

Supplementary Information

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Financial Policies

The basic policies related to the City's financial and budgetary policies were formalized on November 10, 1987. These policies were expanded in subsequent years with the adoption of the Integrated Budgeting and Planning Resolution (88-87). New policies were adopted by Ordinance No. 2014-1078 in December 2014, and were subsequently amended by Ordinance No. 2015-0514 to include provisions regarding pay-as-you-go funding in June 2015. The most recent update was adopted by City Council (Ordinance 2018-0390) in May 2018.

Below is a partial copy of the financial policies relevant to the CIP along with City's current compliance status for each individual policy.

A. Definitions

Asset Renewal and Replacement – Cyclic repair and replacement of an asset's components [e.g., roofs, electrical systems, heating, ventilation, and air conditioning (HVAC) equipment, paving, replacement vehicles, computer servers, computer networks, and telephony systems] that extends the useful life and/or retains the usable condition of facilities, fleet, and systems not normally contained in the annual operating budget. Included are major building and infrastructure systems and components that have a maintenance cycle in excess of one year.

BFA – Budget and Fiscal Affairs Committee of City Council.

Component Units – As defined by the Governmental Accounting Standards Board (GASB), component units are legally separate organizations that the City must include as part of its financial reporting entity for fair presentation.

Current Replacement Value - The standard industry cost and/or engineering estimate of materials, supplies, and labor required to replace a facility or item of equipment at its existing size and functional capability, and to meet applicable regulatory codes. When estimating Current Replacement Value, it should be assumed that code-compliant materials and systems will be used to replace the existing asset. Current Replacement Value is to be estimated for reconstructing an asset as it currently exists, without further modifications or improvements.

Fiscal Note – Brief, high-level written estimate of the budgetary and fiscal impacts that may result from implementation of an ordinance, motion or resolution.

Major Renovation – Projects for the substantial rehabilitation or replacement of more than one building or building systems.

B. General Policies

3. The proposed operating budget and proposed five-year Capital Improvement Plan (CIP) for each year shall include statements indicating whether they are in compliance with each relevant adopted financial policy. The adopted budget shall include a comprehensive listing of all adopted financial policies indicating whether the City is in compliance with each policy; beginning in FY2020, there shall be a statement explaining why the City is, or is not, in compliance with said policy. Where the City is not in compliance, the statement shall also include a plan for how the City will achieve compliance.
In Compliance

The FY2020 Adopted Budget and the FY2020-2024 Capital Improvement Plan include a comprehensive listing of all financial policies and a statement to explain whether it is or is not in compliance as well as a plan for how the City will achieve compliance.

H. Capital Asset Management Policies

As part of the financial policies for the City of Houston (adopted in December 2014 with Ordinance 2014-1078 and amended in May 2018 by Ordinance 2018-0390), this section provides details for the Capital Asset Management policies as follows:

1. The five-year CIP shall be presented to and passed by City Council annually before the end of the preceding fiscal year. ***Not In Compliance***

The Fiscal Year 2020-2024 Capital Improvement Plan was adopted by City Council on July 10, 2019. It is anticipated that the Fiscal Year 2021 – 2025 CIP will be put before Council in time to allow for review, consideration and passage prior to June 30, 2020 (at the end of FY2020).

2. Capital projects may not be included in the CIP without identified funding. Identified funding includes funds that are reasonably anticipated such as grants that have been awarded but not yet funded. Identified funding may also include proceeds from an anticipated future bond election. ***In Compliance***

All listed capital projects have an identified funding source.

3. A five-year operating budget impact projection for all projects shall be reported in the CIP. ***In Compliance***

The Fiscal Year 2020-2024 Adopted Capital Improvement Plan includes all departments' operational impacts referring to the personnel, supplies, services, equipment, and non-capital cost identified as a required need within a capital project. See the Operational & Maintenance Section.

4. All CIP-related Requests for Council Action must include a Fiscal Note that includes design and construction costs of the program/project and the projected operating and maintenance costs for a minimum of five years, as well as a reference to the item in the CIP where funding for the request is designated. ***In Compliance***

Effective with the first City Council meeting of Fiscal Year 2017, all CIP-related Requests for Council Action coming before City Council for consideration include a Fiscal Note.

