

CAPITAL IMPROVEMENT PLAN SUMMARY

In November 1983, the City Council established a five-year capital improvement planning process for physical improvements to public facilities and infrastructure. By resolution, it became City policy to engage in a continuous five-year capital improvement planning process that includes annual review, revision, and adoption of a five-year Capital Improvement Plan (CIP). 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 current Capital Budget, and it is revised throughout the year as needs dictate or when changes are made to existing approved capital projects.

The CIP provides a schedule for capital project implementation and anticipated project allocations. Details on capital projects for public improvement programs which include Fire, General Government, Library, Parks, Police, Health, Solid Waste Management, Storm Sewer, Streets and Traffic Control, and Housing projects are included as well as enterprise capital programs which are Airport, Convention & Entertainment (C&E), Wastewater, and Water.

Presented below is a summary of the planned appropriations for the FY2012-16 CIP*:

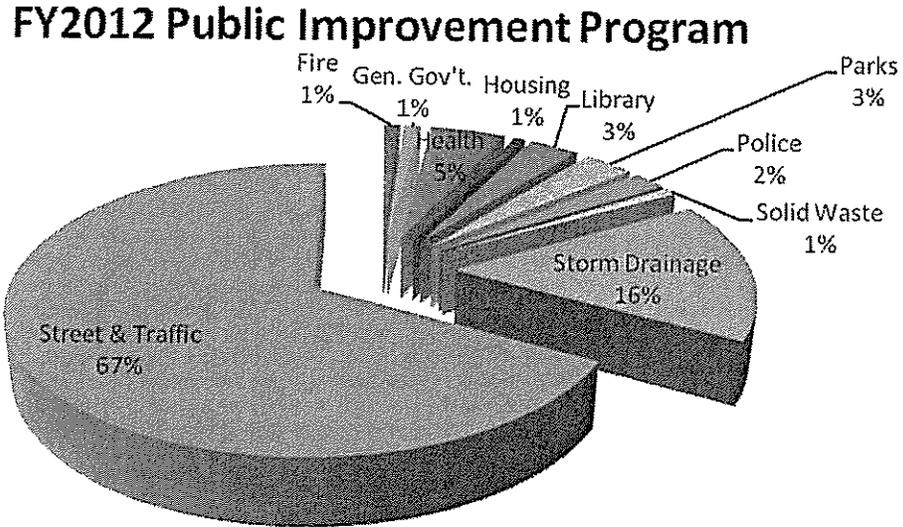
| | (\$ Thousands) | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|------------------|
| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>Total</u> |
| <u>Enterprise Programs</u> | | | | | | |
| Aviation | 322,750 | 211,065 | 106,527 | 10,800 | 255,623 | 906,765 |
| Conv. & Ent. | 5,285 | 6,593 | 4,980 | 5,185 | 6,820 | 28,863 |
| WasteWater | 258,440 | 187,161 | 183,470 | 186,255 | 184,213 | 999,539 |
| Water | <u>251,965</u> | <u>189,396</u> | <u>186,290</u> | <u>219,457</u> | <u>219,214</u> | <u>1,066,322</u> |
| Total: | 838,440 | 594,215 | 481,267 | 421,697 | 665,870 | 3,001,489 |
| <u>Public Improvement Programs</u> | | | | | | |
| Fire | 4,612 | 17,458 | 12,725 | 10,725 | 10,825 | 56,345 |
| Gen. Gov't. | 4,598 | 3,220 | 2,125 | 2,275 | 2,250 | 14,468 |
| Health | 22,343 | 6,300 | 3,979 | 5,700 | 5,700 | 44,022 |
| Housing | 3,184 | 3,000 | 3,000 | 3,000 | 3,000 | 15,184 |
| Library | 14,459 | 7,350 | 7,791 | 8,150 | 8,570 | 46,320 |
| Parks | 14,510 | 22,308 | 13,512 | 11,200 | 10,225 | 71,755 |
| Police | 9,583 | 36,716 | 23,450 | 28,275 | 14,245 | 112,269 |
| Solid Waste | 3,596 | 1,134 | 3,766 | 2,100 | 2,975 | 13,571 |
| Storm Drainage | 72,853 | 50,350 | 55,277 | 53,929 | 48,633 | 281,042 |
| Street & Traffic | <u>307,720</u> | <u>138,242</u> | <u>145,466</u> | <u>166,691</u> | <u>118,460</u> | <u>876,579</u> |
| Total: | 457,458 | 286,078 | 271,091 | 292,045 | 224,883 | 1,531,555 |

* Tax Increment Reinvestment Zones (TIRZ) projects are not included.

