

City of Dexter, Michigan FY2019-24 Capital Improvements Plan

Work sessions held on	
Public Hearing by Planning Commission	
Adopted by the Planning Commission:	
Accepted by the City Council:	

EXECUTIVE SUMMARY

OVERVIEW

This capital improvements plan (CIP) outlines a schedule of public service expenditures over the ensuing six-year period (fiscal years 2019-2024) and beyond. The CIP does not address all of the capital expenditures for the City, but provides for large, physical improvements that are permanent in nature, including the basic facilities, services, and installations needed for the functioning of the community. These include transportation systems, utilities, municipal facilities and other miscellaneous projects.

To qualify for inclusion into the CIP, a project must meet the following standards:

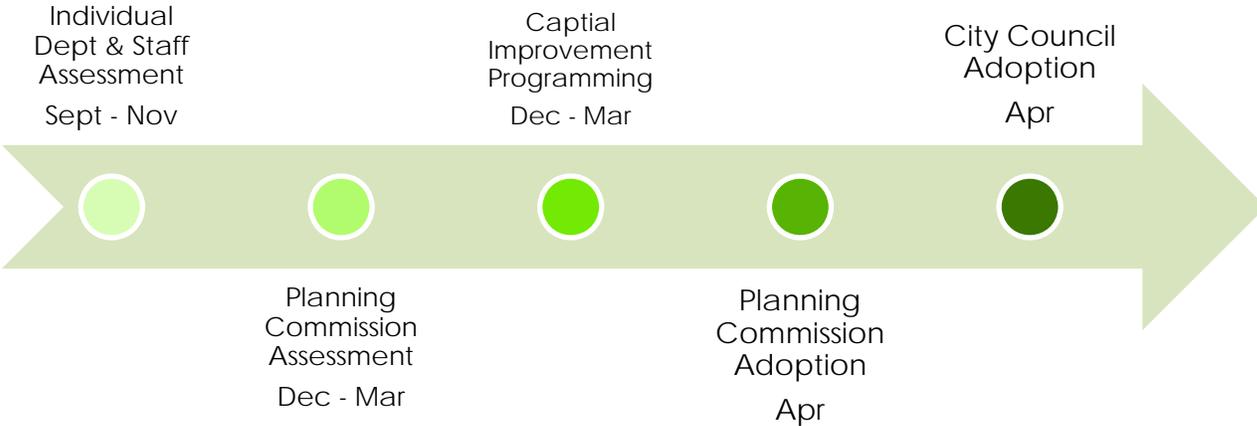
- Be consistent with 1) an adopted or anticipated component of the City’s master plan, 2) a state or federal requirement, or 3) a City Council approved policy; and
- Constitute permanent, physical or system improvements, or significant equipment purchases, with a minimum project cost of \$10,000 (in most cases); and
- Add to the value or capacity of the infrastructure of the City.

Projects that are considered operational, maintenance or recurring are excluded, except when a limited duration project, which are included.

Preparation of the capital improvements plan is done under the authority of the Municipal Planning Commission Act (PA 33 of 2008), as amended. It is the City Planning Commission’s goal that the CIP be used as a tool to implement the City’s Master Plan and assist in the City’s financial planning.

The capital improvements plan proposes project funding relative to the anticipated availability of fiscal resources and the choice of specific improvements to be achieved throughout the five-year plan. Throughout this document you will see references to the Planning Department. This consists of the Planning Commission and the Community Development Manager.

THE CAPITAL IMPROVEMENTS PLAN PROCESS AND TIMELINE



Executive Summary (cont'd)

ORGANIZATION OF CONTENT

The Capital Improvements Plan is divided into two sections:

Section 1.0 – Capital Improvements Programming

- 1.1 Introduction
- 1.2 Program Summary
- 1.3 Program Goals Policies
- 1.4 Program Funding

Section 2.0 – FY 2019-20 Capital Improvements Budget

Section 2.1 – FY 2019-2024 Capital Improvements Plan and Project Worksheets

The plan lists individual capital projects categorized by capital program. The following information is included on each project page:

- | | |
|----------------|--------------------------------------|
| · Project name | · Project Description |
| · Project ID | · Project Justification |
| · Project Type | · Beneficial Impacts |
| · Submitter | · Location Map |
| · Priority | · Master Plan or Study References |
| · Total Cost | · Project Schedule and Justification |
| · Year in CIP | · Project Cost Detail |

PROJECT PRIORITIZATION

The City Planning Commission assesses all capital needs and gives each project a priority rating. The rating indicates that a project is one of the following:

- Urgent
 - Corrects an emergency or condition dangerous to public health, safety or welfare;
 - Complies with federal or state requirement whose implementation time frame is too short to allow for longer range planning; or
 - Is vital to the economic stability of the City.
- Important
 - Prevents an emergency or condition dangerous to the public health, safety, or welfare;
 - Is consistent with an adopted or anticipated element of the City master plan, a federal or state requirement whose implementation time frame allows longer range planning, or a council approved policy;
 - Is required to complete a major public improvement (this criterion is more important if the major improvement cannot function without the project being completed, and is less important if the project is not key to the functioning of another project); or
 - Provides for a critically needed community program and/or amenity.
 - Has been identified as a project that meets or is necessary to meet an important community goal, including preservation or enhancement of the public's health, safety and welfare.
- Desirable
 - Provides a benefit to the community;
 - Worthwhile if funding becomes available;
 - Can be postponed without detriment to present services; or
 - Validity of planning and validity of timing have been established.

