



Capital Improvement Plan Overview

Finance Department

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Overview

The Capital Improvement Plan:

- 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

Purpose:

- To be more cost effective in meeting City's goals to serve Houstonians
- To improve transparency by providing visibility on Citywide capital needs





CIP Process

- Current CIP process is aimed to lock in existing projects
- Certain items are prioritized, such as cost escalations to existing project
- Project Prioritization
 - Department → Project prioritization list for all categories
 - CSA → Citywide project prioritization list for the specific category
 - All projects (existing and new requests) are subject to Mayor and City Council approval





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 FY2026-2030 Proposed CIP includes plan amounts from the FY2025-2029 and FY2024-2028 Adopted TIRZ CIPs because TIRZ budgets are normally adopted 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 amount based on the Agreed Modified Injunction signed by the court on May 30, 2025.
 - Contributions and grants from other governmental entities such as METRO, Harris County, TxDOT, FHWA, HUD, FEMA
- **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
 - Zoo Revenues
 - HFC Revenues



CIP Plan Comparison



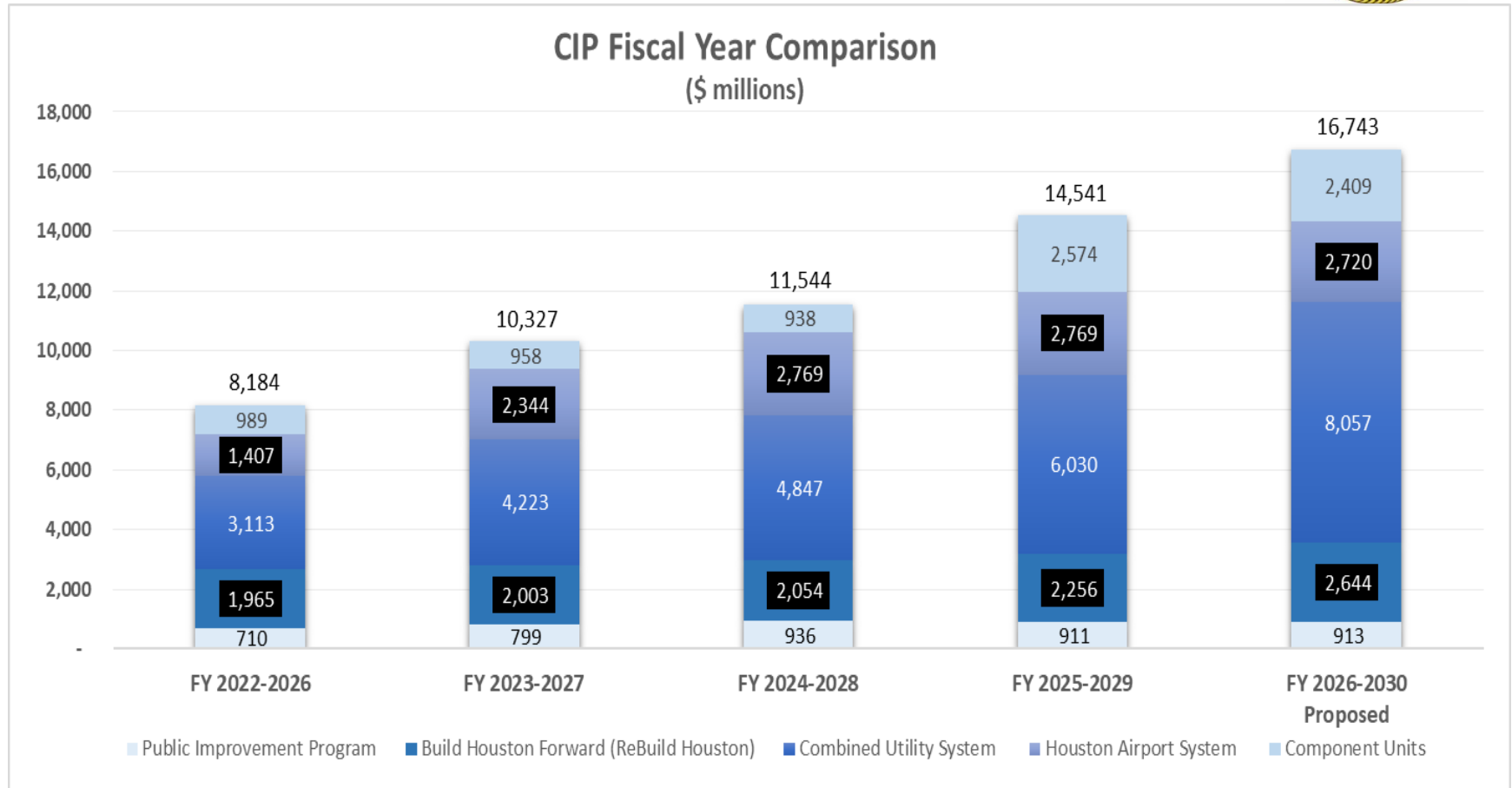
- The FY2026-2030 CIP is an estimated \$16.7 billion from all funding sources
 - Enterprise Programs total \$8.1 billion including Build Houston Forward (ReBuild Houston)
 - Public Improvement Programs total \$913 million
 - Component Units total \$2.7 billion

