

Durand

CAPITAL IMPROVEMENT PLAN 2017 to 2023

Approved April 4, 2017
Latest Revision _____

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SECTION ONE: GENERAL INFORMATION

Purpose

A Capital Improvement 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 Durand's existing systems; and to provide for the acquisition or schedule 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 Durand City Council and residents of the community. Ideally, a CIP aids in identifying preventive rather than reactive measures to long-term public infrastructure planning.

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 necessary step in an organized effort to strengthen the quality of public facilities and services; provide a frame work 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 Durand 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 details on the timing, sequence, and location of capital projects. The CIP also influences growth because infrastructure can impact development patterns.

Some of the benefits of a CIP to residents and stakeholders include:

- Optimize the use 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 participation in federal or state grant programs

The projects identified in the CIP represent the City's plan to serve residents and anticipate the needs of a dynamic community. Projects are guided by various department plans and policies established by the City Council, administration, and other commissions.

Methodology

The plans and expenditures presented here are the result of planning and collaboration between elected officials, city staff and administrators, and professional engineers and planning firms.

This process begins with the City Manager meeting with departments heads to understand key initiatives and infrastructure project goals ahead of budget planning for the upcoming fiscal year. Where existing funding sources are not sufficient to address needed infrastructure projects, external grants or loan programs are identified.

This planning becomes the foundation for regular budget workshops held annually and open to the public. Through public and Council participation in the budget process projects are prioritized and set. Once a budget is approved, the CIP projects identified for that year will commence according to the schedule outlined in this plan.

The CIP is a dynamic document. Each year, all projects included in 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 timing. A new year is added each year to replace the current year funded by the annual budget. As such, the projects identified in this CIP are subject to change based on the knowledge and needs of the community moving forward.

CIP Policy

For the purposes of this Capital Improvement Plan, a capital improvement project is defined as a major, nonrecurring expenditure that includes one of more of the following:

- Any construction of a new facility (i.e. public building, water/wastewater mains, storm sewers, major/local roadways, recreational facilities), an addition to or extension of an existing facility, provided that the cost is \$10,000 or more and will have a useful life of three years or more.
- 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.
- 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 or equipment fund.
- Any planning, feasibility, engineering, or design study related to an individual capital improvement project or to a program that is implemented through individual capital improvement projects provided that the cost is \$10,000 or more and will have a useful life of three years or more.
- Any acquisition of land for public purposes that is not part of an individual capital improvement project or a program that is implemented through individual capital improvement projects provided that the cost is \$25,000 or more.

Funding Sources

Capital improvement projects involve the outlay of substantial funds. As such, 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 through a local road millage must be used exclusively for the purposes of repair and replacement of local roadways as stated when voters approved the millage. The following is a summary of the funding sources for projects included in the CIP, not all project will use all types of funding sources.

Enterprise (reserve) funds

In enterprise financing, funds are accumulated in advance for capital requirements. Enterprise funds not only pay for capital improvement but also day-to-day operations of community services and the debt payment on revenue bonds. The community can set levels to dedicate to capital projects; however, increases in capital expenditures for water mains, for example, could result in increased rates. Enterprise funds can only be used on projects related to that particular enterprise fund, i.e., water main replacements can only use water funds.

Bonds

When the community of Durand 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 for capital projects is that the citizens who benefit from the capital improvements over time help to pay for them. Bonds are typically issued in one of two forms.

General Obligation bonds

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 the interest and principal to retire the debt. To minimize the needs for property tax increases, the City 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 procure revenue, such as water and sewer system projects. Revenue bonds depend on the user charges and other project-related income to cover their costs. Unlike G.O. bonds, revenue bonds are not included in the community's state-imposed debt limits because the full

faith and credit of the community back them. Revenue bonds are authorized by the Revenue Bond Act of 1933.

Weight and Gas Tax

Based on a formula set by the State of Michigan, Durand receives a portion of the tax placed on motor fuel and highway usage in the state. The restrictions placed on the expenditures 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 applied the increase in various state and local taxes that result from a redevelopment project to pay for project-related public improvements. For financing within the downtown district, the Downtown Development Authority operates a TIF plan. The Local Development Finance Authority for the Durand Industrial Park also has the authority to operate a TIF; as authorized by Public Act 281 of 1986 and Public Act 450 of 1980.

