

MOTION by Council Member Gonzalez that the recommendation of the Director of the Finance Department, for approval of the Fiscal Year 2016-2020 Capital Improvement Plan and to establish a charge for copies, be adopted, and the 2016-2020 Capital Improvement Plan as amended and the attached recommended modifications are hereby approved by the City Council, and a charge of \$75.00, plus tax and postage, for the sale of Volume One, Volume Two and the Executive Summary and a charge of \$5.00 plus postage for a CD version, are hereby established for the sale of said documents.

Seconded by Council Member Costello and carried.

Mayor Parker, Council Members Stardig, Davis, Cohen,  
Boykins, Nguyen, Pennington, Gonzalez, Gallegos,  
Laster, Green, Costello, and Christie voting aye  
Council Members Martin, Kubosh and Bradford voting no

Council Member Robinson absent on personal business

PASSED AND ADOPTED this 8th day of July, 2015.

Pursuant to Article VI, Section 6 of the City Charter, the effective date of the foregoing motion is July 14, 2015.

  
City Secretary

## **ACKNOWLEDGEMENTS**

### **Finance Department**

Kelly Dowe, Chief Business Officer

Jennifer Olenick, Deputy Director

### **Public Works and Engineering**

Dale Rudick, P.E., Director

Dan Menendez, Deputy Director

### **General Services Department**

Scott Minnix, Director

Richard Vella, Assistant Director

Morgan Porter, Deputy Assistant Director

### **Houston Airport System**

Mario Diaz, Director

### **Department CIP Coordinators and Support Staff**

Lisa Johnson, General Services

Carter Roper, Library

Les Jones, Airport

Alpna (Simmi) Khana, Airport

Keith Goodwin, Airport

Charlie Lee, Solid Waste

Lance Tillman, Public Works

Al Owens, Fleet Management

Chief M. Donovan, Fire

Calvin Curtis, General Services

James Reddington, General Services

Mark Ross, Parks & Recreation

Stephen Hanner, Police

Claudette Manning, Public Health

Frank Simoneaux, Public Works

Mark Board, Public Works

Angela Simon, Housing

### **Treasury and Capital Management Division, Finance Department**

Jaime Alvarez

James Clay

Melissa Dubowski

Christopher Gonzales

Candice Johnson

Veronica Lizama

Mary Thomas

### **Image Solutions**

Willie Sue Hamilton

## CITY OF HOUSTON ELECTED OFFICIALS

Annise D. Parker	Mayor
Ronald C. Green	City Controller
Brenda Stardig	District A
Jerry Davis	District B
Ellen Cohen	District C
Dwight Boykins	District D
Dave Martin	District E
Richard Nguyen	District F
Oliver Pennington	District G
Edward Gonzalez	District H
Robert Gallegos	District I
Mike Laster	District J
Larry Green	District K
Stephen C. Costello	At Large Position 1
David W. Robinson	At Large Position 2
Michael Kubosh	At Large Position 3
C.O. "Brad" Bradford	At Large Position 4
Jack Christie	At Large Position 5

## CITY OF HOUSTON DEPARTMENT DIRECTORS

<b>Departments</b>	<b>Directors</b>
Administration and Regulatory Affairs	Tina Paez
Aviation	Mario C. Diaz
City Secretary	Anna Russell
Finance	Kelly Dowe
Fire	Chief Terry Garrison
Fleet Management	Victor Ayres
General Services	Scott Minnix
Health & Human Services	Stephen L Williams
Housing and Community Development	Neal Rackleff
Houston Emergency Center	David F. Cutler
Human Resources	Omar Reid
Information Technology	Charles T. Thompson
Legal	Donna Edmundson
Library	Dr. Rhea Brown Lawson
Municipal Courts	Barbara E. Hartle
Neighborhoods	Katye Tipton
Office of Business Opportunity	Carlecia Wright
Parks & Recreation	Joe Turner
Planning & Development	Patrick Walsh
Police	Chief C. A. McClelland
Public Works and Engineering	Dale Rudick, P.E.
Solid Waste Management	Harry Hayes

## Abstract

The Fiscal Year 2016 - 2020 Capital Improvement Plan (CIP) is a forward looking document outlining the City of Houston's infrastructure improvement strategy. This plan organizes projects by priority, project capacity and timing constraints and identifies funding sources for all anticipated projects. This organization creates a realistic plan to address the current and expected infrastructure needs of Houston that are subject to resource constraints.