The FY2012 Capital Budget calls for the appropriation of \$1.3 billion in FY2012. Of the total appropriations planned, \$838 million is for enterprise programs funded with user-fee supported revenue bonds and the remaining \$457 million addresses a full range of capital facility and infrastructure improvements that use the issuance of tax-supported Public Improvement Bonds (PIBs). The citizens of Houston approved a Bond Election for \$625 million in November 2006.

Of the public improvement programs, the Streets and Traffic Control program is the largest with \$308 million of planned appropriations in FY2012 (See Figure 1), followed by Storm Drainage with \$73 million of the FY2012 total.

Figure 1.

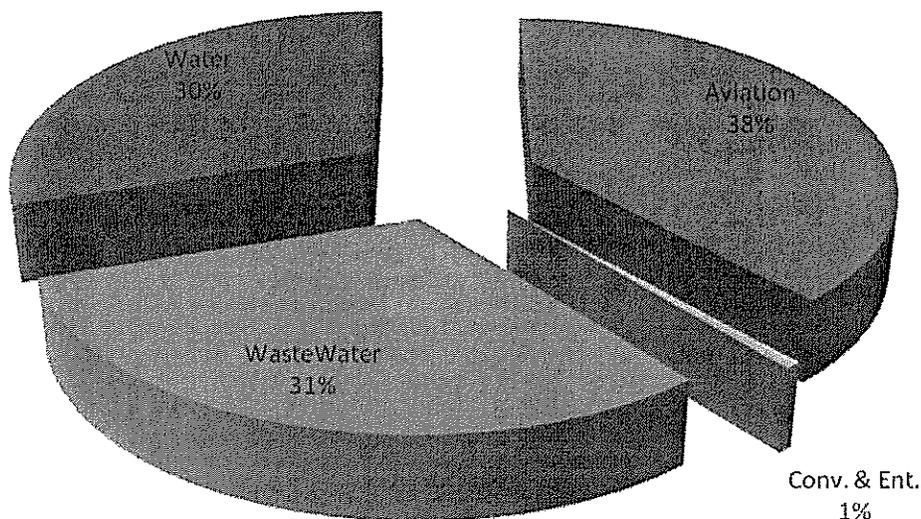


Public improvement projects include vertical and horizontal construction projects for general public use, services, and safety. Significant projects are the continued construction, rehabilitation and renovation of the library system; continued implementation of the "Parks Master Plan" program; upgrading or replacing of the police department radio infrastructure and system, and other public safety facilities; replacement, rehabilitation and construction of fire stations; and replacement or upgrading of Solid Waste Facilities. In addition, the FY2012 plan places continued emphasis on the construction of various drainage systems, paving and reconstruction of many major thoroughfares and transit streets, bridge rehabilitation, street lighting improvements, railroad crossing improvements and continuation of the neighborhood street reconstruction and Safe School Sidewalk program.

The enterprise programs include projects that are primarily funded from user-fee supported revenue bonds. The enterprise capital programs for FY2012 total \$838 million. This is distributed among the four programs as illustrated in Figure 2. Airport Facilities Improvements constitute the largest enterprise program and represents \$323 million of the planned appropriations. Wastewater Treatment Facilities and Water System Improvements represent \$510 million combined, while C&E projects comprise the remaining \$5.3 million.

Figure 2.

FY2012 Enterprise Programs



Bond proceeds and commercial paper will provide most of the funding for these projects. Other funding sources which support the CIP include: Community Development Block Grants, Metropolitan Transit Authority funds, Harris County funds, Federal Aviation Administration funds, the Airport Improvement funds, Environmental Protection Agency funds, Texas Department of Transportation funds, and Airport, Wastewater, and Water Renewal and Replacement funds. The City is also considering a new bond authorization to be approved by voters.

