



MEMORANDUM

TO: Dale Kerbyson, City Manager
FROM: Linda Jackman, Planning Director
DATE: May 13, 2011
RE: 2011–2017 Capital Improvement Program

At a regular meeting of the City of Lapeer Planning Commission held on May 13, 2011 it was moved by Commissioner Robinet and supported by Commissioner Daum to adopt the 2011-2017 Capital Improvement Program as submitted. The motion passed unanimously.



Linda Jackman
Planning Director

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CITY OF LAPEER

CAPITAL IMPROVEMENT PROGRAM
2011-2017

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CITY OF LAPEER Memorandum

TO: Bill Sprague, Mayor; Dan Farrington, Debbie Marquardt, A. Wayne Bennett, Mike Robinet, Catherine Bostick Tullius, City Commissioners; Les Daum, Jennifer Hubbell, Dave Somerville, Joe Black, Bill Ogden, Jennell RaCosta, Mike Robinet, Planning Commissioners; Linda Jackman, Director of Planning

FROM: Dale Kerbyson, City Manager

DATE: April 26, 2011

RE: Capital Improvement Program, Six Year Plan 2011-2017, Budget FY 20011-2017

This document was developed by City Administrators in compliance with Public Act 285 of 1931, the Municipal Planning Commission Act, which authorizes the Planning Commission of a municipality to create and adopt a program to carry out its long range planning objectives.

The Introduction which follows this memo defines the objectives, qualifying features, methodology and funding sources used to formulate both the 2011-2012 budget and the 2011-2017 six-year capital improvement program (CIP). After reviewing this proposal, the Planning Commission and the City Commission may amend and adopt the Capital Improvement Program and the next fiscal year budget.

The six-year CIP is re-evaluated in the first quarter of each calendar year as part of the city-wide budget process. In accordance with the priorities established by the City Commission through their "Goals and Objectives," the first year of the plan reflects projects to be implemented July 1, 2011 through June 30, 2012. The years two through six (2012-2017) of the CIP are planned or conceptual projects, which are subject to change due to fluctuating resources or shifting priorities. They may or may not be budgeted in subsequent years.

The proposed Fiscal Year 2011-2012 CIP budget totals \$7,723,396, a decrease of \$3,151,462 from last year. The CIP is divided into ten categories, as follows:

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>PERCENT OF BUDGET</u>
Public Building and Lands	\$1,054,210	13.70%
Public Safety	330,000	4.30%
Parks and Recreation	20,500	.20%
Cemetery	-0-	.00%
Water	169,400	2.20%
Wastewater & Sewer	5,865,986	75.90%
Major Streets	35,000	.50%
Local Streets	-0-	.00%
Sidewalks	10,000	.20%
<u>Equipment</u>	<u>238,300</u>	<u>3.00%</u>
<u>TOTAL BUDGET</u>	<u>\$ 7,723,396</u>	<u>100%</u>

The major projects and proposed expenditures for this year include:

1. Downtown Infrastructure Grant/Clay St	\$ 982,210
2. Assistance To Firefighters Grants	220,000
3. Replacement of Police Vehicles	55,000
4. Public Safety Parking Lot Replacement	55,000
5. Replacement of Deck and Access Ramp	7,000
6. Rental Conversion Program	50,000
7. DPW Cold Storage Building	15,000
8. Wastewater Treatment Plant Improvements	5,329,913
9. Wastewater System Improvements	516,073
10. Lift Station/Water SCADA System Controls	70,000
11. Fair Street Water Main	85,900
12. North Court Street Bridge Rehabilitation	30,000
13. Major Street Sign Replacement	5,000
14. Sidewalk Replacement and Maintenance	10,000
15. Leaf Vacuum Trailer	55,000
16. Underbody Plow Dump Truck Replacement	95,000
	<u>\$ 7,581,096</u>

The projects listed above represent a total of \$7,581,096 in expenditures or 98.15% of this year's proposed CIP budget. Some additional items are proposed for purchase such as two ¾ ton heavy duty pick-up trucks with plow and other equipment such as lawn mowers.

