



CAPITAL IMPROVEMENT PLAN

Algoma Township

As Amended and Approved on May 10, 2016

Table of Contents

Title Page	1
Table of Contents	2
Chapter 1 – Executive Summary	
Overview	3
The Capital Improvement Plan	3
Organization	4
Project Prioritization	5
The Totals	5
Timing	6
Chapter 2 – Introduction	
Capital Improvement Projects	7
Relationship Between the Capital Improvements	
Budget & the Annual Budget	7
Relationship Between the Capital Improvements	
Plan & the Township Planning Process	8
Legal Basis for Capital Improvement Planning	8
The Benefits of Capital Improvement Planning	9
Chapter 3 – Plan Summary	
The Capital Improvement Plan Process	11
Step 1: Organize the Process	12
Step 2: Develop Criteria	12
Step 3: Develop Project Requests	12
Step 4: Present Departmental Projects	12
Step 5: Screen, Evaluate & Prioritize Projects	12
Step 6: Select Projects	14
Step 7: Prepare & Adopt the CIP & CIB	15
Chapter 4 – Plan Funding	16
Chapter 5 – 2016-2022 Recommended Capital Improvement Budget	17
Parks and Sewer Budgets Project Detail	18

Chapter 1

Executive Summary

Overview

The Capital Improvement Plan (CIP) outlines a schedule of public service expenditures over the ensuing seven-year period (Fiscal Years 2016-2022). The CIP does not address all of the capital expenditures for the Township, but provides for large, physical improvements which are permanent, including the basic facilities, services and installations needed for the functioning of the community. These include utilities, municipal facilities and other miscellaneous projects.

To qualify for inclusion into this initial CIP, a project must be consistent with:

- 1) An adopted or anticipated component of the master plan
- 2) A state and/or federal requirement
- 3) A Township approved policy.
- 4) The minimum project cost for a CIP is \$2,500.

Preparation of the capital improvement plan is done under the authority of the Township Planning Act (PA 168 of 1959, as amended). A significant amount of informational language is included to help citizens, staff, and elected officials understand the complexity of the plan and guide its future development. Subsequent CIP documents will be reviewed by the Planning Commission with the goal that the CIP will help implement the Township's Master Plan.

The capital improvement plan proposes project funding relative to the anticipated availability of fiscal resources and the choice of specific improvements to be achieved throughout the seven-year plan.

The Capital Improvement Plan



Seven – Year Capital Improvement Plan

- Mid-range planning document
 - Describes all proposals submitted by individual departments.
 - Includes an assessment & prioritization of each project.
 - Adopted by Planning Commission.
 - Submitted to Township Board for approval.

First – year Capital Improvement Budget

- Short – range budget document
 - Recommends which of these capital needs should be funded.
 - Identifies the expected revenue sources.
 - Submitted by the Township Supervisor to Township Board for adoption.

Project Type	Number of Projects	Seven-Year Plan FY 2016-2022
Administration	1	\$50,000
Building & Grounds	1	\$85,000
Parks	28	\$615,200
Public Safety (Fire)	7	\$700,000
Roads	7	\$515,000
Utilities (Sewer)	23	\$221,975
TOTALS	67	\$2,187,175

Organization

The Capital Improvement Plan is divided into three major sections.

The first section provides general information about the Township’s planning. It contains:

- Introduction
- Plan Summary
- Plan Policies
- Plan Funding

The 2016 Recommended Capital Improvement Budget provides information on projects for the first fiscal year of the plan. It contains:

- Project Type
- Project Name
- Total Project Cost
- 2016 Funding Requirements
- Funding Source

The 2016-2022 Capital Improvement Plan lists individual capital projects on separate pages within each section, divided by project types. Each project page contains:

- A brief description of the project.
- Proposed scheduling.
- A narrative assessment and justification.
- A statement regarding the project’s anticipated impact on operating expenses.
- Cost information.

Project Prioritization

Staff assessed all capital needs and gave each project a priority rating. The rating figure indicates whether a project is:

- ❖ *A – Essential:* urgent, high priority project that should be done if at all possible.
- ❖ *B – Desirable:* high priority project that should be done as funding becomes available.
- ❖ *C – Acceptable:* worthwhile project to be considered if funding is available.
- ❖ *D - Deferrable:* low priority project which can be postponed.

