Mayor's Office

To the Honorable City Council of the City of Houston:

In accordance with the provisions of Article VII, Section 7 of the Charter of the City of Houston, I submit and introduce to you the Ordinance set out below with the request that it be passed finally on the date of its introduction. There exists a public emergency requiring such action and I accordingly request that you pass the same if it meets with your approval.

Date: May 25, 2016 Mayor of the City of Houston

City of Houston, Texas Ordinance No. 2016-374

AN ORDINANCE RELATED TO THE FISCAL AFFAIRS OF THE CITY; APPROVING THE ANNUAL BUDGETS OF THE CITY OF HOUSTON, TEXAS, FOR FISCAL YEAR 2017, INCLUDING PROVISIONS FOR FUTURE ADJUSTMENT TO CERTAIN FUND BALANCES; MAKING VARIOUS AMENDMENTS TO THE PROPOSED BUDGETS; AUTHORIZING CERTAIN TRANSFERS; RE-DESIGNATING A CASH RESERVE IN THE FUND BALANCE; AMENDING ORDINANCE 2014-602, AS AMENDED, TO RENAME HOUSTON CIVIC EVENTS SPECIAL REVENUE FUND TO TOURISM PROMOTION SPECIAL REVENUE FUND AND RESTATING THE PURPOSES THEREOF; ESTABLISHING A COST FOR COPIES OF THE BUDGET; MAKING OTHER PROVISIONS RELATED TO THE SUBJECT; MAKING CERTAIN FINDINGS RELATED THERETO; PROVIDING A REPEALING CLAUSE; PROVIDING FOR SEVERABILITY; AND DECLARING AN EMERGENCY.

* * * *

WHEREAS, on May 9, 2016, the Mayor of the City of Houston, Texas, filed with the City Secretary a proposed budget of the expenditures of the City of Houston General, Enterprise and Special Revenue Funds for the Fiscal Year beginning July 1, 2016, and ending June 30, 2017, (the "Proposed Budget"); and

WHEREAS, pursuant to a resolution of the City Council of the City of Houston, and after notice was provided as required by law, a public hearing on the Proposed Budget was held in the Council Chamber in the City Hall on Wednesday, May 25, 2016, at which hearing all residents and all taxpayers, had the right to be present and to be heard, and those who requested to be heard were heard; and

WHEREAS, the City Council has considered the Proposed Budget and has made those changes to the Proposed Budget that in the City Council's judgment are warranted by law and demanded by the best interest of the taxpayers of the City; and

WHEREAS, the City Council desires to approve and adopt the final Budget as set out herein; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are adopted as a part of this Ordinance.

Section 2. That in accordance with the City Charter and Sections 102.001 through 102.011, Tex. Loc. Gov't Code (Vernon's), the City Council hereby approves and adopts the Proposed Budget as amended herein as the Fiscal Year 2017 City of Houston, Texas, Budget, the same being contained in the budget document on file with the City Secretary in a volume entitled "Proposed Budget For Fiscal Year 2017," as amended and supplemented herein, but specifically not including as part of the Budget, the Overview, the description of the General Fund other than the Fund Summary, data relative to any Fiscal Years prior to 2017, the General Obligation Debt Service Fund, the Internal Service and Service Chargeback Fund budgets, the Capital Improvement Plan Summary, and the Appendices or information concerning Full-Time Equivalents, all of which is provided for background, accounting convenience and reference purposes only (the "Budget"). The City Secretary is hereby directed to attach to the Budget a copy of this ordinance, any motions amending the Proposed Budget and an endorsement reading "The Official Budget of the City of Houston, for the General, Enterprise and Special Revenue Funds for the Fiscal Year Beginning July 1, 2016 and ending June 30, 2017" and to keep the Budget on file in her office as a public record. In addition, in accordance with Section 102.009(d), Tex. Loc. Gov't Code (Vernon's), the City Secretary is hereby directed to file a true copy of the approved Budget in the offices of the county clerks of the counties in which the City is located.

Section 3. That the City Council hereby incorporates into the final approved Budget the revisions to the Proposed Budget contained in Exhibit A, attached hereto and incorporated herein for all purposes. Further, this ordinance is amended by the Motions or Amendments approved by City Council, if any, which shall be attached as Exhibit B and become a part of this ordinance for all purposes. Any non-substantive changes necessitated by adoption of these amendments, such as changed page numbers, are also approved.

