CAPITAL IMPROVEMENT PLAN SUMMARY

In November 1983, 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 are Airport, Convention & Entertainment (C&E), Wastewater, and Water.

Presented below is a summary of the preliminary planned appropriations for the FY2012-2016 CIP*. A Proposed FY2012 -2016 CIP will be distributed for council consideration separately.

($ Thousands)

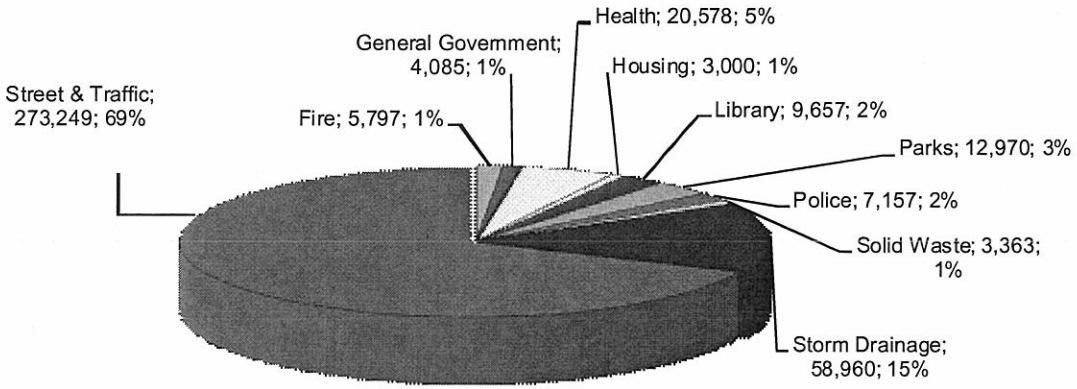
	2012	2013	2014	2015	2016	TOTAL
Fire	5,797	14,898	12,725	10,725	10,825	54,970
General Government	4,085	2,645	2,125	2,275	2,250	13,380
Health	20,578	7,114	3,550	5,700	5,700	42,642
Housing	3,000	3,000	3,000	3,000	3,000	15,000
Library	9,657	7,350	7,791	8,150	8,570	41,518
Parks	12,970	19,075	13,512	11,200	10,225	66,982
Police	7,157	37,185	23,450	28,275	14,245	110,312
Solid Waste	3,363	1,134	3,766	2,100	2,975	13,338
Storm Drainage	58,960	57,730	60,007	58,330	60,041	295,068
Street & Traffic	273,249	164,142	155,923	176,656	126,845	896,815
SUB TOTAL	**398,816**	**314,273**	**285,849**	**306,411**	**244,676**	**1,550,025**
Aviation	270,024	214,139	106,137	27,400	256,223	873,923
Convention & Ent.	5,285	6,593	4,980	5185	6,820	28,863
WasteWater	199,912	187,161	183,470	186,255	184,213	941,011
Water	186,442	189,396	186,290	219,457	219,214	1,000,799
SUB TOTAL	**661,663**	**597,289**	**480,877**	**438,297**	**666,470**	**2,844,596**
TOTAL	**1,060,479**	**911,562**	**766,726**	**744,708**	**911,146**	**4,394,621**

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

The FY2012 Capital Budget calls for the appropriation of $1.052 billion in FY2012. Of the total appropriations planned, $662 million is for enterprise programs funded with user-fee supported revenue bonds and the remaining $399 million addresses a full range of capital facility and infrastructure improvements that are funded through the issuance of tax-supported Public Improvement Bonds (PIBs) and various funding sources. The citizens of Houston approved a Bond Election for $625 million in November 2006.

Of the public improvement programs, the Streets and Traffic Control program is the largest with $273 million of the planned appropriations in FY2012 (See Figure1) followed by the Storm Drainage with $59 million and Health with $21 million of the FY2012 total.

FIGURE 1
FY2012 PUBLIC IMPROVEMENT PROGRAMS PLANNED APPROPRIATIONS
($ Thousands)



TOTAL $398,816

Public improvement projects include vertical and horizontal construction projects for general public use, services, and safety: continued implementation of the "Parks Master Plan" program; upgrading or replacing of the police department radio infrastructure system, replacement, rehabilitation and construction of fire stations; and replacement or upgrading of Solid Waste Facilities. In addition, the FY2012 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.