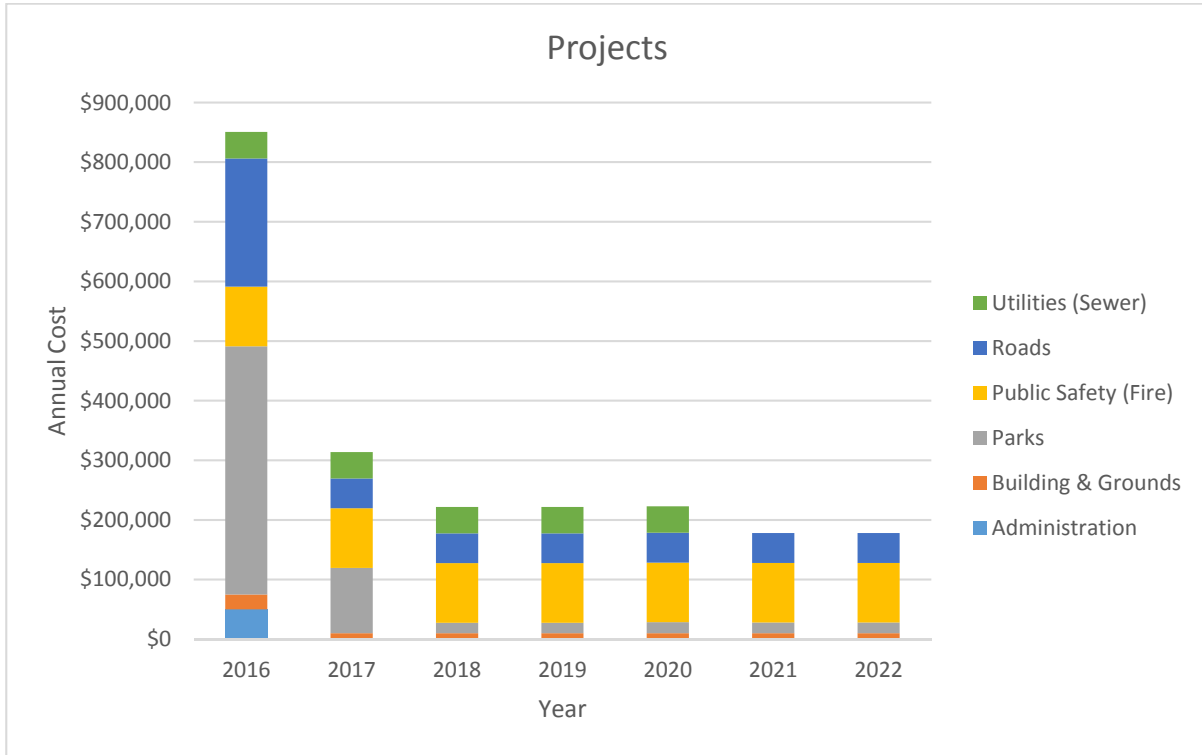
Projects	Cost	Funding Prospects
Essential (67 - \$2,187,175)		
Road Repairs	\$515,000	General Fund
Rivers Edge Park	\$216,200	General Fund + Grant
Sports Park	\$160,000	General Fund + Grant
Camp Lake	\$74,000	General Fund + Grant
Chalmers Park	\$165,000	General Fund + Grant
Sewer Pumps	\$221,975	Sewer Fund
FD Capital Projects	\$700,000	General Fund
Voting Equipment	\$50,000	General Fund
Building and Office Security/Upgrades	\$25,000	General Fund + Grant
Desirable (# - \$\$)		
Acceptable (# - \$\$)		
Deferrable (# - \$\$)		

The Totals

The total capital need over the next seven years includes 67 projects, totaling \$2,187,175.

Timing

The proposed expenditures are distributed as follows:



As you can see, we have many projects in 2016, then they even out throughout the years.

Chapter 2

Introduction

Several factors influence infrastructure management, including the type of project being considered and the financing options available to fund the project. Whether to develop a new neighborhood park or to extend sewer or water lines to an existing neighborhood is a difficult decision when a choice has to be made between them. The Township does not have enough money available for all the projects it would like to do. The challenges to retain and/or expand Township services in the midst of shrinking resources and increasing costs has put pressure on Township government to make its limited capital resources work more efficiently.

