

CAPITAL IMPROVEMENT PLAN SUMMARY

In November 1983, the City Council established a five-year capital improvement planning process for physical improvements to public facilities and infrastructure. By resolution, it became City policy to engage in a continuous five-year capital improvement planning process that includes annual review, revision, and adoption of a five-year Capital Improvement Plan (CIP). The five-year CIP is revised annually to include new projects, reflect changes in priorities, and extend the plan an additional year. The first year of the plan is the current Capital Budget, and it is revised throughout the year as needs dictate or when changes are made to existing approved capital projects.

Presented in separate documents, the three-volume CIP provides a schedule for capital project implementation and anticipated project allocations. The CIP Executive Summary provides an overall summary of the five-year plan. Volume One includes details on capital projects that are funded primarily from public improvement bonds. Volume Two contains the enterprise fund capital programs which include capital projects primarily funded with user-fee supported revenue bonds.

Presented below is a summary of the planned appropriations for the FY2009-2013 CIP:

(Thousands)

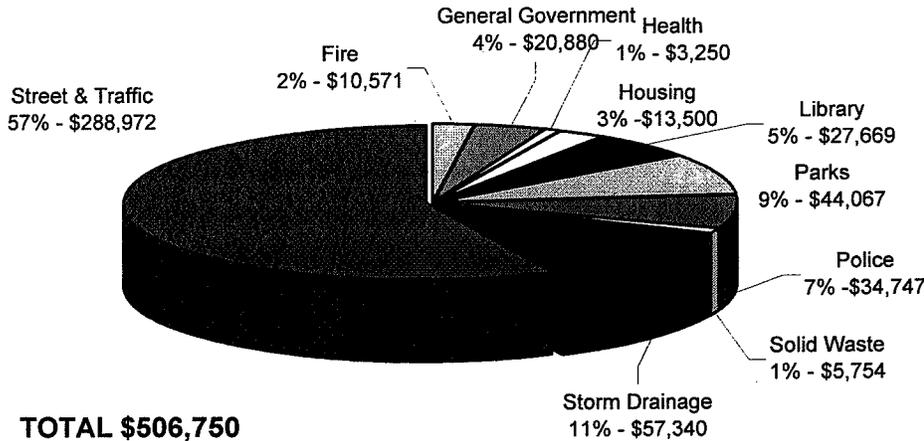
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTAL</u>
Fire	10,471	9,548	5,703	9,800	4,800	40,322
General Government	20,880	4,630	4,405	3,205	3,280	36,400
Health	3,250	6,780	3,785	1,785	2,500	18,100
Housing	13,500	9,800	9,800	9,800	9,800	52,700
Library	27,669	17,500	6,400	2,500	6,500	60,569
Parks	44,067	15,453	15,800	14,200	10,700	100,220
Police	34,747	38,675	19,513	9,874	6,080	108,889
Solid Waste	5,754	3,540	890	900	900	11,984
Storm Drainage	57,340	53,350	58,650	50,150	61,850	281,340
Street & Traffic	<u>288,972</u>	<u>232,965</u>	<u>191,901</u>	<u>184,722</u>	<u>172,133</u>	<u>1,070,693</u>
SUB TOTAL	506,650	392,241	316,847	286,936	278,543	1,781,217
Aviation	293,377	319,013	242,716	257,551	184,123	1,296,780
Convention & Ent.	13,328	1,200	5,500	700	10,475	31,203
WasteWater	151,760	167,130	137,300	149,740	144,370	750,300
Water	<u>113,850</u>	<u>103,050</u>	<u>115,990</u>	<u>123,270</u>	<u>125,400</u>	<u>581,560</u>
SUB TOTAL	572,315	590,393	501,506	531,261	464,368	2,659,843
TOTAL	1,078,965	982,634	818,353	818,197	742,911	4,441,060

* Tax Increment Reinvestment Zones (TIRZ) projects are not included.

The FY2009 Capital Budget calls for the appropriation of \$1,079 million in FY 2009. Of the total appropriations planned, \$572 million is for enterprise programs (Airport, Convention & Entertainment (C&E), Wastewater, and Water), and the remaining \$506 million addresses a full range of capital facility and infrastructure improvements that are primarily funded through the issuance of tax-supported Public Improvement Bonds (PIBs). The citizens of Houston approved a Bond Election for \$776 million in November 2001 and an additional \$625 million in November 2006. The public improvement programs include Fire, General Government, Library, Parks, Police, Health, Solid Waste Management, Storm Sewer, Streets and Traffic Control, and Housing projects.

Of the public improvement programs, the Streets and Traffic Control program is the largest with \$289 million of the planned appropriations in FY2009 (See Figure1) followed by the Storm Drainage with \$57 million and Parks with \$44 million of the FY2009 total.

**FIGURE 1
FY2009 PUBLIC IMPROVEMENT PROGRAMS PLANNED APPROPRIATIONS (\$000)**



Significant projects in the public improvement programs include: continued construction, rehabilitation and renovation of the library system including a significant renovation of the Julia Ideson Library; continued implementation of the "Parks Master Plan" program; upgrade or replacement of the police department radio infrastructure and system, and participation in a new, joint Prisoner Processing Center; replacement, rehabilitation and construction of fire stations; and replacement or upgrading of Solid Waste Facilities. In addition, the FY2009 plan places continued emphasis on the construction of various drainage systems, paving and reconstruction of many major thoroughfares and transit streets, bridge rehabilitation, street lighting improvements, railroad crossing improvements and continuation of the neighborhood street reconstruction and Safe School Sidewalk program.