The Executive Summary book is organized by department. Each section provides a summary of funding sources (Form D), and an expanded list of funding sources by project (Form C). Departments that have projects that are related to other departments will also include a Form R. For example, the HPD Body Cameras project is located in the Information Technology section because of its technological element but referenced on the Houston Police Department's Form R because HPD is the requesting department.

For each project identified in the Form C, a detail page (Form A) is provided in the separate Capital Project Profiles Book in project number order. The Form A provides specific information for each project including description, justification, and location.

## 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, and in turn to have a positive impact 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, 2015 through June 30, 2016. The plan 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 infrastructure.

The current Adopted CIP can be viewed online at <http://houstontx.gov/cip>.

### Major CIP Components:

- Public Improvement Program (PIP)  
*General Fund departments including Bayou Greenways, Fire, General Government, Housing, Library, Parks, Police, Public Health, and Solid Waste.*
- ReBuild Houston  
*Storm Drainage and Street & Traffic*
- Enterprise Funds  
*Combined Utility System (Wastewater and Water) and Aviation.*
- Component Units  
*Legally separate organizations from the City that are financially closely related.*

### Major Funding Sources:

- Public Improvement Program (PIP)
  - General Fund supported debt (Public Improvement Bonds)
  - Community Development Block Grants
  - Other community donations, contributions and grants
- Rebuild Houston
  - Revenue from Drainage Utility Fee & Developer Impact Fee
  - 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

## EXECUTIVE SUMMARY

The \$2.1 billion FY 2016 Capital Improvement Plan comprises of:

- Enterprise Programs total \$1.5 billion (including ReBuild Houston)
- Public Improvement Programs total \$284 million
- Component Units total \$265 million

<u>Plan Comparison (\$ millions)</u>	<u>FY15</u>		<u>FY16</u>	
Public Improvement Program*	298	18%	284	14%
ReBuild Houston	281	17%	265	13%
Combined Utility System	522	32%	530	25%
Houston Airport System	277	17%	754	36%
Component Units**	255	16%	265	13%
<b>TOTAL</b>	<b>1,632</b>	<b>100%</b>	<b>2,099</b>	<b>100%</b>

\*Includes Citywide Programs such as Information Technology, Fleet, and Equipment.

\*\*Net of overlap with Public Improvement Programs

**FISCAL YEAR 2016 - 2020 CAPITAL IMPROVEMENT PLAN**

	<b>All Funding Sources</b>					
	Fiscal Year Planned Appropriations (\$ Thousands)					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2016-2020</b>
<b>Public Improvement Programs</b>						
Bayou Greenways	55,660	53,101	26,790	8,035	23,348	166,934
Fire	23,129	7,090	14,484	5,243	10,215	60,161
General Government	7,145	10,277	57,833	7,989	7,784	91,028
Homeless & Housing	7,946	-	-	-	-	7,946
Library	12,044	4,365	10,633	10,866	10,921	48,829
Parks and Recreation	40,857	32,633	23,550	6,271	2,078	105,389
Police	50,955	16,001	848	3,589	1,259	72,652
Public Health	3,744	25,871	5,317	9,728	11,255	55,915
Solid Waste Management	1,615	1,897	2,561	11,502	1,893	19,468
<b>Subtotal</b>	<b>203,096</b>	<b>151,235</b>	<b>142,016</b>	<b>63,223</b>	<b>68,753</b>	<b>628,323</b>
<b>Enterprise Programs</b>						
Aviation Facilities	754,133	694,421	353,937	322,626	128,061	2,253,178
Storm Drainage System	85,709	63,066	76,705	91,258	97,452	414,190
Street & Traffic Control	179,047	165,372	170,426	149,632	131,324	795,801
Wastewater	167,198	197,192	201,730	188,639	196,562	951,321
Water	363,184	511,223	580,752	947,594	277,837	2,680,590
<b>Subtotal</b>	<b>1,549,271</b>	<b>1,631,274</b>	<b>1,383,550</b>	<b>1,699,749</b>	<b>831,236</b>	<b>7,095,080</b>
<b>Citywide Programs</b>						
Technology	13,402	7,582	2,057	7,416	4,314	34,770
Fleet	67,388	37,756	37,213	38,079	37,115	217,552
<b>Subtotal</b>	<b>80,791</b>	<b>45,337</b>	<b>39,270</b>	<b>45,495</b>	<b>41,429</b>	<b>252,322</b>
<b>City Programs Total</b>	<b>1,833,158</b>	<b>1,827,846</b>	<b>1,564,836</b>	<b>1,808,466</b>	<b>941,418</b>	<b>7,975,725</b>
<b>Component Units</b>	<b>327,950</b>	<b>254,753</b>	<b>178,697</b>	<b>125,595</b>	<b>34,348</b>	<b>921,343</b>
Overlap Between Component Units and Public Improvement Programs	(62,488)	(57,773)	(26,790)	(8,035)	(23,348)	(178,434)
<b>Grand Total</b>	<b>2,098,620</b>	<b>2,024,826</b>	<b>1,716,743</b>	<b>1,926,026</b>	<b>952,418</b>	<b>8,718,634</b>



