

## Supplementary Information

Financial Policies	
Definitions.....	2
General Policies.....	3
Capital Asset Management Policies.....	3
Debt Management Policies.....	8
Index of Funds.....	9

## **Financial Policies**

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.

**FISCAL YEAR 2017 - 2021**  
**ADOPTED CAPITAL IMPROVEMENT PLAN**

**B. General Policies**

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.

**G. Capital Asset Management Policies**

As part of the financial policies for the City of Houston (adopted on December 3, 2014 Ordinance 2014-1078), this section provides details for the Capital Asset Management policies as follows:

1. The five-year CIP shall be presented to and passed by City Council annually before the end of the preceding fiscal year. **Not In Compliance**

**The Fiscal Year 2017 – 2021 Capital Improvement Plan was placed on City Council agenda on July 6, 2016. The item was delayed two weeks and passed on July 20, 2016. It is the City’s goal to achieve compliance by placing the item on agenda earlier for the Fiscal Year 2018 – 2022 Capital Improvement Plan.**

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. **In Compliance**
3. A five-year operating budget impact projection for all projects shall be reported in the CIP. **Not in Compliance**

**The Fiscal Year 2017 – 2021 Capital Improvement Plan includes the General Fund departments’ operational impacts. See the Operational & Maintenance Section. Efforts are being made to include Enterprise departments’ operational impacts in future Capital Improvement Plans.**

4. The City shall prioritize Asset Renewal and Replacement of existing facilities over new facilities. **In Compliance**

**The City prioritizes the renovation of existing general government infrastructure over new facilities.**

**Table 1. New City Facilities vs. Capital Maintenance**  
**All General Government Funding Sources**  
**(\$ Thousands)**

	FY 2017-2021 Planned Appropriations
New City Facilities*	33,207
Capital Maintenance Projects**	221,289

\*See Table 2 for further details.

\*\*See Table 5 for further details

**FISCAL YEAR 2017 - 2021**  
**ADOPTED CAPITAL IMPROVEMENT PLAN**

**Table 2. New General Government City Facilities**  
**All Funding Sources**  
**2017 - 2021 ADOPTED CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2017-2021
		2017	2018	2019	2020	2021	
C-000205	Fire Station 26 Renovation and Expansion	-	-	-	969	-	<b>969</b>
C-000213	Training Academy Gear and Cadet Lockers	-	-	-	654	-	<b>654</b>
G-000157	New Ammunition Storage Facility	-	-	428	-	-	<b>428</b>
G-000165	New Greenspoint Police Station	-	-	1,347	12,153	6,851	<b>20,351</b>
H-000117	Commerce Warehouse - Expansion	-	-	-	107	714	<b>821</b>
L-000078	New Multi-Use SWD Facility	-	826	9,158	-	-	<b>9,984</b>
	<b>Total Appropriations:</b>	-	<b>826</b>	<b>10,933</b>	<b>13,883</b>	<b>7,565</b>	<b>33,207</b>

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. ***In Compliance***

**Effective with the first City Council meeting of Fiscal Year 2017, all CIP-related Requests for Council Action coming before City Council for consideration include a Fiscal Note.**

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***

**Table 3. FY2016 Completed General Government Facilities**  
**Current Replacement Value (CRV)**  
**All Funding Sources**

Project	Total Cost (\$ Thousands)
Jungman Neighborhood Library Renovation	6,760
Health Administration Headquarters Minor Renovation	1,797
Mobile Vehicle Inspection Building and Canopy	1,132
<b>Total Subject to Financial Policy</b>	<b>9,689</b>
<b>Total Estimated CRV*</b>	<b>2,102,608</b>

\*2016 Property Insurance Schedule plus 20% for utility and dirt work not included in asset values for insurance purposes.

**FISCAL YEAR 2017 - 2021**  
**ADOPTED CAPITAL IMPROVEMENT PLAN**

**Table 4. Capital Maintenance and CRV**

Capital Maintenance Projects	(\$ Thousands)	% of CRV Per Financial Policy	% of Total CRV **
FY2017*	45,920	474%	2.2%
FY2018*	95,015	981%	4.5%
FY2019*	33,249	343%	1.6%
FY2020*	18,583	192%	0.9%
FY2021*	28,522	294%	1.4%

\*See Table 5 for further details.

