



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 26, 2012

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

Re. **Capital Improvements Plan**

Capital Improvements Plan – Executive Summary & Court Action Items

Background Information & Reports

1. Harris County Sports & Convention Corporation
2. Harris County Hospital District
3. Port of Houston Authority
4. Public Infrastructure Department - Summary
5. PID – Flood Control District
6. PID – A&E - Roads
7. PID – A&E - Buildings
8. PID – Toll Road Authority
9. Facilities & Property Management
10. Information Technology
11. Population and Economic Updates
12. Schedules

Executive Summary

The following sections include an update and discussion of the capital improvement issues and plans by functional area.

1. Harris County Sports & Convention Corporation (HCSCC)

The study of Reliant Park has been completed and is presented to court at this time for review. The study recommends some significant improvements to the Reliant Park complex including a complete rebuilding of Reliant Arena and significant changes to the Astrodome. The total estimated cost of the recommendations is \$656 million of which \$603 million would involve the issuance of new debt.

Should court decide to move forward with this plan, a bond election would be necessary to provide the necessary funding and the new annual debt service requirements would be in the \$40-50 million range depending on the interest rate and total amount borrowed.

The Sports Corporation is also requesting \$21.5 million for various projects and purchases that are listed in the report behind the HCSCC tab. These capital items would require additional borrowing by the county unless alternative financing can be identified.

2. Harris County Hospital District

The Harris County Hospital District (HCHD) has a capital projects budget of \$45.2 million for FY 2013 with funding in place from excess cash from operations in prior years, proceeds from 2007 HCHD revenue bonds, donations and investment income. Harris County allocated 19.216 cents per \$100 of taxable value out of the total property tax rate of 62.998 cents, to the Hospital District which collected a total of \$502 million in property taxes in FY 2012.

3. Port of Houston Authority

The Port of Houston Authority funds capital projects from operating income and by issuing voter-approved bonds. The Port is not requesting any additional public financing at this time. The Port currently has bonds outstanding totaling \$746 million in principal and \$1.4 billion in total debt service requirements over the next 27 years. Harris County collects property taxes to cover these debt service payments which totaled \$51 million for FY 2012.

4. Public Infrastructure Department

A summary of all PID capital spending reports is included.

5. Flood Control District

The Flood Control director reports that \$193.5 million is currently available to fund capital projects along with an additional \$200 million in borrowing capacity to fund construction projects and land acquisition over the next few years from 2012 through 2014.

Total debt outstanding for Flood Control bonds includes \$680 million in principal balance with debt service requirements totaling \$1.15 billion over the next 29 years. The debt service requirement for FY 2013 is \$45.3 million. These amounts do not include using any of the \$200 million borrowing capacity mentioned above.

The current schedule of long term debt service requirements for Flood Control bonds limits the ability to borrow significantly without restructuring some of the existing debt. Budget Management will work with PID to develop a funding plan for the next several years and bring that plan to Court with the FY 2013-14 budgets. The Director of Flood Control has agreed to review all projects and use cash reserves to initiate only those projects that cannot be delayed until after the funding plan is completed and approved.

6. PID – A&E - Roads

Roads The estimated dollar value of precinct road projects under design and available to bid is \$224.1 million as shown in the Roads report. Funding is in place through general and mobility funds, road bond proceeds and other sources to fund the ongoing road projects. Budget Management will work with Court to review and make any changes to the precinct allocations for roads to address redistricting changes.

METRO General Mobility Program METRO's current general mobility funding agreement with the county expires in September 2014 and the METRO Board has begun public discussion on when to schedule a voter referendum to extend, modify or terminate this program.

Street and Drainage Systems PID reports that a number of county subdivision street and drainage systems are reaching the end of their design life. Also, the City of Houston by policy is no longer annexing subdivisions, increasing the county's funding requirements to maintain street and drainage systems.

PID is developing a model to quantify the financial impact of maintaining and, in some cases, rebuilding these systems working with representatives from court staff, Budget Management and the County Attorney. Recommendations for improvements with funding alternatives will be brought to court for approval.

7. PID – A&E - Buildings

PID has identified 11 capital projects at an estimated cost of \$22 million that involve regulatory, environmental or safety issues that are recommended for approval at this time. These priority projects are listed on pages 5 and 6 following this summary. Several of the projects involve improvements to the Harris County Administration building at 1001 Preston. To help plan for capital projects in the upcoming years, a determination should be made as to whether this building should continue to serve as the primary administration building for the county.

An additional list of 16 capital projects totaling \$18.7 million have been identified as other priority projects which are also recommended for approval subject to PID and Budget Management working on funding.

8. PID – Toll Road Authority

Over the next several years, the Harris County Toll Road Authority (HCTRA) will be working on several projects including connecting the Hardy toll road to downtown, widening portions of the Sam Houston tollway, managed lane projects on US 290 and projects related to SH 249 and SH 288. HCTRA has developed financial guidelines that will be used in planning the funding for these projects and others while targeting a debt to annual revenue ratio in the neighborhood of 5-to-1.

9. Facilities & Property Management (FPM)

FPM has identified projects totaling \$245,000 for necessary repairs to elevator systems in three county buildings which are included in the recommended list of PID building projects.

10. Information Technology

The Information Technology Center and the Justice Information Management Systems Board have identified a number of capital projects that will be needed to enhance or replace existing systems to improve the efficiency and effectiveness of county operations. Many of these systems have reached the end of their useful lives and are becoming costly and inefficient to operate and maintain.

Recommendations to move forward on these projects will be brought to court with financing options as necessary.

11. Population and Economic Updates

Updated reports on Harris County Population and the Economic Environment are included.

