Proposed Capital Improvement Plan
FY2015-FY2019

Finance Department
Kelly Dowe, Director

Presented By:
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Treasury and Capital Management
June 10, 2014
The Capital Improvement Plan:

- A rolling 5 year plan of projected infrastructure projects.
- A live document and subject to change due to environmental factors, funding, budgets, shifting priorities, scheduling, citizens input, etc.
- Is accessible online through the Finance Department’s website.
- Covers four components, the Public Improvement Program (PIP), Rebuild Houston, Enterprise Fund Program, and Component Units.
Four Components:

- **Public Improvement Program (PIP):** General Fund departments including Fire, Gen. Gov.’t, Housing, Library, Parks, Police, Public Health, Solid Waste
- **Rebuild Houston:** Storm drainage and street infrastructure (tabs Storm Drainage and Street & Traffic)
- **Enterprise Fund Program:** The City’s business-type entities (closed financial systems) including the Combined Utility System (CUS; tabs Water and Wastewater) and the Houston Airport System (HAS).
- **Components Units:** includes legally separate organizations from the City that are financially closely related (as reported in the City’s Comprehensive Annual Financial Report)
  - E.g. TIRZ, Houston Parks Board, Houston First
Funding Sources

- **Public Improvement Program (PIP)**
  - General Fund supported debt (Public Improvement Bonds)
  - Community Development Block Grants
  - Other community donations, contributions and grants

- **Rebuild Houston**
  - Revenue from Drainage Utility Fee & Developer Impact Fee
  - Other governmental entities such as METRO and TxDOT

- **Enterprise Fund Program**
  - CUS revenues derived from water customers, grants, etc.
  - HAS revenues derived from airlines, parking fees, FAA grants, etc.
  - Revenues may fund projects directly or support associated debt

- **Component Units**
  - Tax Increments, Private donations
CIP Appropriations – FY15

- CIP projects total $1.59 billion from all funding sources.
  - Enterprise Programs total $1.04 billion
  - Public Improvement Programs total $290 million

<table>
<thead>
<tr>
<th>Plan Comparison ($ millions)</th>
<th>FY14</th>
<th>FY15</th>
<th>Increase</th>
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</thead>
<tbody>
<tr>
<td>Public Improvement Bonds</td>
<td>150</td>
<td>164</td>
<td>14%</td>
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<tr>
<td>All Other Funding Sources</td>
<td>120</td>
<td>126</td>
<td>5%</td>
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<tr>
<td>Public Improvement Program *</td>
<td>270</td>
<td>290</td>
<td>2%</td>
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<tr>
<td>Rebuild Houston</td>
<td>251</td>
<td>249</td>
<td>-1.6%</td>
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<tr>
<td>CUS &amp; HAS</td>
<td>566</td>
<td>792</td>
<td>14.4%</td>
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<tr>
<td>Component Units **</td>
<td>159</td>
<td>255</td>
<td>14.4%</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,246</strong></td>
<td><strong>1,587</strong></td>
<td><strong>27.5%</strong></td>
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</tbody>
</table>

* Includes Citywide Programs such as Information Technology, Fleet, and Equipment.
** Net of overlap with Public Improvement Programs
# Five-Year Appropriation Summary

All Funds

($ Thousands)