Administration, elected and appointed officials, and staff have taken several steps to make its capital expenditures more closely reflect its long range objectives. One such stride is the continuing commitment to ensure that the most needed projects are funded and that the results are those that are called out in the adopted plans and policies. The capital improvement plan accomplishes this.

Capital Improvement Projects

Projects generally considered capital improvements are large, expensive and permanent in nature. They often place a continuing financial burden on the Township (planning and design, maintenance, operations, energy requirements, legal responsibilities, etc.). It represents the large projects in the near future. Items such as equipment purchases, small paving jobs, minor sewer extensions, playground equipment are also included in this plan as major projects valued at \$2,500 and above

The Capital Improvement Budget (CIB) shows projects scheduled to be funded in the upcoming fiscal year. Voting to accept the Capital Improvement Budget does not mean that Township Board approves all the projects that it contains. Acceptance acknowledges only that they agree that these projects represent a reasonable interpretation of the upcoming needs for the Township.

Relationship Between the Capital Improvement Budget and the Annual Budget

As indicated above, the capital improvement budget includes projects that anticipate funding in the first fiscal year. The annual budget itemizes the money needed for all municipal purposes during the next fiscal year. This includes the day-to-day operational expenses of the Township, such as salaries and supplies. The projects included in the capital improvement budget are not directly included in the annual budget, but many funding sources required to pay for the projects are confirmed. Approving a particular project still takes place by appropriating money as individual requests come before Township Board throughout the fiscal year.

Relationship Between the Capital Improvement Plan and the Township Planning Process

Ideally, comprehensive land use planning influences capital improvement planning. The long-range master plan should yield the perspective on which the mid-range CIP is based. Each type of land use has different degrees of need for capital facilities. For example, a use that requires extensive parking and paving places a burden on the storm water system designed to handle the drainage from the site. The Township will need utility system improvements and review public safety services if a land use plan recommends certain densities of residential development or commercial use for a certain location. These and other possible changes in the Township land use policies necessitate a linkage with the capital improvement plan.

On the other hand, a capital improvement plan may show that some land should not be zoned for a particular use because it is too expensive to provide the necessary infrastructure. For example, zoning land for intense use without nearby sewer and water lines makes little sense. Thus, a capital improvement plan may help develop the zoning map.

The best strategy is to coordinate the capital improvement plan with the master plan and zoning ordinances, to ensure that adequate utility and other support services will be available in areas targeted for growth or redevelopment. Different zoning districts will need different services and infrastructure.

Many people view the long-range nature of the master plan as one of its greatest strengths. Because it is long-range, typically 20 years in the future, it provides a steady course for the community for a significant period. It contains a vision not subject to short-term obstacles. However, that strength can also be its weakness. The long-range character of the plan also has an air of unreality, which may provide little guidance for decision makers who must invest in the expansion of a water system in the next five years. Over the past few years, the correlation between the master plan components and the CIP has become stronger. In fact recent changes to the Township Planning Act now allows for the development of a CIP. In fact, many legal and planning experts suggest the development of a CIP as a means to insure the township's master plan is legally enforceable, should it be challenged in court. Before the development of the CIP, the Township had begun to take incremental steps towards capital improvement planning.

The first recommended plan policy in the CIP recognize the importance of the link between the Capital Improvement Plan and implementation of the master plan. In bringing most, if not all, of the decision makers together into the planning process, and by using the CIP process to reinforce the desired future land use patterns, the Township's physical future can be better shaped.

Legal Basis for Capital Improvement Planning

The State of Michigan provides for the development and use of a capital improvement plan in the Township Planning Act (Section 10, Act 263 of the Public Acts of 2001). The Act briefly states that, "a township may adopt a capital improvement plan." The Act does not specifically outline a procedure, however many land use planning publications provide a recommended process.