\*\*Planned appropriations on capital maintenance projects above 2.0% will help reduce existing deferred maintenance.

**Table 5. General Government Capital Maintenance Projects**  
**All Funding Sources**  
**2017 - 2021 ADOPTED CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2017-2021
		2017	2018	2019	2020	2021	
C-000181	Fire Station 40 Replacement	-	1,706	8,055	-	-	9,761
C-000185	Environmental Remediation	344	83	122	100	100	749
C-000188	Fire Station 32 Renovation	1,400	-	-	-	-	1,400
C-000193	Facility Assessment Items - Priority 1&2	500	500	500	500	500	2,500
C-000195	Fire Station 31 Renovation	-	1,400	-	-	-	1,400
C-000196	Fire Station 16 Renovation	-	-	-	1,500	-	1,500
C-000200	Fire Station 64 Renovation	-	-	1,400	-	-	1,400
C-000201	Fire Station 70 Renovation	-	-	-	-	1,400	1,400
C-000203	Fire Station 19 Renovation	-	1,400	-	-	-	1,400
C-000206	Fire Station 55 Replacement	10,022	-	-	-	-	10,022
C-000210	Fire Station 43 Renovation	-	-	-	-	1,400	1,400
C-000211	Fire Station 17 Renovation	-	-	-	1,449	-	1,449
C-000212	Training Academy Burn Bldg Renovation	2,239	-	-	-	-	2,239
C-CCI001	Training Academy Restroom Facility	110	-	-	-	-	110
D-000073	Environmental Remediation	100	50	50	50	50	300
D-000166	City Hall Annex - Garage Waterproofing	-	-	700	-	-	700
D-000168	City Hall Annex - Drinking Fountains	60	-	-	-	-	60
D-000170	City Hall Annex - Sensors Infiltration	-	-	150	-	-	150
D-000173	City Hall - Sensors for Infiltration	-	-	150	-	-	150
D-000174	City Hall - Drinking Fountains	-	-	250	-	-	250
D-000180	Alief MSC, Community Center and Library	5,370	51,630	-	-	-	57,000
D-000181	City Hall - Structure Repairs	350	300	350	-	-	1,000
D-000184	City Hall - Replacement of Roof	923	-	-	-	-	923
D-000187	City Hall - Replacement of Boilers	-	300	-	-	-	300
D-000188	City Hall-Faucet and Valves Installation	-	60	-	-	-	60
D-000190	City Hall - Replace Air Handling Units	-	-	300	-	-	300
D-000191	City Hall - Restore Elevator Cabs	-	-	440	-	-	440