Plan Comparison (\$ millions)	FY2025-2029		FY2026-2030	
Public Improvement Bonds	839	92%	849	93%
All Other Funding Sources	<u>72</u>	<u>8%</u>	<u>64</u>	<u>7%</u>
Public Improvement Program *	911	6%	913	5%
Build Houston Forward (ReBuild Houston)	2,256	16%	2,644	16%
Combined Utility System	6,030	41%	8,057	48%
Houston Airport System	2,769	19%	2,720	16%
Component Units **	2,574	18%	2,409	14%
TOTAL	<u>14,541</u>	100%	<u>16,743</u>	100%

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

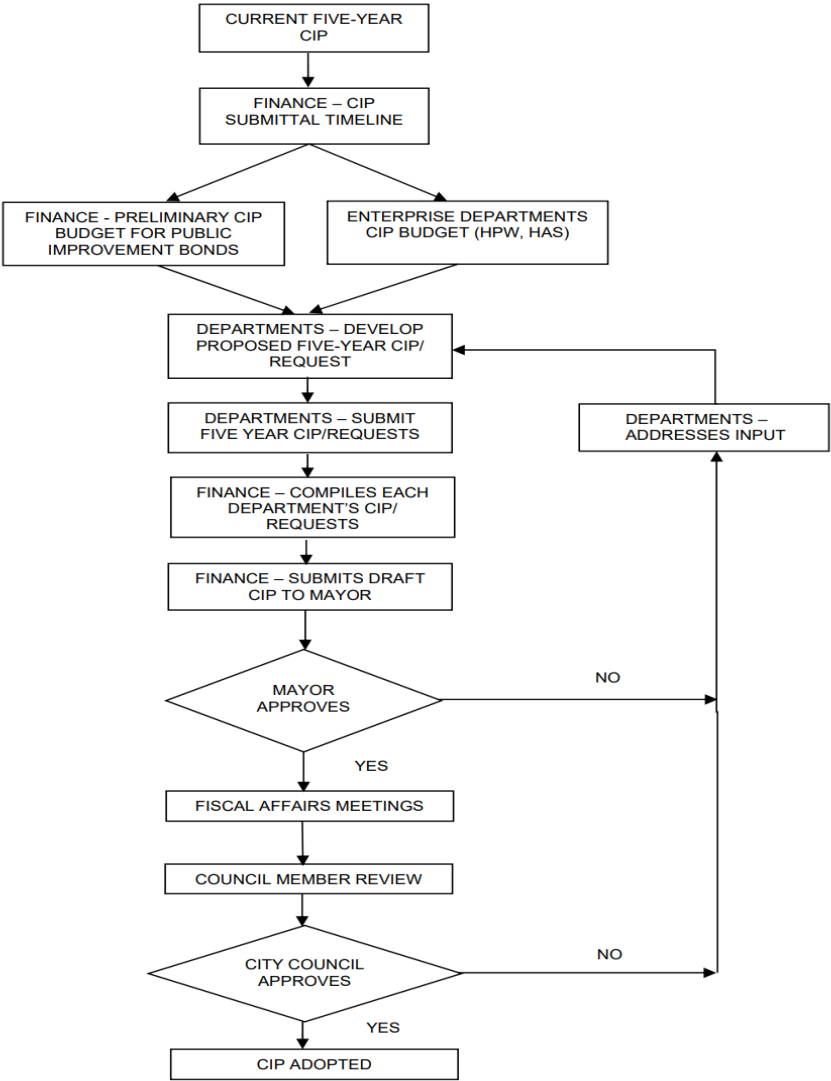
** Net of overlap with Public Improvement Programs, Street & Traffic, and Storm Drainage

CIP Fiscal Year Comparison



CIP PREPARATION PROCESS

CIP Preparation Process



General Timeline



- ❑ **December:** CIP Kickoff Meetings begin
- ❑ **February:** Project Requests due to Finance
- ❑ **March:** Signed Prioritization Sheets due to Finance
- ❑ **March – April:** Executive Review of Prioritization
- ❑ **June:** Proposed CIP Uploaded to SharePoint
- ❑ **June:** Presentation of Proposed CIP to Budget & Fiscal Affairs Committee
- ❑ **June:** Council Action on Proposed CIP



