

Supplementary Information

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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) as well as Ordinance No. 2003-474, dated May 21, 2003. New policies were adopted by Ordinance No. 2014-1078 in December 2014. 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 requirement. The most recent ordinance discussing the City's financial policies is Ordinance No. 2020-999, dated November 24, 2020. On August 30, 2023, these policies were amended by Ordinance No. 2023-726 to revise and update the amended and restated financial policies as required by the two-year review requirement.

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 FY2024 Adopted Budget and the FY2024-2028 Capital Improvement Plan include a comprehensive listing of all financial policies and a statement to explain whether each policy is or is 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 2024-2028 Capital Improvement Plan was adopted by City Council on June 21, 2023.

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 2024-2028 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.

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***

All CIP-related Requests for Council Action coming before City Council for consideration include a Fiscal Note.

FISCAL YEAR 2024-2028 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 **
FY2024*	175,784	6.2%
FY2025*	168,785	6.0%
FY2026*	60,438	2.1%
FY2027*	14,545	0.5%
FY2028*	32,366	1.1%
Annual Average	90,384	3.2%

*See Table 2 for further details (next page)

**Planned appropriations on capital maintenance projects above 2.0% will help reduce existing deferred maintenance. CRV is \$2,815,828 and is based on 2023 Property Insurance Schedule plus 20% for utility and dirt work not included in asset values for insurance purposes.

FISCAL YEAR 2024-2028 CAPITAL IMPROVEMENT PLAN

**Table 2. General Government Capital Maintenance Projects
All Funding Sources
2024-2028 CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2024-2028
		2024	2025	2026	2027	2028	
C-000181	Fire Station 40 Replacement	2,530	1,801	14,854	-	-	19,185
C-000195	Fire Station 31 Renovation	1,632	-	-	-	-	1,632
C-000196	Fire Station 16 Renovation	639	-	-	-	-	639
C-000200	Fire Station 64 Renovation	-	1,210	4,433	-	-	5,643
C-000203	Fire Station 19 Renovation	1,158	-	-	-	-	1,158
C-000206	Fire Station 55 Replacement	309	-	-	-	-	309
C-000217	HVAC Replacements	550	550	550	250	1,000	2,900
C-000222	Fire Station 80 Renovation	-	1,006	8,725	-	-	9,731
C-000234	Fire Station 102 Renovation & Addition	-	-	-	-	2,496	2,496
C-000250	Fire Station 8 Structural Repairs	-	160	-	-	-	160
C-000SAL	Salary Recovery	941	941	941	941	941	4,707
C-00ROOF	Fire Facilities Roof Replacements	1,000	1,000	1,000	325	1,000	4,325
C-EVREMD	Environmental Remediation	200	200	200	200	-	800
C-HARVEY	HFD HARVEY Restoration Projects	16,926	-	-	-	-	16,926
D-000174	City Hall - Drinking Fountains	-	-	96	-	-	96
D-000181	City Hall - Structure Repairs	1,365	-	-	-	-	1,365
D-000189	City Hall-Electrical Switchgear Syst	215	-	-	-	-	215
D-000198	City Hall Annex - Restroom Renovations	1,012	-	-	-	-	1,012
D-000206	City Hall - Exterior Waterproofing	1,200	-	-	-	-	1,200
D-000214	City Hall Annex - Renovate Water System	-	-	251	-	-	251
D-000215	City Hall Annex - Replace Sanitary Line	-	-	302	-	-	302
D-000216	City Hall - Replace Sanitary Line	-	-	32	-	-	32
D-000218	City Hall - Fire Alarm and PA System	1,560	-	-	-	-	1,560
D-000219	City Hall - Renovate Water System	-	-	374	-	-	374
D-000220	City Hall Annex - Fire Alarm and PA Sys	2,003	-	-	-	-	2,003
D-000223	HVAC Replacements	500	500	500	-	-	1,500
D-000228	Rufus Cage Elementary	1,515	-	-	-	-	1,515
D-000240	Structural, Roof & Envelope Improvements	-	500	500	500	500	2,000
D-000SAL	Salary Recovery	1,940	1,940	1,940	1,955	1,939	9,713
D-160010	MCD - Replacement Facility	-	103,175	-	-	-	103,175
D-650007	ARA - BARC Warehouse Replacement	1,796	-	-	-	-	1,796
D-650010	ARA - BARC Facility Revamp Program	4,530	40,777	-	-	-	45,307
D-EVREMD	Environmental Remediation	50	50	50	-	-	150
D-HAR002	GG HARVEY Restoration Projects	260	-	-	-	-	260
D-HAR004	GSD - City Hall Annex Restoration	4,085	-	-	-	-	4,085
D-HAR006	GSD - City Hall Electrical Switchgear	1,220	-	-	-	-	1,220
E-000236	HVAC Replacements	350	-	-	-	-	350
E-000268	Central Library	960	-	-	-	-	960
E-000270	Blue Ridge Youth Library Renovation	435	-	-	-	-	435
E-000276	Environmental Remediation	50	50	50	-	-	150