Conclusion

As a general rule, the demand for capital spending almost always exceeds the supply of resources available. The recent economic downturn and the efforts to rebuild reserves as the economy starts to rebound make it necessary to consider fundamental principles and strategies to allocate limited resources effectively.

Budget Management recommends that the planning stage of any significant new capital project include an evaluation of the total cost of ownership, focused on the cost to build, finance, operate and maintain the asset over its estimated useful life.

Budget Management is working on development of a debt policy and debt capacity models that will provide the basis for planning capital projects over the next several years. The policy recommendations will be brought back to court for review and approval with the fiscal year 2013-14 budget.

The next page includes a list of recommended actions for court approval at this time.

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT

1001 Preston, 5th Floor
Houston, Texas 77002
(713) 755-4400

June 20, 2012

Commissioners Court
Administration Building
Houston, Texas 77002

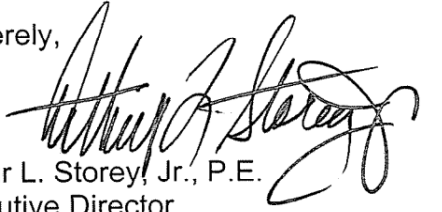
SUBJECT: Recommendation that Commissioners Court approve the following project requests as part of the FY 2012 - 2013 CIP Budget Hearings

Dear Court Members:

It is recommended that Commissioners Court approve the following items as part of the FY 2012 - 2013 CIP Budget Hearings:

1. Establish and fund a \$4 million Pay-As-You-Go account to be used in lieu of commercial paper for certain non-capital PID projects. This account will be effective March 1, 2013.
2. Authorize the expenditure of \$4 million to install a sprinkler system and repair the exterior façade in the Administration Building. These repairs should prolong occupancy in the facility for another 5 to 10 years.
3. Authorize the purchase of a warehouse at a cost not to exceed \$9 million to be used for relocating occupants and storage from floors 2-13 in the 1301 Franklin Street Jail.
4. Authorize the immediate funding of the 8 remaining **Mandated Projects** listed on the attached exhibit totaling \$9.1 million.
5. Approval of 16 **Other Priority Projects** listed on the attached exhibit estimated at a minimum of \$18.7 million. Funding for these projects will be coordinated with Budget Management on an as needed basis.

Sincerely,


Arthur L. Storey, Jr., P.E.
Executive Director

Attachment as noted

MANAGEMENT SERVICES
HARRIS COUNTY
12 JUN 20 11:10 AM

PROJECT ID	FY 2012 - 2013 CIP BUILDING PROJECTS	BUDGET	COMMITTED FUNDS	RESIDUAL FUNDS	FY 2013 FUNDS REQUESTED
MANDATED PROJECTS					
A-1	701 San Jacinto Jail - replace elevator system	4,500,000	0	4,500,000	4,500,000
A-2	Administration Building - Install fire sprinkler system	1,500,000	0	1,500,000	1,500,000
A-3	Administration Building - Repair exterior concrete façade	2,500,000	0	2,500,000	2,500,000
A-4	Atascocita Complex - lift station & impact fee	3,900,000	2,700,000	1,200,000	1,200,000
A-5	Capital Repair & Replacement - fund capital repair and replacement	1,000,000	0	1,000,000	1,000,000
A-6	Lynchburg Ferry property- on site sewage facility replacement	50,000	0	50,000	50,000
A-7	NPDES annual funding	1,000,000	0	1,000,000	1,000,000
A-8	PHES Animal Clinic - expand and renovate facility at 612 Canino	550,000	250,000	300,000	300,000
A-9	RTC Building - Install fire sprinkler system	800,000	0	800,000	800,000
A-10	Underground Storage Tanks - correct environmental issues	700,000	500,000	200,000	200,000
A-11	Warehouse - locate and purchase adequate warehouse space	9,000,000	0	9,000,000	9,000,000
	Sub-Total	25,500,000	3,450,000	22,050,000	22,050,000
OTHER PRIORITY PROJECTS					
B-1	1301 Franklin - study to determine viability of reusing holding cells	100,000	0	100,000	100,000
B-2	1307 Baker Street - new appraisal and CSCD master plan	30,000	0	30,000	30,000
B-3	Administration Building - build out residual 5th floor office space	TBD	0	TBD	TBD
B-4	Administration Building - Roof replacement	350,000	0	350,000	350,000
B-5	Annex 83 (RTC Building) - repair garage	258,000	0	258,000	258,000
B-6	Burnett Bayland - facility replacement	2,000,000	0	2,000,000	2,000,000
B-7	CJC - Design /Install a new elevator bank	6,000,000	0	6,000,000	6,000,000
B-8	Coffee Pot Block - demo buildings & construct a surface parking lot	2,200,000	0	2,200,000	2,200,000
B-9	Congress Plaza - relocate law library & office buildout in Congress Plaza	975,000	375,000	600,000	600,000
B-10	E-Permits - Develop Phase II of the on-line permit system	1,904,000	704,000	1,200,000	1,200,000
B-11	Energy efficiency studies	100,000	0	100,000	100,000
B-12	HCSO 911 Communication Center & other 1301 Franklin occupants	TBD	0	TBD	TBD
B-13	** ITC Radio Shop - find a replacement facility **	TBD	0	TBD	TBD
B-14	Juvenile Justice Center - replace existing video surveillance system	2,500,000	0	2,500,000	2,500,000
B-15	PID mobility fund - replenish fund balance	1,500,000	0	1,500,000	1,500,000
B-16	Roof replacement - reestablish roof replacement program	1,800,000	0	1,800,000	1,800,000
	Sub-Total	19,717,000	1,079,000	18,638,000	18,638,000