HOUSTON PUBLIC WORKS

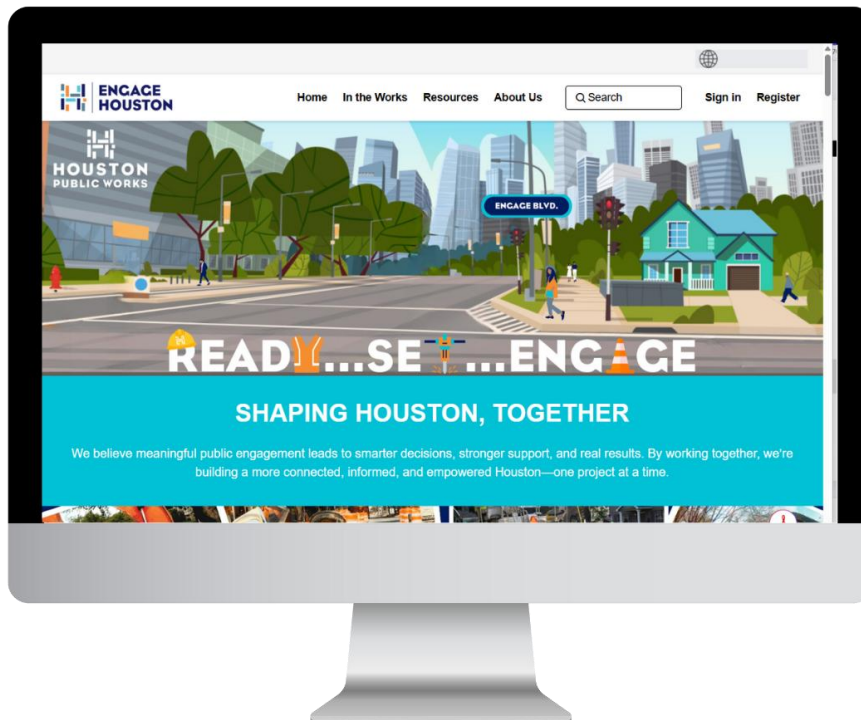


ENGAGE HOUSTON WEBSITE



Engagehouston.org allows you to:

- Find project updates and timelines.
- Submit questions and feedback.
- Access documents and downloads.
- Join virtual community meetings.



PUBLIC ENGAGEMENT DURING PROJECT DEVELOPMENT



Design Phase



Construction Phase

(Within 30 days of Council Award)



Public Engagement



High Level Engagement Projects:

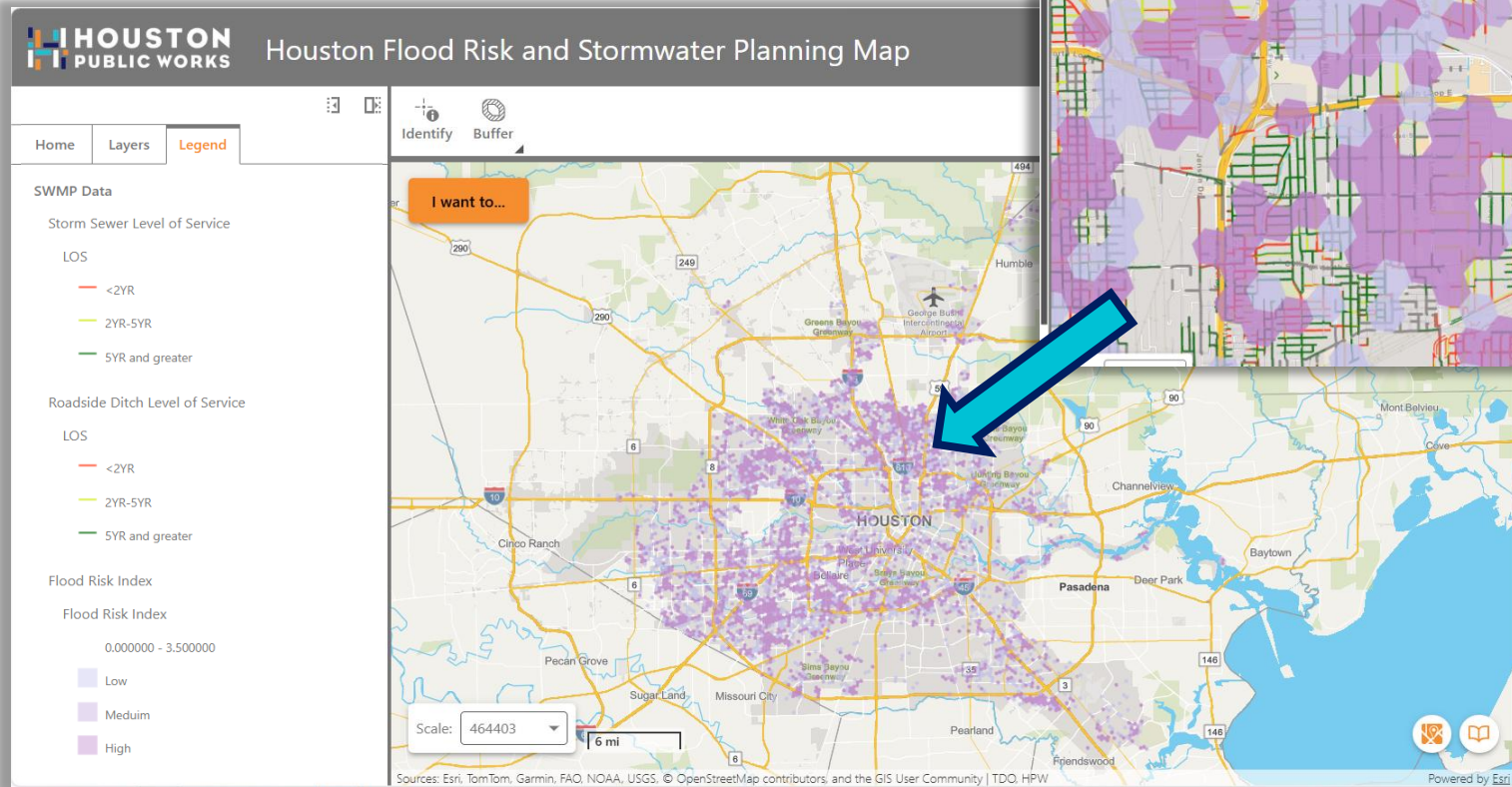
- Project Page
- Social Media
- Council Member Notification/Briefing
- Meeting Notifications
- Community Connect
- Virtual Community Meeting