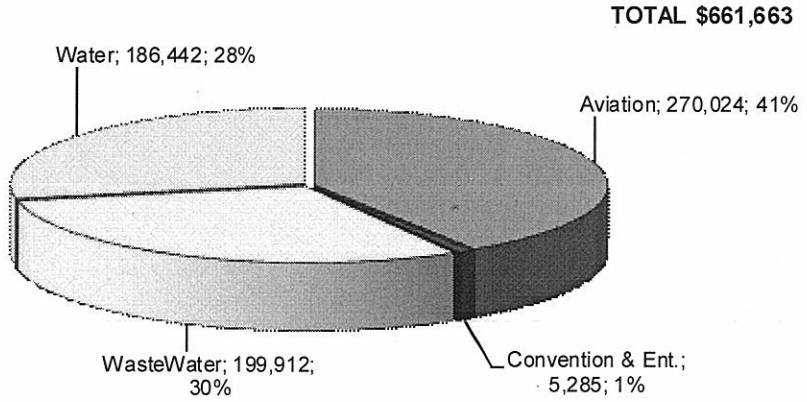
The enterprise programs include projects that are primarily funded from user-fee supported revenue bonds (Airport, C&E, Wastewater, and Water). The enterprise capital programs for FY2012 totals approximately $662 million. This is distributed among the four programs as illustrated in Figure 2. Airport Facilities Improvements constitute the largest enterprise program and represents $270 million of the planned appropriations. Wastewater Treatment Facilities and Water System Improvements represent $386 million combined, while C&E projects comprise the remaining $5.3 million.

The FY2012 Houston Airport System Program continues to upgrade and expand the City's airports to meet its customer needs. This includes the continual upgrading and construction of various facilities at William P. Hobby, George Bush Intercontinental (GBIAH), and Ellington Field Airports. Significant projects include expanding the central plant and the remodeling and expansion of Terminal D and B at GBIAH.

Water System Improvements include the improvement of the Water Main Replacement Program, 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.

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.

FIGURE 2
FY2012 ENTERPRISE PROGRAMS PLANNED APPROPRIATIONS
($ Thousands)



The major portion of the Wastewater Capital Improvement Plan 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 FY2012 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 usage fees will provide significant 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.

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.

The following chart outlines anticipated appropriations within the Capital Improvement Plan for Fiscal Year 2012 for both Public and Enterprise programs over $10 million. These projects include all funding sources available to the City of Houston, including partnerships with other governments and private entities. Planned appropriations are correlated to spending, however, due to the nature and length of construction timelines, spending can span multiple fiscal years. Expenditure forecasts are calculated on a monthly basis and updated quarterly into the City's debt models.

CIP No.	Project Name	Planned Appropriation ($ Thousands)
A-000483	Terminal D Remodeling - GBIAH	113,929
S-000035	Neighborhood Water Main Replacement Program	62,410
S-000900	Surface Water Transmission	50,844
R-000267	Pump and Lift Station Renewal/Replacement Program	44,345
R-000265	Wastewater Treatment and Sludge Plant Renewal/Replacement	34,899
N-000785	Bridges Replacement/Expansion along Brays and Sims Bayou	32,250
A-000565	Terminal B Expansion Program - GBIAH	30,000
R-000266	Neighborhood Sewer Rehabilitation in various Service Areas	28,985
A-000091	Modify/Expand Central Plant - GBIAH	25,985
X-687000	IT-RADIO-700 MHz Public Safety Radio System Project	24,364
N-001318	Elysian Viaduct from IH10 to Commerce Street	23,000
R-000295	Citywide TCEQ Compliance	20,570
R-000509	69th Street Wastewater Treatment Plant Improvements	19,335
A-000486	Security Enhancements - GBIAH	17,924
N-000420	Hike & Bike Trail Program	17,349
N-000791	Greens Road Paving and Drainage: SH249 to City Limit (Burlington Northern Railroad Tracks)	16,281
S-000056	East Water Purification Plant Upgrade and Optimization	15,770
N-000611	TXDOT Street Systems Projects	14,400
N-000582	S. Shaver Paving & Drainage: IH-45 to S.H. 3	13,121
M-000247	Nottingham and Yorkshire Drainage and Paving	13,075
M-000287	Wirt Road Drainage and Paving	12,351
R-002003	Northside Sewer Relief Tunnel Rehabilitation Program	11,938
N-000784	Buffalo Speedway Paving & Drainage: Holmes Rd. to Airport Blvd.	11,445
A-000557	Terminal A Power Supply Electrical Vaults - GBIAH	11,270