

CAPITAL IMPROVEMENT PLAN (CIP)



Village of **ST. CHARLES**

2019/20 - 2024/25

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Jennifer Rosser-Nesbit, Village Clerk
Marguerite Fowler, Village Treasurer
Donald Ackerman, DPW Superintendent
Julie Church, Chief of Police

Prepared by: Village Manager

Recommended by: Planning Commission - February 16, 2023

FOREWORD

The Village of St. Charles Capital Improvement Plan (CIP) is an essential element of the Village planning and development process. The Capital Improvements Plan is itself, in part, based upon recommendations and proposals included in the 2018-2028 Master Plan and the 2022-2027 Parks and Recreation Master Plan. In addition, this plan will be updated with projects determined through our asset management plans- Sewer, Storm Sewer, Water and Streets. Sewer and Storm Sewer AMPs have been conducted and accepted by EGLE as part of the SAW grant from the MDEQ.

The Master Plan is the basic long-range planning tool used to assist the Village in establishing a strategic growth and development pattern based on the goals, objectives and values of the community. The Village updated the Parks and Recreation Master plan in 2022. The Capital Improvement Program is the tactical plan for prioritizing and implementing desired capital improvements which will help achieve that strategy.

INTRODUCTION

The term "capital improvement" is generally intended to embrace large-scale projects of a fixed nature, the implementation of which result in new or expanded public facilities and services. Such items as public building construction, park development, sewer installation, waterworks improvements, street construction, land acquisition, and the acquisition of certain pieces of equipment (police cars, mowers, trucks, etc. are included in the Capital Improvement Plan.

Few communities are fortunate enough to have available at any given time sufficient revenues to satisfy all the demands for new or improved public facilities and services. Consequently, most are faced with the necessity of determining the relative priority of specific projects and establishing a program schedule for their initiation and completion. This is the function of the Capital Improvement Program.

In essence, the Capital Improvement Plan is simply a schedule for implementing public capital improvements. In actual operation, the benchmark of the program is a priority list of capital items, which acknowledges current and anticipated demands, and which recognizes present and potential financial resources available to the community. The Capital Improvement Program is a major planning tool for directing the initiation of necessary and desirable public improvements and for assuring that they proceed to completion in an efficient manner. The program is a schedule established to expedite the implementation of authorized or contemplated projects.

Long-range programming of public improvements is based upon three fundamental considerations. First, the proposed projects must be selected on the basis of community need. Second, the program must be developed within the community's financial constraints and must be based upon a sound financial plan. Finally, program flexibility must be maintained through periodic review and revision of specific program elements. The strict observance of these conditions requires ongoing analysis of various community development factors as well as a thorough and continuing evaluation of all proposed improvements and related expenditures. This is why the Capital Improvement Plan will be reviewed and amended each year as the budget is being prepared and the financial condition of the community is analyzed to determine the continued feasibility of the projects listed in the program. In addition to the CIP document, an official review by the Planning Commission must take place as is required by the Planning Enabling Act, PA 33 of 2008.

FINANCING METHODS

The Village of St. Charles' Capital Improvement Plan is predicated upon the desire to implement capital improvements within expected financial constraints. The CIP itself does not suggest or determine actual funding sources, but simply suggests methods. It does not request or require millage increases, nor does it guarantee funding will be available for projects listed. It is simply a schedule of proposed public improvements and equipment purchases based upon their priority.

The following funding sources are typically available based upon budgetary constraints to defray the costs of the improvements recommended in the Capital Improvement Plan:

General Fund

The General Fund is used to account for general government services including police, parks, clerk, treasurer, village offices and DPW building. This fund may be used for any expense of the government and can be used to match grant funds. Capital Improvements in the park system, government buildings and police department will be at least partially funded from the general fund.

Equipment Replacement Fund

This is an internal service fund which owns all DPW equipment. The costs associated with this fund are distributed to the other funds and capital equipment purchases are made from this fund. This fund is expected to accumulate fund balance in order to make larger equipment purchases, such as plow trucks and construction equipment.

