



HARRIS COUNTY, TEXAS

COMMISSIONERS COURT

1001 Preston, Suite 938 • Houston, Texas 77002-1817 • (713) 755-5113

Ed Emmett
County Judge

El Franco Lee
Commissioner, Precinct 1

Jack Morman
Commissioner, Precinct 2

Steve Radack
Commissioner, Precinct 3

R. Jack Cagle
Commissioner, Precinct 4

June 24, 2014

To: County Judge Emmett and
Commissioners Lee, Morman,
Radack, and Cagle

Re. **Capital Improvements Program**

The Capital Improvements Program for Fiscal Year 2014-15 includes the following:

Executive Summary

1. Financing Capital Improvements and Debt
2. Public Infrastructure Department
 - a. Flood Control District
 - b. Harris County Toll Road Authority
 - c. Architecture & Engineering
3. Information Technology
4. Harris County Sports & Convention Corporation
5. Population and Economic Reports
6. Recommendations for Court Approval

Executive Summary

Harris County's continued population growth and strong local economy present a challenge to maintain and expand capital assets and infrastructure, including new roads, buildings, flood control projects, and technology. It is important to consider the total cost of ownership of these assets in making decisions to build or purchase assets that improve the efficiency of county operations.

The following is a summary of the key issues and plans related to capital assets and improvements as of June 24, 2014.

1. Financing Capital Improvements

a. Debt

Capital improvements are generally funded by issuing Commercial Paper at low interest rates and then refinancing the debt by issuing long-term bonds at fixed interest rates to pay for the assets over their expected useful life. The current strong economy provides resources to pay for smaller, shorter-term projects directly out of operating funds, as well as to repay Commercial Paper debt for shorter life assets.

Harris County's debt, which is repaid with property taxes on a per capita basis, has been declining each year during this economic growth period. A report on debt and financing is also included.

b. Repair & Replacement

The Court approved the formation of the Repair & Replacement Committee to evaluate projects submitted by Public Infrastructure, Facilities & Property Management, and the Information Technology Center to repair or replace existing facilities and systems using General Fund operating expenses rather than additional debt. The Committee will present recommendations to Court for approval and approved projects will be funded by a budget transfer from Budget Management to the appropriate departments. Total funding for these projects is expected to be \$20 million or less.

2. Public Infrastructure Department

- a. **Flood Control District** – The ongoing plan is to spend \$120 million per year with a minimum of \$60 million for capital projects and the remainder to fund operations and maintenance.
- b. **Harris County Toll Road Authority** – Information showing the plans for major toll road development projects is included. Existing resources are available to fund the projects without additional new debt issuance for the next twelve months.
- c. **Architecture & Engineering** – A report showing the plans for Architecture & Engineering capital projects is included.

1. **Buildings & Infrastructure** – Updates on the progress of the new Forensic Science Center and the Joint Processing Center, as well as other projects related to buildings and infrastructure, are included.
2. **A&E – County Roads** – There is an estimated \$219 million of funding that is available but not yet assigned for precinct road projects through the General and Mobility Funds, road bond proceeds, and other sources, including the METRO General Mobility Program. A summary of road projects and plans is included for consideration.

3. Information Technology

The Information Technology Center (ITC) has a number of significant technology projects that are in progress or planned for the next few years. Replacing or improving justice management and accounting systems is the most significant in terms of cost and impact on the delivery of services to the public. A report from the ITC Director is included.

4. Harris County Sports & Convention Corporation

Budget Management and Public Infrastructure continue to work with HCSCC and officials with the Houston Texans and the Houston Livestock Show & Rodeo to develop a plan for funding repair and replacement projects for the entire NRG complex. A report from HCSCC is included.

5. Population and Economic Reports

Updated reports on Harris County's population and the local economy are included.

6. Recommendations for Court Approval

The following items are submitted for consideration and Court approval:

1. Approval of one of two methods for allocating park capital funding:
Option A. The original formula which allocates 60% of the funds evenly and the other 40% of the funds based on the relative number of residents living in the unincorporated area of each precinct using 2006 population estimates.

Option B. Allocating all park capital funding evenly.
2. Approval of the method of allocating road capital funding based on the same formula as Option A above. Most of the capital funding has already been allocated using this formula.
3. Approval of the multi-year PID Capital Improvement Program, as outlined in the cover letter included in section 2, subject to identifying future funding sources. Individual projects and requests for funding will be brought back to Court for approval, either through the R&R Committee or the appropriate PID department.