The Benefits of Capital Improvement Planning

All communities need to develop a capital improvement plan. With time, public facilities need major repair, replacement or expansion. Maintaining and upgrading a community's capital stock requires significant financial investment. This investment must be weighed against other community needs and analyzed in light of community goals. Algoma Township, like many communities, is under pressure to make efficient use of capital resources and must make difficult choices. There are more needs than can be satisfied at once, and the selection of one investment over another may shape the development of the community for years to come.

Capital improvement planning is a valuable tool to ensure that choices are made wisely. The Township's development goals are implemented, in part, by the careful provision of capital facilities. The benefits of this systematic approach to planning capital projects include the following:

Focuses attention on community goals, needs, and capabilities.

Through capital improvements, planning, capital projects can be brought into line with the Township's objectives, anticipated growth, and financial capabilities. Considered individually, a new park, water system improvements, and street widening may be great ideas. However, each project may look quite different when, in the course of the CIP process, it is forced to compete directly with other projects for limited funds.

Optimizes use of the taxpayer's dollar.

The capital improvement plan helps the Township Board make sound annual budget decisions. Careful planning of capital improvement helps prevent costly mistakes. In addition, capital planning allows the Township to save money in several other ways. For example, investors in municipal bonds tend to look more favorably on communities that have a CIP; if bond financing is selected for a capital improvement project, the Township may realize significant savings on interest. The CIP can also provide an opportunity, assuming funds are available, to purchase land at a lower cost in advance of construction.

Guides future growth and development.

The location and capacity of capital improvements shape the growth of the Township. The Township Board can use the CIP to develop well thought out policies to guide future land use and economic development. The process can also ease political decision making by providing a rationale for approving or rejecting requests for immediate capital expenditures.

Encourages the most efficient government.

Interdepartmental coordination of capital improvement planning can reduce scheduling conflicts and ensure that no single function receives more than its fair share of resources.

In addition, the CIP can be used to promote innovative management techniques and improve governmental efficiency and effectiveness.

Improves the basis for intergovernmental and regional cooperation.

Capital improvement planning offers public officials of many governmental units (Algoma Township, Kent County, Kent County Road Commission, Kent District Library, Rockford Public Schools, Cedar Springs Public Schools, Sparta Public Schools, the City of Rockford, Village of Sparta, and Plainfield Township) an opportunity to plan the location, timing, and financing of improvements in the interest of the community as a whole.

Maintains a sound and stable financial plan.

Having to make large or frequent unplanned expenditures can endanger the financial well-being of the Township. Sharp changes in the tax structure or the need for bonded indebtedness may be avoided when construction projects are planned and scheduled at intervals over a number of years. When there is ample time for planning, the most economical means of financing each project can be selected in advance. Furthermore, a CIP can help the Township avoid commitments and debts that would prevent the initiation of other important projects later.