DATA-DRIVEN DECISION-MAKING

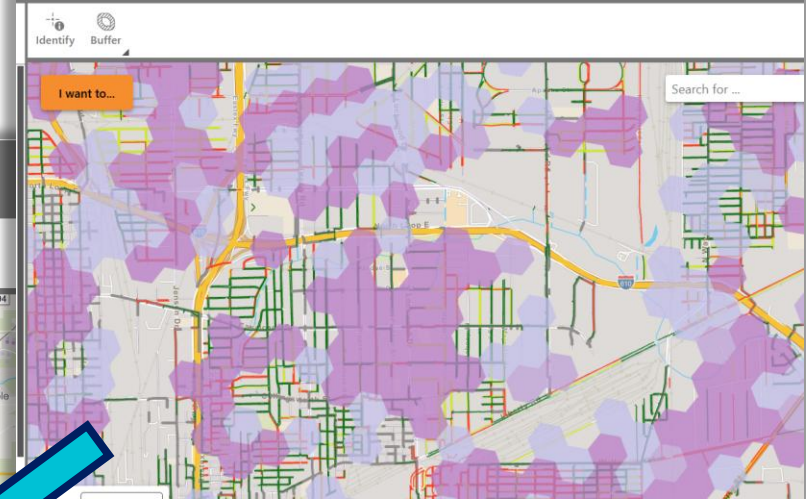
- Flood Risk Index
- Pavement Condition Index
- Water and Wastewater Predictive Analytics



FLOOD RISK INDEX

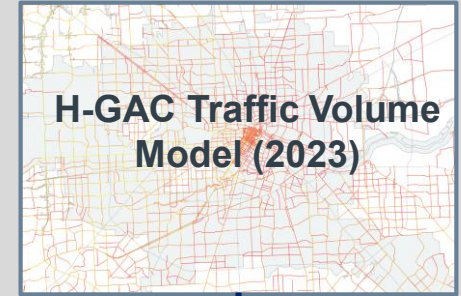
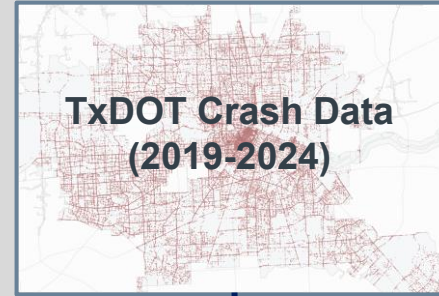
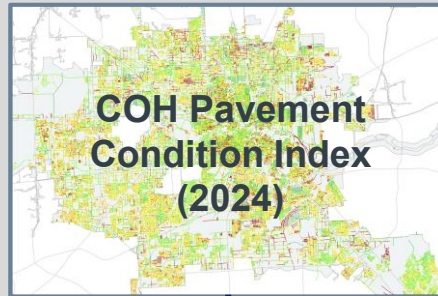


Flood Risk and Stormwater Planning Map

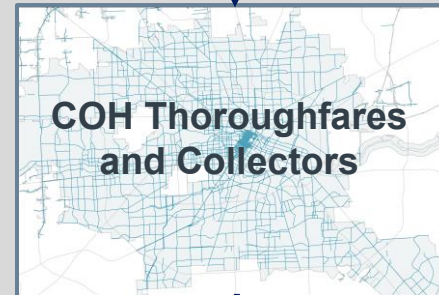


PAVEMENT NEEDS PRIORITIZATION

Data layers critical to decision making.