JUSTIFICATION SCORE

Justification scores were assigned to each project by City departments. The assigned score indicates the degree to which the project helps to achieve the following value statements:

- A. Protect health, safety, lives of citizens
- B. Maintain or improve public infrastructure
- C. Reduce energy consumption, impact of the environment
- D. Enhance social, cultural, recreational or aesthetic opportunities
- E. Improve customer service, convenience for citizens

0 = Not Applicable; 1 = Somewhat Important; 2 = Important; 3 = Very Important

The maximum total justification score for a project is fifteen (15), which would indicate that all five criteria were viewed as "very important" by the submitting department.

The justification score may assist in assigning priorities (desirable, important or urgent) to projects within each category. The score also may aid in evaluating projects of similar priority from different categories. Program Policy C.1 of the CIP indicates that projects "necessary to protect against a clear and immediate risk to public health or safety... shall be given highest priority". Hence, projects with a high score for justification may be given priority over a lower score when competing for funding.

THE TOTALS

A total of 73 projects, including Cooperative and DDA, were carried over or initiated for this year's CIP with a six-year funding need of \$26,156,500 and a first-year total expenditures of \$4,492,500. Please note there are a variety of funding sources that contribute to the projects and totals. For a complete breakdown, please refer to the Project and Fund Summary worksheet within the appendices. Also note that several major projects are not included in total project costs due to unknown costs, completion year, and funding source, including the Downtown Property Acquisition, Downtown Façade Improvement, Jeffords Street Extension/Phase 2 Riverwalk, City Hall, and Fire Station projects. The total six-year funding need decreased 12% from the previous year's CIP, which anticipated \$29,697,100 in funding need during fiscal years 2018-2023. The decrease is due to the completion of Wastewater Treatment Plant headworks and tertiary treatment upgrades scheduled for the last fiscal year, the completion of the Baker Road Crosswalk at Grand Street and Street Lighting Upgrades projects, the removal of and three tentative projects, and refined project costs across all categories. Parks was the only project category that saw a substantial increase in costs due to the loss of an anticipated Michigan Department of Natural Resources grant.

The chart below indicates the total number of projects for each category, the six-year need and first-year only expenditures:

TOTALS

Category	Number of Projects	Total 6-Year Project Costs	First Year Total Expenditures
1.0 Downtown Development	14	\$2,939,000	\$658,000
2.0 Parks & Recreation	9	\$2,802,500	\$0
3.0 Sidewalks	11	\$838,000	\$0
4.0 Buildings-Grounds-Equipment	6	\$350,000	\$150,000
5.0 Planning and Zoning	4	\$79,500	\$25,500
6.0 Streets and Alleys	10	\$2,824,000	\$939,000
7.0 Stormwater**	3	\$420,000	\$170,000
8.0 Wastewater System	6	\$3,055,000	\$2,500,000
9.0 Water System	7	\$1,623,000	\$45,000
10.0 Cooperative Projects	3	\$11,225,000	\$5,000
Total	73	\$26,156,000	\$4,492,500

PRIORITIES

Below is a project breakdown by priority.

PRIORITIES

Priority	Number of Projects	Percent of Projects
URGENT	2	2.74%
IMPORTANT	48	65.75%
DESIRABLE	21	28.77%
TBD	2	2.74%
TOTAL	73	100.00%

MAJOR PROJECTS

Below is a list of the top ten (10) project expenditures for fiscal years 2019-2024, not including City Hall and Fire Department Facility, which have unknown total costs, and including project priority and funding sources. Based on the total cost of the top 10 projects (\$19,509,000), the top 10 projects constitute nearly three quarters (74%) of the total funding need over the six-year CIP period. Note that Project ID 4.01 City Hall and 4.05 Fire Department Facility are not listed in the top 10 projects. Based on the anticipated project costs of the City Hall and Fire Department Facility it is expected that the top 10 projects would likely be a significant percentage of the total projects when determined.

MAJOR PROJECTS

PROJECT ID	PROJECT NAME	TOTAL COST	PRIORITY	FUNDING SOURCES
10.03	Phase 2 Main Street Underpass Intersection	\$10,000,000	DESIRABLE	TBD
8.04	WWTP Headworks/ Tertiary Treatment Upgrade	\$2,500,000	URGENT	SEWER FUND, CAPITAL IMPROVEMENT BOND
10.01	Huron Farms Connector	\$1,220,000	DESIRABLE	TBD
2.03	Mill Creek Park Trail Phase 2 Improvements/ Construction	\$1,115,000	IMPORTANT	GENERAL FUND, FEDERAL, COUNTY TBD
6.02	Central Street Streetscape and Traffic Calming Improvements	\$919,000	IMPORTANT	STREETS FUND, STATE, FEDERAL
6.06	Broad Street Reconstruction	\$845,000	IMPORTANT	STREETS FUND, FEDERAL
1.01	DAPCO Property Redevelopment	\$810,000	IMPORTANT	STREETS FUND, WATER FUND, SEWER FUND, DDA, STATE
1.04	Forest Street Streetscape Enhancements	\$750,000	DESIRABLE	DDA
9.04	Baker Road Water Main Replacement	\$750,000	IMPORTANT	WATER FUND
2.04	Mill Creek Park Trail Phase 3 Improvements/ Construction	\$600,000	IMPORTANT	GENERAL FUND, STATE, FEDERAL, COUNTY
Total:		\$19,509,000		

NEW AND AMENDED PROJECTS

No new projects have been added to this year’s CIP, but fifty projects have been updated. Project updates include revised costs, schedules, descriptions, and impacts to reflect new estimates, completed work, and other adjustments. Please see the appendices for a complete list of updates.