Millages

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 valuation). This rate is applied to a property's net value, following the applications of all exemptions and a 50% equalization ratio. Millages are voter-approved taxes that are specifically earmarked for a particular purpose, as stated in the ballot language for that millage. The community authorized to utilize millages under Public Act 279 of 1909, the Home Rule Cities Act.

Federal and State Funds

Federal and State agencies regularly make funds available through numerous grants and aid programs. Some funds are tied directly to a specific program. The community has discretion (within certain guidelines) over the expenditures of others. For the most part, the community has no direct control over the amount of money, if any, received through 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 (by those who directly benefit). One common example is the addition of sidewalks to an area.

Developer Contributions

Sometimes capital improvements are required to serve a 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 move forward. These facilities are typically still a part of the public infrastructure system.

Future Realized Energy Savings

Through a program lead by Honeywell International, the City anticipates seeing a significant energy savings for some of the anticipated projects in this CIP. These savings will become the basis for repayment of the costs to perform such improvements resulting in a net neutral cost impact in the short-term and net positive cost impact in the long-run.

SECTION TWO: PROJECT SUMMARY

Project Summaries

For ease of understanding, projects are separated out by department, then by project name, and finally by year. Project summaries are intended to present a broad scope of the needs, capacities, and circumstances of a particular project. As projects are launched, more substantial documentation, cost allocations, and funding sources will be identified.

Public Works

Public Works encompasses a broad range of services and public infrastructure. This includes roadways, sidewalks, snow plowing, leaf and brush collection, street sweeping, and much more.

Street Improvements

CIP #: 001

Anticipated Cost: \$6,223,340

Source of Funding: Street Millage Fund; Major Street Fund; Local Street Fund

Community Goal: Safe roadways and improved public infrastructure

In 2016, the voters of Durand passed a local road millage for the improvement of local roadways throughout the community. The millage will be used for resurfacing and reconstruction according to the Durand Streets Rehab Assessment Project conducted in March 2016. This project will be broken down into a three year plan. Every effort will be made to continue moving forward with the project in a way that addresses making improvements to the underground water and wastewater systems before any resurfacing or milling.

FY 2017/2018: An engineering plan that takes into consideration both the current street conditions (existing condition report available) and the condition of underlying water and wastewater mains (condition report in progress) will be prepared. The project will then be subdivided into three phases, one phase each Fiscal Year. Phase I of the project; work begins with roadways that are in the highest level of disrepair but that do not require substantial water or wastewater work to be completed.

FY 2018/2019: Phase II of the project; works begins on roadways that have been identified for improvement as part of the water/wastewater infrastructure plan. This includes roads in need of substantial repair with significantly aging water/wastewater infrastructure.

FY 2019/2020: Phase III of the project; work begins on remaining roadways where any substantial repairs are still needed in accordance with the water/wastewater improvement plan.

FY 2020/2021: City staff will close out CIP 001 and finalize any construction or improvements on local streets prior to the collection of the final millage in Fall 2020.

FY 2021/2022 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

DPW Barn

CIP #: 002

Anticipated Cost: \$300,000

Source of Funding: General Fund; Equipment Revolving Fund

Community Goal: Improved performance of DPW equipment and staff

The Department of Public Works is currently working out of an aging and inefficient facility on Kent Street that is need of significant repairs.

FY 2017/2018: Perform design of new barn and DPW facilities.

FY 2018/2019: Launch Phase I of the reconstruction project; including remodeling the primary facility.

FY 2019/2020: Launch Phase II of the reconstruction project; including new pavement, roofing, and salt storage.

FY 2020 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

Equipment Purchases and Leasing

CIP #: 003

Anticipated Cost: \$1,275,000

Source of Funding: General Fund; Equipment Revolving Fund

Community Goal: Improved performance of DPW equipment and staff

To maintain and enhance the level of public services provided to residents, the Department of Public Works requires regular equipment purchases.

FY 2018/2019: Purchase new van for all camera equipment; purchase mini loader for use by both wastewater and DPW.

FY 2019/2020: Purchase new street sweeper; purchase truck with snow plot; renew Vactor lease.

FY 2020/2021: Purchase new dump truck; renew lease on loader.