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<tbody>
<tr>
<td><strong>Public Improvement Programs</strong></td>
<td></td>
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<tr>
<td>Public Safety</td>
<td>80,373</td>
<td>78,196</td>
<td>21,973</td>
<td>7,705</td>
<td>9,702</td>
<td>197,949</td>
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<td>Homeless &amp; Housing</td>
<td>36,712</td>
<td>41,218</td>
<td>13,300</td>
<td>13,300</td>
<td>13,300</td>
<td>117,830</td>
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<td>Library</td>
<td>12,591</td>
<td>10,257</td>
<td>10,106</td>
<td>14,697</td>
<td>1,679</td>
<td>49,330</td>
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<td>Parks and Recreation</td>
<td>72,850</td>
<td>91,904</td>
<td>69,137</td>
<td>47,373</td>
<td>26,466</td>
<td>307,730</td>
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<td>General Improvements</td>
<td>24,993</td>
<td>24,567</td>
<td>37,817</td>
<td>55,934</td>
<td>4,920</td>
<td>148,231</td>
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<td><strong>Subtotal</strong></td>
<td>227,519</td>
<td>246,141</td>
<td>152,334</td>
<td>139,009</td>
<td>56,067</td>
<td>821,070</td>
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<td><strong>Enterprise Programs</strong></td>
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<td>Aviation Facilities</td>
<td>270,871</td>
<td>220,481</td>
<td>306,336</td>
<td>131,400</td>
<td>281,628</td>
<td>1,210,716</td>
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<tr>
<td>ReBuild Houston</td>
<td>249,142</td>
<td>229,591</td>
<td>234,006</td>
<td>222,008</td>
<td>225,105</td>
<td>1,159,852</td>
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<td>Waste Water</td>
<td>181,887</td>
<td>185,787</td>
<td>167,782</td>
<td>188,435</td>
<td>268,227</td>
<td>992,118</td>
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<td>Water</td>
<td>339,643</td>
<td>385,697</td>
<td>924,266</td>
<td>611,609</td>
<td>435,316</td>
<td>2,696,531</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>1,041,543</td>
<td>1,021,556</td>
<td>1,632,390</td>
<td>1,153,452</td>
<td>1,210,276</td>
<td>6,059,217</td>
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<td><strong>Citywide Programs</strong></td>
<td></td>
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<tr>
<td>Technology</td>
<td>15,814</td>
<td>4,194</td>
<td>6,395</td>
<td>2,177</td>
<td>2,016</td>
<td>30,596</td>
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<td>Fleet</td>
<td>46,922</td>
<td>34,137</td>
<td>35,531</td>
<td>36,101</td>
<td>36,770</td>
<td>189,461</td>
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<td><strong>Subtotal</strong></td>
<td>62,736</td>
<td>38,331</td>
<td>41,926</td>
<td>38,278</td>
<td>38,786</td>
<td>220,057</td>
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<td><strong>Component Units</strong></td>
<td>271,696</td>
<td>257,048</td>
<td>170,835</td>
<td>113,863</td>
<td>38,441</td>
<td>851,883</td>
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<td>Overlap Between Component Units and Public Improvement Programs</td>
<td>-16,216</td>
<td>-58,955</td>
<td>-35,506</td>
<td>-20,158</td>
<td>-17,440</td>
<td>-148,276</td>
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<td><strong>Grand Total</strong></td>
<td>1,587,278</td>
<td>1,504,121</td>
<td>1,961,979</td>
<td>1,424,444</td>
<td>1,326,130</td>
<td>7,803,952</td>
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</table>
Key Projects

• Continuation of:
  – Bayou Greenways Initiative (now detailed by each sub-project)
  – Homeless & Housing Plan to End Chronic Homelessness
  – Single Stream Recycling Expansion Program (completion in FY15)

• Increased General Fund FY15 funding to Fleet
  – FY15 $25mm; FY14 $14mm; FY13 $14mm; FY12 $15.5mm; FY11 $15.5mm; FY10 $26.7mm; FY09 $32.5mm

• Alief MSC, Community Center and Library (in Gen. Gov’t)
• Improvements to the City’s Information & Cyber Security
• City-County Prisoner Processing Facility
Capital Management Initiatives

- Complete and manage plans for maintaining and optimizing usage of the City’s General Fund capital assets: facilities, fleet, equipment, and information technology
  - Building 30 year replacement models by asset type to define the funding needs of maintaining existing assets
  - Prototype Model for Fuel Tanks
Prototype Replacement Model for Fuel Tanks

CURRENT STATE

• Currently replacement occurs on a reactive basis, as a result of tank leaks or failures, rather than a proactive basis

• Asset Useful Life: 30 years
  – Oldest Tank: 37 years
  – Tanks Beyond Useful Life: 8 tanks
  – Tanks within 5 years of End of Useful Life: 15 tanks
  – Average asset age: 18 years
Prototype Replacement Model for Fuel Tanks

STABLE CYCLICAL REPLACEMENT MODEL

- 51 fuel sites (106 fuel tanks)
- Cost to Replace All Fuel Sites: $22.3 million
- Annual Cost over 30yrs: $745,000
- Annual Cost over next 5yrs to catch up: $1.12mm
- Model details specifics by site

• GOAL: complete this type of model for facilities, fleet and IT so we know funding needs to maintain existing assets
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