



VILLAGE OF BELLAIRE

Capital Improvement Plan 2019-2025

Approved: December 4, 2019

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VILLAGE OF BELLAIRE

CAPITAL IMPROVEMENT PLAN

INTRODUCTION

A Capital Improvements Plan (CIP) is a six-year planning instrument used to identify needs and financing sources for capital projects over that period of time. The purpose of a CIP is to facilitate the orderly planning of capital improvements; to maintain, preserve and protect the Village of Bellaire's existing infrastructure system; and to provide for the acquisition or scheduled replacement of facilities and/or equipment to ensure the efficient delivery of services to the community. The CIP is also used to ensure that capital improvements are fiscally sound and consistent with the goals and policies of the Village governing body and the community.

A comprehensive CIP is an essential tool for the planning and development of the physical and fiscal well-being of the community. This process is a necessary step in an organized effort to strengthen the quality of public facilities and services; provided a framework for the realization of community goals and objectives; and provide a sound basis on which to build a health and vibrant community.

The CIP informs Village of Bellaire residents and stakeholders on how the municipality plans to address significant capital needs over the next six years. A detailed CIP helps the Village to remain flexible and address needed improvements as opportunities arise.

Some of the many benefits that the CIP provides for the residents and stakeholders include:

- Encourage efficient government
- Optimize the uses of revenue
- Focus attention on community goals, needs, and capabilities
- Guide future growth and development
- Improve intergovernmental and regional cooperation
- Help maintain a sound and stable financial program
- Enhance opportunities for the participation in federal and/or state grant programs

The projects identified in the CIP represent the plan 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, governing body, and village staff.

Plans and policies include:

- Master land use plan
- Downtown development plan
- Recreation plan
- Goals and objectives of village council
- Administrative policies

MISSION STATEMENT

Preparation of the CIP is done under the authority of the Michigan Planning Enabling Act (PA 33 of 2008) MCL 125.3865 Sec.65 specifically provides,

(t)o further the desirable future development of the local unit of government under the master plan, a planning commission, after adoption of a master plan, shall annually prepare a capital improvements program of public structures and improvements, unless the planning commission is exempted from this requirement by charter or otherwise.... The capital improvements program shall show those public structures and improvements, in the general order of their priority, that in the commission's judgment will be needed or desirable and can be undertaken within the ensuing 6-year period. The capital improvements program shall be based upon the requirements of the local unit of government for all types of public structures and improvements. Consequently, each agency or department of the local unit of government with authority for public structures or improvements shall upon request furnish the planning commission with lists, plans, and estimates of time and cost of those public structures and improvements.

The CIP is dynamic. Each year all projects included with 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, the conditions, or the time line. A new year of programming is also added each year to replace the year funded in the annual operating budget.

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. Rather, 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 developed and approved by the Village Council.

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

The Village of Bellaire will strive to maximize resources by maintaining a balance between operating and capital budgets. A continuous relationship exists between the CIP and the annual budget. A direct link can be seen between the two documents. 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.

CIP POLICY

As used in the Village of Bellaire Capital Improvements Program, a capital improvements project is defined as a major, nonrecurring expenditure that includes one or more of the following:

- 1.The acquisition of land for a public purpose.

2. 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 five years or more.
3. Any purchase or replacement of major equipment to support community programs provided the cost is \$10,000 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 the cost is \$10,000 or more and will have a useful life of five years or more.
5. Any planning, feasibility, engineering, or design study costing \$15,000 or more that is not part of an individual capital improvements project or a program that is implemented through individual capital improvements projects.

Note: *Any construction of a new facility (i.e., a public building, water/sanitary sewer mains, storm sewers, major/local roadways, recreational facilities), an addition to, extension, or repair of such a facility, is addressed under the Sewer Asset Management Plan or Water Asset Management Plan developed for, and approved by, the Village of Bellaire.*

PROGRAM FUNDING

Because the capital improvements 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 program to another. For example, funds raised by a designated millage must be used for the purposes that were stated in the voter-approved millage. The CIP has to be prepared with some 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 community can set levels for capital projects; however, increases in capital expenditures for water mains, for example, could result in increased rates. Enterprise fund dollars can only be used on projects related to that particular enterprise fund, i.e., only water system funds can only be used on water system funds.

Bonds

When the Village of Bellaire 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 a period of time should help the community pay for them. The Village of Bellaire issues bonds in two forms:

General Obligation (G.O.) Bonds: Perhaps 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 the Village of Bellaire'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: 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 Public Act 94 of 1933, the Revenue Bond Act.

