

Supplementary Information

Financial Policies

Definitions.....	2
General Policies.....	3
Capital Asset Management Policies.....	3
Debt Management Policies.....	7
Index of Funds.....	8

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). New policies were adopted by Ordinance No. 2014-1078 in December 2014 and were subsequently amended by Ordinance No. 2015-0514 to include provisions regarding pay-as-you-go funding in June 2015. In May 2018, the policies were amended by Ordinance No. 2018-390 to revise and update the amended and restated financial policies as a result of the two-year review requirement. The most recent update was amended, by Ordinance no. 2020-999, in November 2020.

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.

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.

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; beginning in FY2020, there shall be a statement explaining why the City is, or is not, in compliance with said policy. Where the City is not in compliance, the statement shall also include a plan for how the City will achieve compliance.

In Compliance

The FY2023 Adopted Budget and the FY2023-2027 CIP include a comprehensive listing of all financial policies and a statement to explain whether it is or in not in compliance as well as a plan for how the City will achieve compliance.

H. Capital Asset Management Policies

As part of the financial policies for the City of Houston (adopted in December 2014 with Ordinance 2014-1078 and amended in May 2018 by Ordinance 2018-0390), 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. ***In Compliance***

The Fiscal Year 2023-2027 Capital Improvement Plan was adopted by City Council on June 29, 2022.

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***

All listed capital projects have an identified funding source.

3. A five-year operating budget impact projection for all projects shall be reported in the CIP. ***In Compliance***

The Fiscal Year 2023-2027 Adopted Capital Improvement Plan includes all departments' operational impacts referring to the personnel, supplies, services, equipment, and non-capital cost identified as a required need within a capital project. See the Operational & Maintenance Section.

4. 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.

FISCAL YEAR 2023-2027 CAPITAL IMPROVEMENT PLAN

5. Beginning in FY2019, over the five-year CIP, an average of 2% of the Current Replacement Value of all General Fund facilities shall be included for capital maintenance in each fiscal year of the CIP and every CIP thereafter. Such funds may be used on any owned General Fund facility. ***In Compliance***

Table 1. Capital Maintenance and Current Replacement Value (CRV)

Capital Maintenance Projects	(\$ Thousands)	% of Total CRV **
FY2023*	109,452	4.2%
FY2024*	77,078	3.0%
FY2025*	122,253	4.7%
FY2026*	37,247	1.4%
FY2027*	13,828	0.5%
Annual Average	71,972	2.8%

*See Table 2 for further details.

**Planned appropriations on capital maintenance projects above 2.0% will help reduce existing deferred maintenance. CRV is \$2,602,837,090 and is based on 2022 Property Insurance Schedule plus 20% for utility and dirt work not included in asset values for insurance purposes.

**Table 2. General Government Capital Maintenance Projects
All Funding Sources**

FISCAL YEAR 2023-2027 PROPOSED CAPITAL IMPROVEMENT PLAN (\$ Thousands)

CIP No.	Project	Fiscal Year Planned Appropriations					2023-2027
		2023	2024	2025	2026	2027	
C-000181	Fire Station 40 Replacement	-	929	1,433	11,327	-	13,689
C-000185	Environmental Remediation	400	200	200	200	200	1,200
C-000194	Minor Projects and Renovations	100	-	-	-	-	100
C-000195	Fire Station 31 Renovation	1,632	-	-	-	-	1,632
C-000196	Fire Station 16 Renovation	639	-	-	-	-	639
C-000200	Fire Station 64 Renovation	-	-	363	4,433	-	4,796
C-000206	Fire Station 55 Replacement	309	-	-	-	-	309
C-000217	HVAC Replacements	550	550	550	550	250	2,450
C-000220	Fire Facilities Roof Replacements	1,000	1,000	1,000	1,000	325	4,325
C-000222	Fire Station 80 Renovation	-	-	293	2,700	-	2,993
C-000234	Fire Station 102 Renovation & Addition	-	-	-	-	1,428	1,428
C-000236	Fire Academy Locker Rooms Renovation	1,323	-	-	-	-	1,323
C-000SAL	Salary Recovery	941	941	941	941	941	4,707
C-HARVEY	HFD HARVEY Restoration Projects	16,926	-	-	-	-	16,926
D-000073	Environmental Remediation	100	50	50	50	-	250
D-000174	City Hall - Drinking Fountains	-	-	-	96	-	96
D-000181	City Hall - Structure Repairs	-	600	-	-	-	600
D-000189	City Hall-Electrical Switchgear Syst	215	-	-	-	-	215
D-000206	City Hall - Exterior Waterproofing	155	1,200	-	-	-	1,355
D-000214	City Hall Annex - Renovate Water System	56	-	-	251	-	307
D-000215	City Hall Annex - Replace Sanitary Line	22	-	-	302	-	324
D-000216	City Hall - Replace Sanitary Line	106	-	-	32	-	138
D-000218	City Hall - Fire Alarm and PA System	1,560	-	-	-	-	1,560
D-000219	City Hall - Renovate Water System	56	-	-	374	-	430
D-000220	City Hall Annex - Fire Alarm and PA Sys	2,003	-	-	-	-	2,003