Data are joined to the base street layer. Scores are assigned to street segments based on each data category



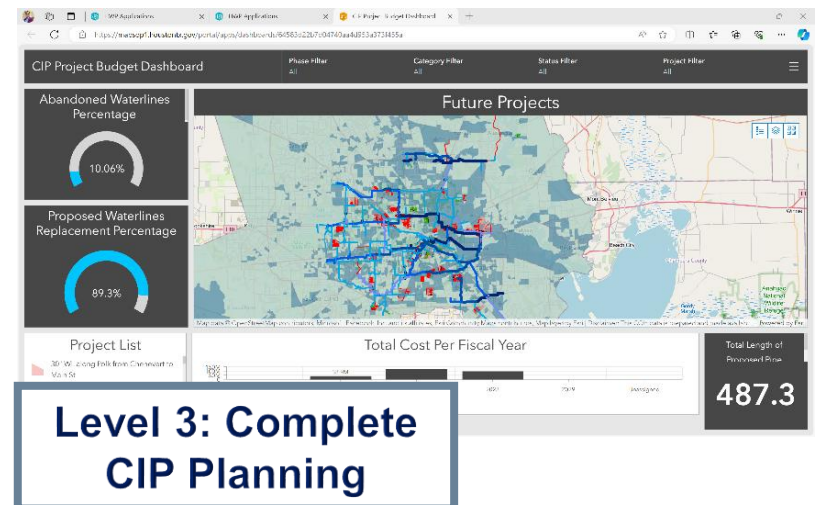
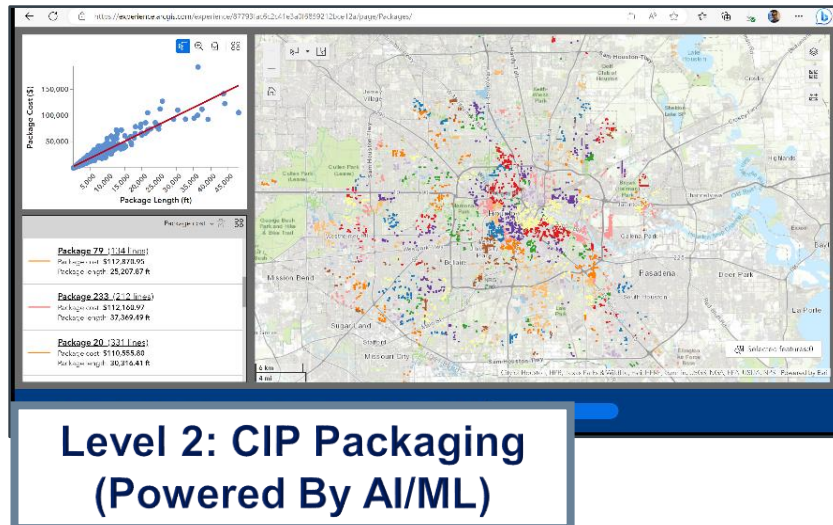
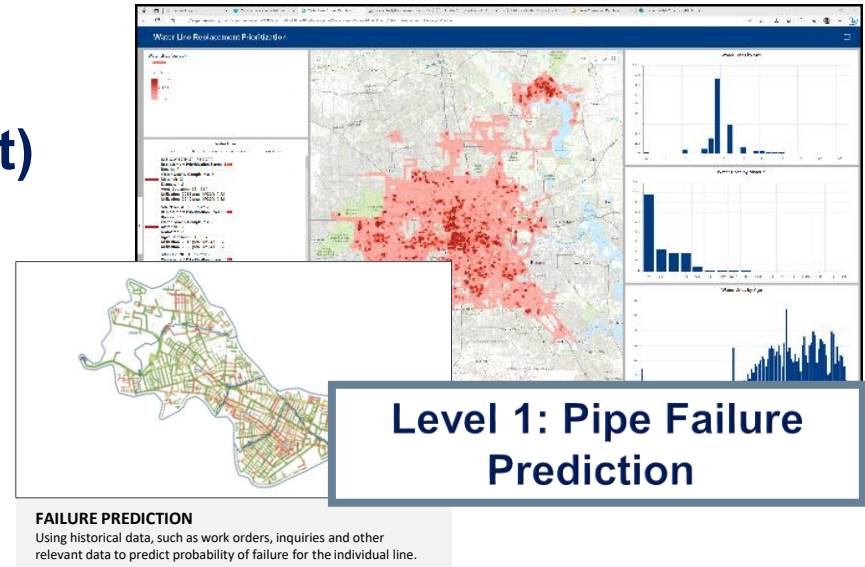
Composite index scores are calculated for each street segment combining the three data categories