Section 4. That the Beginning Fund Balance reflected in the Budget for each fund for which a budget is adopted hereby automatically shall be adjusted to be the amount of

the Ending Fund Balance for Fiscal Year 2016 included in the final Comprehensive Annual Financial Report for Fiscal Year 2016 for each respective fund, when released. The revised Beginning Fund Balance shall thereafter be used to calculate the Fiscal Year 2017 Ending Fund Balance for each such fund, which also shall be adjusted automatically. No adjustment to the expenditure budgets is authorized by this Section.

Section 5. That the City Council hereby re-designates a cash reserve of up to $20,152,145 in the General Fund fund balance, for the Budget Stabilization Fund (formerly known as the "Rainy Day Fund") to be available for unforeseen contingencies consistent with City of Houston Ordinance No. 2003-0474, as amended and restated by Ordinance No. 2014-1078, as further amended. Each use of this designated portion of the fund balance must be approved and funds appropriated therefor by City Council.

Section 6. That the City Council hereby authorizes for each City Department the necessary Full-Time Equivalents (FTE) included in the budget for that Department, including as applicable personnel staffing authorized in connection with Internal Service and Service Chargeback Funds over which the Department has control. In addition, the City Council previously has authorized classified Full-Time Equivalents subject to Chapter 143, Tex. Loc. Gov't Code, through individual personnel ordinances, which shall continue to regulate those positions. The City Council further authorizes the currently existing grant funded positions. In the future, additional grant funded positions will be authorized by acceptance or modification of a grant whether by City Council or administratively. The City Council takes cognizance of the fact that in order to facilitate the operations of the various City departments the numbers and types of positions needed to carry out the functions of the departments may vary through the year. Accordingly, the Mayor is hereby authorized to alter the numbers and types of positions authorized herein (classified positions subject to Chapter 143, Tex. Loc. Gov't Code not being authorized herein, but by separate personnel ordinances) in order to accomplish the program goals of each department; provided, however, that in so doing, all such positions must have been established by City Council in the Master Classification Ordinance and the total departmental expenditures for the affected department must remain within authorized budgetary limits, or in the case of grant funded positions, within the funding levels of the grant. The Full-Time Equivalents adopted by this Section are not to be considered part of the Budget adopted by this Ordinance for purposes of amendments to the Budget.

Section 7. That all expenditures heretofore made for Fiscal Year 2017, if any, are hereby approved, ratified and confirmed and because it is the intention of the City Council that the Budget hereby approved be inclusive of previous expenditures and commitments for Fiscal Year 2017, the City Controller is hereby directed to apply the amounts thereof to the appropriate accounts in the Budget.

Section 8. That the City Council takes cognizance of the fact that in order to facilitate operations of the various City departments established in the Code of Ordinances of the City of Houston (singularly "department"), and to make adjustments occasioned by events transpiring during the year, some transfers will be necessary to and from some of the accounts contained in the Budget as adopted herein. Accordingly, the Mayor shall

have authority to transfer funds to and from the Budget accounts within any department without limitation. In addition, for transfers among departments within a Fund, the Mayor shall have authority to transfer funds from any Budget account (whether one or more) in one department to any other account or accounts in any other department within the Fund, but for each department, such aggregate interdepartmental transfers from any Budget Expenditure Account Group in that department's budget shall not exceed 5% of the total amount shown for such Budget Expenditure Account group in the adopted budget for such department. Provided, however, that any such transfers shall not be subjected to or be included within the foregoing 5% limit if such transfers are approved by City Council through this ordinance or, subsequent to adoption, in compliance with Section 102.001 through 102.011, Local Government Code (Vernon's).