FISCAL YEAR 2024-2028 CAPITAL IMPROVEMENT PLAN

**Table 2. General Government Capital Maintenance Projects
All Funding Sources
2024-2028 CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2024-2028
		2024	2025	2026	2027	2028	
E-000278	Roof Replacements & Envelope	500	500	550	550	600	2,700
E-000280	Heights Library Renovation	-	-	-	-	2,496	2,496
E-000282	JIB Structural Improvements Phase 2-3	-	-	-	-	1,102	1,102
E-000SAL	Salary Recovery	816	816	816	816	816	4,080
E-HAR002	HPL HARVEY Restoration Projects	79	-	-	-	-	79
F-000210	Parks Facilities IT Rooms	299	-	-	-	-	299
F-000218	Lift Stations at Cullen/Herman Brown	-	-	-	844	-	844
F-000220	Milby Park Community Center Roof	-	-	-	55	-	55
F-000234	Beverly Hills Pool Bldg Roof	-	-	-	65	-	65
F-000240	Parks Facilities Roof Replacements	-	500	500	-	925	1,925
F-000640	Pavilion Replacements	1,760	500	710	-	-	2,970
F-000703	Swimming Pool Upgrades	1,332	-	-	1,407	1,650	4,389
F-000785	Edgewood Park Community Center	6,100	-	-	-	-	6,100
F-000848	Friendship Pavilion	887	-	-	-	-	887
F-000856	Independence Heights Park and Comm Cntr	855	-	-	-	-	855
F-000863	Bricker Pavilion Renovation	1,302	-	-	-	-	1,302
F-000864	Bissonnet Maintenance Facility	2,386	-	-	-	-	2,386
F-000865	Finnigan Pavilion Replacement	2,003	-	-	-	-	2,003
F-000866	Agnes Moffitt Park Pavilion Renovation	1,528	-	-	-	-	1,528
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	2,125	2,968
F-000902	Waldemar Park	-	-	305	830	-	1,135
F-000914	Trinity Gardens Pavilion Repairs	1,199	-	-	-	-	1,199
F-000916	Tidwell Park Aquatic Facility	10,250	-	-	-	-	10,250
F-000928	Melrose Park	1,065	-	-	-	-	1,065
F-000944	Eastwood Park Swimming Pool Replacement	-	-	-	-	5,378	5,378
F-000948	Marian Recreation Ctr Roof Replacement	320	1,380	-	-	-	1,700
F-000SAL	Salary Recovery	1,506	1,506	1,506	1,506	1,506	7,531
F-COI005	Lawndale Dog Park	580	-	-	-	-	580
F-COJ003	Walter Rasmus Park	500	-	-	-	-	500
F-EVREMD	Environmental Remediation	634	200	250	-	-	1,084
F-HAR002	PRD HARVEY Restoration Projects	11,452	-	-	-	-	11,452
G-000176	HVAC Replacements	800	700	800	-	-	2,300
G-000200	1200 Travis Fire Smoke Dampers	5,686	-	-	-	-	5,686
G-000212	Police Headquarters Parapet & Envelope	16,715	-	-	-	-	16,715
G-000222	Police HQ Electrical Switchgear	-	-	-	510	3,900	4,410
G-000SAL	Salary Recovery	1,130	1,130	1,130	1,130	1,130	5,649
G-00ROOF	HPD Roof Replacements	2,000	1,000	1,000	-	-	4,000
G-EVREMD	Environmental Remediation	384	234	234	234	234	1,320