DRINKING WATER PREDICTIVE ANALYTICS

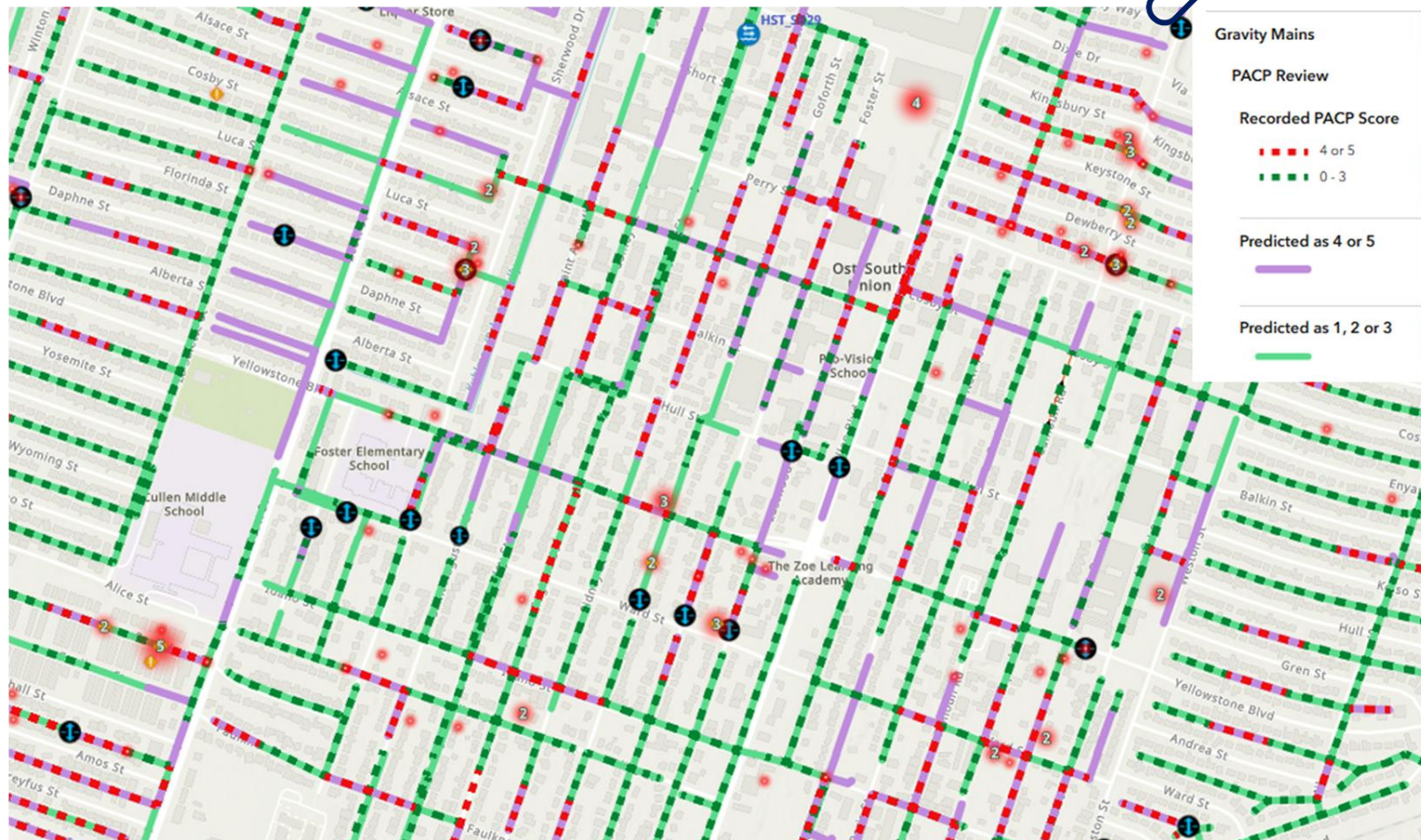
Asset AI (Smart CIP Development)

- Dynamic Failure Prediction & Risk Assessment
- Demand-based utilization for pipe & facility sizing
- 1-to-1 integration with input data