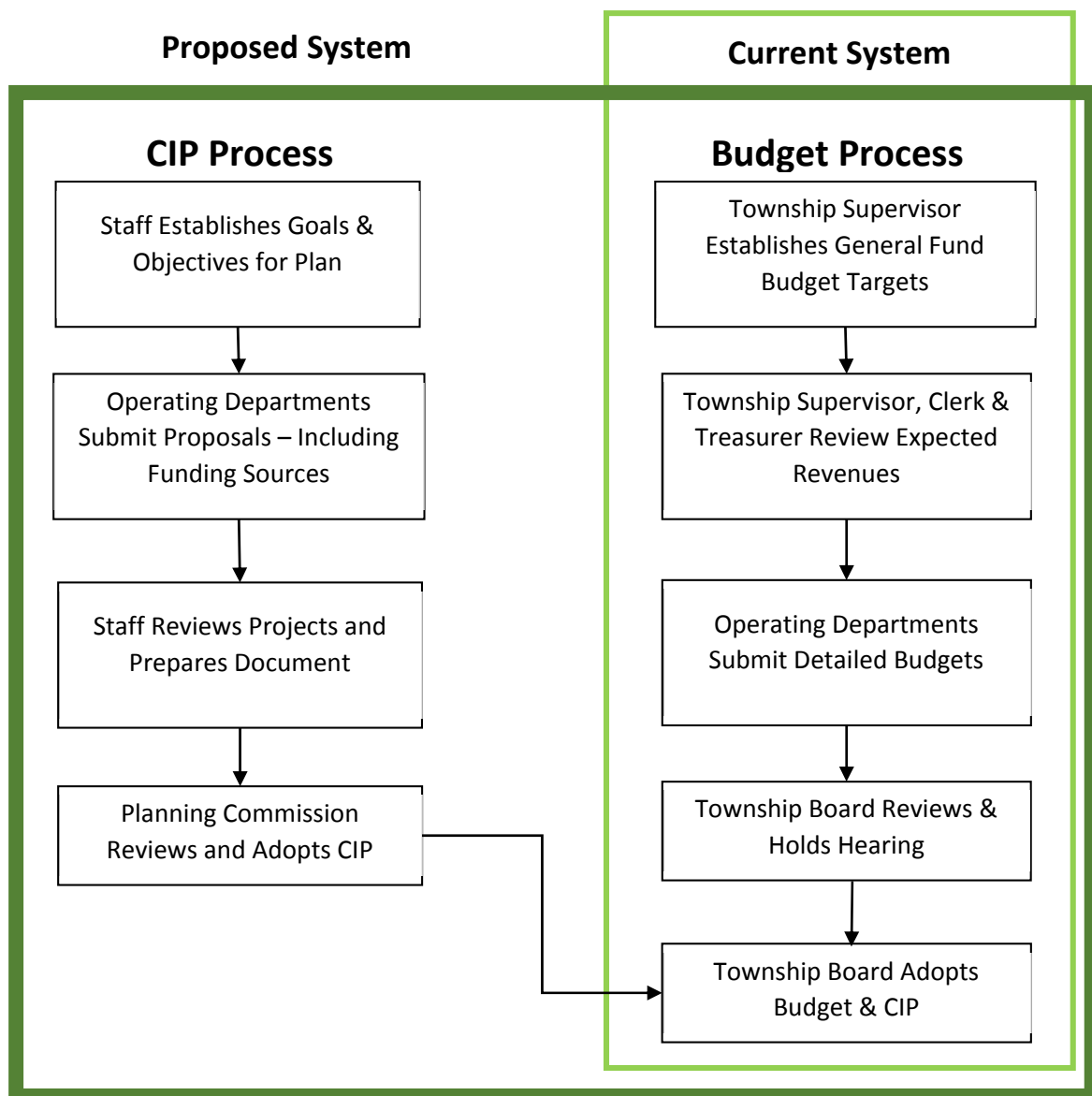
Enhances opportunities for participation in federal or state grant-in-aid plans.

Preparing a CIP improves the Township's chance of obtaining aid through federal and state plans that provide funds for planning, construction and financing of capital improvements. There has been little activity in the federal and state grant field recently. Nevertheless, there are cyclical patterns to federal and state plans. The CIP is a resource that contains projects which can be started quickly by having construction or bid documents ready should any grants become available.

Chapter 3 Plan Summary

The Capital Improvement Plan Process

The capital improvement plan is a distinct element of the annual budget process that flows through the Township government in somewhat separate channels. The CIP process occurs earlier in the annual cycle than the annual budget. This initial CIP was developed through the Township Supervisor's office. The Township Supervisor and staff will coordinate all operating expenditures. The entire process takes several months to complete.



Algoma Township used a traditional needs driven approach to develop its initial CIP. The proposed organizational process for developing the CIP involved the following steps:

Step 1: Organize the Process

Staff met to establish the administrative and policy framework within which the CIP process would operate. Before this first step, the Township Supervisor met with department heads to get their input on upcoming capital purchases and to explain the CIP development process.

Step 2: Develop Criteria

The second task of staff was to review different criteria for capital improvement projects. Literature from planning organizations and other communities with long established capital improvement planning plans were compared. Based upon the review, staff adopted plan priorities which are explained in further detail, later on in this section.

Step 3: Develop Project Requests

The Township Supervisor requested that all department heads submit proposed capital improvement projects. Forms were made available that allowed for the required criteria to be submitted in a standard format. The department heads developed the proposed projects based on a realistic assessment of need.