FISCAL YEAR 2024-2028 CAPITAL IMPROVEMENT PLAN

**Table 2. General Government Capital Maintenance Projects
All Funding Sources
2024-2028 CAPITAL IMPROVEMENT PLAN (\$ Thousands)**

CIP No.	Project	Fiscal Year Planned Appropriations					2024-2028
		2024	2025	2026	2027	2028	
G-HARVEY	HPD HARVEY Restoration Projects	16,237	-	-	-	-	16,237
H-000063	HVAC & MEP Improvement Project	-	-	-	-	500	500
H-000080	Southwest MSC - Renovation	24	-	-	-	-	24
H-000084	HHD Northeast MSC HVAC Systems Upgrades	286	-	-	-	-	286
H-000093	Third Ward MSC & HC - Renovation	4,471	-	-	-	-	4,471
H-000094	West End HC - Renovation	3,917	-	-	-	-	3,917
H-000095	West End MSC - Renovation	4,518	-	-	-	-	4,518
H-000106	La Nueva Casa HC - Renovation	5,626	-	-	-	-	5,626
H-000122	Riverside HC - Renovation	4,015	-	-	-	-	4,015
H-000132	Holcombe Lab - Roof Replacement	-	-	2,623	-	-	2,623
H-000423	Hiram Clarke MSC - Renovation	-	-	1,100	-	-	1,100
H-000424	Magnolia MSC - Renovation	-	-	3,394	-	-	3,394
H-000428	Warehouse Facility	4,000	-	-	-	-	4,000
H-000430	Roof Replacement & Bldg. Envelope	-	500	-	-	-	500
H-000434	Headquarters HVAC Upgrade	-	1,030	8,042	-	-	9,072
H-000436	Headquarters Elevator Upgrade	3,345	-	-	-	-	3,345
H-000SAL	Salary Recovery	753	753	753	753	754	3,767
H-EVREMD	Environmental Remediation	100	100	100	-	-	300
L-000105	Locker Room Upgrades - Svc Centers	805	-	-	-	-	805
L-000112	SWD HVAC Improvements	-	500	-	400	-	900
L-000126	Neighborhood Depository Upgrades	1,353	-	-	-	-	1,353
L-000130	Environmental Services	434	200	200	260	260	1,354
L-000132	Roof Replacements	-	-	800	-	800	1,600
L-000SAL	Salary Recovery	314	314	314	314	314	1,569
Total Appropriations:		175,784	168,785	60,438	14,545	32,366	451,918

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 FY2023 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)
2023	\$394,970,492	\$394,970,492
2024	\$410,769,311	\$386,625,411
2025	\$427,200,084	\$350,969,238
2026	\$444,288,087	\$374,785,370
2027	\$462,059,611	\$370,477,797
2028	\$480,541,995	\$355,094,394
2029	\$499,763,675	\$339,920,561
2030	\$519,754,222	\$336,412,273
2031	\$540,544,391	\$356,210,410
2032	\$562,166,166	\$370,508,449
2033	\$584,652,813	\$295,810,354
2034	\$608,038,925	\$275,192,936
2035	\$632,360,482	\$307,872,900
2036	\$657,654,902	\$301,116,308
2037	\$683,961,098	\$299,107,481
2038	\$711,319,542	\$275,892,434
2039	\$739,772,323	\$290,837,868
2040	\$769,363,216	\$302,454,521
2041	\$800,137,745	\$338,184,261
2042	\$832,143,255	\$323,917,019
2043	\$865,428,985	\$339,727,811
2044	\$900,046,144	\$353,518,896
2045	\$936,047,990	\$371,041,027
2046	\$973,489,910	\$378,831,806
2047	\$1,012,429,506	\$395,570,211
2048	\$1,052,926,686	\$321,636,028
2049	\$1,095,043,754	\$330,231,358
2050	\$1,138,845,504	\$313,359,099
2051	\$1,184,399,324	\$302,576,025
2052	\$1,231,775,297	\$291,045,532

(1) The schedule included in the 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 2028.
 (2) Schedule provided by the City’s financial advisor, Masterson Advisors LLC, on June 2, 2023.