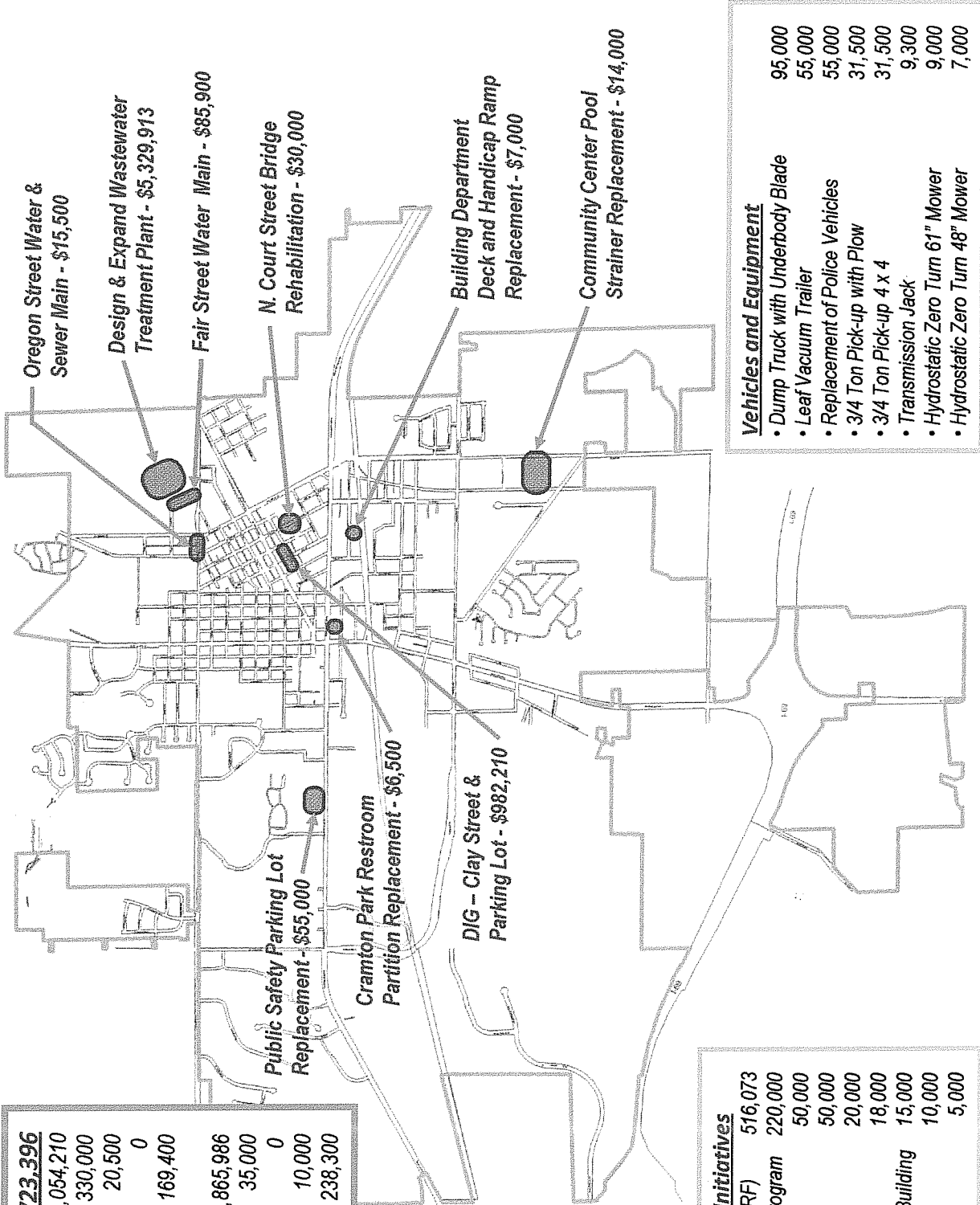
Our last two years were highlighted by a major infrastructure project, the I69/M24 Utility Construction Project at a cost of \$10,454,905. That project is in final stage of construction. This major infrastructure project will allow and promote the continued expansion of the Lapeer commercial sector. Last year we began a ten million dollar expansion to the City of Lapeer Waste Water Treatment Plant and its collection system. The balance of that project is called out in the list above. This project is partially promoted by the Michigan Department of Environmental Quality and partially by City Administration as a response to past and future growth.

Because we continue to operate with an unstable economy and falling revenues, this administration is proposing a budget that is progressive yet fiscally prudent. I appreciate the cooperative spirit exhibited by the Department Heads as we negotiated the development of this proposal, and thank them once again for their efforts. Finance Director, Paul Boucher, in particular, dedicates many hours to the budget in addition to his duties of managing daily Finance Department operations. He is assisted by Administrative Assistant Dana Jansen who also played an important role in the development of this CIP. My thanks to the Tax Increment Finance Authority Board, the Planning Commissioners and the City Commissioners for their careful consideration of this document and their continued dedication to public service.

