



City of Newaygo

CAPITAL IMPROVEMENT PLAN

Adopted

March 13, 2017

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CAPITAL IMPROVEMENT PLAN

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 community of Newaygo'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 Newaygo residents and stakeholders on how the municipality plans to address significant capital needs over the next six years. The CIP can also influence growth because infrastructure can impact development patterns.

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

- Optimize the 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:

- Master land use plan
- Economic Development plan
- Downtown development plan
- Recreation plan
- Goals and objectives of council
- Administrative policies

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 to 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 time line. A new year of programming is also added each year to replace the year funded in the annual operating budget.

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The CIP program should continue to develop over time by adding features to gradually improve quality and sophistication. Greater attention shall be devoted to provide 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 does not mean that final approval has been granted for all projects contained within the plan. Rather by approving the CIP, the City 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 community of Newaygo 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.

CIP POLICY

As used in the community of Newaygo Capital Improvements Program, a capital improvements project is defined as a major, often 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 \$10,000 or more and that the improvement will have a useful life of three 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 \$10,000 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 \$10,000 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

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improvements projects provided that the cost is \$10,000 or more and will have a useful life of three 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 community for fire protection services must be used for the purposes that were stated when the voters approved the funding. The CIP has to 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 Newaygo 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 of time should help the community pay for them. Newaygo 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 Newaygo'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

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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 does not 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 community of Newaygo 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 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. For purposes of financing activities within the community, the City adopted a TIF plan in 1986. Related Acts include: Public Act 281 of 1986, the Local Development Finance Authority Act and Public Act 450 of 1980, the Tax Increment Financing Act.

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. 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.

PARKS

	ID	Project	Cost	Timeline	Fiscal Year						6 Year Total
					17-18	18-19	19-20	20-21	21-22	22-23	
1	PK1	Ice rink - Barton St skate park	\$25,000		\$25,000						\$25,000
2											\$0
3											\$0
4											\$0
5											\$0
6											\$0
7											\$0
8											\$0
9											\$0
10											\$0
11											\$0
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30											\$0
31											\$0
32	TOTALS:				\$0	\$25,000	\$0	\$0	\$0	\$0	\$25,000
33	Funding	City									\$0
34	Sources:	TIFA/LDFA			\$0	\$25,000	\$0	\$0	\$0	\$0	\$25,000
35		Grant									\$0
36		Loan									\$0

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PARKS

CIP ID#: PK1

Cost: \$25,000

Timeline: 2018-19

Description:

The Barton St skate park has ramps for skateboards, skates and scooters. There is level ground behind the restroom facility located at the park. Each year a temporary ice rink is constructed for the winter season. The City would like to install a permanent concrete ice rink structure/surface that could be utilized as a skating or roller hockey rink in the summer.

Source of funding: City funds (TIFA)

STREETS

ID	Project	Cost	Timeline	Fiscal Year						6 Year Total
				17-18	18-19	19-20	20-21	21-22	22-23	
1	ST1 Street repairs:	\$150,000	Annually	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$900,000
2										\$0
3										\$0
4										\$0
5										\$0
6										\$0
7										\$0
8										\$0
9										\$0
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30										\$0
31										\$0
32	TOTALS:			\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$900,000
33	Funding	City								\$0
34	Sources:	TIFA/LDFA		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$900,000
35		Grant								\$0
36		Loan								\$0

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STREETS

CIP ID#: ST1

Cost: \$150,000

Timeline: Annually

Description:

The City of Newaygo has a process of evaluating its roads each Spring. This is possible since Newaygo is a small community and all roads are able to be reviewed in approximately 2 hours. Priority projects are then selected according to the budget listed above. Project types include remove pavement and repave, grind portion of road and apply asphalt overlay, overlay existing asphalt as is, or chip seal.

