

**CAPITAL IMPROVEMENT PLAN
FYE 2022 to FYE 2027**

**CITY OF CARSON CITY
MONTCALM COUNTY, MICHIGAN**



PREPARED BY:



APRIL 2021

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CAPITAL IMPROVEMENT PLAN

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INTRODUCTION

A Capital Improvements Plan (CIP) is a multi-year planning instrument used to identify needs and financing sources for public infrastructure improvements. The purpose of a CIP is to facilitate the orderly planning of infrastructure improvements; to maintain, preserve, and protect the City of Carson City's existing infrastructure system; and to provide for the acquisition or scheduled replacement of equipment to ensure the efficient delivery of services to the community. The CIP is also utilized to ensure that capital improvements are fiscally sound and consistent with the goals and policies of the governing body and the residents of the community.

A comprehensive CIP is an essential tool for the planning and development of the social, physical, and economic wellbeing of the community. This process is a necessary step in an organized effort to strengthen the quality of public facilities and services; provide a framework for the realization of community goals and objectives; and provide a sound basis on which to build a healthy and vibrant community.

The CIP informs Carson City's residents and stakeholders on how the municipality plans to address significant capital needs over the next six years. The CIP provides visual representations of the community's needs including maps that detail the timing, sequence, and location of capital projects. The CIP can also influence growth as infrastructure can impact development patterns.

Some of the many benefits that the CIP provides for residents and stakeholders include:

- Optimize uses of revenue
- Focus attention on community goals, needs, and capabilities
- Guide future growth and development
- Encourage efficient government
- Improve intergovernmental and regional cooperation
- Help maintain a sound and stable financial program
- Enhance opportunities for the participation in federal and/or state grant programs

The projects identified in the CIP represent the community's plan to serve residents and anticipate the needs of a dynamic community. Projects are guided by various development plans and policies established by the planning commission, governing body, and administration.

Plans and policies include:

- 2012 Transportation Asset Management Plan, Spicer Group, Inc.
- 2015 Water Reliability Study, Spicer Group, Inc.
- 2015 Water System Financial Sustainability Analysis, Burton & Associates
- 2017 Parks and Recreation Plan, Spicer Group, Inc.
- 2017 Wastewater Asset Management Plan, Spicer Group, Inc.
- 2018 Carson City Water Asset Management Report, Spicer Group, Inc.
- 2019 Carson City Master Plan, Spicer Group, Inc.

MISSION STATEMENT

Preparation of the CIP is done under the authority of the Michigan Planning Enabling Act (PA 33 of 2008). The goal of the CIP should be to implement the master plan and assist in the community's financial planning.

The CIP is dynamic. Each year all projects included within the CIP are reviewed, a call for new projects is made, and adjustments are made to existing projects arising from changes in the amount of funding required, conditions, or timeline. A new year of programming is also added each year to replace the year funded in the annual operating budget.

The CIP program should continue to develop over time by adding features to gradually improve quality and sophistication. Greater attention shall be devoted to providing more detailed information about individual project requests, program planning, fiscal analysis, fiscal policies, and developing debt strategy.

CIP AND THE BUDGET PROCESS

The CIP plays a significant role in the implementation of a master plan by providing the link between planning and budgeting for capital projects. The CIP process precedes the budget process and is used to develop the capital project portion of the annual budget. Approval of the CIP by the Planning Commission does not mean that they grant final approval of all projects contained within the plan. Rather by approving the CIP, the Planning Commission acknowledges that these projects represent a reasonable interpretation of the upcoming needs for the community and that projects contained in the first year of the plan are suitable for inclusion in the upcoming budget.

Priority rankings do not necessarily correspond to funding sequence. For example, a road-widening project which is ranked lower than a park project may be funded before the park project because the road project has access to a restricted revenue source, whereas a park project may have to compete for funding from other revenue sources. A project's funding depends upon a number of factors- not only its merit, but also its location, cost, funding source, and logistics.

The City of Carson City should strive to maximize resources by maintaining a balance between operating and capital budgets. A continuous relationship exists between the CIP and the annual budget. A direct link can be seen between the two documents, as there should be in a strategic planning environment. Budget appropriations lapse at the end of the fiscal year as the operating budget is funded with recurring annual revenues such as taxes, licenses, fines, user fees, and interest income.

THE CIP PROCESS

Appendix A shows the CIP Organization Chart that was used to prepare the City of Carson City's Capital Improvement Plan. Below is a summary:

Policy Group: reviews policy, develops projects prioritization and schedule for the six year period, reviews funding options, and presents the recommendation to the Administrative Group. The policy group is comprised of the Mayor, City Administrator, Department Heads, and Committee Members.