Dale Kerbyson, Manager
City of Lapeer

CITY OF LAPEER 2011-2012 CAPITAL IMPROVEMENT PROGRAM

Total 2011-2012 CIP	\$7,723,396
• Public Buildings and Land	1,054,210
• Public Safety	330,000
• Parks & Recreation	20,500
• Cemetery	0
• Water	169,400
• Wastewater Treatment & Sewer Utility	5,865,986
• Major Streets	35,000
• Local Streets	0
• Sidewalks	10,000
• Equipment	238,300



Infrastructure & Continuing Initiatives	
• Sanitary System Improvements (SRF)	516,073
• Assistance to Firefighters Grant Program	220,000
• Rental Conversion Fund	50,000
• SCADA System - Water	50,000
• Lift Station Controls Replacement	20,000
• Water System Reliability Study	18,000
• DPW Water-Sewer Cold Storage Building	15,000
• Sidewalk Repair and Maintenance	10,000
• Regulatory Sign Replacement	5,000

Vehicles and Equipment	
• Dump Truck with Underbody Blade	95,000
• Leaf Vacuum Trailer	55,000
• Replacement of Police Vehicles	55,000
• 3/4 Ton Pick-up with Plow	31,500
• 3/4 Ton Pick-up 4 x 4	31,500
• Transmission Jack	9,300
• Hydrostatic Zero Turn 61" Mower	9,000
• Hydrostatic Zero Turn 48" Mower	7,000

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CITY OF LAPEER

CAPITAL IMPROVEMENT PROGRAM

FY 2011-2017

INTRODUCTION

Pursuant to the Municipal Planning Commission Act - Public Act 285 of 1931, the Planning Commission of a municipality shall make and adopt a six-year (Capital Improvement Program) program to carry out its long range planning objectives. The Lapeer Planning Commission will be adopting its program this year for fiscal years 2011 through 2017.

Commencing with this program year, the City Administration procedurally reviews and updates the six-year Capital Improvement Program (CIP) annually between the months of January and March. This is timed so as to correlate directly with the annual Capital Improvement Fund Budget process.

Briefly stated, the objectives of a CIP Program are as follows:

To develop a long range (six year) program in which physical projects are planned, prioritized and implemented in an orderly manner;

To coordinate the capital related projects of the various City departments and boards and commissions to ensure an appropriate distribution of capital improvement funds with regards to the needs of the City and the fiscal ability of the City to undertake the requested projects;

To assist the Mayor and City Commission in the determination of project requests and funding sources with regard to short and long-range plans; and

To coordinate the demands and requests for Capital Improvement Funds with the planning needs of the City so that an appropriate prioritized system of funding can be programmed over increments of six years.

EXPLANATION OF CAPITAL IMPROVEMENT TERMS

Capital Improvements: Projects that result in the acquisition, addition, updating, or development of physical facilities.

A capital improvement may also include contractual or bonded indebtedness payments related to fixed assets, or any major expenditure for physical development, which generally falls into one of the following categories:

- 1) Land and non-structural improvements
- 2) New structures
- 3) Major repairs - \$5,000 or more
- 4) Major replacements - \$5,000 or more
- 5) Non-motorized equipment - \$5,000 or more

Additionally, capital improvements are generally defined as the following:

- a) New and expanded physical facilities for the community which are relatively large in size, expensive and permanent.
- b) Large scale rehabilitation or replacement of existing facilities.
- c) Major pieces of equipment which has a direct relationship to the function of a physical facility, and which are relatively expensive and of long life.
- d) Purchase of equipment for any public improvements when first erected or acquired that are to be financed in whole or in part from bond funds.
- e) The cost of engineering and architectural studies and surveys relative to an anticipated improvement.

Capital Improvement Program: Capital Improvement Programming is the preparation and updating of a recommended schedule of public works and related equipment to be built or purchased during the next six years. To be effective, the City's Capital Improvement Program will cover the City's entire range of public facility and service requirements. In the City's Capital Improvement Program, all future projects are listed in order of construction priority together with cost estimates and the anticipated means of financing for each project.

A six-year Capital Improvement Programming period is generally considered to be most suitable. A two or three year time period is too short for effective programming because planning and financing of major projects usually take a longer period of time. Conversely, a period of seven or more years may project the program too far into the future to be of practical value. A capital improvement budget is the first year of a Capital Improvement Program.

Capital Improvement Budget: While the Capital Improvement Program is a proposed spending schedule for six years, the Capital Budget is legal authorization to spend, during the coming fiscal year, funds from City sources and from Federal and State Grants.

