



# Capital Improvements Program

2024-2029

## **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 CIP (Capital Improvement Plan) program to conduct its long-range planning objectives. The City of Ovid Planning Commission will be adopting its program this year for fiscal years 2024 through 2029.

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.

## **Capital Improvement Plan Defined**

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, maintain, preserve, and protect the City of Ovid'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 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 Ovid residents 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 referencing maps that detail the timing, sequence, and location of capital projects. CIP can also influence growth because community infrastructure can impact development patterns.

## **Benefits of a CIP Plan**

Some of the benefits that the CIP provides for the residents include:

- Prudent use of taxpayer dollars
- Focusing expenditures on the needs of the community
- Prioritizing projects across the needs of the community
- Generating community support by inviting public input
- Promoting economic development
- Improving eligibility for State and Federal grants
- Transparency in identification of high-priority projects

- Coordination/cost-sharing between projects

The goals and objectives identified in the CIP represent plans/projects 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, city council, and administration.

Each year all projects included within the CIP are reviewed, calls for new projects are made, and adjustments are made to existing projects arising from changes in the amount of funding required, conditions, or timeline. A new year of programming is added each year to replace the year funded in the annual operating budget.

The CIP program should continue to develop over time by adding features to gradually improve quality and sophistication. Greater attention shall be devoted to providing 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 by the planning commission does not mean that they grant final approval of all projects contained within the plan. By approving the CIP, the planning commission 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.

While the Capital Improvement Plan is a proposed spending schedule for six (6) years, the Capital Budget is the legal authorization to spend, during the upcoming fiscal year, funds from city sources and from Federal and State Grants.

The Capital Budget is distinct from the Operating Budget. The Operating Budget authorizes the expenditure, 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 workforce, supplies and capital facilities, considerable effort is put into the budgetary process to coordinate the Capital and Operating Budgets.

The City of Ovid 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 between the two documents, as they 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.

## **Capital Improvement Funding**

Because the capital improvements projects involve the outlay of substantial funds, several 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 City of Ovid for sewer maintenance and repair must be used for the purposes that were stated when the fee was approved. The CIP must be prepared with 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 City of Ovid can set levels for capital projects; however, increases in capital expenditures for sanitary sewer mains, for example, could result in increased rates. Enterprise fund dollars can only be used on projects related to that enterprise fund, i.e., sewer system funds can only be used on sewer system expenditures.

### **Bonds**

When the City 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 certain period should help the community pay for them.

- **General Obligation (G.O.) 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 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 Ovid’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.
- **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 back them. Revenue bonds are authorized by the Public Act of 1933, the Revenue Bond Act.

### ***Weight and Gas Tax***

Based on a formula set by the State of Michigan, the City of Ovid 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 ensure that they are 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.

### ***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. For example, road millage can only be used to fund road project expenditures. The City of Ovid 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 grants and aid programs. The City of Ovid has discretion (within certain guidelines) over the expenditure of others. The community has no direct control over the amount of money received under these programs.

### ***Special Assessments***

Capital improvements that benefit properties, rather than the community, 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 such as pavement, curbs and gutters, sidewalks, sanitary sewers, and storm sewers.

## *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.

## *Capital Improvements Projects Defined*

Capital improvements are major, infrequent, non-recurring expenditures that tend to be both large in physical size and cost and have a longer useful life. Examples of capital projects include:

- Construction of a new city building
- Major road construction, such as bridge replacement or repaving
- Extension of a sewer and/or water line
- Purchase of a new fire truck
- Major repairs and/or renovations to the City Hall or Police Station
- Creation of a new park

As used in Ovid's CIP, a Capital Improvements Project is defined as including one or more of the following:

- 1) Any construction of a new facility (i.e., a public building, sanitary sewer mains, storm sewers, major/local roadways, recreational facilities), an addition to, or extension of such a facility, provided that the cost is \$5,000 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 \$5,000 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 \$5,000 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 improvements projects provided that the cost is \$5,000 or more and will have a useful life of three years or more.
- 5) Any planning, feasibility, engineering, or design study costing \$5,000 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 \$5,000 or more.

The following projects are examples of expenditures that would be categorized as operating expenses, and would NOT usually constitute a capital improvement project:

- Purchase of new office furniture
- Purchase of new/used small equipment (lawn mowers, copiers, individual computers, etc.)
- Recurring maintenance of existing facilities
- Minor repairs to buildings or equipment
- Minor improvements to existing buildings (carpeting, painting, fixtures, etc.)