Source of funding: City funds (TIFA)

PARKING LOTS

	ID	Project	Cost	Timeline	Fiscal Year						6 Year Total	
					17-18	18-19	19-20	20-21	21-22	22-23		
1	PL1	Downtown parking lots (north & south)	\$18,000	Annually	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$108,000	
2											\$0	
3											\$0	
4											\$0	
5											\$0	
6											\$0	
7											\$0	
8											\$0	
9											\$0	
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30											\$0	
31											\$0	
32	TOTALS:					\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$108,000
33	Funding	City										\$0
34	Sources:	TIFA/LDFA			\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$108,000
35		Grant										\$0
36		Loan										\$0

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PARKING LOTS

CIP ID#: PL1

Cost: \$18,000

Timeline: Annually

Description:

With zero lot lines in the downtown, businesses are not able to have individual parking lots. The parking provided is public and maintained by the City of Newaygo. Each year a portion of the parking lots is chosen for replacement. By keeping this schedule, the parking lots will always be in good repair without a single large capital outlay to replace all of the parking facilities at the same time.

Source of funding: City funds (TIFA)

SEWER

ID	Project	Cost	Timeline	Fiscal Year						6 Year Total
				17-18	18-19	19-20	20-21	21-22	22-23	
1	SR1 Aeration system/lagoons	\$785,000		\$785,000						\$785,000
2	SR2 Lagoon liners (pond 3 & 4),RIBs, Chem feed	\$2,261,000		\$2,261,000						\$2,261,000
3	SR3 Collection Sys repairs upgrades	\$810,000		\$810,000						\$810,000
4	SR4 Stormwater sys - uptown/elem sch neighborhood				\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
5										\$0
6										\$0
7										\$0
8										\$0
9										\$0
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31										\$0
32	TOTALS:			\$3,856,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$3,906,000
33	Funding	City	(See project description sheets)							\$0
34	Sources:	TIFA/LDFA								\$0
35		Grant								\$0
36		Loan								\$0

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SEWER

CIP ID#: SR1

Cost: \$785,000

Timeline: 2017-18

Description:

Aeration system repairs and upgrades at wastewater treatment plant (WWTP). The City of Newaygo proposes to request approximately \$706,500 in CDBG funds to repair and improve the City's wastewater aeration system/lagoons. The City will contribute approximately \$78,500 to the project for a total project amount of approximately \$785,000. This system serves the entire City and will benefit at least 51% low to moderate income persons. No persons will be displaced as a result of the proposed activities.

Source of funding: City funds and grant funds

CIP ID#: SR2

Cost: \$ 2,261,000

Timeline: 2017-18

Description:

The liners of the large polishing pond lagoons (ponds 3 & 4) at the wastewater treatment plant (WWTP) have reached the end of their life and need replacement. This is critical in order to properly detain the wastewater for proper treatment and discharge. This project will also address modifications to the Rapid Infiltration Basins (RIBs) to make it capable of supporting discharge of wastewater during the winter months. This modification will increase the plant capacity for industry and housing. Another part of the project includes installation of a chemical feed system to improve treatment for removal of phosphorus from the wastewater. The City proposes to seek grants and loans from USDA Rural Development to assist with the funding of the project. This system serves the entire City and will benefit at least 51% low to moderate income persons. No persons will be displaced as a result of the proposed activities.

Source of funding: City funds, grant funds, loan funds

CIP ID#: SR3

Cost: \$ 810,000

Timeline: 2017-18

Description:

Sewer collection system repairs and upgrades. This project includes rehabilitation of sewer mains and upgrades to sewage lift stations. The

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purpose of the proposed project is to address necessary repairs and improve reliability, especially during electrical outages. The City proposes to seek grants and loans from USDA Rural Development to assist with the funding of the project. This system serves the entire City and will benefit at least 51% low to moderate income persons. No persons will be displaced as a result of the proposed activities.

Source of funding: City funds, grant funds, loan funds

CIP ID#: SR4

Cost: \$ 10,000

Timeline: Annually beginning in 2018-19

Description:

Storm water system – uptown neighborhood. There are many locations in the uptown neighborhood of the City of Newaygo that have storm water drainage issues. Many homes are also suspected to pump ground water and storm water via sump pumps into the City’s sewer system. This wastes capacity in the sewer system and puts an unnecessary burden on the system. Installing a storm water system into the neighborhood will allow yards to properly drain and reduce infiltration into the City’s sewer system. The City proposes to use mostly local funds and expand the system incrementally over time. No persons will be displaced as a result of the proposed activities.