The City Capital Budget is distinct from the Operating Budget. The Operating Budget authorizes the expenditures, on a one-year basis, of funds for employee salaries, fringe benefits, and the purchase of services, supplies and the like. It also includes the payment of principal and interest on the bonds issued to support past Capital Budget projects. Since effective City services depend on the timely combination of manpower, supplies and capital facilities, serious effort is devoted in the budgetary process to coordinating the Capital and Operating Budgets.

Appropriation: Money appropriated by the City Commission for capital improvement projects to be implemented during the budget year. It includes amendments made during the fiscal year to the originally approved capital budget appropriations.

Program Adoption and Amendment Procedures: The Planning Commission must act within 60 days from receipt of the proposed Capital Improvement Program or it shall be deemed approved. The Planning Commission shall annually prepare such a Capital Improvement Plan for the ensuing six years, which program shall show those public structures and improvements, in the general order of their priority, which in the Planning Commission's judgment will be needed or desirable and can be undertaken within the six year period.

In the event of a proposed change or amendment of an adopted Capital Improvement Program and/or Project, said Program or Project must be submitted to the City Planning Commission for amendment consideration. Should the Planning Commission deny the requested amendment, the legislative body may overturn said denial by a two-thirds vote.

METHODOLOGY

The projects listed in this document were compiled by the City Administration from the submissions and requests of the various Department and Divisions of the City. The procedures for the preparation of the 2011-2017 Capital Improvement Program were:

A) Initiation:

A communication from the City Manager's Office was transmitted to all City Department and Division Heads, as well as to select board and commission chairpersons, enlisting their support and cooperation.

B) Analysis of Past Results:

As part of preparing the 2011-2017 CIP, the City Administration reviewed the results achieved through the 2010-2011 program with each department in order to get an accurate account of past priorities, expenditures and completed projects during the previous year.

C) Information Gathering:

Review of future capital improvement proposals consisted of systematically analyzing the input from the various City Departments and Divisions. The use of "Capital Improvement Project Summary and Description Sheets" provided a brief written description of each Capital Improvement Project recommended for funding over the next six years by fiscal year. Each project Summary and Description Sheet also provided a departmental/divisional listing of proposed capital improvement projects with proposed priority and related cost estimates and funding source identification.

D) Prioritizing:

After the gathering of the Summary and Description Sheets and a complete analysis of the impact of the various projects proposed by each Department/Division, a priority for each project was identified. The criteria used for the evaluation of each Capital Improvement Project by the City Administration consisted of the following:

- 1) Is the proposed project already in process due to its inclusion in the current budget year? Is the project under construction, under contract, and is there a continuing debt obligation payable?
- 2) Is the project mandated by law or court action?
- 3) Is there a relationship between the proposed project and the City Commission's "Goals and Objectives"?
- 4) Is alternative funding available? Is funding available through other sources, or is funding available through land contract or bonding to minimize annual cost requirement?
- 5) Does the proposed project generate revenue for the general fund and/or other funds? This item should be determined based upon an annual forecast and the schedule of revenues should be designated by the appropriate fund.
- 6) Does the proposed project result in the use of supplementary funds for 'leverage', using matching funds with other funding sources.

E) Review Procedures:

The review procedures associated with the Capital Improvement Program consisted principally of the following:

- 1) After receiving all proposed project data and priorities from each Department/Division, the information was evaluated, reviewed, amended and approved by the City Manager.
- 2) The Capital Improvement Program was then submitted by the City Manager to the Lapeer Planning Commission for their review and approval. In accordance with the State Law, the City's Planning Commission must take action regarding the review and approval of said document within 60 days after submission or it is deemed approved.

In summary, the above information enumerates the thought process and procedures used to compile the administration's proposed Capital Improvement Program and Budget. Upon receipt of this proposal, the Planning Commission and, subsequently, the City Commission must review, amend if necessary, and adopt both the program and budget so that implementation can commence.