### **Proposed Projects**

Priority rankings do not necessarily correspond to funding sequence. A project's funding depends upon several factors—not only its merit, but also its location, cost, funding source, and logistics.

The following pages include specific project details, budget information and project prioritization:

# Capital Improvement Projects

Project	Description	Estimated Cost	Funding
Build1	New City Hall Signs	\$10,000	Hall and Grounds
Build2	DPW Building Upgrades		Hall and Grounds
EQ1	New DPW Truck	\$60,000	General, Water, Sewer
EQ2	New Lawn Mower	\$19,000	General, Water, Sewer
PARK1	Update 5 Year Park n Rec Plan	\$10,000	Park n Rec, General
PARK2	New Park Facilities (Park n Rec Plan)	\$300,000	Park n Rec, General
PARK3	Repair Current Park Facilities	\$100,000	Park n Rec, General
PARK4	Downtown Park Improvements	\$20,000	Park n Rec, General
GEN1	Update Current Master Plan	\$10,000	General
GEN2	City Marking Campaign	\$15,000	General
SEW1	Lagoon Project	\$100,000	Sewer
STREET1	Replace City Local Street Signs	\$100,000	Street
STREET2	Major/Local Street, Resurfacing	\$330,000	Street
STREET3	M-21 Corridor/City Limits Signs	\$50,000	Street
STREET4	Downtown Corridor Improvements	\$300,000	Street
STREET5	Main St/Rails 2 Trails Pedestrian Refuge Island	\$100,000	Street
STREET6	City Street Light Audit		Street
STREET7	Annual Sidewalk Repairs	\$25,000	Street
WATER1	Waterline Replacement Project/Plant Upgrades	\$9,820,000	Water



# City of Ovid Capital Improvements Plan

## Buildings

CIP ID#: Build1

COST: \$10,000

TIMELINE: 2024

PROJECT: New City Hall Signs

DESCRIPTION: The City proposes to replace all current exterior and interior City Hall Signs to the new City of Ovid branding and logo. In addition, a new sign will be added to the building's exterior west side. Updating these signs is crucial to enhance the city's image, improve wayfinding, and reflect modernization efforts. It ensures accessibility compliance, provides accurate information, and fosters civic pride, contributing to a positive and engaged community perception.

Source of Funding: Hall and Grounds

CIP ID#: Build2

COST: \$50,000

TIMELINE: 2026 - 2029

PROJECT: DPW Building Upgrades

DESCRIPTION: The City proposes building a new breakroom, refurbishing one office, and upgrading electrical service. This new breakroom construction will facilitate employee well-being and foster a more collaborative work environment. Refurbishing an office enhances functionality and aesthetics, while an electrical service upgrade ensures a safe and efficient workspace, collectively promoting productivity and employee satisfaction.

Source of Funding: Hall and Grounds

## Equipment

CIP ID#: EQ1

COST: \$60,000

TIMELINE: 2026 - 2027

PROJECT: New DPW Truck

DESCRIPTION: The City proposes to replace the DPW work pick-up truck with a new one. This will extend the life of the equipment and allow for more efficient work.

Source of Funding: General, Water, Sewer

CIP ID#: EQ2

COST: \$19,000

TIMELINE: 2026 - 2029

PROJECT: New Lawn Mower

DESCRIPTION: The City proposes to replace the DPW lawnmower with a new one before it becomes too costly to maintain.

Source of Funding: General, Water, Sewer

## Parks and Recreation

CIP ID#: Park1

COST: \$10,000

TIMELINE: 2024

PROJECT: Update 5 Year Park & Rec Plan

DESCRIPTION: The City proposes to hire a professional consulting firm who specializes in development of city plans. The purpose is to update the current, outdated Park n Rec Plan. This plan will allow the City to get insights and develop based on the City's goals and regulations. It will ensure that the plan is well-structured, coherent, and communicates our city's vision clearly to stakeholders and the public.

Source of Funding: Parks & Rec, General

CIP ID#: Park2

COST: \$300,000

TIMELINE: 2025 - 2029

PROJECT: New Park Facilities (Parks & Rec Plan)

DESCRIPTION: New Park facilities can enhance overall quality of life, health benefits, building a sense of community, economic boost, environmental benefits, educational opportunities, increased property values, stress reduction, safe recreation, and aesthetic value. Our city's vision would include items like an amphitheater, pickleball and tennis courts, and splash pad.