REMOVED/AMENDED PROJECTS

The following 5 projects from the FY 2018-2023 CIP have been removed from the CIP due to completion or unknown plans for implementation. Total projects costs may include funding from State or Federal grants.

COMPLETED/REMOVED PROJECTS

2018 PROJECT ID	PROJECT NAME	TOTAL COST	REASON
1.04	Central Street Streetscape Enhancements	\$310,000	Removed, additional funding needed
3.04	Baker Road Crosswalk at Grand Street	\$35,000	Project Complete
4.06	Street Lighting Upgrades	\$25,000	Complete, LED light fixture replacement is finished.
6.05	Street Sign Replacement	\$30,000	Removed
10.01	Baker / Shield Rd Intersection	\$120,000	Removed

FUNDING NEEDS AND SOURCES

The table below summarizes the major categories of funding.

FUNDING NEEDS AND SOURCES (in thousands)

FUNDING SOURCES	FY2019 - 2020	FY2020 - 2021	FY2021 - 2022	FY2022 - 2023	FY2023 - 2024	FY2024 & Beyond	TOTAL CIP EXPENDITURES
GENERAL FUND	\$119	\$681	\$292	\$78	\$78	\$630	\$1,877
DDA	\$40	\$160	\$154	\$10	\$760	\$170	\$1,294
STREETS FUND	\$504	\$230	\$115	\$745	\$40	\$655	\$2,289
MAJOR STREETS	\$133	\$0	\$0	\$0	\$0	\$401	\$534
LOCAL STREETS	\$8	\$0	\$0	\$0	\$0	\$392	\$400
WATER FUND	\$180	\$135	\$30	\$0	\$0	\$1,548	\$1,893
SEWER FUND	\$135	\$270	\$100	\$140	\$0	\$180	\$825
EQUIPMENT REPLACEMENT FUND	\$150	\$0	\$0	\$0	\$0	\$0	\$150
RESTRICTED FUNDS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FEDERAL	\$580	\$250	\$0	\$320	\$0	\$475	\$1,625
STATE	\$144	\$0	\$0	\$0	\$0	\$200	\$344
COUNTY	\$0	\$300	\$0	\$0	\$0	\$0	\$300
SCHOOLS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GRANTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DTE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TBD	\$0	\$435	\$0	\$160	\$0	\$11,340	\$11,935
PRIVATE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BOND	\$2,500	\$100	\$0	\$90	\$0	\$0	\$2,690
TOTAL	\$4,493	\$2,561	\$691	\$1,543	\$878	\$15,991	\$26,156

*Difference in Total CIP Expenditures due to rounding.

The following three (6) projects earned a top score of fifteen (15):

PROJECTS WITH NEED SCORE OF 15

Project ID	Project Name	Project Score	Priority	Year	Total Expenditure	Funding Sources
1.12	Downtown Capital Maintenance	15	IMPORTANT	2010	\$50,000	DDA , GENERAL FUND
2.03	Mill Creek Park Trail Phase 2 Improvements/Construction	15	IMPORTANT	2000	\$1,115,000	GENERAL FUND, STATE, FEDERAL, COUNTY, TBD
2.04	Mill Creek Park Trail Phase 3 Improvements/Construction	15	IMPORTANT	2000	\$600,000	GENERAL FUND, STATE, FEDERAL, COUNTY
2.08	Mill Creek Park (North) Formerly Warrior Creek Park	15	IMPORTANT	2001	\$290,000	BOND, DDA, GRANTS
4.02	Downtown Restrooms	15	IMPORTANT	2012	\$100,000	GENERAL FUND
5.03	Economic Development Report Update	15	IMPORTANT	2014	\$0	GENERAL FUND

The following three (9) projects earned a top score of fourteen (14):

PROJECTS WITH NEED SCORE OF 14

Project ID	Project Name	Project Score	Priority	Year	Total Expenditure	Funding Sources
1.01	DAPCO Property Redevelopment	14	IMPORTANT	2009	\$810,000	STREETS FUND, WATER FUND, SEWER FUND, DDA, STATE
1.02	DTE Sub-Station Decommission/Relocation (Part of DAPCO Redevelopment- Project 1.01)	14	IMPORTANT	2014	\$390,000	DDA, GENERAL FUND
2.09	Central Street Kayak Launch and Trailhead	14	DESIRABLE	2015	\$280,000	TBD
3.01	Sidewalk Replacement	14	IMPORTANT	2009	\$90,000	STREETS FUND
6.01a	Road Maintenance Program-Crack Sealing	14	IMPORTANT	2015	\$120,000	STREETS FUND
6.01b	Road Maintenance Program: Micro-Surfacing/Capesealing	14	IMPORTANT	2015	\$200,000	STREETS FUND
6.01c	Road Maintenance Program-Mill & Overlay	14	IMPORTANT	2015	\$175,000	FEDERAL, STREETS FUND
6.01d	Roadsoft Maintenance Program- Crush & Shape	14	IMPORTANT	2015	\$250,000	STREETS FUND
9.06	Water Tower Rehabilitation	14	IMPORTANT	2017	\$30,000	WATER FUND

City of Dexter, Michigan FY2018-2023 Capital Improvements Plan

Section 1.0

CAPITAL IMPROVEMENTS PROGRAMMING

1.1 INTRODUCTION

Definitions

Allocation – Official City Council action that authorizes a department to spend money on a project.