FISCAL YEAR 2023-2027 CAPITAL IMPROVEMENT PLAN

**Table 2. General Government Capital Maintenance Projects
All Funding Sources
FISCAL YEAR 2023-2027 PROPOSED CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2023-2027
		2023	2024	2025	2026	2027	
D-000223	HVAC Replacements	1,520	500	500	500	-	3,020
D-000224	Roof Replacements	721	-	-	-	-	721
D-000SAL	Salary Recovery	816	816	816	816	831	4,094
D-160010	MCD - Replacement Facility	21,937	-	103,175	-	-	125,112
D-650006	BARC Sanitary Line Replacement	190	-	-	-	-	190
D-650007	BARC Warehouse Replacement	103	1,693	-	-	-	1,796
D-HARVEY	GG HARVEY Restoration Projects	780	-	-	-	-	780
E-000163	Environmental Remediation	100	50	50	50	-	250
E-000236	HVAC Replacements	-	350	-	-	-	350
E-000238	New Montrose Library (Montrose	1,267	-	-	-	-	1,267
E-000242	Roof Replacements & Envelope	500	500	500	-	-	1,500
E-000268	Central Library	960	-	-	-	-	960
E-000270	Blue Ridge Youth Library Renovation	-	435	-	-	-	435
E-000SAL	Salary Recovery	816	816	816	816	816	4,080
E-HARVEY	HPL HARVEY Restoration Projects	3,489	-	-	-	-	3,489
F-000210	Parks Facilities IT Rooms	55	299	-	-	-	354
F-000214	Sharpstown CC Canopy Replacement	415	-	-	-	-	415
F-000218	Lift Stations at Cullen/Herman Brown	-	-	-	-	844	844
F-000220	Milby Park Community Center Roof	-	-	-	-	55	55
F-000224	Beverly Hills Pool Bldg Roof	-	-	-	-	65	65
F-000509	Environmental Remediation	584	350	200	250	-	1,384
F-000640	Pavilion Replacements	42	1,760	1,867	710	-	4,379
F-000703	Swimming Pool Upgrades	843	692	-	-	76	1,611
F-000710	Parks Facilities Roof Replacements	416	320	500	500	-	1,737
F-000785	Edgewood Park Community Center	866	6,100	-	-	-	6,966
F-000848	Friendship Pavilion	910	-	-	-	-	910
F-000856	Independence Heights Park and Comm	1,005	-	-	-	-	1,005
F-000861	Delce Pavilion Replacement	134	1,197	-	-	-	1,331
F-000862	Lift Station Renovations	228	-	-	-	-	228
F-000863	Bricker Pavilion Renovation	110	1,300	-	-	-	1,410
F-000864	Bissonnet Maintenance Facility	378	2,008	-	-	-	2,386
F-000865	Finnigan Pavilion Replacement	164	2,000	-	-	-	2,164
F-000866	Agnes Moffitt Park Pavilion Renovation	176	1,525	-	-	-	1,701
F-000880	Mason Park Roof Replacement	-	586	3,017	-	-	3,603
F-000896	Blueridge Park	-	-	-	65	350	415
F-000898	Hager Park	-	-	45	448	350	843
F-000902	Waldemar Park	-	-	-	305	830	1,135
F-000SAL	Salary Recovery	1,506	1,506	1,506	1,506	1,506	7,532
F-HARVEY	PRD HARVEY Restoration Projects	9,812	1,650	-	-	-	11,462
G-000128	Roof Replacement-Variou HPD Facilities	2,000	2,000	1,000	1,000	-	6,000
G-000144	Environmental Remediation	450	234	234	234	-	1,152
G-000150	Police Academy Improvements	808	-	-	-	-	808
G-000162	Mounted Patrol Site Improvements	432	-	-	-	-	432