FISCAL YEAR 2020-2024
ADOPTED CAPITAL IMPROVEMENT PLAN

5. Beginning in FY2019, over the five-year CIP, an average of 2% of the Current Replacement Value of all General Fund facilities shall be included for capital maintenance in each fiscal year of the CIP and every CIP thereafter. Such funds may be used on any owned General Fund facility. ***In Compliance***

Table 1. Capital Maintenance and Current Replacement Value (CRV)

Capital Maintenance Projects	(\$ Thousands)	% of Total CRV **
FY2020*	85,704	3.5%
FY2021*	79,720	3.2%
FY2022*	21,901	0.9%
FY2023*	23,015	0.9%
FY2024*	45,843	1.9%
Annual Average	51,111	2.1%

*See Table 2 for further details.

**Planned appropriations on capital maintenance projects above 2.0% will help reduce existing deferred maintenance. CRV is \$2,458,846,255 and is based on 2019 Property Insurance Schedule plus 20% for utility and dirt work not included in asset values for insurance purposes.

**Table 2. General Government Capital Maintenance Projects
All Funding Sources
FISCAL YEAR 2020-2024 ADOPTED CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2020-2024
		2020	2021	2022	2023	2024	
C-000181	Fire Station 40 Replacement	-	-	-	901	1,448	2,349
C-000185	Environmental Remediation	100	100	200	200	200	800
C-000196	Fire Station 16 Renovation	52	1,494	-	-	-	1,546
C-000200	Fire Station 64 Renovation	53	1,763	-	-	-	1,816
C-000201	Fire Station 70 Renovation	-	-	-	55	1,391	1,446
C-000217	HVAC Replacements	550	550	550	550	-	2,200
C-000219	Fire Station 80 Foundation	-	696	-	-	-	696
C-000220	Fire Facilities Roof Replacements	1,000	1,000	1,000	1,000	1,000	5,000
C-000221	Fire Station 65 Renovation	-	-	-	54	1,629	1,683
C-000222	Fire Station 80 Renovation	-	-	-	56	1,620	1,676
C-HARVEY	HFD HARVEY Restoration Projects	1,514	10,360	-	-	-	11,874
D-000073	Environmental Remediation	50	50	50	50	50	250
D-000166	City Hall Annex - Garage Waterproofing	-	-	765	-	-	765
D-000174	City Hall - Drinking Fountains	-	-	319	-	-	319
D-000181	City Hall - Structure Repairs	1,488	-	-	-	-	1,488
D-000184	City Hall - Replacement of Roof	823	-	-	-	-	823
D-000191	City Hall - Restore Elevator Cabs	-	-	984	-	-	984
D-000193	City Hall- Replace TV Lights and Ceiling	-	-	-	285	-	285
D-000206	City Hall - Exterior Waterproofing	-	-	-	155	1,200	1,355
D-000214	City Hall Annex - Renovate Water System	-	-	777	56	-	833
D-000215	City Hall Annex - Replace Sanitary Line	-	-	983	22	-	1,005

FISCAL YEAR 2020-2024
ADOPTED CAPITAL IMPROVEMENT PLAN

Table 2. General Government Capital Maintenance Projects
All Funding Sources
FISCAL YEAR 2020-2024 ADOPTED CAPITAL IMPROVEMENT PLAN (\$ Thousands)