Capital Improvements – New or expanded facilities that are relatively large in size, expensive, and permanent.

Capital Improvements Budget (CIB) – Projects that are programmed for the next fiscal year.

Capital Improvements Plan (CIP) – A document that schedules projects based on the master plan and available financial resources, and the choice of specific improvements to be constructed for a period of five years into the future.

Capital Improvements Program – Multi-year scheduling of public physical improvements based on the City's long-range master plan. Includes CIB and CIP.

Fiscal Year – July 1 to June 30.

Infrastructure – Basic facilities, services, and installations needed for the functioning of the community. These include the transportation systems, sanitary and water lines, parks, public buildings, etc., and the land affiliated with those facilities.

Master Plan – A guide for making decisions regarding the future physical development of the City and the implementation of plans, policies, and programs. The master plan is made up of planning documents, or elements, that provide recommendations for future land use and essential City-wide facilities.

Planning Commission – The Planning Commission reviews and prioritizes projects for the CIP, which is then forwarded to the City Council to assist in the CIB process.

Planning Department – This consists of the Planning Commission and the Community Development Manager.

The challenges to retain and/or expand City services in the midst of shrinking resources and increasing costs has put pressure on City government to make its limited capital resources work more efficiently. City administration, elected and appointed officials, and staff have taken several steps to make capital expenditures more closely reflect long-range objectives. The City has a continuing commitment to ensure that the most needed projects are funded and that the results are those that are called out in the adopted plans and policies. The capital improvements plan is a tool to accomplish this.

CAPITAL IMPROVEMENTS PROJECTS

Projects considered to be capital improvements are large, expensive and relatively permanent in nature. They often place a continuing financial burden on the City, such as maintenance costs, operations, energy requirements, legal responsibilities, etc. It is important to note that the capital improvements plan does not address all of the capital expenditures for the City. Instead, it represents only the major projects in the foreseeable future. Items such as vehicle purchases, small paving jobs, minor sewer extensions, and items and services defined as operational budget items, which are financed out of current revenues, are examined on a yearly basis according to general budget procedures.

1.1 Introduction (cont'd)

The City Planning Commission has been charged with review and adoption of the capital improvements plan. The Planning Commission used the following criteria for project inclusion:

The project must:

- Be consistent with an adopted or anticipated component of the master plan; or state and/or federal requirement, or City Council approved policy; and
- Constitute permanent physical or system improvements, or significant equipment purchases, with a minimum project cost of \$10,000; or a study that will lead to such projects; and
- Add to the value of the infrastructure of the City; and
- Exclude expenditures that are considered operational or maintenance or recurring.

Approval of the Capital Improvements Plan does not mean that City Council is required to fund all of the projects that it contains. Planning Commission approval acknowledges only that these projects represent a reasonable interpretation of the upcoming needs for the City. The capital program approval process is described in the Program Summary section of this document.

LEGAL BASIS FOR THE CAPITAL IMPROVEMENTS PLAN

The State of Michigan provides for the development and use of a capital improvements plan in the Municipal Planning Act (Section 65, Act 33 of the Public Acts of 2008), as amended.

"To further the desirable future development of the local unit of government under the master plan, a planning commission, after adoption of a master plan, shall annually prepare a capital improvements program of public structures and improvements, unless the planning commission is exempted from this requirement by charter or otherwise. If the planning commission is exempted, the legislative body either shall prepare and adopt a capital improvements program, separate from or as a part of the annual budget, or shall delegate the preparation of the capital improvements program to the chief elected official or a non-elected administrative official, subject to final approval by the legislative body. The capital improvements program shall show those public structures and improvements, in the general order of their priority that in the commission's judgment will be needed or desirable and can be undertaken within the ensuing 6-year period. The capital improvements program shall be based upon the requirements of the local unit of government for all types of public structures and improvements. Consequently, each agency or department of the local unit of government with authority for public structures or improvements shall upon request furnish the planning commission with lists, plans, and estimates of time and cost of those public structures and improvements."

1.1 Introduction (cont'd)

RELATIONSHIP BETWEEN THE CAPITAL IMPROVEMENTS BUDGET AND THE ANNUAL BUDGET

The Capital Improvements Budget (CIB) shows projects scheduled to be funded in the upcoming fiscal year, as known as "first-year projects". The City's annual budget itemizes the money needed for all municipal purposes during the next fiscal year. This includes the day-to-day operational expenses of the City, such as salaries and supplies. The projects included in the capital improvements budget are not directly included in the annual budget, but many funding sources required to pay for the projects are confirmed. Approving a particular project still takes place by appropriating money as individual requests come before City Council throughout the fiscal year.

RELATIONSHIP BETWEEN THE CAPITAL IMPROVEMENTS PLAN AND THE CITY PLANNING PROCESS

Comprehensive physical planning influences the programming of capital improvements. As noted above, state law reinforces that link by requiring that the planning commission annually prepare a capital improvements plan to implement the community's master plan.

