



**Finance**  
Department



# Proposed Capital Improvement Plan FY2023-FY2027

Finance Department

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# Overview

## The Capital Improvement Plan:

- Focus of this year's CIP will be ongoing Hurricane Harvey recovery and continued investment in fleet
- A rolling 5-year plan of projected projects
- This plan is a live document and subject to change due to environmental factors, funding, budgets, shifting priorities, scheduling, citizens' input, etc.
- Covers four components:
  - Public Improvement Program (PIP), Build Houston Forward (ReBuild Houston), Enterprise Fund Program, and Component Units





# CIP Organization – four components

- **Public Improvement Program (PIP):**
  - General Fund departments including Fire, General Improvements, Health, Housing, Library, Parks, Police, Solid Waste
- **Build Houston Forward (ReBuild Houston):**
  - Storm drainage and street infrastructure (tabs Storm Drainage and Street & Traffic)
- **Enterprise Fund Program:**
  - The City’s business-type entities (closed financial systems) including the Combined Utility System (CUS - tabs Water and Wastewater) and the Houston Airport System (HAS).
- **Component Units:**
  - includes legally separate organizations from the City that are financially closely-related (as reported in the City’s Annual Comprehensive Financial Report)
    - Houston Parks Board, Houston First, and Houston Zoo
    - TIRZ (*The FY2023-2027 Proposed CIP includes plan amounts from the FY2022-2026 and FY2021-2025 Adopted TIRZ CIPs because TIRZ budgets are normally adopted in August and September, well after the Proposed CIP is adopted*)





# Funding Sources

- **Public Improvement Program (PIP)**
  - General Fund supported debt (Public Improvement Bonds)
  - Other community donations, contributions and grants
- **Build Houston Forward (ReBuild Houston)**
  - Revenue from Drainage Utility Charge & Developer Impact Fee
  - Ad valorem that previously went to paying debt service for street and drainage projects
    - Build Houston Forward (ReBuild) CIP is planned using the 11.8 cent equivalent
  - 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





# CIP Plan Comparison

- The FY2023-2027 CIP is an estimated \$10.3 billion from all funding sources.
  - Enterprise Programs total \$8.6 billion including Build Houston Forward (ReBuild Houston)
  - Public Improvement Programs total \$799 million
  - Component Units total \$958 million

Plan Comparison (\$ millions)	FY2022-2026		FY2023-2027	
Public Improvement Bonds	658	93%	735	92%
All Other Funding Sources	<u>52</u>	<u>7%</u>	<u>64</u>	<u>8%</u>
Public Improvement Program *	710	9%	799	8%
Build Houston Forward (ReBuild Houston)	1,965	24%	2,003	19%
Combined Utility System	3,113	38%	4,223	41%
Houston Airport System	1,407	17%	2,344	23%
Component Units **	989	12%	958	9%
<b>TOTAL</b>	<b><u>8,184</u></b>	<b>100%</b>	<b><u>10,327</u></b>	<b>100%</b>