The enterprise programs include projects that are primarily funded from user-fee supported revenue bonds (Airport, C&E, Wastewater, and Water). The enterprise capital programs for FY2009 totals \$572 million. This is distributed among the five programs as illustrated in Figure 2. Airport Facilities Improvements constitute the largest enterprise program and represents \$293 million of the planned appropriations. Wastewater Treatment Facilities represent \$114 million, Water System Improvements amount to \$152 million, while C&E projects comprise the remaining \$13 million.

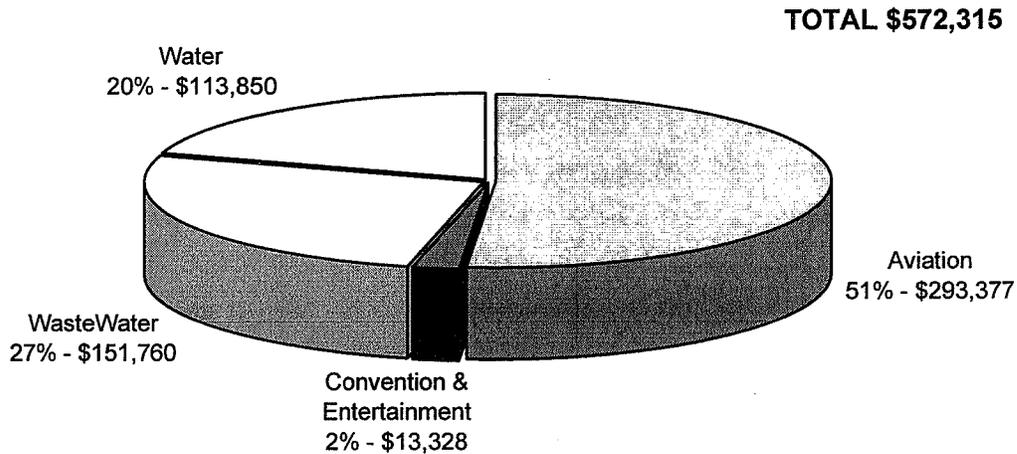
The FY2009 Airport System Program continues to upgrade and expand the City's airports. It includes the continual upgrading and new construction of various facilities at Hobby, George Bush Intercontinental, and Ellington Field. Significant projects include expansion of terminal B, continued rehabilitation of terminal C, and remodeling of terminal D at GBIAH. The new IAH runway master plan is also addressed in 2012, with minor runway rehabilitations planned throughout 2009-20013 at all three airports.

C&E anticipates a significant increase in convention business in the future years, consistent with the City's growth projections. C&E plans include upgrading and maintaining some of the more prominent landmarks, creating attractions for clients and patrons, and alleviating safety concerns. Additionally, for eligible projects that do not generate revenue (such as the free Miller Outdoor Theater), the city is employing General Government bonds to provide renovation or improvement.

Water System Improvements include expansion and improvement of the Southeast Water Purification Plant, construction and rehabilitation of various surface water transmission facilities, and expansion and rehabilitation of groundwater facilities including wells, tanks, and pump stations. The City's water system relies on both surface and groundwater supplies. Surface water is taken from Lake Conroe and Lake Houston in the San

Jacinto River System and Lake Livingston in the Trinity River System. In aggregate, these supplies are sufficient to meet the City's expected water requirements well beyond the year 2035.

FIGURE 2
FY2009 ENTERPRISE PROGRAMS PLANNED APPROPRIATIONS (\$000)



The major portion of the Wastewater Capital Improvement Program is planned for the Sewer Rehabilitation Program and renewal, replacement or expansion of Wastewater Treatment Plants. In addition, provisions are made for the renewal/replacement of various components of Wastewater sludge processing facilities, citywide renewal/replacement of various deteriorated neighborhood sewer systems, and renewal/replacement of various pumps and lift stations. The FY2009 CIP also includes significant funding for numerous wastewater and enhancement-related projects to meet requirements of the Texas Commission on Environmental Quality.

Bond proceeds and commercial paper will provide most of the funding for these projects. Other funding sources which support the CIP include: Community Development Block Grants, Metropolitan Transit Authority funds, Harris County funds, Federal Aviation Administration funds, the Airport Improvement funds, Environmental Protection Agency funds, Texas Department of Transportation funds, and Airport; Wastewater, and Water Renewal and Replacement funds. The City is also considering a new bond authorization to be approved by voters.

Capital improvement costs in the CIP are classified into two categories: direct project costs and associated increases to annual operational costs. Examples of direct project costs include purchases of land or facilities, design and construction of new facilities or renovation of existing facilities, and initial equipment purchases for new or renovated facilities. Operating cost includes staffing, maintenance or service (including electrical) costs related to new, renovated or expanded facilities, and also debt expenditures related to Tax Supported and Revenue bonds. Operating costs impact on the Operating Budget is displayed only in the year of startup of a facility (usually at the completion of a facility) and subsequently they become a normal cost of the Operating Budget unless there is an incremental increase above initial costs while the facility is included in the CIP. The impacts of operating costs are monitored closely for inclusion in each department's annual operating budget.