Because the Township does not have sufficient funding capacity to meet all the capital needs, priorities are set, based on the criteria established earlier in the process. Departments that submit proposals typically will rank their own projects. Priority rankings do not necessarily correspond to funding sequence. For example, a park improvement project ranked lower than a fire equipment purchase may have better access to funds. The park project could require more funds and have to wait for grants, contributions or a voter approved millage renewal. A project's desirability depends on a number of factors – not only the project itself, but also on how it's accomplished, where it may be located, how much it cost and its funding potential.

Step 4: Present Departmental Projects

The objective now is to pull together a CIP that was sensitive to the policies that have been adopted and contained projects that related to the master plan objectives.

Step 5: Screen, Evaluate and Prioritize Projects

The most difficult task for staff normally occurs in late June and early July when it evaluated and prioritized the projects submitted for approval. This is a critical component of the CIP process. Project selection must correspond to the amount of money assumed available for capital spending. Within the limited budget, is a new park vehicle or a water line extension of greater importance? Shrinking funds and rising costs

incurred in maintaining and rehabilitating deteriorating infrastructure make the process of selecting the most vital capital projects even more crucial and difficult. The merits of each project must be judged against the policies and criteria of the CIP process and the goals of each component of the master plan. Does the project conform in terms of location, size, service provided, relation to its service area, effect on land use patterns, and relation to public policy and community goals? More than merely a technical process, prioritization involves value preferences, policy choices and political actions. Throughout the examination of the proposed projects, staff attempted to overcome some inherent problems in the CIP process:

- a. Government projects are difficult to evaluate because of their diversity and the fact that many, essentially, are not comparable. Individual CIP project requests reflect the need to serve different constituencies and diverse community values. Staff must attempt to reconcile and balance conflicting community values and judgments.
- b. Staff must continually approach the decisions required in this process rationally and analytically regardless of political forces. While conflicting interests within the political process are acknowledged, staff must attempt to develop a plan that provides the most benefit to the entire community.
- c. It is inevitable that the number of projects requested exceeds available funding. In the endeavor to provide better service to the community, departments often propose capital projects that, unfortunately, go unfunded. This process should not discourage departments from continuing to submit proposals, but should develop into a mechanism to help in the effort to uncover alternate sources of funding and see that higher-priority projects get implemented.

The initial review (evaluation of project impact) takes place without regard to funding availability and focuses on policies and the objectivity and judgment based on input from Township staff. In the future, staff will review the following impacts of projects:

- Fiscal consequences.
- Health and safety effects.
- Community economic effects.
- Environmental, aesthetic, and social effects.
- Disruption and inconvenience caused during construction.
- Distributional effects (who benefits, who pays).
- Feasibility
- Implications of deferring the project
- Amount of uncertainty and risk.
- Effects on inter-jurisdictional relationships.

Next, the projects are placed into the appropriate funding priority group in relation to their necessity or urgency. Although many communities have developed detailed

weighted ranking systems, staff has consciously avoided this type of system. The staff has established the following classification system to prioritize proposed projects:

Priority A - Essential

Urgent, high-priority projects that are necessary for the Township. These include projects that are required to complete a major public improvement; projects that would address an emergency, or remedy a condition dangerous to public health, welfare, and safety, projects that would provide facilities for a critically needed community plan; projects needed to correct an inequitable distribution of public improvements in the past and projects vital to the economic stability of the Township. A special effort is made to find sufficient funding for all of the projects in this group.

Priority B - Desirable

High-priority projects that should be addressed as funding becomes available. These include projects that have a justifiable benefit for the community, and have the validity of planning and timing that have been credibly established.

Priority C - Acceptable

Worthwhile projects to be considered if funding is available. These are projects that are adequately planned, but not absolutely required, and could be deferred to a subsequent year if budget reductions are necessary.

Priority D - Deferrable

Low-priority projects which are desirable but not essential and can be postponed without detriment to the provision of other services.

In addition, projects may be eliminated from consideration if it is determined that they no longer provide for a valid community need, or are unnecessary for Township operations.

Step 6: Select Projects

In the end, the availability of funds each year, as approved by the Township Board upon the recommendation of the Township Supervisor, determines the number of projects that are funded.

As with the measurement of project impacts in Step 5, placing projects in priority groupings relies on the judgment of staff, and is not a completely objective process. The criteria used are not subject to precise measurement. This judgment is not arbitrary and is done within the context of the plans, policies and the goals of the master plan.