As used in this Section the term "Budget Expenditure Account Group" means a group of accounts within a department or a group of nondepartmental accounts which have similar purposes (for example, the Budget Expenditure Account Group for "Personnel Services" within a given department might include all of the following accounts: 500010, 500030, 500090, 500060, 501120, 501070, 502010, 503010, 501010, 501160, 500020, 500040, 500050, 500190, 500070, 501040, 501130, 501090, 501080, 503070, 502020, 503020, 501020, 501170, 503090, 503080, 504030, 503060)

Section 9. That the City Council approves and authorizes the transfer, in the aggregate, of up to $3,459,138 from the General Fund-General Government budget to other General Fund departmental budgets in the event that the amount included in the respective budget is inadequate to pay actual expenses for electricity, fuel, natural gas or other requirements of the City, including performance management reviews.

Section 10. That the City Council approves the increase, during FY2017, of the adopted budget for the Aviation Revenue Fund (Fund 8001) by the amount of any increase in revenue over that projected for the Fund as certified by the City Controller, but only for the purpose of transfer of such increased revenue, if any, to the HAS-Airports Improvement Fund, and hereby approves and authorizes any such transfer.

Section 11. That the City Council approves the increase, during FY2017, of the adopted budget for the Public Works & Engineering Water & Sewer Operating Fund (Fund 8300) by the amount of any increase in revenue over that projected for the Fund as certified by the City Controller, but only for the purpose of transfer of such increase, if any, to the Combined Utility Systems Operating Fund (Fund 8301), which must subsequently transfer such increase, if any, to the Combined Utility System General Purpose Fund (Fund 8305). The City Council approves the increase, during FY2017, of the adopted budget for the Combined Utility Systems Operating Fund (Fund 8301) by the amount of increased revenue transferred from the Public Works & Engineering Water & Sewer Operating Fund (Fund 8300) pursuant to this section, but only for the purpose of transfer of such increase, if any, to the Combined Utility Systems General Purpose Fund (Fund 8305).

Section 12. That the City Council hereby directs and authorizes that the ending Fund Balance of any Fund that receives revenue during FY2017 over and above that

projected for the Fund as certified by the City Controller, shall be increased by an amount equal to the additional revenue received and that such fund balance shall be available for appropriation and transfer for any lawful purpose of the Fund.

Section 13. That the City Council approves the payment of the City's general debt service obligations created elsewhere by separate Council action from funds in the General Obligation Debt Service Fund.

Section 14. (a) That the City Council hereby approves and authorizes that Houston Civic Events Special Revenue Fund, created under Ordinance No. 2014-602, as amended by Ordinance 2015-416, be renamed Tourism Promotion Special Revenue Fund;

(b) that the purposes for the Tourism Promotion Special Revenue Fund as set out above, are hereby amended and restated to include special events and civic celebrations, activities designed to promote business travel, hotel occupancy, tourism and arts programs in the City of Houston, as well as protocol services for the City of Houston.

c) that the City Council hereby approves any and all funds received into the Tourism Promotion Special Revenue Fund for the purposes set out in the above section 14(b), and approves and authorizes the expenditures consistent with such purposes.

Section 15. That the City Council hereby establishes the price to purchase for the Budget documents by the public at $35.00 plus tax and postage, if any.

Section 16. That all ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict only. The Budget adopted by this ordinance replaces the FY2016 Budget.

Section 17. That the City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Sec. 551.001 et. seq. Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 18. That if any provision, section, subsection, sentence, clause or phrase of this ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this ordinance or their application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this ordinance are declared to be severable for that purpose.

Section 19. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor or July 1, 2016, whichever is later.

PASSED AND APPROVED this 25th day of May, 2016.

Mayor of the City of Houston, Texas

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the forgoing Ordinance is _____.

City Secretary

(Prepared by Legal Dept. : Lan P. Nguyen)
(LPN\ln 5/19/16) Senior Assistant City Attorney
(Requested by Kelly Dowe, Director of Finance Department)
L.D. File No. 039-16-00030001
G\Contracts\LPN\Budget\Annual Budget Ordinance_FY2017

CAPTION PUBLISHED IN DAILY COURT REVIEW DATE: MAY 31 2016

Roll call Vote

AYE	NO	
✓		**MAYOR TURNER**
••••	••••	**COUNCIL MEMBERS**
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		LE
✓		TRAVIS
✓		CISNEROS
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		KNOX
✓		ROBINSON
✓		KUBOSH
✓		EDWARDS
✓		CHRISTIE
CAPTION	ADOPTED	

MAY 017 Rev. 12/15