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

\*\* Net of overlap with Public Improvement Programs and Street & Traffic



# Construction Escalations

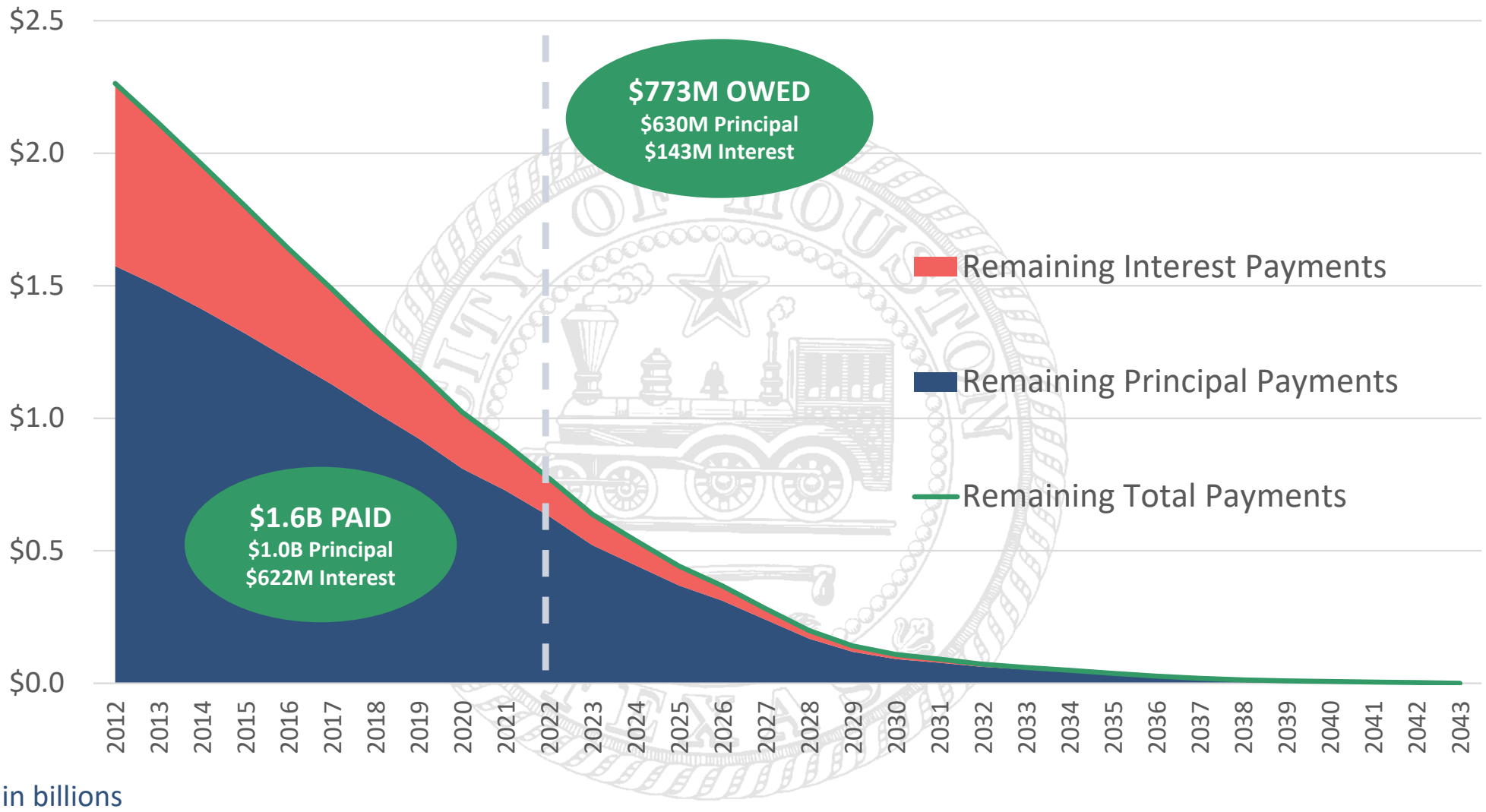


- Unexpected consequences of the COVID-19 pandemic include spikes in building material costs which have led to increased project costs and completion delays.
- The FY2023-2027 CIP includes escalations for previously planned projects mainly in Fiscal Years 2022 and 2023.
- Future projects will be evaluated for construction escalations to be included in future Capital Improvement Plans.



# Street and Drainage Debt

as of June 7, 2022



# Harvey Focus — Public Improvement Program \$173M



- **Major projects include:**

- Municipal Courts Replacement (CITYWIDE)\*: \$125M
- Riesner Facilities and other (CITYWIDE): \$13.4M
- Police Headquarters Envelope & Mitigation (CITYWIDE): \$2.8M
- Fire Station 104 (E): \$16.9M
- City Hall City Hall Annex Improvements (CITYWIDE): \$580k
- African American Library at the Gregory School (CITYWIDE): \$3.5M
- Sagemont Park Leak Repairs (D): \$74K
- TIGER 4 (Citywide): \$7.2M
- Other Parks recovery projects: \$3.6M
- Other Harvey recovery projects: \$195k

*\*Note: Municipal Courts Permanent Restoration funding reimbursement under review by FEMA*





# Harvey Focus — Houston Public Works



- **Major projects include:**
  - **Damage to Utility Facilities: > \$1 billion (est.)**
    - Drinking Water Facilities (5-10% of damage)
    - Wastewater Facilities (90+% of damage)
  - **Mitigation Opportunities**
    - **Public Assistance (FEMA/TDEM)**
      - Utility System Facilities Relocation, Consolidation, Hardening, etc.
    - **Hazard Mitigation Grant Program (FEMA/TDEM)**
      - Inwood Forest
      - North Canal
      - Lake Houston Dam
      - Memorial City
    - **Community Development Block Grant – Mitigation (HUD/GLO)**
      - Local Action Plan, H-GAC and Harris County MODs, GLO



# Timeline



- Friday, June 17<sup>th</sup> Proposed FY2023-2027 CIP released on Sharepoint
- Tuesday, June 21<sup>st</sup> Budget and Fiscal Affairs Committee
- Friday, June 24<sup>th</sup> CIP amendments due
- June 29<sup>th</sup> – July 6<sup>th</sup> Council Action on Proposed CIP



# Bond Election History



- Bond elections have historically been held every four to six years, with the last one occurring in November of 2017.

Category (\$ Thousands)	1991	1997	2001	2006	2012	2017
Streets and Drainage	314,730	350,000	474,000	320,000	-	-
Parks and Recreation	20,300	30,000	80,000	55,000	166,000	104,000
Public Safety	40,750	53,160	82,000	135,000	144,000	159,000
General Improvement*	97,020	91,840	80,000	60,000	57,000	109,000
Public Libraries	7,200	-	40,000	37,000	28,000	123,000
Low Income Housing	20,000	20,000	20,000	18,000	15,000	-
<b>Total</b>	<b>500,000</b>	<b>545,000</b>	<b>776,000</b>	<b>625,000</b>	<b>410,000</b>	<b>495,000</b>

\*Includes Solid Waste, Health, and General Government





**Thank You!**  
**Questions/Comments?**