FY 2021/2022: Purchase new lead loader; purchase new dump truck with salt spreader

Wastewater

Wastewater includes the facilities and equipment used to operate the City's wastewater system and the components of the system itself such as pumping stations and mains. Currently, the City is managing an Administrative Consent Order from the DEQ to address issues related to dissolved oxygen levels and overflow. Further, the replacement of effluent pumps could reduce future risk of a storm sewer overflow event, as on August 15, 2016. Resolving these concerns is a top priority in the coming years.

Wastewater Treatment Facility

CIP #: 004

Anticipated Cost: \$1,800,000

Source of Funding: WWTP Fund; bonds; grants and/or loans TBD

Community Goal: Safe wastewater treatment processes

The wastewater treatment facility is among the oldest of the City's aging facilities infrastructure. The facility is need of some structural updates, including updates to equipment that is near or beyond its intended life.

FY 2017/2018: WWTP Effluent Pumps; the most immediate need at the facility is the replacement of two effluent pumps core to continued operation of the City's wastewater system. The goal is to install two new effluent pumps with VFDs and install them into the existing SCADA system. Additionally, to enhance the life of pumps and ensure the safety of WWTP staff, an automated bar screen rake will

be added to replace the current manual raking and removal processes. Finally, the City will combat the issue of dissolved oxygen by installing a vortex for the wastewater force main.

FY 2018/2019: Continuing interior systems improvements at the facility, the goal will be to rebuild or replace at least two if not four of the trickling filter pumps with new VFDs. The addition of a permanent generator will be performed as well.

FY 2019/2020: Clean, paint, water seal all interior rooms and work spaces.

FY 2020/2021 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

Wastewater Systems

CIP #: 005

Anticipated Cost: \$550,000

Source of Funding: WWTP Fund; SAW grant (awarded); grants and/or loans TBD

Community Goal: Reliable and safe wastewater treatment processes

As part of a current study with the use of SAW Grant funds the City will soon have a comprehensive condition report for its wastewater systems. This report, in conjunction with planning for CIP 001, will guide systems updates and maintenance in the coming years.

FY 2017/2018: City staff will continue to work with third-party contractors to clean and televise lines. As well, this year will mark the completion of the Dover Estates life station relocation and repair project and the installation of a new sewer main in the industrial park by Rohde Brothers Construction. The City will also address the need to perform a force main cleaning by inspecting the main.

FY 2018/2019: If necessary, the City will work towards securing funds for force main cleaning. Further, efforts will be taken to fully catalog access points and potentially design new access points to the force main. The City will also line the sanitary sewer along Oak Street from Monroe to the north.

FY 2019/2020 and beyond: No further capital improvements are scheduled for this this category beyond general maintenance.

Water

Water includes the facilities and equipment used to operate the City's water system and the components of the system itself.

Water Facility

CIP #: 006

Anticipated Cost: \$400,000

Source of Funding: Water Fund; bonds; grants and/or loans TBD; future realized energy savings

Community Goal: Safe and reliable source of clean drinking water

FY 2017/2018: Purchase of a new line locator and electronic scales for phosphate.

FY 2018/2019: Perform upgrades in accordance with Honeywell program including lighting upgrades, building envelop upgrades, upgrade to hot water boiler, upgrade to VFDs on high service pumps and filter feed pumps. Upgrade energy efficiency at well houses.

FY 2019/2020: Paint and seal interior structures for water resistance. Consider replacement of the existing backup generator.

FY 2020 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

Water Systems

CIP #: 007

Anticipated Cost: \$2,200,000

Source of Funding: Water Fund; bonds; grants and/or loans TBD

Community Goal: Safe and reliable source of clean drinking water

FY 2018/2019: Perform Phase I of water main replacement plans; potentially including water main replacement on Saginaw Street from Monroe to Summit, Vinewood Street from Oak Street to the Vinewood Pump Station, Maple Street from Perry Street to Detroit Street.

FY 2019/2020: Perform Phase II of water main replacement plans; potentially including Mercer Street from East Main Street to Oakland Street, Mackinaw Street near the park, and Lenawee Street from Oakland Street to Monroe Street.

FY 2020 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

Storm Sewer

CIP #: 008

Anticipated Cost: \$1,200,000

Source of Funding: WWTP Fund; bonds; grants and/or loans TBD

Community Goal: Green infrastructure and reduced area drainage issues

FY 2017/2018: Storm sewer lining on Genesee Street between Obert and Three Mile Creek. Perform study of storm sewer conditions, drainage, and flow. The City will also target replacement of the raw water main on Lincoln Street from the well house to the plant.