DDA

The Downtown Development Authority was established in 1988. It is funded with captured tax dollars and has used that money to renovate the downtown district.

LDFA – TIFA

The LDFA/TIFA was established in 1988 for the purpose of constructing a third sewer lagoon and an Industrial Park. The Village used a grant and bonds to finance the project. This fund expired in 2018.

Water Fund

The Water Fund is an enterprise fund and must pay for all water improvements through the generation of revenue through water commodity charges. This fund may be used to pay for improvements outright if funding is available or to issue bond debt for large projects and pay the debt service over time.

Sewer Fund

This fund is also an enterprise fund and must pay for all sewer capital improvements through the generation of revenue through sewer commodity charges. This fund may be used to pay for improvements outright if funding is available or to issue bond debt for large projects and pay the debt service over time.

Major/Local Streets- Act 51

These funds may only be used for making improvements to the major and local street system, respectively. Funds are split based on a proportion of major vs. local streets and allocated proportionally. We can transfer only up to 50% between major and local.

Fund Raisers/Civic Groups/Service Organizations

While it is impossible to project potential income from fund raising projects and donations, the Village has been quite successful in this regard in the past. Therefore, it is assumed that much of the funding for recreation facilities, equipment, and maintenance will come from these sources. The Village is currently working with the Saginaw Foundation, Saginaw Longevity Foundation, and several community groups for future projects in St. Charles.

Grants and Loans

The Village has also been quite successful in obtaining a variety of federal and state administered grants. However, since there is no certainty that necessary grants will be available, the Village may have to consider other funding options.

The Village received \$397,083 from the state of Michigan for Drinking Water Assets Management (DWAM) for water service location, identification, and GIS updates in 2021. The work was completed in Fall 2022. The Village received a MDOT Category B Grant in the amount of \$250,000 in Fall 2022 to aid in road improvements during the Water System Improvement Phase I Project. This project is out for bidding as we write this.

The Federal government released \$198,851.42 in American Rescue Plan Act (ARPA) funds to the Village in totality. \$99,226 was dispersed in 2021, with the same amount to be delivered in 2022. These funds will be used for public safety, as well as water and sewer infrastructure upgrades, most for the Phase I improvements.

The Village will be utilizing \$50,000 as a matching grant from the Saginaw Community Foundation towards a new play scape at Coal Miners' Park.

There are a number of other methods that the Village of St. Charles may employ to finance

Unlimited General Obligation Bonds

Unlimited general obligation bonds are used to finance capital improvements which have a community-wide benefit and require the borrowing of money. The taxing power of the community is pledged to pay the debt and is unlimited, meaning you can raise taxes to pay it. Unlimited general obligation bonds require the approval of the electorate.

Limited General Obligation Bonds

Limited general obligation bonds are used to finance capital improvements which have a community-wide benefit and require the borrowing of money. The taxing power of the community is pledged to pay the debt, but it is limited to the current revenue of the municipality and does not pledge future increased tax dollars to pay it back. Limited general obligation bonds do not require the approval of the electorate. However, 10% of the electorate may petition to hold a referendum during a 45-day review period.

Revenue Bonds

Revenue bonds are a form of borrowing with repayment made from the yearly revenue obtained from the project. Revenue bonds are not included in state-imposed debt limits nor are voter approval required. The Community's taxing power is not pledged to paying off the bonds. Without the full faith and credit of the community behind the bonds, interest rates are generally higher than on general obligation bonds. Revenue bonds are generally used for such projects as water and sewer systems, garbage collection, and other revenue producing projects.

The Village has hired Dickinson Wright as bond counsel on waste water and sewer upgrades while joining a contract with the Saginaw County Board of Commissioners by the Public Works Commissioner, under Act 185, not to exceed \$3.6 million dollars. The agreement was approved in September of 2022. The project had the bid opening of the day of Planning Commission review, February 16, 2023.

