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.

Presented in separate documents, the two-volume CIP provides a schedule for capital project implementation and anticipated project allocations. Volume One includes 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. Volume Two contains the enterprise capital programs which are Airport, Convention & Entertainment (C&E), Wastewater, and Water.

Presented below is a summary of the planned appropriations for the FY2011-2015 CIP*:

($ Thousands)

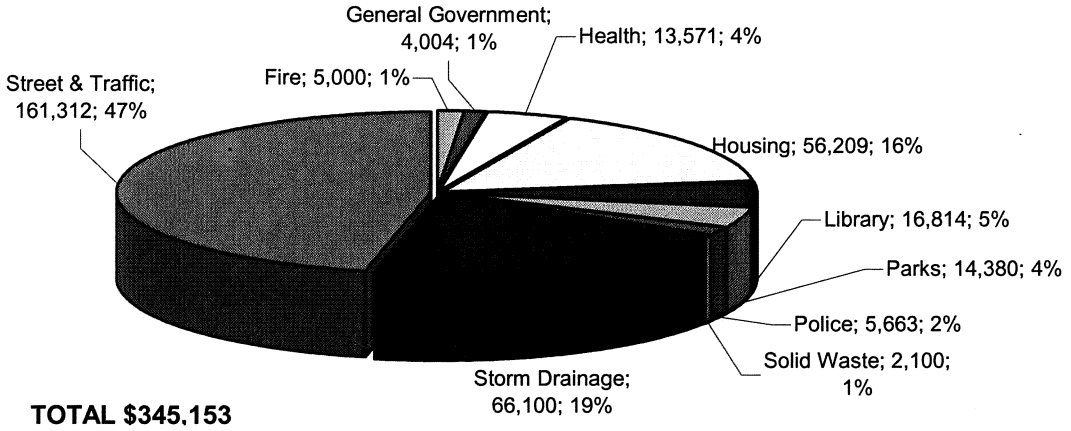
	2011	2012	2013	2014	2015	TOTAL
Fire	5,000	10,925	8,875	12,875	13,800	51,475
General Government	4,004	10,475	2,355	1,600	2,250	20,684
Health	13,571	8,864	6,200	6,050	5,700	40,385
Housing	56,209	59,735	59,783	0	0	175,727
Library	16,814	1,703	2,682	14,587	8,083	43,869
Parks	14,380	10,400	18,700	14,387	11,200	69,067
Police	5,663	2,874	42,055	23,820	28,275	102,687
Solid Waste	2,100	1,400	2,000	3,000	2,100	10,600
Storm Drainage	66,100	55,850	58,300	57,600	57,400	295,250
Street & Traffic	161,312	161,312	130,292	119,069	193,698	765,683
SUB TOTAL	**345,153**	**323,538**	**331,242**	**252,988**	**322,506**	**1,575,427**
Aviation	241,218	73,138	75,966	92,398	52,056	534,776
Convention & Ent.	2,356	2,545	3,265	3879	0	12,045
WasteWater	185,780	200,700	185,000	185,000	185,500	941,980
Water	184,930	198,800	195,500	227,000	185,000	991,230
SUB TOTAL	**614,284**	**475,183**	**459,731**	**508,277**	**422,556**	**2,480,031**
TOTAL	**959,437**	**798,721**	**790,973**	**761,265**	**745,062**	**4,055,458**

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

The FY2011 Capital Budget calls for the appropriation of $959 million in FY2011. Of the total appropriations planned, $614 million is for enterprise programs funded with user-fee supported revenue bonds and the remaining $345 million addresses a full range of capital facility and infrastructure improvements that are primarily funded through 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 $161 million of the planned appropriations in FY2011 (See Figure1) followed by the Storm Drainage with $66 million and Housing with $56 million of the FY2011 total.

FIGURE 1
FY2011 PUBLIC IMPROVEMENT PROGRAMS PLANNED APPROPRIATIONS
($ Thousands)



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 including a significant renovation of the Julia Ideson Library; continued implementation of the "Parks Master Plan" program; upgrading or replacing of the police department radio infrastructure and system, and participation in a new, joint Prisoner Processing Center; replacement, rehabilitation and construction of fire stations; and replacement or upgrading of Solid Waste Facilities. In addition, the FY2011 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 (Airport, C&E, Wastewater, and Water). The enterprise capital programs for FY2011 approximately total $614 million. This is distributed among the four programs as illustrated in Figure 2. Airport Facilities Improvements constitute the largest enterprise program and represents $241 million of the planned appropriations. Wastewater Treatment Facilities and Water System Improvements represent $185 million each, while C&E projects comprise the remaining $2.3 million.