**FISCAL YEAR 2017 - 2021**  
**ADOPTED CAPITAL IMPROVEMENT PLAN**

**Table 5. General Government Capital Maintenance Projects**  
**All Funding Sources**  
**2017 - 2021 ADOPTED CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2017-2021
		2017	2018	2019	2020	2021	
D-000192	City Hall - Install Shower Facilities	260	-	-	-	-	<b>260</b>
D-000193	City Hall- Replace TV Lights and Ceiling	-	-	250	-	-	<b>250</b>
D-000194	City Hall - Compressor Installation	-	45	-	-	-	<b>45</b>
D-000196	City Hall Annex - Roof Coating	-	420	-	-	-	<b>420</b>
D-000198	City Hall Annex - Restroom Renovations	710	-	-	-	-	<b>710</b>
D-000200	City Hall Annex - Garage Exhaust Fans	110	-	-	-	-	<b>110</b>
D-000210	City Wide - Code Compliance	-	-	-	536	-	<b>536</b>
D-000214	City Hall Annex - Renovate Water System	-	-	-	-	755	<b>755</b>
D-000215	City Hall Annex - Replace Sanitary Line	-	-	-	-	955	<b>955</b>
D-000216	City Hall - Replace Sanitary Line	-	-	-	100	855	<b>955</b>
D-000218	City Hall - Fire Alarm and PA System	-	-	-	-	1,130	<b>1,130</b>
D-000219	City Hall - Renovate Water System	-	-	-	-	1,155	<b>1,155</b>
D-000220	City Hall Annex - Fire Alarm and PA Sys	-	-	-	-	1,452	<b>1,452</b>
D-150001	HEC - Roof Replacement	-	-	-	-	1,108	<b>1,108</b>
E-000098	Moody Neighborhood Library - Replacement	-	1,510	8,049	-	-	<b>9,559</b>
E-000163	Environmental Remediation	25	50	50	50	50	<b>225</b>
E-000172	Flores Roof & Exterior Rehabilitation	-	439	-	-	-	<b>439</b>
E-000173	Mancuso Roof & Exterior Rehabilitation	-	427	-	-	-	<b>427</b>
E-000174	Blue Ridge Roof & Exterior Rehab	-	-	-	525	-	<b>525</b>
E-000182	Walter Roof & Exterior Rehabilitation	-	-	499	-	-	<b>499</b>
E-000210	Ring Roof & Exterior Rehabilitation	-	-	-	-	558	<b>558</b>
E-000211	Kashmere Roof & Exterior Rehabilitation	-	-	-	-	555	<b>555</b>
E-000212	Park Place Roof & Exterior Rehabilitatio	450	-	-	-	-	<b>450</b>
E-000213	Heights Roof & Exterior Rehabilitation	-	-	-	1,772	-	<b>1,772</b>
E-000224	Johnson Roof & Exterior Rehabilitation	-	-	-	550	-	<b>550</b>
E-000225	Smith Roof & Exterior Rehabilitation	-	-	-	525	-	<b>525</b>
E-000230	Mancuso HVAC Upgrades	-	-	-	-	333	<b>333</b>
E-000231	Melcher HVAC Upgrades	-	-	-	-	322	<b>322</b>
E-000232	Jones HVAC Upgrades	-	-	-	187	-	<b>187</b>
E-000233	JIB Archival HVAC Upgrades	-	-	-	-	95	<b>95</b>
E-000234	Scenic Woods HVAC Upgrades	-	-	-	-	300	<b>300</b>
F-000509	Environmental Projects	303	250	250	250	325	<b>1,378</b>
F-000710	Parks Facilities Roof Replacements	435	70	211	288	-	<b>1,004</b>
F-000781	Facility Condition Assessment	539	-	-	-	-	<b>539</b>
F-000783	Sharpstown Pool Replacement and Bldg Imp	2,196	-	-	-	-	<b>2,196</b>
F-000784	Lee LeClear Tennis Center Improvement	204	376	5,000	-	-	<b>5,580</b>
F-000785	Edgewood Park Community Center	45	956	-	-	-	<b>1,001</b>