The Township Board ultimately approves the assumptions, criteria, policies, and recommendations of the staff by accepting the CIP. Depending on the policy,

modifications are expected throughout the process. This is considered an essential part of the procedure, placing the burden on those who dissent to assess the policies underlying the recommendations and to advocate their differences, resulting in the necessary evolution of the entire capital planning process.

Step 7: Prepare and Adopt the CIP and CIB

In Step 2 of the process, broad criteria are established to help staff plan capital improvement projects. As the process continues, and increasingly detailed information emerges, projects may be added, altered, or abandoned. Eventually, staff arrives at a final list of projects that is submitted to the Township Supervisor and the Planning Commission for review.

The Township Supervisor and Planning Commission evaluate the CIP package and makes final planning decisions before sending the CIP on to the Township Board. The Board accepts the CIP after its review. Acceptance is not a commitment to finance the approved projects, but is a statement of policy regarding the Township's approach to meeting its future capital needs.

Chapter 4

Plan Funding

Because capital improvement 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 plan to another. The CIP has to be prepared with some assumptions as to the amount of money to be available. The following is a summary of the funding sources for projects included in the capital improvement plan.

Millages

The property tax is one of the most important sources of Township revenue. The property tax rate is stated in mills (one dollar per \$1,000 of valuation). This rate is applied to the taxable value of a property to determine the property tax. Millages are voter-approved taxes which are specifically earmarked for a particular purpose.

Federal and State Funds

The federal and state governments make funds available to townships through numerous grants and plans. Some federal and state funds are tied directly to a specific plan. The Township has discretion (within certain guidelines) over the expenditure of others. For the most part, the Township has no direct control over the amount of money received under these plans.

Special Assessments

Capital improvements that benefit particular properties, rather than the community as a whole, may be financed more equitably by special assessment: that is, by those who directly benefit. Local improvements often financed by this method include street improvements, sanitary and storm sewers, and water mains.

Developer Contributions

Sometimes capital improvements are required to serve new development. Where funding is not available from the Township to construct the improvements, developers may agree to voluntarily contribute their share or to install the facilities themselves so the development can go ahead.

Contributions from Private Sources

Historically the Township has been the beneficiary of the generosity of many individuals and organizations. That generosity has contributed to land purchases, park improvements and the construction of the Townships trail network. These contributions will remain an integral part of the Township Capital Improvement Plan.

Chapter 5

2016-2022 Recommended Capital Improvement Budget

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total
Administrative	\$ 0	\$0	50,000	\$0	\$0	\$0	\$0	\$50,000
Twp Hall Building & Grounds	\$25,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$85,000
Recreation (Develop)	\$416,200	\$109,500	\$17,500	\$17,500	\$18,500	\$18,000	\$18,000	\$615,200
Recreation (Land Acq)			0	0	0	0	0	0
Public Safety (Fire)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$700,000
Roads	\$215,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$515,000
Utilities (Sewer)	\$44,395	\$44,395	\$44,395	\$44,395	\$44,395	\$0	\$0	\$221,975
Total	\$850,595	\$313,895	\$271,895	\$221,895	\$222,895	\$178,000	\$178,000	\$2,187,175

2016-2022 Recommended Capital Improvement Budget

Parks and Sewer Project Detail

Algoma Township Capital Improvement Plan 2016-2022

RECREATION	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total
Rivers Edge Park	\$201,200	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$216,200
Sports Park	\$75,000	\$25,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$160,000
Camp Lake	\$60,000	\$2,000	\$2,000	\$2,000	\$2,000	\$3,000	\$3,000	\$74,000
Chalmers	\$80,000	\$80,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$165,000
Total	\$416,200	\$109,500	\$17,500	\$17,500	\$17,500	\$18,500	\$18,500	\$615,200

UTILITIES (SEWER)	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total
Sewer Plant Upgrade	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$0	\$0	\$100,000
<i>10% of 1M, for 5 years</i>								
Camp Lake G. Pumps	\$24,395	\$24,395	\$24,395	\$24,395	\$24,395	\$0	\$0	\$121,975
Total	\$44,395	\$44,395	\$44,395	\$44,395	\$44,395	\$0	\$0	\$221,975