The first recommended program policy in the CIP recognizes the importance of the link between the Capital Improvements Plan and implementation of the master plan. In bringing most, if not all, of the decision makers together into the planning process, and by using the CIP process to reinforce the desired future land use patterns, the City's physical future can be better shaped.

THE BENEFITS OF CAPITAL IMPROVEMENTS PROGRAMMING

With time, public facilities need major repair, replacement or expansion. Maintaining and upgrading a community's capital infrastructure requires significant financial investment. This investment must be weighed against other community needs and analyzed in light of community goals. The City of Dexter, like many municipalities, is under pressure to make efficient use of capital resources and must make difficult choices. There are more needs than can be satisfied at once, and the selection of one investment over another may shape the development of the City for years to come.

Capital improvements programming is a valuable tool to ensure that choices are made wisely. The City's development goals are implemented, in part, by the careful provision of capital facilities. The benefits of this systematic approach to planning capital projects include the following:

1.1 Introduction (cont'd)

- *Focuses attention on community goals, needs, and capabilities.*

Through capital improvements programming, capital projects can be brought into line with the City's long-range plans by balancing identified needs with financial capabilities.

Considered individually, a new park, water system improvements, and street widening may be great ideas. But each project may look quite different when, in the course of the CIP process, it is forced to compete directly with other projects for limited funds.

- ***Optimizes use of the taxpayer's dollar.***

The capital improvements program helps the City Council and City Manager make sound annual budget decisions. Careful planning of capital improvements helps prevent costly mistakes. In addition, capital planning allows the City to save money in several other ways. For example, investors in municipal bonds tend to look more favorably on communities, which have a CIP; if bond financing is selected for a capital improvement project, the City may realize significant savings on interest.

- ***Guides future growth and development.***

The location and capacity of capital improvements shape the growth and redevelopment of the City. City decision makers can use the CIP to develop well thought-out policies to guide future land use and economic development.

- ***Encourages efficient government.***

Interdepartmental coordination of capital improvements programming can reduce scheduling conflicts and ensure that no single function receives more than its fair share of resources. In addition, the CIP can be used to promote innovative management techniques and improve governmental efficiency and effectiveness.

- ***Improves the basis for intergovernmental and regional cooperation.***

Capital improvements programming offers public officials of all governmental units (City of Dexter, Washtenaw County, Dexter Community School District, Downtown Development Authority, etc.) an opportunity to plan the location, timing, and financing of improvements in the interest of the community as a whole.

1.1 Introduction (cont'd)

- ***Maintains a sound and stable financial program.***

Having to make large or frequent unplanned expenditures can endanger the financial wellbeing of the City. Sharp changes in the tax structure or bonded indebtedness may be avoided when construction projects are planned in advance and scheduled at intervals over a number of years. When there is ample time for planning, the most economical means of financing each project can be selected in advance. Furthermore, a CIP can help the City avoid commitments and debts that would prevent the initiation of other important projects at a later date.

- ***Enhances opportunities for participation in federal or state grant programs.***

Preparing a CIP improves the City's chance of obtaining aid through federal and state programs that provide funds for planning, construction and financing of capital improvements. The CIP is considered a "public works shelf" that contains projects that can be started quickly by having construction, or bid, documents ready should any grants become available.

1.2 PROGRAM SUMMARY

THE CAPITAL IMPROVEMENTS PLAN PROCESS

The capital improvements program is a distinct element of the annual budget process that flows through City government in separate channels. The CIP process usually occurs earlier in the annual cycle than the annual budget. The City Planning Commission develops the CIP over several months.

The City of Dexter uses a traditional needs-driven approach to developing its CIP. In this approach, the City first reviews its plans and policies, then develops a list of needed capital projects and tries to finance them. The process for developing the CIP is described below:

1. *Individual Department Proposals*

Organize the Process

The Planning Commission establishes the administrative framework and policy framework within which the CIP process will operate. Because the Planning Commission is required to develop an annual CIP, the Planning Department assumes the lead in coordinating the CIP process. The City Finance Director and other members of the City Manager's staff also play an active role in supporting the Planning Department.

Develop Project Requests

Next, department heads submit proposed capital improvements projects to the Planning Department. The project worksheet is a particularly useful tool for ensuring that proposed projects are well thought out and based on a realistic appraisal of need.

Because the City typically does not have sufficient funding capacity to meet all the capital needs, priorities are set, based on the policies and criteria established as part of the process. Departments submitting proposals rank their own projects, suggesting their priorities to the Planning Commission. Priority rankings do not necessarily correspond to funding sequence. For example, a road-widening project ranked lower than a park acquisition project may be funded before the park project because the road project has access to a restricted revenue source, whereas the park project may have to compete for funding from within a different revenue source. In other words, a project's approval depends on a number of factors – not only on what it is, but also on how it's done, where it's located, how much it costs, and its funding potential.