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CITY OF LAPEER

Capital Improvement Program

FY 2011 - 2017

FUNDING SOURCES

BA	-	Building Authority
BP	-	Bond Proceeds
CF	-	Cemetery Fund
CIF	-	Capital Improvement Fund
DDA	-	Downtown Development Authority
DOJ	-	Department of Justice Grant
DLEF	-	Drug Law Enforcement Fund
DNR	-	Department of Natural Resources
EF	-	Equipment Fund
EQF	-	Equipment Financing (Act 99)
FAUS	-	Federal Aid to Urban Systems
FEMA	-	Federal Emergency Management Agency
GF	-	General Fund
GOB	-	General Obligation Bonds (non-voted)
LSF	-	Local Street Fund
MCDBG	-	Michigan Community Development Block Grant
MDOT	-	Michigan Department of Transportation
MSF	-	Major Street Fund (Act 51)
PF	-	Park Fund
PKF	-	Parking Fund
SAD	-	Special Assessment District
SCBG	-	State Critical Bridge Grant
SRB	-	Sewer Revenue Bond
TIFA	-	Tax Increment Finance Authority
WF	-	Water Fund
WWTP	-	Wastewater Treatment Plant Fund (Sewer Fund)

2011-2017 CAPITAL IMPROVEMENT PROGRAM
SUMMARY OF FUNDING SOURCES

Funding Source	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	TOTAL
Bond Proceeds					\$225,000		\$225,000
Building Authority		\$105,000					\$105,000
Capital Improvement Fund	\$144,000	\$530,155	\$497,587	\$253,760	\$190,321	\$160,000	\$1,775,823
Cemetery Fund		\$32,000					\$32,000
Department of Justice Grant					\$10,500		\$10,500
Department of Natural Resources					\$225,000		\$225,000
Downtown Development Authority	\$83,000						\$83,000
Equipment Financing (Act 99)				\$550,000			\$550,000
Equipment Fund	\$293,300	\$296,300	\$164,000	\$68,000	\$60,000	\$60,000	\$941,600
Federal Aid to Urban Systems	\$198,000		\$300,000				\$300,000
Federal Emergency Management Agency							\$198,000
General Fund		\$40,000					\$40,000
General Obligation Bonds (Non-Voted)			\$256,400			\$72,000	\$328,400
Local Street Fund		\$284,900	\$244,752	\$49,000		\$28,800	\$607,452
Major Street Fund (Act 51)	\$35,000	\$716,390	\$175,000	\$35,000	\$30,000		\$991,390
Michigan Community Development Block Grant	\$736,100						\$736,100
Michigan Department of Transportation		\$375,000					\$375,000
Park Fund		\$22,000		\$100,000			\$122,000
Parking Fund		\$10,000					\$10,000
Sewer Revenue Bond	\$5,845,986						\$5,845,986
Special Assessment District		\$282,600	\$1,587,014	\$28,200	\$255,000	\$268,200	\$2,421,014
State Critical Bridge Grant		\$275,000					\$275,000
Tax Increment Finance Authority I	\$14,000	\$3,826,838	\$100,000	\$100,000			\$4,040,838
Tax Increment Finance Authority II	\$6,500						\$6,500
Wastewater Treatment Plant Fund (Sewer Fund)	\$89,530	\$2,350,491	\$706,000	\$6,000	\$161,414		\$3,313,435
Water Fund	\$277,980	\$2,838,290	\$2,242,140	\$856,813	\$3,610,630	\$892,300	\$10,718,153
TOTAL REVENUES	\$7,723,396	\$12,034,964	\$6,272,893	\$2,046,773	\$4,767,865	\$1,481,300	\$34,327,191

2011-2017 CAPITAL IMPROVEMENT PROGRAM
SUMMARY OF EXPENDITURES BY CATEGORY

Category	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	TOTAL
Public Building and Land	\$1,054,210	\$230,000	\$110,000	\$110,000	\$110,000	\$110,000	\$1,724,210
Public Safety	\$330,000	\$261,655	\$245,087	\$686,960	\$100,821	\$60,000	\$1,684,523
Parks & Recreation	\$20,500	\$3,352,000	\$0	\$100,000	\$450,000	\$0	\$3,922,500
Cemetery	\$0	\$32,000	\$0	\$0	\$0	\$0	\$32,000
Water	\$169,400	\$1,997,972	\$2,029,640	\$800,033	\$3,835,630	\$1,117,300	\$9,949,975
Wastewater Treatment and Sewer Utility	\$5,865,986	\$1,593,525	\$1,465,764	\$6,000	\$161,414	\$0	\$9,092,689
Major Streets	\$35,000	\$2,721,146	\$1,300,000	\$35,000	\$60,000	\$0	\$4,151,146
Local Streets	\$0	\$1,106,300	\$900,402	\$150,780	\$0	\$144,000	\$2,301,482
Sidewalks	\$10,000	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000	\$310,000
Equipment	\$238,300	\$640,366	\$172,000	\$108,000	\$0	\$0	\$1,158,666
TOTAL EXPENDITURES	\$7,723,396	\$12,034,964	\$6,272,893	\$2,046,773	\$4,767,865	\$1,481,300	\$34,327,191

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