Public Services Installment Purchase Contracts

Purchase Contracts may finance purchases for installment periods not exceeding 15 years or the useful life of the property being acquired, whichever is shorter. Installment contracts may be used for acquisition of land, equipment or property. Approval by the Michigan Department of Treasury and vote of the electorate are not required.

Authorities and Special Districts

Authorities and Special Districts are created wherever user charges are intended to support the facilities built. Water and sewage systems are the kinds of facilities funded by using Authorities or Special Districts. Special Districts with power to tax and issue bonds may be used for facilities which are not self-supporting. The Authority may have the power to issue bonds.

Special Assessments

Special assessments are used when the facility benefits certain properties more than others do. Improvements financed by special assessment methods include street paving, lighting, sanitary sewers, water mains, and sidewalks.

CAPITAL IMPROVEMENTS Plan

The proposed Village of St. Charles Capital Improvements Plan is summarized in the attached tables.

Mid-Range Program Overview

The table below provides a composite and table 3 itemizes the capital improvements proposed during the period between Fiscal Year 2019/20 and 2024/25. This composite presents total proposed annual expenditures of six major categories, including General, Major Street, Local Street, Sewer, Water and Equipment Funds. Cumulative totals for each category of improvements are also included.

During the next six years, the Village proposes to make a total of over \$3.6 million in capital improvements, or an average of \$600,000 per year. We are planning major infrastructure enhancements for water and sewer and street enhancements in major and local streets.

All of the numbers provided beyond 2019-2020 are projections and will be dictated by the completion of the major asset management plans listed.

Much the work listed here is contingent on funding levels in any given budget year and may or may not be programmed in the corresponding fiscal year's budget.

**Proposed Projects Total Recap
Village of St. Charles**

**Projected Capital Improvement Program
VILLAGE OF ST. CHARLES**

Proposed Projects	CIP Projected Annual Allocation					6-year
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
General Fund	190,792	165,000	80,792	2,000	200,000	94,000
Major Street Fund	30,000	10,000	10,000	10,000	31,000	10,000
Local Street Fund	-	10,000	10,000	10,000	10,000	10,000
Sewer Fund	55,000	125,000	50,000	50,000	150,000	50,000
Water Fund		205,000	250,000	35,000	290,000	250,000
Equipment Fund		143,400	170,000	50,000	60,000	229,000
DDA	65,000	10,000	750,000	30,000	57,000	-
<i>Grand Total:</i>	\$ 340,792	\$ 668,400	\$ 1,320,792	\$ 187,000	\$ 798,000	\$ 643,000

6-YEAR GRAND TOTAL \$ 3,957,984

Implementation

It is essential that in the process of preparing and developing the Capital Improvement Plan, the Planning Commission be charged with reviewing project proposals to assure conformity with the long-range plans and to make recommendations regarding priorities, special projects, and appropriate methods of financing.

The Planning Commission reviews the Capital Improvement Program annually, taking into account projects completed during the previous year, making necessary adjustments based on current need and available resources, and forwards the updated program to the Village Council. Final responsibility for adopting a Capital Improvement Program budget rests with the Village Council, which may adopt or amend any of the Planning Commission's budget recommendations in the light of legislative policies and financial constraints.

The function of the Capital Improvement Plan is to provide an orderly system of identifying programming and implementing necessary and desirable community improvements. It should be clearly understood, however, that program flexibility must be maintained to enable officials to react quickly to problems and/or opportunities, which are unforeseen at this time.

A comprehensive fund-by-fund list of projects follows:

**Projected 6-Year Capital Improvement Program
VILLAGE OF ST. CHARLES**

Proposed Projects	Estimated Cost	Project/Asset ASSET TYPE	Payment Method(s)	Proposed Fiscal Year Allocation					
				2019-20	2020-21	2021-22	2022-23	2023-24	2024-25