FISCAL YEAR 2023-2027 CAPITAL IMPROVEMENT PLAN

**Table 2. General Government Capital Maintenance Projects
All Funding Sources
FISCAL YEAR 2023-2027 PROPOSED CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2023-2027
		2023	2024	2025	2026	2027	
G-000176	HVAC Replacements	800	800	700	800	-	3,100
G-000200	1200 Travis Fire Smoke Dampers	1,710	-	-	-	-	1,710
G-000202	Police Headquarters - 1200 Travis	500	-	-	-	-	500
G-000212	Police Headquarters Parapet & Envelope	1,849	15,366	-	-	-	17,215
G-000SAL	Salary Recovery	1,130	1,130	1,130	1,130	1,130	5,649
G-HARVEY	HPD HARVEY Restoration Projects	9,728	6,510	-	-	-	16,237
H-000063	HVAC & MEP Improvement Project	1,000	-	-	-	-	1,000
H-000080	Southwest MSC - Renovation	1,533	-	-	-	-	1,533
H-000093	Third Ward MSC & HC - Renovation	421	4,050	-	-	-	4,471
H-000094	West End HC - Renovation	3,917	-	-	-	-	3,917
H-000095	West End MSC - Renovation	345	4,173	-	-	-	4,518
H-000106	La Nueva Casa HC - Renovation	407	5,219	-	-	-	5,626
H-000111	Environmental Remediation	200	100	100	100	-	500
H-000122	Riverside HC - Renovation	514	3,501	-	-	-	4,015
H-000132	Holcombe Lab - Roof Replacement	-	-	-	-	2,104	2,104
H-000423	Hiram Clarke MSC - Renovation	-	-	-	1,100	-	1,100
H-000424	Magnolia MSC - Renovation	-	-	-	3,394	-	3,394
H-000SAL	Salary Recovery	753	753	753	753	753	3,766
L-000048	Roof Replacements	768	-	-	-	-	768
L-000052	Environmental Services	534	200	200	200	260	1,394
L-000104	Occupancy Code Compliance	110	-	-	-	-	110
L-000105	Locker Room Upgrades - Svc Centers	42	805	-	-	-	847
L-000112	SWD HVAC Improvements	250	-	-	-	400	650
L-000SAL	Salary Recovery	314	314	314	314	314	1,569
Total Appropriations:		109,452	77,078	122,253	37,247	13,828	359,858

6. Except as required by law or legal agreements, proceeds from the sale of land or other assets shall be designated to the General Fund; and except as required by law or legal agreements, no City bond covenants, or similar agreements shall prohibit such designation or limit the use of such proceeds.

In Compliance

In Fiscal Year 2022 no major land sales occurred.

J. Debt Management Policies

5. 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***

Fiscal Year	GO Debt Service Index	GO Projected Debt Service (1)(2)
2022	392,727,664	392,727,664
2023	408,436,770	396,359,109
2024	424,774,241	389,352,275
2025	441,765,211	362,529,789
2026	459,435,819	352,064,572
2027	477,813,252	346,600,981
2028	496,925,782	329,371,616
2029	516,802,813	316,644,342
2030	537,474,926	299,713,406
2031	558,973,923	312,939,207
2032	581,332,880	298,043,738
2033	604,586,195	259,357,939
2034	628,769,643	235,346,142
2035	653,920,428	275,350,888
2036	680,077,245	268,458,470
2037	707,280,335	264,265,107
2038	735,571,549	236,939,015
2039	764,994,411	246,146,575
2040	795,594,187	254,950,334
2041	827,417,954	287,652,129
2042	860,514,673	270,295,378
2043	894,935,260	282,979,036
2044	930,732,670	293,445,192
2045	967,961,977	307,531,511
2046	1,006,680,456	319,502,729
2047	1,046,947,674	332,861,931
2048	1,088,825,581	254,738,807
2049	1,132,378,604	258,845,864
2050	1,177,673,748	245,085,113
2051	1,224,780,698	236,333,878

(1) The schedule included in the Proposed 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 2027.
 (2) Schedule provided by the City’s financial advisor, Masterson Advisors LLC, on June 7, 2022.

