Proposed Capital Improvement Plan
FY2018-FY2022

Finance Department
Kelly Dowe, Director of Finance and Chief Business Officer

Presented By:
Melissa Dubowski, Interim Assistant Director
Treasury and Capital Management
June 27, 2017
Overview

The Capital Improvement Plan:

• A rolling 5 year plan of projected projects.
• A live document and subject to change due to environmental factors, funding, budgets, shifting priorities, scheduling, citizens’ input, etc.
• Covers four components, the Public Improvement Program (PIP), ReBuild Houston, Enterprise Fund Program, and Component Units.
CIP Organization

Four Components:

- **Public Improvement Program (PIP):** General Fund departments including Fire, General Improvements, Health, Housing, Library, Parks, Police, 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).

- **Component Units:** includes legally separate organizations from the City that are financially closely related (as reported in the City’s Comprehensive Annual Financial Report)
  - Houston Parks Board and Houston First
  - TIRZ
    - The FY2018-2022 Proposed CIP includes plan amounts from the FY2017-2021 Adopted TIRZ CIPs because TIRZ budgets are normally adopted in August and September, well after the Proposed CIP is adopted.
Funding Sources

• Public Improvement Program (PIP)
  – General Fund supported debt (Public Improvement Bonds)
  – Other community donations, contributions and grants

• ReBuild Houston
  – Revenue from Drainage Utility Charge & Developer Impact Fee
  – Ad valorem that previously went to paying debt service for street and drainage projects
    • ReBuild CIP is planned using the full 11.8 cent transfer, not the equivalent
  – 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 projects total $2.3 billion from all funding sources.
  - Enterprise Programs total $1.9 billion (including ReBuild Houston)
  - Public Improvement Programs total $186 million
  - Component Units total $225 million

<table>
<thead>
<tr>
<th>Plan Comparison ($ millions)</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Improvement Bonds</td>
<td>111</td>
<td>108</td>
</tr>
<tr>
<td>All Other Funding Sources</td>
<td>91</td>
<td>78</td>
</tr>
<tr>
<td>Public Improvement Program *</td>
<td>202</td>
<td>186</td>
</tr>
<tr>
<td>ReBuild Houston</td>
<td>271</td>
<td>253</td>
</tr>
<tr>
<td>Combined Utility System</td>
<td>751</td>
<td>861</td>
</tr>
<tr>
<td>Houston Airport System</td>
<td>731</td>
<td>797</td>
</tr>
<tr>
<td>Component Units **</td>
<td>216</td>
<td>225</td>
</tr>
<tr>
<td>**TOTAL</td>
<td>2,171</td>
<td>2,322</td>
</tr>
</tbody>
</table>

* Includes Citywide Programs such as Information Technology, Fleet, and Equipment.
** Net of overlap with Public Improvement Programs
Timeline

• June 22\textsuperscript{nd} – Proposed FY 2018 – 2022 Capital Improvement Plan released

• June 27\textsuperscript{th} – Budget and Fiscal Affairs Committee

• June 28\textsuperscript{th} – CIP on Council Agenda
  – Request Motion to Delay for Three Weeks
  – All amendments due

• July 19\textsuperscript{th} – City Council Vote on CIP
Financial Policies: Debt Management

HIGHLIGHTS

- The City will use the current year’s General Obligation debt service payment as a baseline to establish an index reflecting 4% annual growth.
Bond Election History

- Bond elections have historically been held every four to six years, with the last one occurring in November of 2012.
- The next planned bond election is in November 2017.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Streets &amp; Drainage</td>
<td>314,730</td>
<td>350,000</td>
<td>474,000</td>
<td>320,000</td>
<td>-</td>
</tr>
<tr>
<td>Parks &amp; Recreation</td>
<td>20,300</td>
<td>30,000</td>
<td>80,000</td>
<td>55,000</td>
<td>166,000</td>
</tr>
<tr>
<td>Public Safety</td>
<td>40,750</td>
<td>53,160</td>
<td>82,000</td>
<td>135,000</td>
<td>144,000</td>
</tr>
<tr>
<td>General Improvement*</td>
<td>97,020</td>
<td>91,840</td>
<td>80,000</td>
<td>60,000</td>
<td>57,000</td>
</tr>
<tr>
<td>Public Libraries</td>
<td>7,200</td>
<td>-</td>
<td>40,000</td>
<td>37,000</td>
<td>28,000</td>
</tr>
<tr>
<td>Low Income Housing</td>
<td>20,000</td>
<td>20,000</td>
<td>20,000</td>
<td>18,000</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>500,000</strong></td>
<td><strong>545,000</strong></td>
<td><strong>776,000</strong></td>
<td><strong>625,000</strong></td>
<td><strong>410,000</strong></td>
</tr>
</tbody>
</table>

*Includes Solid Waste, Health, and General Government
Bond Election

• Major projects that require a future bond election include:
  – City Hall and City Hall Annex Improvements (CITYWIDE)
  – Alief MSC, Community Center and Library (F)
  – Sunnyside Health Center and MSC (D)
  – Moody Library Replacement (H)
  – West End MSC and Health Center Renovation (C)
  – Meyer Library Replacement (K)
  – Sylvan Rodriguez Community Center (E)
  – Agnes Moffitt Pavilion Replacement (A)
  – Northeast MSC Renovation (B)
  – District G Community Center (G)
  – Magnolia MSC Renovation and Parking Lot Expansion (I)
  – Southwest MSC Renovation (J)
ReBuild Houston

• Project Selection Methodology
  – Worst-First
  – Council District needs
  – Moving to a more equitable CIP
Thank You!

Questions/Comments?