

## EXECUTIVE SUMMARY

The Capital Improvement Plan is vital to our City. It is a plan for physical improvements to public facilities and infrastructure, throughout Houston. The underlying motive behind these programs is to improve safety, mobility, and lifestyles of Houstonians, in turn having a positive affect on the local economy. Recognition of this importance prompted City Council in November 1983 to establish the five-year capital improvement planning process. 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 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 City's current fiscal year, which runs from July 1, 2009 through June 30, 2010. 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. The Adopted and Active CIP can now be viewed online at [www.3di.com/HoustonCIP](http://www.3di.com/HoustonCIP).

### **The Adopted FY2010-2014 CIP: Two Major Parts**

The FY2010-2014 CIP calls for the appropriation of \$3.3 billion during the five-year period for two major categories of programs: enterprise and property tax supported programs. Of the total planned appropriations, \$1.59 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 the air travel and tourism industries. Water and Wastewater revenue bonds are retired using income from commercial and residential customers.

## EXECUTIVE SUMMARY

The remaining \$1.71 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 FY 2009 City Council instituted the Drainage Supplemental Debt Service Fund for the purpose of funding additional long term drainage initiatives. The program calls for an annual set aside of a predetermined portion of ad valorem tax receipts, as approved by Council annually. The proposed set aside amount is equal to \$0.0035 per \$100 of ad valorem tax valuation for FY2010. Based on a combination of ad-valorem tax rate growth and spending assumptions associated with the projects, it was determined the City could afford to issue debt in the amount of \$211M.

The two Volumes of the CIP are divided by the three contracting departments within the City. Volume One contains the client departments serviced by the General Services Department, all that is built vertically, and the Tax Incremental Reinvestment Zones (TIRZ). Volume Two consist of Public Works and Engineering, horizontal development, and Aviation, all projects involving the Houston Airport System facilities.

Tax supported PIBs are the Primary funding Source for Volume One programs and Street & Traffic (V-II) as a result of the \$625 million bond election approved by the Citizens of Houston in November 2006.

As these new bond funds are expended, future analysis will determine strategies for additional funding to implement the various Master Plans and identified needs. Strategies may include placing items before the voters. Such a separate bond authorization may require additional property tax financing beyond that provided at the current tax rate for the \$625 million bond issue.

## EXECUTIVE SUMMARY

Program amounts authorized by the voters in November 2006 are broken down as follows:

Street and Bridge Improvement Bonds	320 Million
Public Safety 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 FY2010 Capital Improvement Plan (CIP) includes bond funds of \$143 million. Additionally, the City is set to receive significant amounts of transportation and mobility assistance from METRO (\$61.7 million) and the Texas Department of Transportation-TXDOT (\$57 million). Other funding sources include, and Harris County (\$16 million).

The remaining Public Improvement 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.