveniles.

Constables The constables have requested 70 new peace officer and 13 clerical positions in addition to the 17 positions requested by the Toll Road Authority mentioned previously in this report. The budget request includes 20 proposed new positions for Constable, Precinct 1 for downtown courthouse security.

The study of the county's overall patrol operations including contract patrol programs for the Constables and the Sheriff's office is ongoing and includes working with the new Sheriff's administration. Any recommendations for adjustments to the program will be brought to court for consideration on a regular agenda or at Mid-Year Review.

Sheriff The department has requested 311 new positions for various divisions along with 58 salary changes and reclassifications. The Sheriff is planning an aggressive recruiting program to increase the number of detention and patrol officers. The current staff is working a significant amount of overtime and if staff levels could be enhanced, particularly in the jail, the savings from reduced overtime could help offset the cost of added personnel.

Staffing in the jail remains below target levels despite approval and hiring of 180 detention officer (DO) positions during the past two years. The continued shortage of DOs was the primary cause of overtime expenditures continuing to increase throughout last year. For FY 2008-09, overtime expenditures are projected to be \$35 million while the most recent pay periods have experienced a rate that would require \$37 million per year. Newly implemented recruiting policies have increased the number of viable candidates for DO positions and, in January 2009, Commissioners Court approved 20 additional DO positions plus another 40 DO positions pending identification of a funding source. Reducing detention overtime is a priority of the Sheriff for FY 2009-10 and, barring a large decrease in the jail population, this will require hiring and/or re-assigning more officers to work in the jails. To the extent that additional jail positions are needed, including the 40 DO positions that are already approved pending funding, these positions should be funded from dollar-for-dollar reductions in detention overtime costs. Management Services will assist the Sheriff's Office in achieving this goal by providing periodic reports of overtime expenditures and assisting in evaluation of personnel-scheduling software and analysis of recruiting operations and processes.

The jail system remains under variances from the Texas Jail Commission. The department has space in Louisiana for up to 1,730 prisoners by contract and 950 are currently in this program. Efforts to develop alternatives to jail for minor offenses and mental health issues are receiving attention and study as a way to address jail overcrowding.

Fire Marshal The Fire Marshal has requested 22 new positions to address the need to keep up with growth of population in unincorporated areas of the county and to meet and maintain manpower standards.

Medical Examiner The Medical Examiner has requested 39 new positions and four reclassifications to be phased in during the fiscal year. The development of the crime lab and forensic activities conducted by the ME's Office and continued maintenance of national certifications provide a reliable source of scientific information for county law enforcement and the criminal justice system.

Management Services is reviewing a proposal for outsourcing employment drug testing currently done by the Medical Examiner's Office and will bring any proposed changes to a regular court agenda or Mid-Year Review.

County and District Clerks The County Clerk is asking for seven new positions in the Elections Division and for nine positions to be reclassified.

The District Clerk has requested \$178,000 for enhancing clerk salaries and \$2.5 million for continuation of the digital imaging project.

County and District Attorneys The County Attorney is asking for seven reclassifications and six new positions.

The District Attorney is seeking 17 new positions and a reclassification of eight positions. She has emphasized the need for a Victim's Rights Bureau and support for the Casey Foundation alternatives for juvenile cases, improvements in processing mental health cases, and use of new animal cruelty prevention initiatives.

Community Supervision & Corrections CSCD is asking for security enhancements at regional centers and expansion or relocation of facilities, both of which will be addressed in the CIP session in June.

Pretrial Services Pretrial is requesting new software and consulting arrangements to improve the necessary forms for processing defendant information. Management Services will review the needs of this department with court management staff.

Justices of the Peace The JPs have asked for document management systems or imaging solutions to reduce the file handling time and expense and more efficiently serve their customers. They also asked for an interpreter fee adjustment for their employees, and emphasized the need for improvements in annex and court security and upgrading and expansion of facilities and new furniture.

The JPs asked for 22 new positions for caseloads. The Office of Legislative Relations should keep Commissioners Court advised about any expansion of jurisdiction for the JPs by the Legislature. Management Services will provide any cost analyses necessary.

Probate Courts The four probate judges have asked for continued equalization of budgets and positions, and they are requesting a 3% across the board increase in salaries for staff to be funded by a fee that is outside the general fund. Management Services will analyze the requests for recommendations.

County and District Courts The County Courts are requesting two new positions to handle administrative functions.

The District Courts are seeking replacement of jury box chairs from FPM, and a method for allocating drug court fees to the applicable courts.

Consideration for developing a Public Defenders Office for the county is ongoing and recommended reports will be given to the court.

The courts are developing and seeking to improve special court docket programs to address mental health, drug, and juvenile cases.

Selection of Outside Auditor On February 10, 2009, court directed Management Services to seek competitive bids for the FY 2010-11 audit services for the county, the Flood Control District, and County and District Clerks with Management Services determining the right time to seek the bids. Management Services recommends forming a committee to evaluate bids received from qualified accounting firms and to make recommendations for accepting the best qualified firm or firms to perform the audits.

Commissioners Court Agenda Process Management Services is exploring options to automate the court agenda process. A report will be provided to court for consideration.

Fleet Services The director is preparing an updated report on fleet policies including a proposal to change the way law enforcement vehicles are purchased and replaced. Management Services will assist in review of this matter with the Sheriff and the Constables.

OHSEM This department will be returning the flood gauge management responsibilities to the Flood Control District and has requested seven new positions.

Population The population report dated February 2009 by the E-Business Results Team is included for consideration.

Hurricane Ike Recovery A report from the director of Human Resources & Risk Management is included for consideration.

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