General Fund

Park

WF Park Botanical Garden Upgrades	5,000	Fixed	GF:Grants	5,000	-	-	-	-	-
CM Park Electrical Upgrades	-	Fixed	GF	-	-	-	-	-	-
CM Park Sm Pavilion Roof	10,000	Fixed	GF	-	10,000	-	-	-	-
CM Park Lrg Pavilion Roof	35,000	Fixed	GF	35,000	-	-	-	-	-
CM Park Concession Remodel	5,000	Fixed	GF	-	-	5,000	-	-	-
CM Park Pool house	3,100	Equipment	GF:Grants	-	-	-	3,100	3,100	-
CM Park Upgrades & Equipment	11,900	Equipment	GF:Grants	-	-	-	11,900	105,000	-
TOTAL	70,000			40,000	10,000	5,000	15,000	108,100	-

Police Department

Patrol Vehicle	100,000	Vehicle	GF	-	-	35,649	-	-	40,000
Body Cameras	4,000	Equipment	GF	-	-	-	5,000	5,000	-
Tasers	6,376	Equipment	GF	792	0	792	792	-	4,000
TOTAL	110,376			792	0	36,391	5,792	5,000	44,000

Village Hall & Grounds

Parking Lot	66,000	Fixed	GF/IF Loan	50,000	16,000	-	-	-	-
Environmental Cleanup	100,000	Land Impr.	GF/IF Loan	100,000	-	-	-	-	-
Kitchen Remodel	-	Fixed	GF	-	0	-	-	-	-
Office Upgrades	40,000	Fixed	GF	-	-	-	-	-	40,000
TOTAL	206,000			150,000	16,000	-	-	-	40,000

TOTAL GENERAL FUND	316,376			140,792	26,000	36,391	20,792	0	148,000
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Projected Capital Improvement Program
VILLAGE OF ST. CHARLES
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Proposed Projects

Major Street Fund

Asset Management Plan 50%	20,000	AMP	ACT51	20,000					
Tree Removal	26,300	Land Impr.	ACT51	5,000	5,000	1,300	5,000	5,000	5,000
Sidewalks	27,500		ACT51	5,000	5,000	2,500	5,000	5,000	5,000
TOTAL	53,800			30,000	10,000	3,800	10,000	10,000	10,000

Local Street Fund

Tree Removal	22,000	AMP	ACT52	-	5,000	2,000	5,000	5,000	5,000
Sidewalks	21,200	Fixed	ACT51	-	5,000	1,200	5,000	5,000	5,000
TOTAL	43,200			-	10,000	3,200	10,000	10,000	10,000

Sewer Fund

SAW GRANT	55,000	AMP	FB Grants	55,000	-				
Cure-in-Place Pipe (CIPP)	145,000	Infrastructure	FB Bonds	-	25,000	0	20,000	0	0
TOTAL	195,000			55,000	25,000	0	20,000	0	0

Water Fund

Water Main Replacement DWAM	614,817	Infrastructure	BONDS	-	25,000	39,817	50,000	250,000*	250,000*
TOTAL	614,817			-	25,000	39,817	50,000	250,000*	250,000*

Equipment Fund

Flood Pumps	-	Equipment	FB	-	-	-	-	-	-
Flail Mower	6,000	Equipment	FB	-	-	-	-	-	6,000
Excavator/Loader/Dumptruck	255,400	Equipment	FB	-	143,400	28,000	28,000	28,000	28,000
Trailer	20,000	Equipment	FB	-	-	-	-	-	20,000
Trailer-Mount Compressor	-	Equipment	FB	-	-	-	-	-	-
Shop Compressor	3,000	Equipment	FB	-	-	-	-	-	3,000
Pick-Up Truck	80,000	Vehicle	FB	-	-	-	30,000	30,000	40,000
Portable Sewer Machine	6,000						6,000		
TOTAL	361,400			-	143,400	28,000	64,000	58,000	219,000

DDA Fund

Overflow Lot Lights-W. Water Street	20,000	FIXED	FB	20,000					
S Saginaw Street Scape	45,000	FIXED	TIP/ST-Grants GF	45,000					
Facade Grant Program	40,000				10,000	15,000	22,000	22,000	
TOTAL	105,000			65,000	10,000	15,000	22,000	22,000	-