**FISCAL YEAR 2017 - 2021**  
**ADOPTED CAPITAL IMPROVEMENT PLAN**

**Table 5. General Government Capital Maintenance Projects**  
**All Funding Sources**  
**2017 - 2021 ADOPTED CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2017-2021
		2017	2018	2019	2020	2021	
F-000849	Restroom Building Upgrades	90	300	100	350	-	<b>840</b>
F-000850	Sagemont Park CC Gym Floor	-	-	-	-	275	<b>275</b>
G-000037	City-County Prisoner Processing Facility	13,137	-	-	-	-	<b>13,137</b>
G-000143	Facility Conditions Assessment Items 1&2	1,000	1,000	1,000	1,000	1,000	<b>5,000</b>
G-000144	Environmental Remediation	200	200	211	200	200	<b>1,011</b>
G-000158	Air Support - ADA & MEP Renovation	-	-	596	-	-	<b>596</b>
G-000164	Westside Fleet Building Roof Replacement	956	-	-	-	-	<b>956</b>
H-000010	Northside Health Center Renovation	294	2,944	-	-	-	<b>3,239</b>
H-000012	John Peavy - Foundation Renovation	319	3,246	-	-	-	<b>3,566</b>
H-000018	Roof Replacement - Reconstruction	420	-	420	-	420	<b>1,260</b>
H-000063	HVAC & MEP Improvement Project	304	-	304	-	304	<b>911</b>
H-000080	Southwest MSC - Renovation	-	-	-	166	1,106	<b>1,272</b>
H-000084	Northeast MSC Renovation	-	-	221	1,475	-	<b>1,696</b>
H-000086	Kashmere MSC Renovation	-	137	912	-	-	<b>1,048</b>
H-000091	Sunnyside MSC/HC	1,846	23,069	-	-	-	<b>24,915</b>
H-000093	Third Ward MSC & HC - Renovation	-	-	-	385	2,570	<b>2,955</b>
H-000094	West End HC - Renovation	-	-	-	228	2,696	<b>2,924</b>
H-000095	West End MSC - Renovation	-	-	-	316	3,757	<b>4,073</b>
H-000101	Denver Harbor MSC - Rehab	-	177	1,180	-	-	<b>1,357</b>
H-000104	Acres Homes MSC - Various Updates	260	1,730	-	-	-	<b>1,990</b>
H-000106	La Nueva Casa HC - Renovation	-	-	362	2,411	-	<b>2,773</b>
H-000111	Environmental Services	300	100	100	100	100	<b>700</b>
H-000122	Riverside HC - Renovation	-	-	456	3,043	-	<b>3,500</b>
H-000123	Denver Harbor MSC - Renovation	-	-	-	123	2,452	<b>2,575</b>
L-000052	Environmental Services	100	100	100	100	100	<b>500</b>
L-000104	Occupancy Code Compliance	-	-	311	104	104	<b>519</b>
L-000105	Locker Room Upgrades - Svc Centers	-	40	200	200	40	<b>480</b>
<b>Total Appropriations:</b>		<b>45,920</b>	<b>95,015</b>	<b>33,249</b>	<b>18,583</b>	<b>28,522</b>	<b>221,289</b>

**FISCAL YEAR 2017 - 2021**  
**ADOPTED CAPITAL IMPROVEMENT PLAN**

**I. Debt Management Policies**

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***

<u>Fiscal Year</u>	<u>GO Debt Service Index</u>	<u>GO Projected Debt Service</u> <sup>(1)(2)</sup>
2016	339,796,065	339,796,065
2017	353,387,908	340,088,757
2018	367,523,424	362,211,539
2019	382,224,361	363,564,363
2020	397,513,336	361,260,928
2021	413,413,869	336,093,791
2022	429,950,424	332,648,350
2023	447,148,441	347,670,187
2024	465,034,378	294,898,227
2025	483,635,753	299,712,031
2026	502,981,184	294,260,775
2027	523,100,431	306,232,840
2028	544,024,448	307,840,552
2029	565,785,426	294,583,687
2030	588,416,843	267,988,185
2031	611,953,517	266,837,374
2032	636,431,657	258,394,214
2033	661,888,924	217,425,939
2034	688,364,481	200,780,743
2035	715,899,060	243,437,924
2036	744,535,022	240,611,020
2037	774,316,423	232,864,195
2038	805,289,080	216,400,127
2039	837,500,643	224,249,284
2040	871,000,669	232,704,195
2041	905,840,696	257,968,325
2042	942,074,324	240,799,634
2043	979,757,297	243,342,346
2044	1,018,947,589	244,582,523
2045	1,059,705,492	248,782,100

- (1) The schedule included in the Proposed / Adopted Operating Budget reflects debt service due only on existing outstanding debt. The schedule provided above includes additional projected debt service due as a result of this CIP and assumes continued capital improvements at the same funding level plus inflation beyond Fiscal Year 2021.
- (2) Schedule provided by the City's financial advisor, First Southwest, a Division of Hilltop Securities Inc., on May 27, 2016.