Capital improvement costs in the CIP are classified into two categories: direct project costs and associated increases to annual operational costs. Examples of direct project costs include purchases of land or facilities, design and construction of new facilities or renovation of existing facilities, and initial equipment purchases for new or renovated facilities. Operating cost includes staffing, maintenance or service (including electrical) costs related to new, renovated or expanded facilities, and also debt expenditures related to Tax Supported and Revenue bonds. The impacts of operating costs are monitored closely for inclusion in each department's annual operating budget.

The FY2013-17 Capital Improvement Plan is expected to be presented to City Council for adoption by the end of FY2012.

The following chart outlines anticipated appropriations within the Capital Improvement Plan for Fiscal Year 2012 for both Public and Enterprise programs over \$10 million. These projects include all funding sources available to the City of Houston, including partnerships with other governments and private entities. Planned appropriations are correlated to spending, however, due to the nature and length of construction timelines, spending can span multiple fiscal years.

FISCAL YEAR 2013 BUDGET

| Project Name | Planned Appropriations (\$ Thousands) |
|---|---------------------------------------|
| A-000483 TERMINAL D REMODELING - GBIAH | 116,929 |
| S-000035 Neighborhood Water Main Replacement Program | 99,870 |
| R-000265 Wastewater Treatment and Sludge Plant Improvements Program | 49,430 |
| A-000565 TERMINAL B EXPANSION PROGRAM - GBIAH | 47,919 |
| S-000900 Surface Water Transmission Program | 46,450 |
| A-000091 MODIFY/EXPAND CENTRAL PLANT - GBIAH | 44,491 |
| R-000266 Neighborhood Sewer Rehabilitation Program in various Service Areas | 39,523 |
| R-000267 Lift Station Renewal and Replacement Improvements Program | 36,887 |
| N-000785 Bridges Replacement/Expansion along Brays and Sims Bayou | 32,250 |
| S-000056 East Water Purification Plant | 29,212 |
| R-000509 69th Street Wastewater Treatment Plant Improvements Program | 28,116 |
| N-001318 Elysian Viaduct from IH10 to Commerce Street (TxDOT Led Project) | 23,000 |
| R-000295 Citywide TCEQ Compliance Program | 21,572 |
| N-000420 Hike & Bike Trail Program | 18,373 |
| N-000791 Greens Road Paving and Drainage: SH249 to City Limit (Burlington Northern Railroad Tracks) | 16,577 |
| N-000611 TXDOT Street Systems Projects | 14,400 |
| R-002003 Northside Sewer Relief Tunnel Rehabilitation Program | 13,795 |
| M-000247 Nottingham and Yorkshire Drainage and Paving | 13,175 |
| N-000582 S. Shaver Paving & Drainage: IH-45 to S.H. 3 | 13,138 |
| M-000287 Wirt Road Drainage and Paving | 12,906 |
| N-000381 Neighborhood Street Reconstruction Project 449 | 11,938 |
| A-000571 REHABILITATE TAXIWAY WA AND WB - GBIAH | 11,280 |
| A-000557 TERMINAL A POWER SUPPLY ELECTRICAL VAULTS - GBIAH | 11,270 |
| N-000784 Buffalo Speedway Paving & Drainage: Holmes Rd. to Airport Blvd. Sub-Project 1: Road Construction Sub-Project 2: Grade Separation at Holmes | 11,047 |
| A-000568 NEW IAH RUNWAY MASTER PLAN (INCLUDING ARFF) - GBIAH | 11,000 |
| A-000597 ROADWAY SIGNAGE - GBIAH | 10,573 |
| R-IT2008 Safety Radio System Upgrade | 10,296 |
| N-000533 Ella (Wheatley) Paving and Drainage: W. Little York to W. Gulf Bank | 10,275 |
| N-000670 Railroad Crossing Improvements - Harrisburg Overpass/Underpass at Union Pacific Railroad Tracks. | 10,000 |