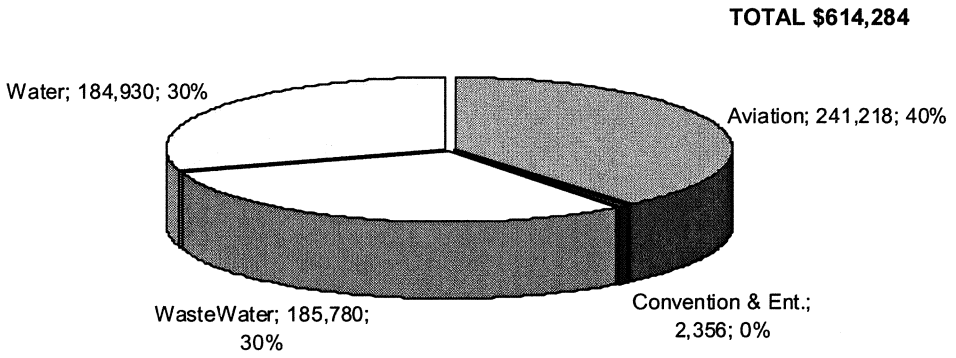
The FY2011 Houston Airport System Program continues to upgrade and expand the City's airports to meet its customer needs. This includes the continual upgrading and construction of various facilities at William P. Hobby, George Bush Intercontinental, and Ellington Airports. Significant projects include construction of a new Air Traffic Control Tower at EFD, a new taxiway at IAH; and the remodeling and expansion of Terminal D at IAH. Minor runway rehabilitations are planned throughout 2011-2015 at all three airports.

C&E anticipates a significant increase in convention business in the future years, consistent with the City's growth projections. C&E plans include upgrading and maintaining some of the more prominent landmarks, creating attractions for clients and patrons, and alleviating safety concerns. Additionally, for eligible projects that do not generate revenue (such as the free Miller Outdoor Theater), the City is employing General Government bonds to provide renovation or improvement.

Water System Improvements include expansion and improvement of the Southeast Water Purification Plant, construction and rehabilitation of various surface water transmission facilities, and expansion and rehabilitation of groundwater facilities including wells, tanks, and pump stations. The City's water system relies on both surface and groundwater supplies. Surface water is taken from Lake Conroe and Lake Houston in the San

Jacinto River System and Lake Livingston in the Trinity River System. In aggregate, these supplies are sufficient to meet the City's expected water requirements well beyond the year 2035.

FIGURE 2
FY2011 ENTERPRISE PROGRAMS PLANNED APPROPRIATIONS
($ Thousands)



The major portion of the Wastewater Capital Improvement Program is planned for the Sewer Rehabilitation Program and renewal, replacement or expansion of Wastewater Treatment Plants. In addition, provisions are made for the renewal/replacement of various components of Wastewater sludge processing facilities, citywide renewal/replacement of various deteriorated neighborhood sewer systems, and renewal/replacement of various pumps and lift stations. The FY2011 CIP also includes significant funding for numerous wastewater and enhancement-related projects to meet requirements of the Texas Commission on Environmental Quality.

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. Operating costs impact on the Operating Budget is displayed only in the year of startup of a facility (usually at the completion of a facility) and subsequently they become a normal cost of the Operating Budget unless there is an incremental increase above initial costs while the facility is included in the CIP. The impacts of operating costs are monitored closely for inclusion in each department's annual operating budget.

The following chart outlines anticipated appropriations within the Capital Improvement Plan for Fiscal Year 2011 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 government 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. Expenditure forecasts are calculated on a monthly basis and updated quarterly into the City's debt models.

CIP No.	Project Name	Planned Appropriation ($ Thousands)
A-000483	Terminal D Remodeling - GBIAH	92,800
S-000035	Neighborhood Renewal: Master Categorical - Water Mains	58,900
A-000571	Rehabilitate Taxiway WA AND WB - GBIAH	42,000
R-000265	Wastewater Treatment and Sludge Plant Renewal/Replacement	37,440
R-000267	Pump and Lift Station Renewal/Replacement Program	25,870
R-000266	Neighborhood Sewer Rehabilitation in various Service Areas	24,300
S-000900	Surface Water Transmission	24,210
A-000091	Modify/Expand Central Plant - GBIAH	22,800
N-001318	Elysian Viaduct from IH10 to Commerce Street	20,000
R-000295	TCEQ Compliance - Citywide	18,700
S-000056	East Water Purification Plant Upgrade and Optimization	17,580
N-000617	Hirsch Road Paving: Kelley to Crosstimbers	16,400
N-000785	Bridges Replacement along Brays and Sims Bayou	16,000
A-000310	REFURBISH PARKING GARAGE - HOU	14,327
S-001000	Pump Station Upgrade	14,250
A-000525	Interim Consolidated Communications Center- GBIAH	14,000
R-000800	Collection System - Sponsor Participation Categorical (Residential and Commercial, previous R-000800 and R-000802)	12,500
S-000800	Sponsor Participation-Water Mains Categorical Project (Residential & Commercial, previous S-000800 and S-000802)	12,500
R-000509	69th Street Wastewater Treatment Plant Improvements	12,400
N-000592	Yale Paving: Tidwell to Parker	11,525
A-000557	Terminal A Power Supply Electrical Vaults - GBIAH	11,270
S-000600	Storage Tank Rehabilitation Categorical Project	11,000
N-000420	Hike & Bike Trail Program	10,962
N-000650	Traffic Signal Management Program/ Intelligent Transportation Systems	10,900