**FISCAL YEAR 2017 - 2021**  
**ADOPTED CAPITAL IMPROVEMENT PLAN**

## Index of Funds

Program Group	Source of Funds
A-AVIATION FACILITIES	8011 - HAS-Airports Improvement
	FAA/AIP – Federal Aviation Administration/ Airport Improvement Plan
	GRANTS – Various other grants
	REV BONDS/CP – Revenue Bonds
	R&R – Renewable and Replacement Fund
C-FIRE PROTECTION FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4500 - Fire Consolidated Construction Fund
D-GENERAL GOVERNMENT FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	1801 - Dangerous Building Consolidated Fund
	1850 - Reimbursement of Equipment/Projects Fund
	4502 - Parks Consolidated Construction Fund
	4507 - Public Library Consolidated Construction Fund
	4508 - Public Health Consolidated Construction Fund
	4509 - General Improvement Consolidated Construction Fund
	Future Bond Election
E-LIBRARY FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4507 - Public Library Consolidated Construction Fund
	Future Bond Election
F-PARKS AND RECREATION FACILITIES	4035 - Parks & Recreation Dedication Fund
	4502 - Parks Consolidated Construction Fund
	4515 – Contributed Capital Fund
	FrdS Of Lee LeClear – Friends Of Lee LeClear
	Grants- Various other grants
	HPB Fundraising – Houston Park Board Fundraising
	Private Funding
	TIRZ – Tax Increment Reinvestment Zone
G-POLICE FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4504 - Police Consolidated Construction Fund
	Grants – Various other grants
	Harris County Funds
H-PUBLIC HEALTH FACILITIES	TIRZ – Tax Increment Reinvestment Zone
	1800 - Equipment Acquisition Consolidated Fund
	4508 - Public Health Consolidated Constr Fund
L-SOLID WASTE FACILITIES	Future Bond Election
	1800 - Equipment Acquisition Consolidated Fund
	4503 - Solid Waste Consolidated Construction Fd
M-STORM DRAINAGE SYSTEM	Future Bond Election
	4042 - Street & Trfc Control & Strm Drain DDSRF
	8500 - PWE-W&S Syst Consolidated Constr Fd

**FISCAL YEAR 2017 - 2021**  
**ADOPTED CAPITAL IMPROVEMENT PLAN**

Program Group	Source of Funds
N-STREET & TRAFFIC CONTROL	4040A - Metro Construction - Other
	4040 - METRO Projects Construction - DDSRF
	4042 - Street & Trfc Control & Strm Drain DDSRF
	5030 - Federal State Local - Pass Through Fund
	5430 - Federal State Local - PWE Pass thru DDSRF
	8500 - PWE-W&S Syst Consolidated Constr Fd
	Ft Bend Participate
	Harris County
	Harris Ct FCD
	TXDOT-5430
	TXDOT-9999
P-HOMELESS & HOUSING FACILITIES	4501 - Homeless & Housing Consolidated Fund
R-WASTEWATER TREATMENT FACILITIES	4042 - Street & Trfc Control & Strm Drain DDSRF
	8500 - PWE-W&S Syst Consolidated Constr Fd
	Proposed TWDB (8500)
S-WATER UTILITY SYSTEM FACILITIES	4042 - Street & Trfc Control & Strm Drain DDSRF
	8319 - PWE - W & S Contributed CAP
	8500 - PWE-W&S Syst Consolidated Constr Fd
	Proposed TWDB
	Proposed TWDB (8319)
	Proposed TWDB (8500)
	Proposed W&S Cap (8319)
	TWDB Water Auth 8319
	Proposed W&S Cap (8500)
	W-FLEET
2002 - Health Special Revenue	
2009 - Swimming Pool Safety	
2104 - Parks Golf Special	
2106 - Bayou Greenway 2020	
2301 - Building Inspection Fund	
2302 - Stormwater Fund	
2310 - Dedicated Drainage & Street Renewal	
2423 - Special Waste Transportation & Inspect	
8012 - HAS-AIF Capital Outlay	
8305 - PWE-Combined Utility System Gen Pur Fund	
8700 - Parking Management Operating Fund	
X-INFORMATION TECHNOLOGY IMPROVEMENTS	
	2202/2203/2204 - Asset Forfeiture