**FISCAL YEAR 2016-2020 CAPITAL IMPROVEMENT PLAN**

**General Obligation Bond Summary**

	Fiscal Year Planned Appropriations (\$ Thousands)						Leverage of Non-Debt Funding
	2016	2017	2018	2019	2020	2016-2020	
<b>Public Improvement Programs</b>							
Bayou Greenways	19,814	43,694	6,479	6,689	5,744	82,420	51%
Fire	23,129	7,090	14,484	5,243	10,215	60,161	0%
General Government (*)**	7,145	10,277	57,833	7,989	7,784	91,028	0%
Homeless & Housing	-	-	-	-	-	-	100%
Library *	11,476	4,365	10,633	10,866	10,921	48,261	1%
Parks and Recreation**	21,136	8,077	1,950	2,321	1,578	35,063	67%
Police	17,335	6,785	828	3,570	1,238	29,757	59%
Public Health *	3,744	25,871	5,317	9,728	11,255	55,915	0%
Solid Waste Management *	1,615	1,897	2,561	11,502	1,893	19,468	0%
<b>Subtotal</b>	<b>105,395</b>	<b>108,057</b>	<b>100,085</b>	<b>57,907</b>	<b>50,628</b>	<b>422,072</b>	<b>33%</b>
<b>Citywide Programs</b>							
Technology	10,127	7,582	2,057	7,416	4,314	31,495	9%
Fleet	19,907	19,267	19,359	19,297	19,388	97,220	55%
<b>Subtotal</b>	<b>30,035</b>	<b>26,849</b>	<b>21,416</b>	<b>26,713</b>	<b>23,702</b>	<b>128,715</b>	<b>49%</b>
Projects with a Dedicated Funding Source for Debt Service **	(2,115)	(2,000)	(2,000)	(2,000)	(2,000)	(10,115)	
<b>Grand Total</b>	<b>133,314</b>	<b>132,905</b>	<b>119,502</b>	<b>82,620</b>	<b>72,330</b>	<b>540,672</b>	
<b>Principal Payable from Ad Valorem Taxes on Existing</b>	<b>185,694</b>	<b>219,819</b>	<b>233,124</b>	<b>218,699</b>	<b>222,814</b>	<b>1,080,149</b>	
<b>Net Increase (Decrease) to Outstanding Debt</b>	<b>(52,379)</b>	<b>(86,914)</b>	<b>(113,622)</b>	<b>(136,078)</b>	<b>(150,483)</b>	<b>(539,477)</b>	

\* Based on projections, these programs will require a Future Bond Election to fund Fiscal Year 2018, 2019, 2020, which is expected as bond elections are typically structured to last approximately 5 years. The 2012 Bond Election therefore was expected to fund FY 2013-2017. The CIP would require a Future Bond Election to occur no later than November 2016.

\*\* Fund 1850 is used for projects that are expected to generate sufficient revenues or expenditure savings such that those revenues or expenditures savings will be used directly to cover associated debt service, and therefore, does not rely on the "Transfer to PIB Bonds Debt Service" from the General Fund.



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## FINANCIAL POLICIES OVERVIEW

The basic policies related to the City's financial and budgetary policies were formalized on November 10, 1987. These policies were expanded in subsequent years with the adoption of the Integrated Budgeting and Planning Resolution (88-87). The most recent relevant ordinance discussing this part of the City's financial policies is Ordinance No. 2014-1078 dated December 3, 2014. Below is a partial copy of the financial policies relevant to the CIP along with City's current compliance status for each individual policy.

### **A. Definitions**

**Asset Renewal and Replacement** – Cyclic repair and replacement of an asset's components [e.g., roofs, electrical systems, heating, ventilation, and air conditioning (HVAC) equipment, paving, replacement vehicles, computer servers, computer networks, and telephony systems] that extends the useful life and/or retains the usable condition of facilities, fleet, and systems not normally contained in the annual operating budget. Included are major building and infrastructure systems and components that have a maintenance cycle in excess of one year.