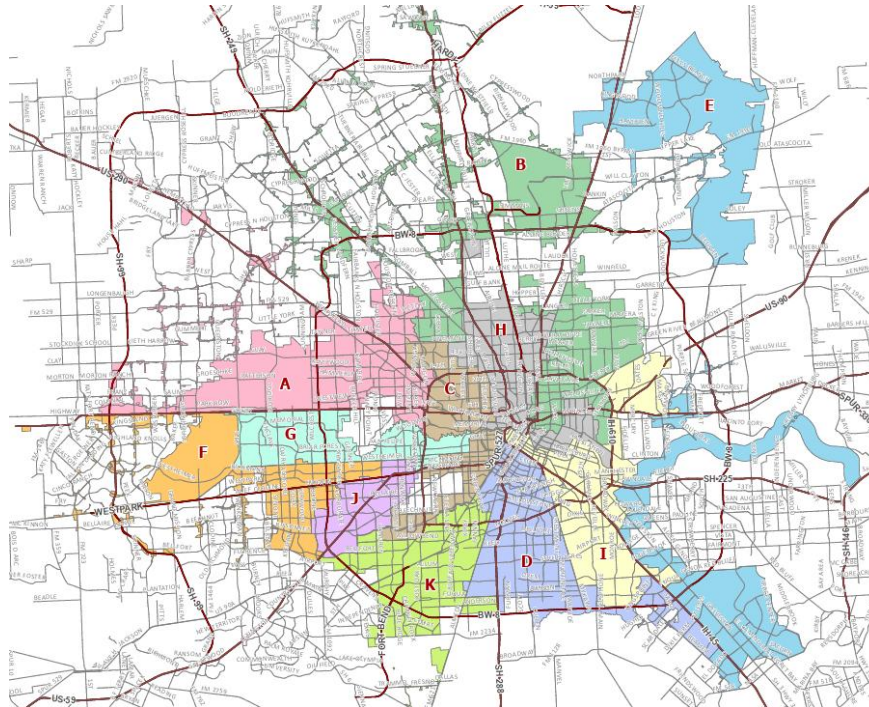
WASTEWATER PREDICTIVE ANALYTICS

Predicted Conditions for the Gravity Sewers



COUNCIL DISTRICT-DIRECTED INVESTMENTS

- Council District Service Funds (CDSF)
- Stormwater Action Team (SWAT)
- Pavement Rehabilitation Program



GENERAL SERVICES DEPARTMENT

Public Engagement

(Early, Meaningful, and Continued Community Partnership)



- **High priority public facing projects**

- Community Centers, Multi-Service Centers, Libraries, Park Redevelopments
- Begin early during Pre-Design Programming Phase
- Continuing through Design Development/Design Milestones
- GSD provides monthly updates to Client Departments
- Client Departments provide public updates on the City's website/programs



Facility Condition Assessment (FCA) FY2022



- 354 Buildings | 7M Square Feet (Gen Govt, HPD, HFD, HHD, HPL, SWD)
- Average Year Built 1986 | Average Age 39 Years
- Current Replacement Value \$3.5B (excludes land value)



Facility Condition Index (FCI)



A **Facility Condition Index (FCI)** is simply the ratio of the Needs (*Requirements*) due within 5 years, divided by the Asset's calculated replacement value (**CRV**), and expressed as a percentage or decimal fraction of one.



FCI is an indicator of condition and can be used to benchmark condition along consistent, industry standards. Based on International Facility Managers Association (**IFMA**) definitions.

FCI =

$$\frac{\sum \text{Near-Term Requirement \& Renewal Costs}}{\text{Asset Current Replacement Value}}$$



Industry Target

COH Current

< 10%
Excellent

11%-20%
Good

21% - 40%
Fair

41% - 60%
Poor

> 60%
Deficient

*The **lower** an Asset's FCI value, the **better** the building's overall condition is assumed to be.*