Policy Group

Jean Southward, City Administrator
Tom McCrackin, Mayor
Mark Crawfis, Fire Chief
Anthony Keller, Police Chief
Nate Plath, DPW Supervisor
Kyle Miller, City Council Planning Commission Representative
Gary Sweet, Planning Commission Chair
Parks and Recreation Committee
Water and Sewer Committee
Streets and Sidewalk Committee
Police Committee
Fire Committee
John Bradley, Engineer of Record, Spicer Group, Inc.

Administrative Group: clarifies any issues, finalizes the ratings and brings the CIP draft forward at the planning commission workshop and presents the CIP at the planning commission public hearing.

Administrative Group

Jean Southward, City Administrator
Tom McCrackin, Mayor
Cindy Shafer, Comptroller
John Bradley, Engineer of Record, Spicer Group, Inc.

Planning Commission: works with the policy group during the plan development, conducts workshops (if necessary), reviews the policy group's recommendation, receives public input, conducts public hearings, adopts the plan, and requests the governing body to consider incorporating funding for the first year projects into the budget plan.

Planning Commission

Gary Sweet, Commission Chair
Mark Jolls, Commissioner
Tami Tasker, Commissioner
Timm Marks, Commissioner
Kyle Miller, City Council Representative

City Council: encouraged to use the CIP as a tool in the adoption of the annual budget process in accordance with the governing body goals and objectives.

City Council

Kyle Miller, Council Member
Chad Parmenter, Council Member
Lezlie Hauck, Council Member
Kurt Keiffer, Council Member
David Gage, Council Member
Pam Hagerman, Council Member

Residents: encouraged to participate in plan development by working with various boards and commissions at the planning commission workshops, the planning commission public hearings, and at the City Commission's budget workshops and public hearings. As always, communication is open between residents, governing body representatives, planning commission representatives, and staff.

CIP POLICY

As used in the City of Carson City's Capital Improvements Program, a capital improvements project is defined as a major, nonrecurring expenditure that includes one or more of the following:

1. Any construction of a new facility (i.e., a public building, water/sanitary sewer mains, storm sewers, major/local roadways, recreational facilities), an addition to, or extension of such a facility, provided that the cost is \$100,000 or more and that the improvement will have a useful life of five to ten years or more.
2. Any nonrecurring rehabilitation of all or a part of a building, its grounds, a facility, or equipment, provided that the cost is \$50,000 or more and the improvement will have a useful life of three years or more.
3. Any purchase or replacement of major equipment to support community programs provided that the cost is \$75,000 or more, the improvement will have a useful life of 10 year or more, and will be coded to a capital asset account.
4. Any planning, feasibility, engineering, or design study related to an individual capital improvements project or to a program that is implemented through individual capital improvements projects provided that the cost is \$10,000 or more and will have a useful life of five years or more.
5. Any planning, feasibility, engineering, or design study costing \$25,000 or more that is not part of an individual capital improvements project or a program that is implemented through individual capital improvements projects.
6. Any acquisition of land for a public purpose that is not part of an individual capital improvements project or a program that is implemented through individual capital improvements projects provided that the cost is \$25,000 or more.

PROGRAM FUNDING

Because the capital improvements 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 example, funds raised by the City of Carson City's water and sewer billings must be used for the purposes of operating, maintaining, and improving the City's water and sewer infrastructure. The CIP must be prepared with some projections as to the amount of money 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 community services and the debt payment on revenue bonds. The community can set levels for capital projects; however, increases in capital expenditures for water mains, for example, could result in increased rates. Enterprise fund dollars can only be used on projects related to that particular enterprise fund, i.e., only water system funds can only be used on water system funds.

Bonds

When the community of City of Carson City sells bonds, purchasers are, in effect, lending the community 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 should help the community pay for them. City of Carson City issues bonds in two forms.

General Obligation (G.O.) 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 community is pledged to pay interest and principal to retire the debt. Voter approval is required if the community wants to increase the taxes that it levies, and the amount is included in Carson City's state-imposed debt limits. To minimize the need for property tax increases, the community 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 that produce revenues, such as water and sewer system projects. 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 community state-imposed debt limits because the full faith and credit of the community 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 Carson City 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 ensure that they will be spent on transportation-related projects or operations and services. These are commonly 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.

Millages

The property tax is a millage that is one of the most important sources of community revenue. The property tax rate is stated in mills (one dollar per \$1,000 of valuation). This rate is applied to a property's net value, following the application of all exemptions and a 50 percent equalization ratio. Millages are voter-approved taxes that are specifically earmarked for a particular purpose. For example, the parks maintenance and repair millage helps support parks and recreation capital projects. The community is authorized to utilize millages under Public Act 279 of 1909, the Home Rule Cities Act.