**BFA** – Budget and Fiscal Affairs Committee of City Council.

**Capital Projects** – A capital project is identified as a project that helps maintain or improve a City asset, often called infrastructure. To be included in the Capital Budget, a project must meet at least **one** of the following requirements (criteria):

- It is a new construction, expansion, renovation, or replacement project for an existing facility or facilities. The project must have a total cost of at least \$10,000 over the life of the project. Project costs can include the cost of land, engineering, architectural planning, and contract services needed to complete the project.
- It is a purchase of major equipment (assets) costing \$50,000 or more with a useful life of at least 10 years.
- It is a major maintenance or rehabilitation project for existing facilities with a cost of \$10,000 or more and an economic life of at least 10 years.

**Component Units** – As defined by the Governmental Accounting Standards Board (GASB), component units are legally separate organizations that the City must include as part of its financial reporting entity for fair presentation.

**Current Replacement Value** - The standard industry cost and/or engineering estimate of materials, supplies, and labor required to replace a facility or item of equipment at its existing size and functional capability, and to meet applicable regulatory codes. When estimating Current Replacement Value, it should be assumed that code-compliant materials and systems will be used to replace the existing asset. Current Replacement Value is to be estimated for reconstructing an asset as it currently exists, without further modifications or improvements.

**Fiscal Note** – Brief, high-level written estimate of the budgetary and fiscal impacts that may result from implementation of an ordinance, motion or resolution.

**Major Renovation** – Projects for the substantial rehabilitation or replacement of more than one building or building systems.

**Operational & Maintenance Impact** – Refers to the personnel, supplies, services, equipment, and non-capital cost identified as a required need within a capital project.

## FINANCIAL POLICIES OVERVIEW

### **B. General Policies**

### **Current Status**

3. The proposed operating budget and proposed five-year Capital Improvement Plan (CIP) for each year shall include statements indicating whether they are in compliance with each relevant adopted financial policy. The adopted budget shall include a comprehensive listing of all adopted financial policies indicating whether the City is in compliance with each policy; for each policy not in compliance, there shall be a statement explaining why the City is not in compliance with said policy and a plan for how the City will achieve compliance.

In Compliance

### **G. Capital Asset Management Policies**

1. The five-year CIP shall be presented to and passed by City Council annually before the end of the preceding fiscal year.
2. Capital projects may not be included in the CIP without identified funding. Identified funding includes funds that are reasonably anticipated such as grants that have been awarded but not yet funded. Identified funding may also include proceeds from an anticipated future bond election.
3. A five-year operating budget impact projection for all projects shall be reported in the CIP.
4. The City shall prioritize Asset Renewal and Replacement of existing facilities over new facilities.
5. All CIP-related Requests for Council Action must include a Fiscal Note that includes design and construction costs of the program/project and the projected operating and maintenance costs for a minimum of five years, as well as a reference to the item in the CIP where funding for the request is designated.

Not in Compliance

In Compliance

In Progress

In Compliance

N/A

## FINANCIAL POLICIES OVERVIEW

### Current Status

6. For each new General Fund facility (i.e., not part of an enterprise fund) or Major Renovation of a General Fund facility, beginning in FY2016, 2% of the Current Replacement Value shall be included for capital maintenance in each fiscal year of the immediately following CIP and every CIP thereafter until that facility is sold or otherwise disposed of. Such funds may be used on any owned General Fund facility.

In Compliance

### I. Debt Management Polices

6. Each fiscal year, the City will use that year's General Obligation (GO) debt service payment as a baseline to establish an index reflecting 4% annual growth in the City's GO debt service (i.e., if the current fiscal year's debt service is \$100, then the debt service index for subsequent years would be \$104, \$108.16, \$112.49, \$116.99, etc.). If any proposed action by the City (e.g., adoption of the CIP, or Council authorization of debt issuance) is to cause the GO debt service schedule as projected by the City's Financial Advisor to exceed the index in FY2019 and/or any subsequent year(s), a funding mechanism (e.g., reduced expenditures or increased revenue) must be identified to offset the amount(s) by which the proposed debt service payment(s) exceed the index. For purposes of this section, "identification" of a funding mechanism is satisfied by presentation to BFA and/or City Council prior to any action that would incur GO debt.

In Compliance