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 two-volume CIP provides a schedule for capital project implementation and anticipated project allocations. Volume One includes details on capital projects for public improvement programs which include Fire, General Government, Library, Parks, Police, Health, Solid Waste Management, Storm Sewer, Streets and Traffic Control, and Housing projects. Volume Two contains the enterprise capital programs which Airport, Convention & Entertainment (C&E), Wastewater, and Water.

Presented below is a summary of the planned appropriations for the FY2010-2014 CIP*:

($ Thousands)

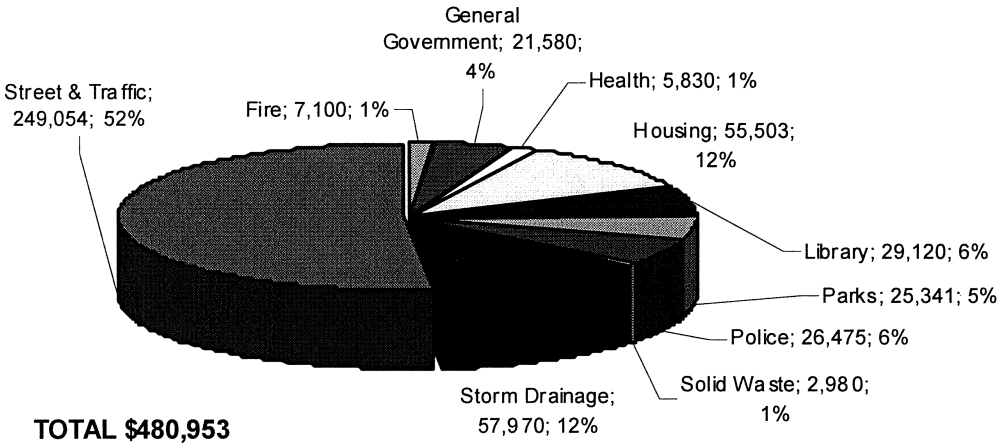
	2010	2011	2012	2013	2014	TOTAL
Fire	7,100	9,323	12,000	5,875	10,375	44,673
General Government	21,580	4,239	10,725	2,605	1,600	40,749
Health	5,830	2,210	15,235	7,150	34,615	65,040
Housing	55,503	56,209	59,735	59,783	0	231,230
Library	29,120	10,842	8,211	8,958	9,995	67,126
Parks	25,341	14,553	19,700	9,700	15,187	84,481
Police	26,475	11,713	13,734	20,480	14,875	87,277
Solid Waste	2,980	1,940	900	2,000	3,000	10,820
Storm Drainage	57,970	74,137	49,020	60,025	52,648	293,800
Street & Traffic	249,054	222,754	165,320	148,697	170,712	956,537
SUB TOTAL	**480,953**	**407,920**	**354,580**	**325,273**	**313,007**	**1,881,733**
Aviation	174,819	221,345	29,720	39,465	60,443	525,792
Convention & Ent.	2,599	2,356	2,545	3265	3,879	14,644
WasteWater	116,610	118,150	117,570	118,930	118,010	589,270
Water	93,390	91,850	92,430	91,070	91,990	460,730
SUB TOTAL	**387,418**	**433,701**	**242,265**	**252,730**	**274,322**	**1,590,436**
TOTAL	**868,371**	**841,621**	**596,845**	**578,003**	**587,329**	**3,472,169**

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

The FY2010 Capital Budget calls for the appropriation of $868 million in FY2010. Of the total appropriations planned, $387 million is for enterprise programs funded with user-fee supported revenue bonds and the remaining $481 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.

Of the public improvement programs, the Streets and Traffic Control program is the largest with $249 million of the planned appropriations in FY2010 (See Figure1) followed by the Storm Drainage with $58 million and Housing with $55 million of the FY2010 total.

FIGURE 1
FY2010 PUBLIC IMPROVEMENT PROGRAMS PLANNED APPROPRIATIONS
($ Thousands)



Public improvement projects include vertical and horizontal construction projects for general public use, services, and safety: significant projects are the 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; upgrading or replacing 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 FY2010 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 FY2010 approximately total $387 million. This is distributed among the four programs as illustrated in Figure 2. Airport Facilities Improvements constitute the largest enterprise program and represents $175 million of the planned appropriations. Wastewater Treatment Facilities represent $117 million, Water System Improvements amount to $93 million, while C&E projects comprise the remaining $2.6 million.

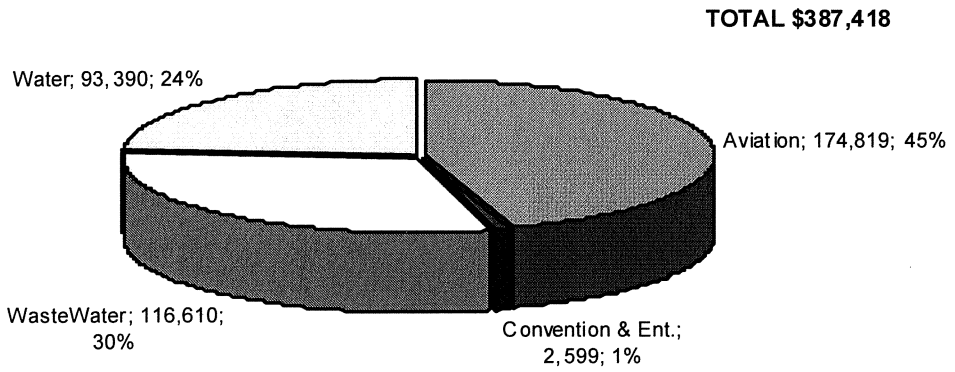
The FY2010 Airport System Program continues to upgrade and expand the City's airports. It includes the continual upgrading and new construction of various facilities at Hobby, George Bush Intercontinental, and Ellington Field. Significant projects include expansion of terminal B, continued rehabilitation 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 2010-2014 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
FY2010 ENTERPRISE PROGRAMS PLANNED APPROPRIATIONS
($ Thousands)



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 FY2010 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.