Source of Funding: Parks & Rec, General

CIP ID#: Park3

COST: \$100,000

TIMELINE: 2024

PROJECTS: Repair Current Park Facilities

DESCRIPTION: The City proposes to improve, replace, or update the current park facilities based on the assessment by Arens Architecture. This will improve safety, compliance, and accessibility to our current facilities.

Source of Funding: Parks & Rec, General

CIP ID#: Park4

COST: \$20,000

TIMELINE: 2025

PROJECT: Downtown Park Improvements

DESCRIPTION: The City proposes to repair concrete and enhance downtown pocket parks with increased lighting, murals, and memorials.

Source of Funding: Parks & Rec

# General

CIP ID#: GEN1

COST: \$10,000

TIMELINE: 2024

PROJECT: Update Current Master Plan

DESCRIPTION: The City proposes to hire a firm to update the current Master Plan for their expertise and vision, for compliance and regulation, stakeholder engagement, strategic resource allocation, and risk mitigation.

Source of Funding: General

CIP ID#: GEN2

COST: \$15,000

TIMELINE: 2024

PROJECTS: New City Marketing Campaign

DESCRIPTION: The City proposes to hire a marketing company to rebrand our city, recognizing the pivotal role effective marketing plays in driving tourism, spurring economic development, and attracting and retaining businesses and talent. This strategic investment aims to enhance civic pride, stimulate increased investment, elevate cultural promotion, and improve overall quality of life. By fortifying the city's identity, attracting events, and fostering a dynamic environment, the marketing campaign is a cornerstone for building a sustained, vibrant community and ensuring long-term success.

Source of Funding: General

## Sewer

CIP ID#: Sew1

COST: \$100,000

TIMELINE: 2025

PROJECTS: Lagoon Updates

DESCRIPTION: The city's sewer lagoon, also known as a wastewater lagoon or sewage treatment pond, has a finite lifespan and their components, such as liners, pumps, and aeration systems, can deteriorate over time. Upgrading or replacing these components may be necessary to maintain the lagoon's functionality. These components will be expected to be needing replacing during the course of this plan.

Source of Funding: Sewer

## Streets

CIP ID#: STREET1

COST: \$100,000

TIMELINE: 2025 - 2027

PROJECT: Replace City Local Street Signs

DESCRIPTION: The City proposes to replace all local City Street Signs. This will improve wayfinding and enhance public safety, ensuring that residents and visitors can navigate efficiently, and emergency services can respond effectively. Upgrading to modern, visible, and standardized signs also contributes to a more aesthetically pleasing urban landscape, fostering a positive image for the city.

Source of Funding: Street

CIP ID#: STREET2

COST: \$330,000

TIMELINE: 2025 - 2029

PROJECT: Major/Local Street, Resurfacing

DESCRIPTION: The City bi-annually plans to resurface Major and local streets. The purpose of this is to extend the lifespan of a road significantly. By addressing surface issues early, it prevents the deterioration from reaching deeper layers of the road, which would require more extensive and expensive repairs or reconstruction.

Source of Funding: Street

CIP ID#: STREET3

COST: \$50,000

TIMELINE: 2027 - 2028

PROJECT: M-21 Corridor/City Limit Signs

DESCRIPTION: The City proposes to replace the signage on M-21 with new contemporary signs. The city will analyze the opportunities of upgrading the corridor.

Source of Funding: Street

CIP ID#: STREET4

COST: \$300,000

TIMELINE: 2024 - 2026

PROJECT: Downtown Corridor Improvements

DESCRIPTION: The City aims to revitalize the downtown corridor, prioritizing safety enhancements, aesthetic improvements, and the creation of event spaces to attract tourists. This comprehensive approach not only fosters community pride, boosts the local economy, and increases property values but also preserves cultural heritage and promotes economic diversification ultimately creating a vibrant and thriving community for residents and businesses alike.

Source of Funding: Street

CIP ID#: STREETS5

COST: \$100,000

TIMELINE: 2027 - 2028

PROJECT: Main St/Rail 2 Trails Pedestrian Refuse Island & Rain Gardens

DESCRIPTION: The City proposes to build a pedestrian refuge island to assist with safety to reduce crossing distance, improving visibility and enhance the pedestrian experience. These will also assist with traffic calming and accessibility for individuals with disabilities. This will also encourage walking as a mode of transportation, promoting active and sustainable lifestyles.