Index of Funds

Program Group	Source of Funds
A-AVIATION FACILITIES	8000 - HAS-Grants
	8011 - HAS-Airports Improvement
	OTHER
	REV BONDS/CP
C-FIRE PROTECTION FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4500 - Fire Consolidated Construction Fund
	Future Bond Election
D-GENERAL GOVERNMENT FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	1801 - Dangerous Building Consolidated Fund
	2301 - Building Inspection Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4504 - Police Consolidated Construction Fund
	4509 - General Improvement Consol Constr Fd
	8305 - HPW-Combined Utility System Gen Pur Fund
	8386 - 2015 Flood Disaster and Recovery Fund
	Future Bond Election
E-LIBRARY FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4507 - Public Library Consolidated Constr Fund
F-PARKS AND RECREATION FACILITIES	2425 - Woodlands Regional Participation
	4035 - Parks & Recreation Dedication Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4502 - Parks Consolidated Construction Fund
	5010 - State - Grant Funded
	5030 - Federal State Local - Pass Through Fund
	5040 - Other Government - Grant Funded
Future Bond Election	
G-POLICE FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4504 - Police Consolidated Construction Fund
	Future Bond Election
	TIRZ11
H-PUBLIC HEALTH FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4508 - Public Health Consolidated Constr Fund
	Future Bond Election
L-SOLID WASTE FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4503 - Solid Waste Consolidated Construction Fd
	Future Bond Election

FISCAL YEAR 2023-2027 CAPITAL IMPROVEMENT PLAN

M-STORM DRAINAGE SYSTEM	4042 - DDSRF CAPITAL FUND-DRAINAGE CHARGE
	4046 - DDSRF CAPITAL FUND-AD VALOREM TAX
	4510 - Contribution for Capital Projects
	5000 - Federal Government - Grant Funded
	5430 - Federal State Local - HPW Pass thru DDSR
	8500 - HPW-W&S Syst Consolidated Constr Fd
N-STREET & TRAFFIC CONTROL	4040 - METRO Projects Construction - DDSRF
	4042 - DDSRF CAPITAL FUND-DRAINAGE CHARGE
	4046 - DDSRF CAPITAL FUND-AD VALOREM TAX
	4510 - Contribution for Capital Projects
	5430 - Federal State Local - HPW Pass thru DDSR
	8500 - HPW-W&S Syst Consolidated Constr Fd
P-HOMELESS & HOUSING FACILITIES	4501 - Homeless & Housing Consolidated Fund
R-WASTEWATER TREATMENT FACILITIES	8500 - HPW-W&S Syst Consolidated Constr Fd
S-WATER UTILITY SYSTEM FACILITIES	4042 - DDSRF CAPITAL FUND-DRAINAGE CHARGE
	5430 - Federal State Local - HPW Pass thru DDSR
	8500 - HPW-W&S Syst Consolidated Constr Fd
	8509 - HPW-SETL Capital Contribution
	8510 - HPW-SETL Construction Fund
T-TIRZ - TAX INCREMENT REINVESTMENT ZONES	TIRZ01
	TIRZ02
	TIRZ02 Bonds
	TIRZ02 Grants
	TIRZ02 Other
	TIRZ03
	TIRZ05
	TIRZ05 COH Contrib.
	TIRZ05 Grants
	TIRZ07
	TIRZ07 Bonds
	TIRZ07 Grants
	TIRZ08
	TIRZ08 Grants
	TIRZ09
	TIRZ10
	TIRZ10 Grants
	TIRZ11
	TIRZ11 Bonds
	TIRZ13
	TIRZ14
	TIRZ15
	TIRZ16

FISCAL YEAR 2023-2027 CAPITAL IMPROVEMENT PLAN

	TIRZ16 COH Contrib.
	TIRZ16 Other
	TIRZ17
	TIRZ17 Grants
	TIRZ18
	TIRZ19
	TIRZ19 Grants
	TIRZ19 Other
	TIRZ20
	TIRZ21
	TIRZ23
	TIRZ25
	TIRZ26
	TIRZ26 Other
	TIRZ27
	TIRZ27 COH Contrib.
	TIRZ27 Grants
W-FLEET	1800 - Equipment Acquisition Consolidated Fund
	2301 - Building Inspection Fund
	2302 - Stormwater Fund
	2311 - DDSRF-Ad Valorem Tax
	4500 - Fire Consolidated Construction Fund
	4504 - Police Consolidated Construction Fund
	8012 - HAS-AIF Capital Outlay
	8305 - HPW-Combined Utility System Gen Pur Fund
	Future Bond Election
X-INFORMATION TECHNOLOGY IMPROVEMENTS	1800 - Equipment Acquisition Consolidated Fund
	4515 - Contributed Capital Project Fund