

EXECUTIVE SUMMARY

Overview

The Capital Improvement Plan describes the strategy for physical improvements to public facilities and infrastructure throughout Houston. The underlying motive behind infrastructure repair and enhancement is to improve the safety, mobility, and lifestyles of Houstonians, and to create a positive affect on the local economy. The increasing importance of effective capital planning prompted City Council to establish a formal capital improvement planning process in November 1983. By resolution, it became City policy to engage in a continuous process that includes annual review, revision, and adoption of a five year Capital Improvement Plan. Public meetings are also held annually in each City Council District to provide citizens an opportunity to comment on the process, and recommend projects to be included in the plan.

The CIP is revised annually to include new projects, reflect changes in priorities, and normally to extend the plan an additional year. However, in an effort to plan the entire 2006 bond authorization, a sixth year was added to last year's CIP. Thus, last year's plan incorporated two additional years. This year we return to a five-year plan, and so the 2009-2013 CIP does not include a new year of activity.

The first year of the plan is the City's current fiscal year, which runs from July 1, 2008 through June 30, 2009. It is adjusted throughout the year, as needs dictate or when changes are made to existing approved projects. This year's CIP continues the Administration's priorities of rehabilitation and replacement of the City's existing facilities, public safety, and green space.

The Adopted FY2009-2013 CIP: Two Major Parts

The FY2009-2013 CIP calls for the appropriation of \$4.41 billion during the five-year period for two major categories of programs: enterprise and property tax-supported programs. Of the total planned appropriations, \$2.66 billion is for projects in the enterprise fund programs (Airport, Convention & Entertainment, Wastewater, and Water). The Aviation and Convention and Entertainment programs are supported by system revenue bonds paid with income

from commercial and residential customers.

The remaining \$1.78 billion addresses a full range of capital facility and infrastructure improvements, most of which will be financed with Public Improvement Bonds (PIBs). These programs include Fire, Library, Parks, Police, Public Health, Solid Waste Management, General Government, Storm Drainage, Streets and Traffic Control, and Housing.

In 2004, Storm Drainage was added as a purpose to the Combined Utility System. It is currently funded solely through a portion of the Water & Sewer Enterprise Funds with the funding amounts to be about \$45M per year. It was originally intended for three years, but was extended to a fourth and now a fifth (FY2009). Street and Traffic PIB will be supplementing Storm Drainage projects starting in FY10. Several matching-type funds also support storm drainage including Federal Emergency Management Agency (FEMA), Community Development Block Grant (CDBG), Harris County Flood Control District (HCFCD), and private partners such as Texas Medical Center (TMC).

The two Volumes of the CIP are divided to improve the ease of finding projects. Volume One contains all the Client Departments Represented by the General Services Department, all that is built vertically, predominantly with PIB. Volume Two consist of Public Works and Engineering, horizontal development, and Aviation, all projects involving the Airport facilities in Houston, constructed with significant enterprise funding, or funding outside of PIB

Each book includes tabbed section to separate projects by owning department. Each section also begins with an Executive Summary to provide an overview of each department, and the projects currently seen as priority. This summary is divided into two main sections: 1. Public Improvement programs, in which a majority of the funding is provided by Public Improvement Bonds, 2. Enterprise Programs, in which they are supported by revenue sources such as Hotel and Occupancy Taxes. Tax Increment Reinvestment Zones will be

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included as a supplement to the CIP following approval of their budgets by City Council.

Tax supported PIBs are the Primary funding Source for Volume One programs and Street & Traffic (V-II) as a result of the \$776 million bond election approved by the Citizens of Houston in November 2001.

Program amounts authorized by the voters in November 2001 are broken down as follows:

Street and Drainage Improvement Bonds	474 Million
Police and Fire Facilities Improvement Bonds	82 Million
Parks and Recreation Facility Improvement Bonds	80 Million
General Public Improvement Bonds	80 Million
Library Improvement Bonds	40 Million
Affordable Housing Bonds	<u>20 Million</u>
	\$ 776 Million

As these new bond funds were expended, the City determined it was appropriate to ask for voter approval of additional bonding capacity. In November 2006, \$625 million bond election was approved by the Citizens of Houston.

Program amounts authorized by the voters in November 2001 are broken down as follows:

Street and Drainage Improvement Bonds	320 Million
Police and Fire Facilities Improvement Bonds	135 Million
Parks and Recreation Facility Improvement Bonds	55 Million
General Public Improvement Bonds	60 Million
Library Improvement Bonds	37 Million
Affordable Housing Bonds	<u>18 Million</u>
	\$ 625 Million

The remaining PIB Program will be funded through a variety of other funding sources ranging from county support to private donations. Over the past few years, significant efforts have been made to leverage PIB funds with new, non-traditional sources of funds.

The Capital Improvement Plan (CIP) includes FY2009-bond appropriations of \$178.4 million. Additionally, the City is set to receive significant amounts of transportation and mobility assistance from METRO during FY2009 (\$377.2 million current and proposed), Texas Department of Transportation-TXDOT and other state-supported funding (\$193.7 million current and proposed), and Harris County (\$98.4 million).

As bond funds are expended, future analysis will determine strategies for additional funding to implement the various Master Plans and identified needs.