CIP No.	Project	Fiscal Year Planned Appropriations					2020-2024
		2020	2021	2022	2023	2024	
D-000216	City Hall - Replace Sanitary Line	-	-	-	106	-	106
D-000218	City Hall - Fire Alarm and PA System	-	-	-	1,199	-	1,199
D-000219	City Hall - Renovate Water System	-	-	1,189	56	-	1,245
D-000220	City Hall Annex - Fire Alarm and PA Sys	-	-	-	1,540	-	1,540
D-000223	HVAC Replacements	154	400	600	870	-	2,024
D-000224	Roof Replacements	500	-	1,759	721	1,000	3,980
D-160003	Renovation of MCD space	-	-	-	1,030	-	1,030
D-650006	BARC Sanitary Line Replacement	-	-	-	633	-	633
D-650007	BARC Warehouse Replacement	-	-	-	103	1,693	1,796
D-HARVEY	GG HARVEY Restoration Projects	15,604	15,272	-	-	-	30,876
E-000163	Environmental Remediation	50	50	-	-	50	150
E-000236	HVAC Replacements	-	-	-	-	350	350
E-000238	New Midtown (Montrose Replacement)	407	4,213	-	-	-	4,620
E-000242	Roof Replacements & Envelope	500	500	500	500	500	2,500
E-000246	HPL - JIB Structural Repairs Phase 1	275	-	-	-	-	275
E-000262	New Westbury Library	14,357	-	-	-	-	14,357
E-HARVEY	HPL HARVEY Restoration Projects	834	1,988	-	-	-	2,822
F-000509	Environmental Remediation	350	350	325	350	350	1,725
F-000640	Pavilion Replacements	-	-	-	42	1,760	1,802
F-000710	Parks Facilities Roof Replacements	327	1,407	320	320	320	2,695
F-000783	Sharpstown Pool Replacement and Bldg	-	-	1,000	1,000	-	2,000
F-000784	Lee LeClear Tennis Center Improvement	2,500	2,000	-	-	-	4,500
F-000785	Edgewood Park Community Center	711	-	-	866	6,100	7,677
F-000848	Friendship Pavilion	-	-	682	-	-	682
F-000849	Restroom Building Upgrades	200	106	371	-	-	677
F-000861	Delce Pavilion Replacement	-	-	-	134	1,197	1,331
F-000863	Bricker Pavilion Renovation	-	-	-	110	1,300	1,410
F-000864	Bissonnet Maintenance Facility	-	-	53	325	2,000	2,378
F-000865	Finnigan Pavilion Replacement	-	-	-	164	2,000	2,164
F-000866	Agnes Moffitt Park Pavilion Renovation	-	-	-	176	1,525	1,701
F-000876	Brock Park Clubhouse – Force Main	450	-	-	-	-	450
F-000878	Independence Heights Roof Replacement	45	175	-	-	-	220
F-000880	Mason Park Roof Replacement	80	409	-	-	569	1,058
F-HARVEY	PRD HARVEY Restoration Projects	4,292	-	-	-	-	4,292
G-000128	Roof Replacement-Variou HPD Facilities	2,000	2,000	2,000	2,000	2,000	10,000
G-000144	Environmental Remediation	150	150	150	150	234	834
G-000150	Police Academy Improvements	-	-	1,108	808	-	1,916
G-000162	Mounted Patrol Site Improvements	-	-	-	782	-	782
G-000164	Westside Command Station Improvements	699	-	-	-	-	699
G-000176	HVAC Replacements	1,447	833	-	800	800	3,880
G-000180	Police Headquarters Fire Safety System	650	-	-	-	-	650
G-000184	Office Renovations	500	210	-	-	-	710

FISCAL YEAR 2020-2024
ADOPTED CAPITAL IMPROVEMENT PLAN

**Table 2. General Government Capital Maintenance Projects
All Funding Sources
FISCAL YEAR 2020-2024 ADOPTED CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2020-2024
		2020	2021	2022	2023	2024	
G-000188	HPD HQ Garage Waterproofing	659	-	-	-	-	659
G-HARVEY	HPD HARVEY Restoration Projects	5,902	24,000	723	587	-	31,212
H-000018	Roof Replacement - Reconstruction	432	-	432	-	-	865
H-000063	HVAC & MEP Improvement Project	313	-	313	-	-	625
H-000080	Southwest MSC - Renovation	-	171	1,139	-	-	1,310
H-000084	Northeast MSC Renovation	228	1,519	-	-	-	1,747
H-000091	Sunnyside MSC/HC	22,794	-	-	-	-	22,794
H-000093	Third Ward MSC & HC - Renovation	-	-	-	421	2,808	3,229
H-000094	West End HC - Renovation	-	235	2,777	-	-	3,012
H-000095	West End MSC - Renovation	-	-	-	345	4,173	4,518
H-000096	Fifth Ward MSC - Foundation, Roof	342	3,415	-	-	-	3,757
H-000106	La Nueva Casa HC - Renovation	-	-	-	407	2,774	3,181
H-000111	Environmental Remediation	100	100	100	100	100	500
H-000122	Riverside HC - Renovation	-	-	-	514	3,501	4,015
H-000123	Denver Harbor MSC - Renovation	123	2,452	-	-	-	2,575
H-000124	Vital Statistics Redesign	86	575	-	-	-	661
H-000423	Hiram Clarke MSC - Renovation	-	-	-	845	-	845
H-000424	Magnolia MSCC - Renovation	-	-	-	1,107	-	1,107
H-HARVEY	HHD HARVEY Restoration Projects	456	-	-	-	-	456
L-000048	Roof Replacements	661	367	240	268	-	1,536
L-000052	Environmental Services	267	267	167	100	200	1,001
L-000104	Occupancy Code Compliance	-	330	110	110	-	551
L-000105	Locker Room Upgrades - Svc Centers	-	212	212	42	-	467
Total Appropriations:		85,074	79,720	21,901	23,015	45,843	255,553

6. Except as required by law or legal agreements, proceeds from the sale of land or other assets shall be designated to the General Fund; and except as required by law or legal agreements, no City bond covenants or similar agreements shall prohibit such designation or limit the use of such proceeds.