Federal and State Funds

The federal and state governments make funds available to communities through numerous grants and aid programs. Some funds are tied directly to a specific program. The community has discretion (within certain guidelines) over the expenditure of others. For the most part, the community has no direct control over the amount of money received under these programs.

Special Assessments

Capital improvements that benefit particular properties, rather than the community as a whole, may be financed more equitably by special assessment, i.e., by those who directly benefit. Local improvements often financed by this method include new 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 community to construct the improvements, developers may agree to voluntarily contribute their share or to install the facilities themselves so the development can go ahead.

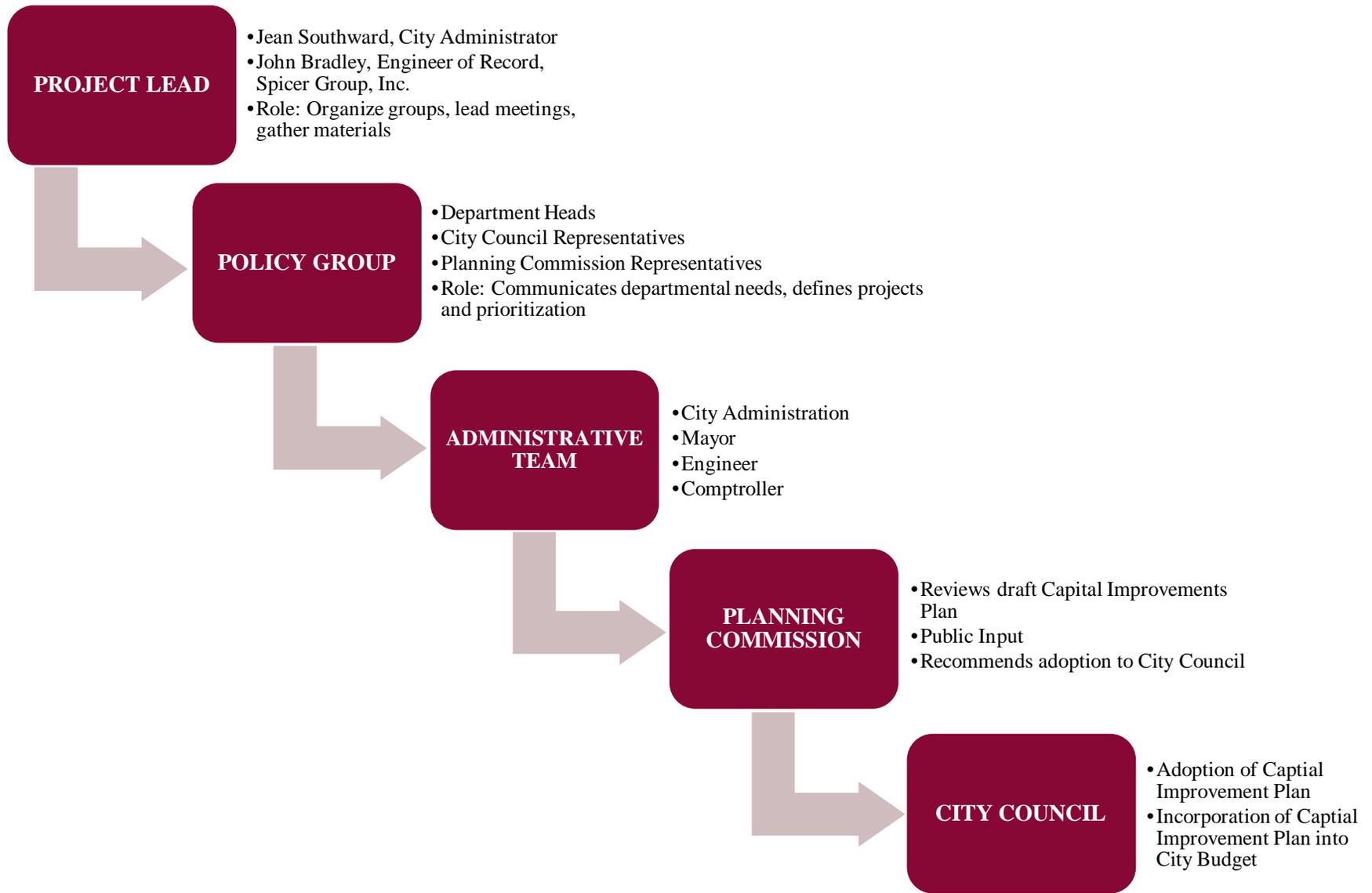
CIP SUMMARY

A summary of projects for the Capital Improvement Plan FY 2022 to FY 2027 is in Appendix B.