FCI and Funding FY2026



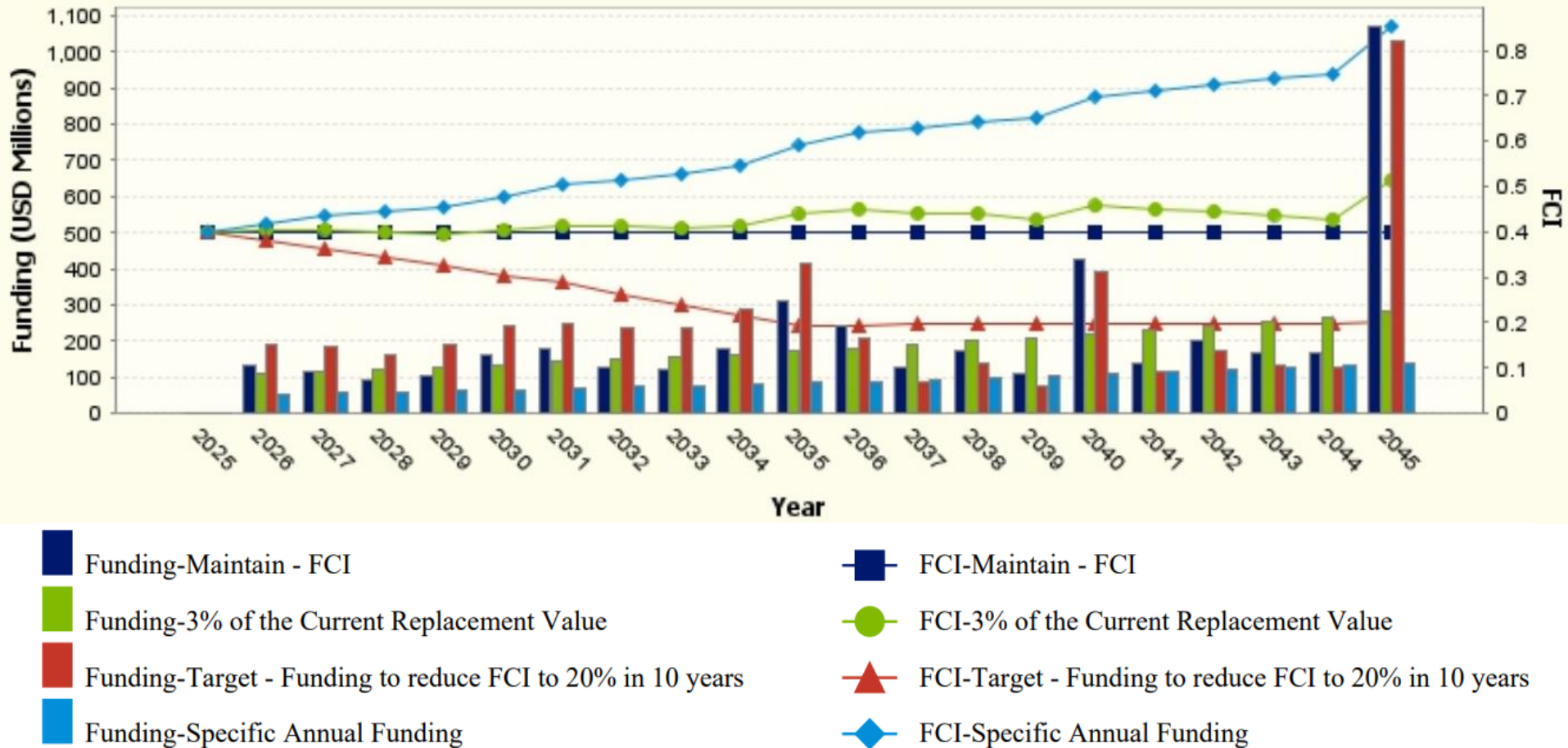
- Capital Reinvestment & Deferred Maintenance Cost / FCI Rating

5-Year Need (FY26-30)	\$1.4B	40%
10-Year Need (FY26-35)	\$1.8B	51%

- Current Funding over the next 5 years \$262M (\$52.4M/YR)
 - \$183M FY26-30 CIP (\$36.6M average per year)
 - Includes only projects that impact FCI
 - \$79M FY26-30 MRR (\$15.8M per year)
 - Maintenance, Renewal and Replacement Fund 2105 (MRR)
 - Excludes Security budget
 - 55% of the Services budget has impact on FCI
 - Assumes FY26 budget remains constant through FY30



Funding/FCI Report



Citywide Facilities Master Plan



- The Master Plan will address the future needs of Fire, General Services, Health, Library, Courts, Parks and Recreation, Police, Solid Waste, and Administrative Buildings for Public Works and Housing and Development.
- Provide the City a road map on operating facilities in the next 5, 10, 20 and 30 years based on the following four components:
 - Service delivery model & Land, Facilities, Financial Plan
- Timeline of Deliverables
 - Phase 1: September 2025 – April 2026
 - Phase 2: November 2025 – March 2027



Citywide Facilities Master Plan



- **Phase 1: Facility Standards**
 - **Create facility standards that aligns with industry standards and best practices.**
 - **Establish design criteria for building components and engineered systems energy performance criteria.**
 - **Establish design criteria required to enable efficient repairs, maintenance and consistent building components and engineered systems.**



Citywide Facilities Master Plan



- **Phase 2: Existing & Future Facility/Space Improvements**
 - **Provide recommendations for**
 - Roofline analysis (efficiency of delivery of service to the public)
 - Facility/Program consolidations
 - Building closures
 - Repurposing current facility portfolio to support the City's vision for service delivery
 - ADA
 - **Incorporating Ernst & Young's recommendations.**
 - Facility needs based on organizational restructuring





Thank You!

Questions/Comments?