Source of Funding: Street

CIP ID#: STREET6

COST: \$10,000

TIMELINE: 2024

PROJECT: City Street Light Audit

DESCRIPTION: The City proposes to hire a consulting firm to review the current lighting status of the city to improve visibility and safety. This initiative not only seeks to identify cost-effective, energy-efficient lighting solutions tailored to our unique needs, including traffic patterns and pedestrian zones, but also ensures compliance with regulations and integrates cutting-edge technology. By addressing long-term planning, environmental impact, and effective project management, the survey aims to maximize benefits, evaluate risks, and proactively mitigate potential hazards, thereby advancing the overall safety, efficiency, and sustainability of the City's lighting infrastructure.

Source of Funding: Street

CIP ID#: STREET7

COST: \$25,000

TIMELINE: 2024 - 2029

PROJECT: Annual Sidewalk Repairs

DESCRIPTION: The City plans to annually replace or repair city sidewalk in the estimated amount of \$5,000 per year. Sidewalks contribute to the overall quality of life in a community by providing pleasant and safe places for people to walk, socialize, and enjoy their neighborhoods. By allowing sidewalks to degrade, the city increase the chance of liability.

Source of Funding: Street

CIP ID#: Water1

COST: \$9,820,000

TIMELINE: 2024

PROJECT: Waterline Replacement Project

DESCRIPTION: The city was awarded a 75% - 25% grant from the State of Michigan to help in the replacement of aging waterlines. Aging waterlines can lead to issues with water quality. Corrosion or deterioration of pipes can introduce contaminants or affect the taste and odor of drinking water. Replacing old pipes can help maintain high water quality standards.

Source of Funding: Water



			FISCAL YEAR					6 YEARS	
ID	PROJECT	2024	2025	2026	2027	2028	2029	TOTAL	
1	Build1	New City Hall Signs	\$10,000					\$10,000	
2	Build2	DPW Building Upgrades			\$50,000			\$50,000	
3	EQ1	New DPW Truck			\$60,000			\$60,000	
4	EQ2	New Lawn Mower				\$19,000		\$19,000	
5	PARK1	Update 5 Year Park n Rec Plan	\$10,000					\$10,000	
6	PARK2	New Park Facilities (Park n Rec Plan)				\$100,000	\$100,000	\$100,000	
7	PARK3	Repair Current Park Facilities	\$100,000					\$100,000	
8	PARK4	Downtown Park Improvements		\$20,000				\$20,000	
9	GEN1	Update Current Master Plan	\$10,000					\$10,000	
10	GEN2	City Marking Campaign	\$15,000					\$15,000	
11	SEW1	Lagoon Project	\$100,000					\$100,000	
12	STREET1	Replace City Local Street Signs		\$40,000	\$40,000	\$20,000		\$100,000	
13	STREET2	Major/Local Street, Resurfacing		\$60,000	\$75,000	\$60,000	\$75,000	\$60,000	
14	STREET3	M-21 Corridor/City Limits Signs				\$25,000	\$25,000	\$50,000	
15	STREET4	Downtown Corridor Improvements	\$100,000	\$100,000	\$100,000			\$300,000	
16	STREET5	Main St/Rails 2 Trails Pedestrian Refuge Island					\$100,000	\$100,000	
17	STREET6	City Street Light Audit	\$10,000					\$10,000	
18	STREET7	Annual Sidewalk Repairs	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
19	WATER1	Waterline Replacement Project/Plant Upgrades	\$9,820,000					\$9,820,000	
<b>TOTALS</b>			\$10,180,000	\$225,000	\$330,000	\$229,000	\$305,000	\$165,000	\$11,434,000
<b>Funding Sources</b>									
<b>Hall and Grounds</b>			\$10,000		\$50,000				\$60,000
<b>Bond/Loan</b>			\$3,366,700						\$3,366,700
<b>General</b>			\$25,000		\$20,000	\$10,000			\$55,000
<b>Grant</b>			\$6,453,300						\$6,453,300
<b>Park n Rec</b>			\$110,000	\$20,000		\$100,000	\$100,000	\$100,000	\$430,000
<b>Sewer</b>			\$100,000		\$20,000	\$5,000			\$125,000
<b>Streets</b>			\$115,000	\$205,000	\$220,000	\$110,000	\$205,000	\$65,000	\$920,000
<b>Water</b>					\$20,000	\$4,000			\$24,000
<b>Total</b>			\$10,180,000	\$225,000	\$330,000	\$229,000	\$305,000	\$165,000	\$11,434,000