Index of Funds

Program Group	Source of Funds
A-AVIATION FACILITIES	8000 - HAS-Grants
	8011 - HAS-Airports Improvement
	8013 - HAS-Passenger Facility Charges
	8019 - IAH Passenger Facility Charge Fund
	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
D-GENERAL GOVERNMENT FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	1801 - Dangerous Building Consolidated Fund
	1850 - Reimbursement of Equipment/Projects Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4507 - Public Library Consolidated Constr Fund
	4509 - General Improvement Consol Constr Fd
	8305 - HPW-Combined Utility System Gen Pur Fund
	8386 - Disaster Recovery Fund – CUS
New BARC Fund	
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	1800 - Equipment Acquisition Consolidated Fund
	2425 - Woodlands Regional Participation
	4035 - Parks & Recreation Dedication Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4502 - Parks Consolidated Construction Fund
	4515 - Contributed Capital Project Fund
	5010 - State - Grant Funded
	5030 - Federal State Local - Pass Through Fund
5040 - Other Government - Grant Funded	
G-POLICE FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4504 - Police Consolidated Construction Fund
H-PUBLIC HEALTH FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4508 - Public Health Consolidated Constr Fund
	5000 - Federal Government - Grant Funded
L-SOLID WASTE FACILITIES	1800 - Equipment Acquisition Consolidated Fund
	4503 - Solid Waste Consolidated Construction Fd
M-STORM DRAINAGE SYSTEM	4042 - DDSRF CAPITAL FUND-DRAINAGE CHARGE
	4046 - DDSRF CAPITAL FUND-AD VALOREM TAX

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	4510 - Contribution for Capital Projects
	4515 - Contributed Capital Project Fund
	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
	5400 - Federal Government-PWE Grant Funded-DDSR
	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
	TIRZ01 Grants
	TIRZ01 Other
	TIRZ02
	TIRZ02 Bonds
	TIRZ02 Grants
	TIRZ02 Other
	TIRZ03
	TIRZ05
	TIRZ05 COH Contrib.
	TIRZ05 Grants
	TIRZ07
	TIRZ07 Bonds
	TIRZ07 Grants
	TIRZ08
	TIRZ08 Grants
	TIRZ09
	TIRZ09 Other
	TIRZ10
	TIRZ11
	TIRZ11 Bonds
	TIRZ13

FISCAL YEAR 2024-2028 CAPITAL IMPROVEMENT PLAN

	TIRZ13 Grant
	TIRZ14
	TIRZ15
	TIRZ16
	TIRZ16 COH Contrib.
	TIRZ16 Other
	TIRZ17
	TIRZ17 Grants
	TIRZ18
	TIRZ19
	TIRZ19 Grants
	TIRZ20
	TIRZ20 Grants
	TIRZ21
	TIRZ22
	TIRZ23
	TIRZ25
	TIRZ26
	TIRZ26 Other
	TIRZ27
	TIRZ27 COH Contrib.
	TIRZ27 Grants
W-FLEET	1011 - Workers Compensation Admin Fund
	1800 - Equipment Acquisition Consolidated Fund
	2009 - Swimming Pool Safety
	2010 - Essential Public Health Services
	2301 - Building Inspection Fund
	2302 - Stormwater Fund
	2311 - DDSRF-Ad Valorem Tax
	4039 - Misc Cap. Projects/Acquisitions CP Ser E
	4500 - Fire Consolidated Construction Fund
	4504 - Police Consolidated Construction Fund
	5010 - State - Grant Funded
	5030 - Federal State Local - Pass Through Fund
	8012 - HAS-AIF Capital Outlay
	8305 - HPW-Combined Utility System Gen Pur Fund
	8700 - ParkHouston
	9002 - Fleet/Equipment Special Revenue
X-INFORMATION TECHNOLOGY IMPROVEMENTS	1800 - Equipment Acquisition Consolidated Fund
	4515 - Contributed Capital Project Fund
	5309 - ARPA Recovery Fund