

## Capital Improvements Program

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The City Charter requires that the City Manager prepare and submit to the City Council a capital improvement program ("CIP") that includes cost estimates, method of financing and estimate of annual operating and maintenance costs. Concurrent with the development and adoption of its annual operating budget, the City Council adopts a six-year CIP encompassing the present and five subsequent fiscal years. The CIP sets forth a schedule of proposed capital improvements and purchases ranging from computer hardware to major street and utility infrastructure improvements and repairs. Identified within the CIP are estimated costs and sources of funding for the construction and maintenance of the improvements. Estimates of annual operating and maintenance costs of the purchases and improvements are included in the annual operating budget.

The Essexville Planning Commission participates in the development of the CIP as set forth in Act 226, Public Acts of 2003 (Joint Municipal Planning Act). Accordingly, the CIP and adoption process satisfies requirements of law.

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**Overview** – Proposed expenditures in the CIP spanning fiscal years 2009/2010 through 2014/2015 are \$16,250,100. The CIP is broken down in seven primary categories of purchases and improvements; Buildings and Grounds, Parks and Public Facilities, Motor Vehicles & Equipment, Water Distribution, Wastewater Collection and Treatment, Streets and Drainage and Economic Development.

**Buildings and Grounds** – Total proposed expenditures for this category are \$282,500. Proposed expenditures include the replacement and purchase of computer hardware, furniture and fixtures and energy efficiency improvements at various public facilities.

There are no significant changes in proposed capital projects and purchases compared to the 2008/2009 through 2013/2014 CIP. The largest single proposed expenditure over the life of this CIP is \$75,000 for the reconstruction of the parking lot at City Hall. These (parking lot) improvements are planned for fiscal year 2012/2013.

Capital equipment purchases in this category proposed for fiscal year 2009/2010 total \$10,000 for the purchase of miscellaneous furniture, fixtures, equipment and computer hardware and software.

**Parks and Public Facilities** – Total proposed expenditures for this category are \$829,500. The City of Essexville has very few public park facilities with the most significant park and recreation resources in the city being adjacent to the Saginaw River.

As set forth in the City's Parks and Recreation Master Plan (PRMP)<sup>1</sup> other proposed expenditures include improvements to existing waterfront park facilities, construction of a new river overlook and construction of new park facilities in cooperation with the Essexville/Hampton School District.

Approximately \$600,000 of the proposed expenditures is for the development and improvement of riverfront park facilities

There are no parks and public facilities capital expenditures approved for fiscal year 2009/2010.

**Motor Vehicles & Equipment** – Total proposed expenditures for this category are \$544,600. Proposed expenditures include the purchase of new and replacement vehicles and equipment used by the various operating departments of the City. The primary source of funding for these capital expenditures is rental fees charged to the various operating departments for the use of vehicles and equipment that the Motor Vehicle and Equipment Fund purchases and owns.

The most costly equipment scheduled for replacement over the next six years is the replacement of the street sweeper (\$140,000). Equipment replacement schedules are determined based on the use of the equipment and the cumulative ownership, operating and maintenance costs of a particular vehicle or piece of equipment.

The only capital purchase in this category planned for fiscal year 2009/2010 is the replacement of a police patrol vehicle for the Department of Public Safety at a cost of \$25,200.

**Water Distribution System** – Total proposed expenditures for this category are \$765,500. Proposed expenditures include the repair of and improvements to the City's water distribution system and the purchase of replacement meters and hydrants. The water system rates fund meter and hydrant replacement.

The primary source of funding for major improvements to the water distribution system over the past several years has been a voted infrastructure bond<sup>2</sup>. It is estimated that \$700,000 in additional distribution system replacement and upgrades are needed.

Over the past ten years the Department of Public Works has converted all but a few of the residential properties in the City to outside readers for the water meters, and replaced almost all of the oldest water meters in the system<sup>3</sup>.

The City is presently engaged in discussions with other governmental units in Bay County regarding water supply alternatives that could require the City to undertake significant capital expenditures in the future.

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<sup>1</sup> The City's five-year PRMP was incorporated in Bay County's PRMP which was adopted in January 2009. The City's PRMP is similar to the CIP except that it specifically addresses community parks and recreation needs and deficiencies. To be eligible to receive grant funds administered by the Michigan Department of Natural Resources ("the MDNR") the City must have a PRMP approved by the MDNR.

<sup>2</sup> City residents approved a \$5,000,000 infrastructure bond in 1999 to pay for improvements to the City's water, sewer, and drainage infrastructure. All of the bond proceeds have been spent.

<sup>3</sup> The City's policy is to replace residential water meters on a ten-year cycle to maintain the accuracy and efficiency of the meters. The Department of Public Works checks and calibrates commercial/industrial meters on a two-year cycle.

Water distribution system capital expenditures approved for fiscal year 2009/2010 total \$10,500 for routine meter and hydrant replacement.

**Wastewater Collection and Treatment** – Total proposed expenditures for this category are \$9,188,000. Proposed expenditures include the repair of and improvements to the City's sanitary sewer collection and treatment systems. The primary source of funding for major improvements to the wastewater treatment would be a low interest loan from the United States Department of Agriculture. Other improvements would be paid with sewer charges collected from residential, commercial and industrial customers.

A largest single expenditure in this category is the conversion of the City's wastewater treatment plant to a combined pumping facility which will deliver the City's wastewater and stormwater to the West Bay County Regional Wastewater Treatment Plant for processing and treatment. Once the pump station is operational the treatment works at the site will be decommissioned and demolished.

The City will continue to operate a combined sewer overflow (CSO) facility at the former treatment plant site. Presently two-thirds of the City's wastewater collection system accepts both sanitary sewer and storm water that can result in overflows from the treatment plant to the Saginaw River during heavy rain conditions.

The new pump station will significantly reduce the frequency and quantity of CSO events.

Wastewater collection and treatment capital expenditures approved for fiscal year 2009/2010 total \$8,118,000 for wastewater treatment plant project.

**Streets and Drainage** – Total proposed expenditures for this category are \$1,600,000. Proposed expenditures include improvements to the City's street and storm water systems.

The two largest projects include the resurfacing of Borton Avenue (Caroline to Scheurmann Streets) and improvements to three railroad crossings located on Nebobish, Borton and Woodside Avenues. These projects total \$650,000. The City has a commitment of \$300,000 in federal funds through the American Recovery and Reinvestment Act of 2009 (also know as the federal stimulus program) to assist with the Borton Avenue project. The City may act as a pass through agency for the railroad to obtain funding for the rail crossing upgrades.

**Economic Development** – Total proposed expenditures for this category are \$3,040,000. Proposed expenditures include the development and redevelopment of properties within the City's Downtown Development Authority ("DDA") District. The primary sources of funding for these projects are the Downtown Development Fund, grants and loans, and private investment.

The largest proposed expenditures is for the creation and development of a "Consolidated Waterfront Industrial Center"<sup>4</sup> (\$2,000,000) and the redevelopment of various properties owned by the DDA along Woodside Avenue, which is the City's primary business corridor.

The DDA has purchased a number of vacant or distressed properties along Woodside Avenue for the purpose of redevelopment. The DDA has, with the assistance of MDEQ grants, demolished and cleaned up those properties to prepare them for redevelopment.

Economic development capital expenditures approved for fiscal year 2009/2010 total \$40,000 streetscape lighting and public improvements related to the Business/Commerce Park.

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<sup>4</sup> The DDA has proposed the relocation of some of the present industries located on the Saginaw River to a single location north of the Essroc Cement Plant.