1.2 Program Summary (cont'd)

2. *Planning Commission Assessment*

Review Departmental Projects

Following the submission of project proposals to the Planning Department, meetings are held to discuss project proposals. The objective at this juncture is to pull together a CIP that is sensitive to City plans and policies. There are several ongoing departmental functions that occur throughout the year, which lead to the project proposals:

a) Demand Forecast

Forecasts of population, land use, and other demand factors are used by departments to help determine needs for capital facilities. These forecasts typically are made for a period that exceeds that covered by the CIP. Departments can use these forecasts, along with existing facility inventories, to pinpoint areas where future development may create demand for additional capital facilities. References for this information include the City Master Plan, Parks and Recreation Master Plan, Southeast Michigan Council of Governments (SEMCOG), the Census Bureau, and the City's GIS.

b) Existing Facility Inventory and Maintenance

Departments keep a current inventory of existing facilities for two reasons. First, existing facilities may need maintenance, repair, rehabilitation, or replacement to continue providing the desired levels of service. The inventory identifies those that need replacement. That information is then used to develop a cost-effective strategy for protecting capital infrastructure. Second, the number and condition of existing facilities determine current levels of service, and those levels are benchmarks for evaluating proposed standards for future service levels. If existing facilities in their current condition are unable to meet future demand, the deficiency must be corrected through capital improvements. Thus, the inventory becomes the basis for specific capital improvement project requests.

c) Level of Service

Departments can identify the levels of service they currently provide and the levels of service the City will need in the future. These levels help departments determine what should be proposed for funding. Examples of levels of service include: acres of parkland per a certain population, ratio of actual traffic volume to street design capacity, gallons of water per day per customer, etc.

1.2 Program Summary (cont'd)

3. *Capital Improvements Programming*

Screen, Evaluate and Prioritize Projects

The most difficult task for the Planning Commission is to evaluate and prioritize the many projects submitted for approval. This is a critical component of the CIP process. Project selection must correspond to the amount of money assumed to be available for capital spending. Within the limited budget, is a new street paving, an addition to the water treatment plant, or a park rehabilitation of greater importance? Shrinking funds and rising costs incurred in maintaining and rehabilitating deteriorating infrastructure make the process of selecting the most vital capital projects even more crucial and difficult. The merits of each project must be judged against the policies and criteria of the CIP process and the goals of each component of the master plan. Does the project conform in terms of location, size, service provided, and relation to its service area, effect on land use patterns, and relation to public policy and community goals? More than merely a technical process, prioritization involves value preferences, policy choices and political actions. Throughout the examination of the proposed projects, the Planning Commission attempts to overcome some inherent problems in the CIP process:

- a) Government projects are difficult to evaluate because of their diversity and the fact that many, essentially, are not comparable. Individual CIP project requests reflect the need to serve different constituencies and diverse community values. The Planning Commission must attempt to reconcile and balance conflicting community values and judgments.
- b) The Planning Commission must continually approach the decisions required in this process rationally and analytically regardless of the political forces. While conflicting interests within the political process are acknowledged, the Planning Commission must attempt to develop a program that provides the most benefit to the entire community.
- c) It is inevitable that the number of projects requested exceeds available funding. In the endeavor to provide better service to the community, departments often propose capital projects, which, unfortunately, go unfunded. This process should not discourage departments from continuing to submit proposals, but should develop into a mechanism to help in the effort to uncover alternate sources of funding and see that higher-priority projects get implemented.

Next, the projects are placed into the appropriate funding priority group in relation to their necessity or urgency. The Planning Commission uses the following classification system to prioritize proposed projects:

1.2 Program Summary (cont'd)

PRIORITY 1 - URGENT

Urgent, high-priority projects that should be done if at all possible. These include projects that are required to complete a major public improvement; projects that would address an emergency, or remedy a condition dangerous to public health, welfare, and safety; projects that would provide facilities for a critically needed community program; and projects vital to the economic stability of the City. A special effort is made to find sufficient funding for all of the projects in this group.

PRIORITY 2 - IMPORTANT

High-priority projects that should be done as funding becomes available. These include projects that would benefit the community; and projects whose validity of planning and validity of timing have been established.

PRIORITY 3 - DESIRABLE

Worthwhile projects to be considered if funding is available. These are projects that are adequately planned, but not absolutely required, and should be deferred to a subsequent year if budget reductions are necessary.

Projects may have been eliminated from consideration if it was determined that they pose a serious question of community need, adequate planning, or proper timing. This step was also conducted without consideration of project cost of funding. Additionally, projects may be combined or replaced where there is duplication.

Select Projects

In the end, the availability of funds each year, as approved by City Council upon the recommendation of the City Manager, determines the number of projects that are funded. As with the measurement of project impacts under Screen, Evaluate and Prioritize Projects, placing projects in priority groupings relies on the judgment of the Planning Commission, and is not a completely objective process. The criteria used, after all, are not subject to precise measurement. The judgment is, however, not arbitrary and is done within the context of the plans, policies and the goals of the master plan. Thus, a secondary role of the CIP process is to point out the implications of alternative projects to the City Council.

The City Council ultimately approves the assumptions, criteria, policies, and recommendations of the Planning Commission by acknowledging the CIP in the budget process. Depending on the policy orientation, modifications are expected throughout the process. This is considered an essential part of the procedure, placing the burden on those who dissent to assess the policies underlying the recommendations and to advocate their differences, resulting in the necessary evolution of the entire capital planning process.

1.2 Program Summary (cont'd)

4. *Planning Commission Recommendation*

Prepare and Recommend the CIP

As the process continues, and increasingly detailed information emerges, projects may be added, altered, or abandoned. The Planning Commission evaluates the CIP package in light of additional information, holds a public hearing, and makes final programming decisions before recommending the CIP and sending it on to City Council for approval. Council will then be able to use the CIP to make budgetary decisions on capital projects. Planning Commission recommendation of the CIP is not a commitment to finance the approved projects; rather it is a statement of policy regarding the City's approach to meeting its future capital needs.