In Compliance

During Fiscal Year 2019 several major land sales occurred. Proceeds from the sale of land and assets were designated to the General Fund and reflected in the Monthly Financial Reports of Fiscal Year 2019.

FISCAL YEAR 2020-2024
ADOPTED CAPITAL IMPROVEMENT PLAN

J. Debt Management Policies

5. Each fiscal year, the City will use that year's General Obligation (GO) debt service payment as a baseline to establish an index reflecting 4% annual growth in the City's GO debt service (i.e., if the current fiscal year's debt service is \$100, then the debt service index for subsequent years would be \$104, \$108.16, \$112.49, \$116.99, etc.). If any proposed action by the City (e.g., adoption of the CIP, or Council authorization of debt issuance) is to cause the GO debt service schedule as projected by the City's Financial Advisor to exceed the index in FY2019 and/or any subsequent year(s), a funding mechanism (e.g., reduced expenditures or increased revenue) must be identified to offset the amount(s) by which the proposed debt service payment(s) exceed the index. For purposes of this section, "identification" of a funding mechanism is satisfied by presentation to BFA and/or City Council prior to any action that would incur GO debt. ***In Compliance***

GO debt service due does not exceed the GO debt service index.

<u>Fiscal Year</u>	<u>GO Debt Service Index</u>	<u>GO Projected Debt Service</u> ⁽¹⁾⁽²⁾
2019	428,800,365	428,800,365
2020	445,952,380	405,987,242
2021	463,790,475	411,934,631
2022	482,342,094	396,081,973
2023	501,635,778	374,465,800
2024	521,701,209	362,946,150
2025	542,569,257	338,135,692
2026	564,272,027	331,505,983
2027	586,842,908	353,178,235
2028	610,316,625	361,325,824
2029	634,729,290	357,744,993
2030	660,118,461	339,836,865
2031	686,523,200	342,196,757
2032	713,984,128	327,420,740
2033	742,543,493	277,172,149
2034	772,245,233	250,100,487
2035	803,135,042	291,620,603
2036	835,260,444	290,108,529
2037	868,670,861	283,737,423
2038	903,417,696	252,861,566
2039	939,554,404	262,297,588
2040	977,136,580	272,013,417
2041	1,016,222,043	304,748,458
2042	1,056,870,925	294,559,245
2043	1,099,145,762	304,824,435
2044	1,143,111,592	310,688,679
2045	1,188,836,056	319,115,092
2046	1,236,389,498	326,240,430
2047	1,285,845,078	333,622,573

(1) The schedule included in the Proposed/Adopted Operating Budget reflects debt service due only on existing outstanding debt. The schedule provided above includes additional projected debt service due as a result of this CIP and assumes continued capital improvements at the same funding level plus inflation beyond Fiscal Year 2024.

(2) Schedule provided by the City's financial advisor, Masterson Advisors LLC, on June 10, 2019.

FISCAL YEAR 2020-2024
ADOPTED CAPITAL IMPROVEMENT PLAN

Index of Funds

Program Group	Source of Funds
A-AVIATION FACILITIES	8000 - HAS-Grants
	8010 - HAS-Renewal & Replacement
	8011 - HAS-Airports Improvement
	OTHER
	REV BONDS/CP
	Spec. Fac. Rev. Bond
C-FIRE PROTECTION FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4500 - Fire Consolidated Construction Fund
D-GENERAL GOVERNMENT FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	1801 - Dangerous Building Consolidated Fund
	1850 - Reimbursement of Equipment/Projects Fund
	2301 - Building Inspection Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4509 - General Improvement Consol Constr Fd
	Future Bond Election
E-LIBRARY FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4507 - Public Library Consolidated Constr Fund
F-PARKS AND RECREATION FACILITIES	2425 - Woodlands Regional Participation
	4035 - Parks & Recreation Dedication Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4502 - Parks Consolidated Construction Fund
	5010 - State - Grant Funded
	5030 - Federal State Local - Pass Through Fund
	5040 - Other Government - Grant Funded
	Frd's Of Lee LeClear
	HPB Fundraising
	Private Funding
Proposed HGAC	
	TIRZ
G-POLICE FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4504 - Police Consolidated Construction Fund
	Grants
	TIRZ
H-PUBLIC HEALTH FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4508 - Public Health Consolidated Constr Fund
	Future Bond Election
L-SOLID WASTE FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E