FY 2018/2019: Consider repairs identified in storm sewer condition survey. Research and resolve the drainage issues at Lovejoy/McBride. Research and resolve the drainage issues at Dartmouth/Vanderbilt.

FY 2019/2020: Complete repairs identified in storm sewer condition survey.

FY 2020/2021 and beyond: No further capital improvements are scheduled for this this category beyond general maintenance.

Administrative Facilities

CIP #: 009

Anticipated Cost: \$635,164

Source of Funding: General Fund; grants and/or loans TBD; future realized energy savings

Community Goal: Energy efficiency and modern facilities

FY 2017/2018: Perform work in accordance with Honeywell energy efficiency program including upgrading lighting fixtures, replacing multi-zone handling unit, providing new ventilation systems, and upgrading the heating hot water boiler.

FY 2018/2019: Continue work in accordance with Honeywell energy efficiency program including upgrade of electrical hot water boiler, installing vestibule air lock, enhancing the building envelope, upgrading the pneumatic temperature control systems, and upgrading the plumbing fixtures to be ADA compliant low-flow devices.

FY 2019/2020: Remodel City Hall bathrooms.

FY 2020 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

Recreation and Other Facilities

CIP #: 010

Anticipated Cost: \$240,000

Source of Funding: General Fund; grants and/or loans TBD; future realized energy savings

Community Goal: Enhanced community amenities and improve resident quality of life

FY 2017/2018: Upgrade lighting at the skating arena; upgrade lighting at the baseball park and concession building.

FY 2018/2019: Upgrade security systems for area parks to allow for remote access. Upgrade street lights with LED technology.

FY 2019/2020: Address beautification needs at water retention pond, and establish a walking path.

FY 2020 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

Public Safety

Security at the City water plant and wastewater plant is severely lacking. As the primary means of accessing the public water systems, it is imperative that sufficient security systems be put in place immediately. As well, the Police and Fire Department are committed to providing a superior level of 24/7 service to all Durand residents.

CIP #: 011

Anticipated Cost: \$35,000 to \$45,000

Source of Funding: Water Fund; WWTP Fund; grants and/or loans TBD

Community Goal: Protection and security of public water sources

FY 2017/2018: Install new secure entry systems, security cameras and lighting at water plant and wastewater plant.

FY 2019 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

CIP #: 012

Anticipated Cost: \$120,000

Source of Funding: General Fund; grants and/or loans TBD

Community Goal: Provision of 24/7 police monitoring throughout community

FY 2017/2018: Purchase of a Ford Escape Police Cruiser as part of the Police Department Fleet.

FY 2018/2019: Purchase of a Ford Escape Police Cruiser as part of the Police Department Fleet.

FY 2020/2021: Purchase of a Ford Escape Police Cruiser as part of the Police Department Fleet.

FY 2020 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

CIP #: 013

Anticipated Cost: \$87,000

Source of Funding: General Fund; grants and/or loans TBD; future realized energy savings

Community Goal: Provision of 24/7 ambulance services throughout the community

FY 2017/2018: Perform recommended upgrades according to Honeywell program including upgrade lighting fixtures, forced-air heaters to infrared heaters, replace gas furnace, and upgrade heating systems with force air ventilation.

FY 2018/2019: Continue with Honeywell program including work to perform upgrades to building envelop, upgrade to thermal pane windows, and upgrade plumbing fixtures with ADA compliant low-flow devices.

FY 2019 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.

CIP #: 014

Anticipated Cost: \$54,000

Source of Funding: General Fund; grants and/or loans TBD; future realized energy savings

Community Goal: Provision of 24/7 fire protection services throughout the community

FY 2017/2018: Perform recommended upgrades according to Honeywell program including upgrade lighting fixtures, forced-air heaters to infrared heaters, and upgrade hot water boiler.

FY 2018/2019: Continue with Honeywell program including work to perform upgrades to building envelop, and upgrade plumbing fixtures with ADA compliant low-flow devices. Consider resealing engine bay floors.

FY 2019/2020: Finance the purchase of an additional engine for the Fire Department.

FY 2020/2021: Consider replacement of SCBA equipment for the Fire Department.

FY 2021 and beyond: No further capital improvements are scheduled for this category beyond general maintenance.