Source of funding: City funds

WATER

	ID	Project	Cost	Timeline	Fiscal Year						6 Year Total
					17-18	18-19	19-20	20-21	21-22	22-23	
1	WR1	Water tower: Repairs and new coating	\$100,000		\$100,000						\$100,000
2											\$0
3		Water main replacement									\$0
4	WR2	Washington St (Stake to Quarterline)	\$98,700					\$98,700			\$98,700
5											\$0
6											\$0
7											\$0
8											\$0
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25											\$0
26											\$0
27											\$0
28											\$0
29											\$0
30											\$0
31											\$0
32	TOTALS:				\$0	\$100,000	\$0	\$0	\$98,700	\$0	\$198,700
33	Funding	City	(See project description sheets)								\$0
34	Sources:	TIFA/LDFA									\$0
35		Grant									\$0
36		Loan									\$0

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WATER

CIP ID#: WR1

Cost: \$100,000

Timeline: 2018-19

Description:

The City's water tower was built in 1993. The exterior was repainted in 2004. An inspection report from Dixon Engineering dated May 2015 recommends repainting the exterior of the water tower again in 2019. The report also recommends some other minor repairs to be completed in the same time frame for a total cost of approximately \$100,000. The City proposes to use funds from the City water dept reserves.

Source of funding: City funds

CIP ID#: WR2

Cost: \$98,700

Timeline: 2021-22

Description:

Water main replacement - Washington St (Stake to Quarterline). The water main on Washington St is old and undersized. Replacing the water main will proactively prevent water leaks, improve water pressure, and better support fire protection services. The City proposes to use local funds to complete the project.

Source of funding: City funds

EQUIPMENT

ID	Project	Cost	Timeline	Fiscal Year						6 Year Total
				17-18	18-19	19-20	20-21	21-22	22-23	
1	EQ1 Large plow truck (used)	\$40,000		\$40,000						\$40,000
2	EQ2 New police cruiser		every 2 yrs	\$48,000		\$50,000		\$52,000		\$150,000
3	EQ3 New pickup trucks (2)		annually	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$360,000
4	EQ4 Network server (city hall/PD)	\$20,000			\$20,000					\$20,000
5	EQ5 Replace ASV	\$35,000			\$35,000					\$35,000
6										\$0
7										\$0
8										\$0
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11										\$0
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31										\$0
32	TOTALS:			\$148,000	\$115,000	\$110,000	\$60,000	\$112,000	\$60,000	\$605,000
33	Funding	City	(See project description sheets)							\$0
34	Sources:	TIFA/LDFA								\$0
35		Grant								\$0
36		Loan								\$0

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EQUIPMENT

CIP ID#: EQ1

Cost: \$40,000

Timeline: 2017-18

Description:

Large plow truck. The City proposes to replace its 2005 Sterling plow truck. Rather than purchase new, the City intends to save money and find a used plow truck to purchase according to the budget listed above.

Source of funding: City equipment pool funds

CIP ID#: EQ2

Cost: \$48,000

Timeline: 2017-18 (and every other year)

Description:

Police cruiser. The City has a program of purchasing a new police cruiser every two years. At this time the oldest police cruiser is taken out of service and sold or used for other purposes. This routine provides up-to-date and safe equipment for the police officers in order for them to properly perform their duties.

Source of funding: City equipment pool funds

CIP ID#: EQ3

Cost: \$60,000

Timeline: Annually

Description:

Two pickup trucks. The City has a program of purchasing two new pickup trucks for the DPW every year. At this time the two oldest pickup trucks are sold. Typically this means the trucks being sold are about two years old. The trucks sold usually produce enough revenue to pay for the cost of the new trucks. This routine provides up-to-date and safe equipment for DPW employees in order for them to properly perform their duties. This also saves the City on repairs costs since the trucks are new enough to be under warranty.

Source of funding: City equipment pool funds

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CIP ID#: EQ4

Cost: \$20,000

Timeline: 2018-19

Description:

Network Server – City hall / Police Dept. There is a two-fold need for a new network server. First is the fact the existing equipment is getting old and replacement will increase dependability. Second, privacy requirements on criminal justice information will require data produced/available to the police department to be segregated from access by other personnel and depts. at city hall.

Source of funding: City equipment pool funds

CIP ID#: EQ5

Cost: \$35,000

Timeline: 2018-19

Description:

Replace ASV. The ASV is at least 10 years old and needs to be replaced. New equipment will allow DPW employees to better and more safely perform their duties.

Source of funding: City equipment pool funds
