



HARRIS COUNTY, TEXAS

COMMISSIONERS COURT

1001 Preston, Suite 934 ♦ Houston, Texas 77002 ♦ (713) 274-1111

Ed Emmett
County Judge

Rodney Ellis
Commissioner, Precinct 1

Jack Morman
Commissioner, Precinct 2

Steve Radack
Commissioner, Precinct 3

R. Jack Cagle
Commissioner, Precinct 4

June 23, 2017

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

Re. **Capital Improvements Program**

The Capital Improvements Program for Fiscal Year 2017-18 includes the following:

Executive Summary

1. Harris County Hospital District
2. Port of Houston Authority
3. Harris County Sports & Convention Corporation
4. Central Technology Services
5. County Engineering Department
6. Harris County Flood Control District
7. Harris County Toll Road Authority

Future Year Capital Needs and Financing

8. Debt and Financing
9. Population and Economic Updates

Executive Summary

Maintaining and expanding Harris County facilities, transportation systems and infrastructure to serve the rapidly growing population is a challenging and essential function of county government. This annual update of the capital improvements program is intended to provide information about the needs and opportunities for enhancing these assets. Specific projects and related funding sources included in these presentations will be brought back on regular Court agendas for consideration and approval.

The following is a discussion of the capital improvement needs for the current fiscal year.

- 1. Harris County Hospital District** – A report from the Harris County Hospital District on the status of their capital improvements program is included. Last year, taxpayer-supported bonds were issued for the \$70 million renovation of Ben Taub Hospital.
- 2. Port of Houston Authority** - The Port currently has bonds outstanding with a principal balance of \$658 million and total debt service of \$1.1 billion over the next 22 years. Harris County collects property taxes to cover these debt service payments which are \$53 million for the current fiscal year and about the same amount each year for the next five years.

Budget Management will work with the Port to address issues related to the booming plastics export business, described in the Economic update, as well as ways to help identify funding sources for Port capital programs without issuing additional taxpayer-supported debt at this time.

- 3. Harris County Sports & Convention Corporation** – A report showing the HCSCC repair and replacement needs related to the operation of NRG Park facilities is included. Projects including the upgrading of phone systems and resurfacing many of the parking lots in the complex are included along with some other life-safety projects in the park. These projects will be coordinated by CTS and Engineering, working with Purchasing, and will be brought to Court for approval and funding over the next 12 months.
- 4. Central Technology Services** – CTS has a number of technology projects that are in progress or planned for the next several years. The process of acquiring and implementing a new enterprise accounting system is underway and is expected to cost a total of \$35 million over the next two years.

Budget Management is recommending up to \$20 million of new borrowing for technology projects over the next 12 months. CTS will bring the highest priority projects to Court for approval as needed up to this funding limit.

- 5. County Engineering Department** – The Engineering department works on a number of building and infrastructure projects and new county road projects each year, typically funded with long-term debt. The current year focus is on catching up with deferred maintenance projects for existing county facilities.

County Engineering Department (continued)

Some of the current year projects include selling existing county property or facilities. The proceeds of facility sales have historically been added back to the General Fund to help cover some of the cost of the replacement facilities. Also, departments often identify needs for new facilities or renovations to existing facilities that are typically referred to Engineering or to Facilities & Property Maintenance, which is now part of Engineering. Recommendations are included below that would formalize policies related to these types of activities.

Buildings & Infrastructure – A report prepared by the County Engineer covering plans to improve and maintain existing buildings and related infrastructure is included. Construction of the new Forensic Science Center was completed last year and the Joint Processing Center should be completed over the next 12-18 months.

The projects presented for approval are projected to cost approximately \$70 million. Budget Management is recommending up to \$50 million of new borrowing for these projects over the next 12 months. Additional funding will be identified from offsets such as elimination of leases and other funding sources. The list of new projects is included for approval, subject to available funding.

Astrodome – Plans are being developed to construct an underground parking facility in the Astrodome which would result in a ground level surface for potential development, at a cost around \$100 million that would be funded equally by Hotel Occupancy Tax funds, parking enterprise funds and the General Fund, without a property tax increase.

County Roads – County road construction and maintenance is funded through a combination of general funds, mobility funds, road bonds and other sources. The voters approved \$700 million in new road bonds which are expected to be issued over the next three to seven years starting as early as the current fiscal year.

Downtown Parking – Budget Management, working with Engineering, is developing plans to reorganize the management of county-owned downtown parking lots to increase the utilization of available parking. There are projects on the list below that would add new parking lots in the downtown area. The parking project may also include increases in reimbursement for mass transit alternatives and shuttle services working towards the goal of providing either parking or mass transit to all employees working downtown.

6. **Flood Control District** – The plan to spend \$120 million per year with a minimum of \$60 million for capital projects with the remainder available to fund operations and maintenance is ongoing. A report is included from the Flood Control District.
7. **Harris County Toll Road Authority** – A report showing the plans for major toll road development projects is included. These projects will be submitted on future Court agendas along with funding plans. The County recently added a total of \$400 million of new Commercial Paper borrowing capacity for HCTRA, up from the previous \$200 million capacity. These funds will be used for ongoing toll road construction projects as well as the new toll road bridge over the Houston Ship Channel.

Future Year Capital Needs and Financing

- 8. Debt and Financing** – An analysis of the financing needs and the County’s debt situation related to county roads, buildings & infrastructure and flood control projects is included. The report includes historical debt service funding trends along with a discussion of plans for funding future road and infrastructure debt.
- 9. Population and Economic Updates** – The latest reports on Harris County population and the economic environment are included for Court consideration.

Items Proposed for Court Approval

1. Approval to finance up to \$20 million of CTS projects and \$50 million of Engineering projects during the next 12 months. Individual projects will be presented on regular court agendas with the issuance of commercial paper on the following agenda.
2. Approval of a policy to allocate the proceeds of all property sales to the County General Fund to be used to offset the cost of future capital expenditures.
3. Approval of a policy to require all department requests for facility upgrades to be reviewed and approved by the County Engineer and Budget Management.
4. Approval of the following list of building projects, which will be brought back to Court for approval when they are ready:
 - a. 911 Call Center – new construction
 - b. Demolition of District Attorney, Lomas-Nettleton and Coffee pot buildings
 - c. Various facilities – Roof repair or replacement
 - d. Various facilities – Elevator repair or replacement
 - e. Various facilities – Major systems repair or replacement
 - f. 5749 South Loop 610 – Interior build out for Sheriff offices
 - g. Various parking facilities – Construction of parking lots
 - h. Relocation of Sheriff personnel from 810 San Jacinto
 - i. Congress Plaza Parking – Tie-in to central plant
 - j. 6301 Pinemont Drive – Design
 - k. Traffic signal replacement fund – continue funding