APPENDIX A

CIP ORGANIZATION CHART

**ORGANIZATION CHART
CAPITAL IMPROVEMENTS PLAN
CITY OF CARSON CITY**



APPENDIX B

Capital Improvement Plan FYE 2022 to FYE 2027 Table Summary

Year of Cost Estimate	Project Type	Department	Supporting Documentation	CIP Project Name	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
2121	Public Safety	Fire	2021 FD Report	Department Computer Equipment				\$ 1,500.00		
2021	Public Safety	Fire	2021 FD Report	Engine #2 Replacement						\$ 50,000.00
2021	Public Safety	Fire	2021 FD Report	New Building - Backup Generator		\$ 35,000.00				
2021	Public Safety	Fire	2021 FD Report	New Building - Rennovations	\$ 200,000.00					
2021	Public Safety	Fire	2021 FD Report	Tornado Siren Replacment		\$ 8,000.00				
2021	Public Safety	Fire	2021 FD Report	Grass/Brush Truck Replacement			\$ 50,000.00			
2021	Public Safety	Fire	2021 FD Report	Honda Light Generator(s)						\$ 3,000.00
2021	Public Safety	Fire	2021 FD Report	Thermal Imaging Camera				\$ 7,000.00		
2021	Public Safety	Fire	2021 FD Report	SCBA Packs					\$ 65,000.00	
2021	Public Safety	Fire	2021 FD Report	Gear Extractor (Washing Machine)	\$ 10,000.00					
2021	Public Safety	Fire	2021 FD Report	Gear Lockers	\$ 18,000.00					
2021	Public Safety	Fire	2021 FD Report	Honda Air Fans	\$ 3,300.00					
2021	Public Safety	Fire	2021 FD Report	Hale Portable Pump HP 300						\$ 4,500.00
2021	Public Safety	Police	2021 PD Expense	Body Armor						
2021	Public Safety	Police	2021 PD Expense	Body Cams / Car Cams			\$ 10,000.00			
2021	Public Safety	Police	2021 PD Expense	Partrol Car and Accessories	\$ 39,000.00				\$ 45,000.00	
2021	Public Safety	Police	2021 PD Expense	Office Computers		\$ 5,000.00				
2021	Parks & Rec	Parks & Rec	2017-2021 P&R Plan	Grove - Electrical Hookup		\$ 4,200.00				
2021	Parks & Rec	Parks & Rec	2017-2021 P&R Plan	Haradine - Restroom Bldg. Remodel			\$ 30,000.00			
2021	Parks & Rec	Parks & Rec	2017-2021 P&R Plan	West - Adult Fitness Equipment				\$ 15,000.00		
2020	Parks & Rec	Parks & Rec		West - Parking Lot	\$ 60,000.00					\$ 80,000.00
2020	Parks & Rec	Parks & Rec		West Park Canopy and Picnic Tables	\$ 25,000.00					
2020	Streets	Major Streets		Sherman (Abbott to Minor);Sherman (1st to 2nd);2nd St (Main to Sherman)	\$ 52,000.00					
2020	Streets	Major Streets		Misc Repair	\$ 18,000.00					
2020	Motor Pool	DPW		Leaf Machine; Work Truck; Tractor	\$ 130,000.00					
2016	Water	DPW	GP and WRS, AMP	Water Tower Repainting - Inside				\$ 150,000.00		
2016	Water	DPW	GP and WRS, AMP	Water Tower Repainting - Outside			\$ 150,000.00			
2020	Water	DPW	Water AMP	Water Service Material Inventory		\$ 120,000.00				
2020	Water	DPW		2nd Street (Sherman to Main)	\$ 48,000.00					
2016	Water	DPW	GP and WRS, AMP	Well #6 Rehabilitation	\$ 44,000.00					
2020	Wastewater	DPW	SAW Grant	Sewer Rehabilitation (CDBG)	\$ 275,000.00					
2020	Wastewater	DPW	SAW Grant	Pump Station Replacement (CDBG)	\$ 213,000.00					
2020	Wastewater	DPW		2nd Street Sewer Replacement (Sherman to Main)	\$ 40,000.00					

Note: Fiscal Year (FY) = July 1 to June 30 of following calendar year

FYE Projections: \$ 1,175,300.00 \$ 172,200.00 \$ 240,000.00 \$ 173,500.00 \$ 110,000.00 \$ 137,500.00