5. *City Council Approval*

Adopt the Capital Improvements Plan

1.3 PROGRAM GOALS AND POLICIES

Goals and policies are necessary to guide capital programming because: 1) they provide a better understanding of the basis for a CIP; 2) they raise issues that should be discussed; and 3) they provide more specific guidance to the City Manager as well as to the operating departments that propose capital improvements. They are intended to be the basis for deliberation and debate and will change over time as new components of the master plan are adopted.

Capital Planning

- Goal A Identify capital projects that reflect capital need as demonstrated in master plans, studies, City Council resolutions, federal or state laws or through public request.
- Policy A.1 All City departments shall participate in the master planning process, so that plan components more consistently contain objectives and policies for capital improvements.
- Policy A.2 Capital projects that encourage private economic investment in the City shall be considered in components of the master plan.

Project Funding

- Goal B Continue to identify and develop sources of revenue to pay for capital expenditures that do not use, or compete for, resources from the General Fund.
- Policy B.1 The City shall continue to seek private contributions to help pay for new public improvements that serve and benefit private development.
- Policy B.2 The use of non-recurring grants for capital purchases and onetime programs shall continue to be encouraged.
- Policy B.3 Where feasible, the City will explore inter-jurisdictional grant proposals for City projects that have the potential for regional improvements (e.g. transportation, open space, water quality).

1.3 Program Goals and Policies (cont'd)

Project Prioritization

- Goal C Prioritize capital projects that provide substantial public benefit and implement the primary goals and objectives of adopted plans and policies.
- Policy C.1 Projects that are necessary to protect against a clear and immediate risk to public health or safety or are mandated by state or federal law shall be given highest priority.
- Policy C.2 Projects that can demonstrate a net savings in operation and maintenance costs normally will be supported over other projects of similar ranking and funding need.
- Policy C.3 Projects that provide the most benefit to the entire community normally will be supported over other projects of similar ranking and funding need.
- Policy C.4 Projects that maintain or improve existing infrastructure normally will take precedence over projects that create or expand facilities.
- Policy C.5 Projects that reduce impacts on or improve the environment, or that reduce energy consumption will receive higher consideration.
- Policy C.6 Projects first will be evaluated in relation to each other before consideration is given to available financing.

Inter-Jurisdictional Coordination

- Goal D Participate in inter-jurisdictional planning to formulate coherent policies and to avoid service delivery fragmentation among the City, townships, special districts, and the private sector.
- Policy D.1 The City shall coordinate projects with other jurisdictions that may be impacted to help establish efficient scheduling, avoid service interruptions and reduce project costs.

1.3 Program Goals and Policies (cont'd)

Public Participation

- Goal E Provide opportunities, in addition to public hearings, to involve the community in the CIP process to help ensure that their concerns, preferences, and priorities are considered.
- Policy E.1 A draft of the CIP shall be made available for public review prior to the first public hearing. The draft shall be located at the City Office and on the City website.
- Policy E.2 City departments shall explore opportunities for public input for those projects that currently do not provide them.
- Policy E.3 City departments shall include a discussion of related capital improvement projects when holding a public meeting to discuss or update a City master plan.

2014-2015 Policy Recommendations

- GOAL F Prioritize Collaborative Projects, specifically projects that have direct impacts on the quality of life for City residents, Walkability and Safety Improvements, Facility Improvements, and the Central Street Streetscape Improvements. Collaborate to improve corridor entries to the City.
- GOAL G Provide annual funding to recreation and open space projects in accordance with the City of Dexter Parks and Recreation Master Plan.
- GOAL H Incorporate Complete Streets Policies and principles into all road/street projects, including non-motorized paths, bicycle lanes, pedestrian connections, linkages and crosswalks throughout the City. Support public transportation options for City residents.
- GOAL I Provide annual funding to maintain the City's trees/urban forest in accordance with the Tree Management Plan and to reduce maintenance, hazards and liability.
- GOAL J Be development ready. Prioritize improvements in areas designated by the Master Plan for redevelopment and reinvestment, including Baker Road, Grand Street, and Forest Street.
- GOAL K Practice fiscal conservancy by restricting funding for large scale projects, long range planning projects and unique opportunities.
- GOAL L Maintain a strong, ongoing commitment to economic development.

1.4 PROGRAM FUNDING

Because capital improvement projects involve the outlay of substantial funds, numerous sources are necessary to provide financing over the life of the project. Most capital funding sources are earmarked for specific purposes and cannot be transferred from one capital program to another. For instance, funds in the Parks Endowment must be used for the purposes that were stated when the endowment was made. The CIP has to be prepared with some assumptions as to the amount of money to be available. The following is a summary of the funding sources for projects included in the capital improvements program.

ENTERPRISE (RESERVE) FUNDS

In enterprise financing, funds are accumulated in advance for capital requirements. Enterprise funds not only pay for capital improvements, but also for the day-to-day operations of City services and the debt payment on revenue bonds. The City can set levels for capital projects; however, increases in capital expenditures for sewer lines, for example, could result in increased rates. Enterprise fund dollars can only be used on projects related to the fund.