FISCAL YEAR 2020-2024
ADOPTED CAPITAL IMPROVEMENT PLAN

	4503 - Solid Waste Consolidated Construction Fd
	Future Bond Election
M-STORM DRAINAGE SYSTEM	4042 - Street & Trfc Control & Strm Drain DDSRF
	5000 - Federal Government - Grant Funded
	5430 - Federal State Local - HPW Pass thru DDSR
	8500 - HPW-W&S Syst Consolidated Constr Fd
N-STREET & TRAFFIC CONTROL	4040A - Metro Construction - Other
	4040 - METRO Projects Construction - DDSRF
	4042 - Street & Trfc Control & Strm Drain DDSRF
	4510 - Contribution for Capital Projects
	5430 - Federal State Local - HPW Pass thru DDSR
	8500 - HPW-W&S Syst Consolidated Constr Fd
P-HOMELESS & HOUSING FACILITIES	4501 - Homeless & Housing Consolidated Fund
R-WASTEWATER TREATMENT FACILITIES	8500 - HPW-W&S Syst Consolidated Constr Fd
S-WATER UTILITY SYSTEM FACILITIES	5000 - Federal Government - Grant Funded
	8319 - HPW-W & S Contributed CAP
	8500 - HPW-W&S Syst Consolidated Constr Fd
	8505 - Water Authorities Capital Contrib-NEWPP
	8506 - HPW-NEWPP Construction Fund
	8507 Water Auth NETL
	8508 HPW NETL Constr
	8509 Water Auth SETL
	8510 HPW SETL Constr
T-TIRZ - TAX INCREMENT REINVESTMENT ZONES	TIRZ01
	TIRZ01 Grants
	TIRZ01 Other
	TIRZ02
	TIRZ02 Bonds
	TIRZ03
	TIRZ05
	TIRZ05 COH Contrib.
	TIRZ05 Grants
	TIRZ07
	TIRZ07 Grants
	TIRZ08
	TIRZ09
	TIRZ10
	TIRZ10 COH Contrib.
	TIRZ10 Grants
	TIRZ11
	TIRZ13
	TIRZ14
	TIRZ15
	TIRZ16
	TIRZ17

FISCAL YEAR 2020-2024
ADOPTED CAPITAL IMPROVEMENT PLAN

	TIRZ17 Grants
	TIRZ18
	TIRZ19
	TIRZ19 Grants
	TIRZ19 Other
	TIRZ20
	TIRZ20 COH Contrib.
	TIRZ20 Grants
	TIRZ23
	TIRZ25
W-FLEET	1011 - Workers Compensation Admin Fund
	1800 - Equipment Acquisition Consolidated Fund
	2002 - Health Special Revenue
	2009 - Swimming Pool Safety
	2100 - Park Special Revenue Fund
	2106 - Bayou Greenway 2020
	2301 - Building Inspection Fund
	2302 - Stormwater Fund
	2310 - Dedicated Drainage & Street Renewal
	2423 - Special Waste Transportation & Inspect
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4500 - Fire Consolidated Construction Fund
	4504 - Police Consolidated Construction Fund
	5030 - Federal State Local - Pass Through Fund
	8012 - HAS-AIF Capital Outlay
	8305 - HPW-Combined Utility System Gen Pur Fund
	8700 - Parking Management Operating Fund
	9002 - Fleet/Equipment Special Revenue
X-INFORMATION TECHNOLOGY IMPROVEMENTS	1001 - Project Cost Recovery
	1800 - Equipment Acquisition Consolidated Fund
	2301 - Building Inspection Fund
	2302 - Stormwater Fund
	2310 - Dedicated Drainage & Street Renewal
	2402 - Greater Houston Trans & Emer Center
	8305 - HPW-Combined Utility System Gen Pur Fund