GENERAL OBLIGATION (G.O.) AND REVENUE BONDS

When the City sells bonds, purchasers are, in effect, lending the City money. The money is repaid, with interest, from taxes or fees over the years. The logic behind issuing bonds (or "floating a bond issue") for capital projects is that the citizens who benefit from the capital improvements over a period of time should help the City pay for them. In 2006 the City Council authorized a General Obligation Bond for \$2.8 million dollars. The Bond included the following:

1)	Westside Connector (CIP Project #03-13.0-1990) PROJECT COMPLETE (11-12) Bond <u>not</u> used.	\$100,000
2)	Park (Mill Pond) Restoration (CIP Project #05-2.0-2000) PROJECT COMPLETE (11-12) Bond <u>not</u> used.	\$500,000
3)	Sediment Mgmt. (Mill Pond) (CIP Project #05-2.0-2000/02-13.0-1995) PROJECT COMPLETE (08-09) Bond <u>not</u> used.	\$500,000
4)	DPW Building/Salt Storage (CIP Project #01-3.0-1995 & 02-3.0-2005) PROJECT COMPLETE (07-08) Bond used.	\$1,200,000
5)	Public Safety and City Offices (CIP Project #4.01-1994) PROJECT NOT COMPLETE	<u>\$500,000</u>
TOTAL=\$2,800,000		

As of February 2007 the City funded one Bond Series for \$1.7 million dollars for the DPW Building and Salt Storage Project and the Public Safety and City Offices Project. As of March 2013 there had been no action on the construction of the City Offices Project. The second Bond Series for the remaining \$1.1 million dollars has not been executed although there is no time limit on use of the bond if the City decides to move forward with projects included in the initial 2007 notice of intent.

The City has the ability to issue bonds in two forms:

General Obligation Bonds

Perhaps the most flexible of all capital funding sources, G.O. bonds can be used for the design or construction of any capital project. These bonds are financed through property taxes. In financing through this method, the taxing power of the City is pledged to pay interest and principal to retire the debt. Voter approval is required if the City wants to increase the taxes that it levies and the amount is included in the City's state-imposed debt limits. To minimize the need for property tax increases, the City makes every effort to coordinate new bond issues with the retirement of previous bonds. G.O. Bonds are authorized by a variety of state statutes.

Revenue Bonds

Revenue bonds are sold for projects, such as water and sewer systems, that produce revenues. Revenue bonds depend on user charges and other project-related income to cover their costs. Unlike G.O. bonds, revenue bonds are not included in the City's state-imposed debt limits because the full faith and credit of the City back them. Revenue bonds are authorized by Public Act of 1933, the Revenue Bond Act.

WEIGHT AND GAS TAX

Based on a formula set by the State of Michigan, the City of Dexter receives a portion of the tax placed on motor fuel and highway usage in the state. The restrictions placed on the expenditure of these funds insure that they will be spent on transportation-related projects or services. These funds are often called "Act 51" funds.

TAX INCREMENT FINANCING (TIF)

TIF is a municipal financing tool that can be used to renovate or redevelop declining areas while improving their tax base. TIF applies the increase in various state and local taxes that result from a redevelopment project to pay for project-related public improvements. Public Act 281 of 1986, the Local Development Finance Authority Act and Public Act 450 of 1980, the Tax Increment Financing Act authorizes TIF. Because the passage of Proposal A in 1994 limits the ability to capture certain taxes, the ability to utilize this was severely restricted.

MILLAGES

The property tax is one of the most important sources of City revenue. The property tax rate is stated in mills (one dollar per \$1,000 of valuation). This rate is applied to the net value, following the application of all exemptions and a 50% equalization ratio. Millages can be either authorized by statute or voted by the people for use on a particular purpose.

FEDERAL FUNDS

The federal government makes funds available to cities and City's through numerous grants and programs. Some federal funds are tied directly to a specific program. The City has discretion (within certain guidelines) over the expenditure of others. For the most part, the City has no direct control over the amount of money received under these programs. Due to a significant change in federal policy during the 1980's, federal funds have been declining. While recreation, transportation, and housing programs have continued to be funded, the amounts are likely to be greatly curtailed.

SPECIAL ASSESSMENTS

Capital improvements that benefit particular properties, rather than the community as a whole, may be financed more equitably by special assessment: that is, by those who directly benefit. Local improvements often financed by this method include street improvements (including pavement, curb and gutter, sidewalks, etc.), sanitary and storm sewers, and water mains.

DEVELOPER CONTRIBUTIONS

Sometimes capital improvements are required to serve new development. Where funding is not available for the City to construct the improvements, developers may agree to voluntarily contribute their share or to install the facilities themselves so the development can go ahead.

Funding Sources Checklist																	
	DDA	General Fund	Sewer Fund	Water Fund	Major Streets	Local Streets	Streets Fund	County	State	Federal	Grants	Private	Unknown	Equipment Replacement	Restricted	Schools	Bond
1.0 Downtown Development	x	x	x	x			x		x			x	x				
2.0 Parks & Recreation	x	x						x	x	x	x						x
3.0 Sidewalks					x	x	x						x				
4.0 Buildings-Grounds-Equipment	x	x											x	x	x		
5.0 Planning and Zoning		x															
6.0 Streets and Alleys							x		x	x			x				
7.0 Stormwater					x	x	x		x							x	
8.0 Wastewater System			x							x							x
9.0 Water System				x						x							
10.0 Cooperative Projects		x					x	x		x			x				