Weight and Gas Tax

Based on a formula set by the State of Michigan, the Village of Bellaire receives a portion of the tax placed on motor fuel and highway usage within the state. The restrictions placed on the expenditure of these funds ensure 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 applies the increase in various state and local taxes that result from a redevelopment project to pay for project-related public improvements. For purposes of financing activities within the downtown district, the Village of Bellaire Downtown Development Authority recommended for approval the Village of Bellaire Development and Tax Increment Financing Plan for the Development Area in the Downtown District. The 30-year plan was adopted in December 2016. Public Act 281 of 1986, the Local Development Finance Authority Act, and Public Act 450 of 1980, the Tax Increment Financing Act, authorize TIF.

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 the 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, a parks maintenance and repair millage to support parks and recreation capital projects.

Federal and state funds

The federal and state governments make funds available to communities through numerous grants and aid programs. Some funds are tied directly to a specific program. The community has discretion (within certain guidelines) over the expenditure of others. For the most part, the community has no direct control over the amount of money received under 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, i.e., by those who directly benefit. Local improvements often

financed by this method include new street improvements (including pavement, curb and gutter, sidewalks, etc.), sanitary and storm sewers, and water mains.

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.

PROJECT DESCRIPTION

The following items identify the future projects through 2025. The list is intended to be thorough but is not exhaustive. A project, need, or opportunity may arise that is not included in the CIP. Exclusion from the list should not prevent the Village from addressing the issue if necessary. The year and costs for each project are estimated in most cases. In other cases, total costs and possible funding sources, i.e. grants, are to be determined. This does not prevent planning for these projects.

Each year, as part of the budget process, the Village Council will provide guidance and determine the need and the ability to move forward with the projects listed.

Each project description lists the following:

- Department or Area of Improvement - Indicates the portion of the Village facility or area of project most impacted.
- Project Description - The description of the capital project or equipment purchased.
- Projected Cost – An estimate of the cost and year(s) in which project may be undertaken.
- Long-term project – A category for projects without an estimated cost or time frame which could be completed in the near future if funding becomes available. These projects may be developed through committee discussions, contact with state agencies, suggestions from Village staff, or grant opportunities.
- Anticipated source of funding – A list of projected funding sources for each project.

**Village of Bellaire
Capital Improvements Project Profile
FY 2019-2025**

Department: Public Works		Project Title: Broad Street Repairs
Project Category: Local Streets		Start Date: To be determined
Project Location: East Broad Street		Overall Priority: High
Department Priority: High		

Project Description: Broad Street has deteriorated and has potholes and cracks. Repairs are needed to provide safe vehicular and pedestrian travel.

Anticipated Source of Funding: Local and major street expense and possible grant funding.

Cost Estimate:	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Total Cost:						

**Village of Bellaire
Capital Improvements Project Profile
FY 2019-2025**

Department: Public Works		Project Title: Sidewalk Repairs & Replacement
Project Category: Local Streets		Start Date: Spring 2019
Project Location:		Overall Priority: High
Department Priority: High		

Project Description: Repair or replacement of cracked and tree root damaged sidewalks identified in the Streets and Motor Pool Committee sidewalk assessment.

Anticipated Source of Funding: Local Streets expense. Original cost estimate, \$24,000

Cost Estimate:	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
	\$23,700					
Total Cost:						

**Village of Bellaire
Capital Improvements Project Profile
FY 2019-2025**

Department: Parks		Project Title: Woodenware Playground
Project Category: Parks Equipment		Start Date: To be determined
Project Location: Richardi Park		Overall Priority: Medium to High
Department Priority: Medium		

Project Description: Woodenware Playground is located in Richardi Park. This playground is used predominantly by toddlers and younger children. Wooden equipment is weather worn and in need of replacement.

Anticipated Source of Funding: Parks expense from General Fund dollars and possible grant funding.

Cost estimate:	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
	\$10,000					
Total Cost:						

**Village of Bellaire
Capital Improvements Project Profile
FY 2019-2025**

Department: Parks		Project Title: Universally Accessible Kayak/Canoe Launch
Project Category: Parks Infrastructure		Start Date:
Project Location: Richardi Park		Overall Priority: Medium to High
Department Priority: Medium		

Project Description: Richardi Park is a designated trailhead on the Chain of Lakes Water Trail. Installation of a universally accessible kayak/canoe launch is the phase of this long-term project. The joint permit for this project expires January 29, 2024.

Anticipated Source of Funding: Grant funding

Cost Estimate:	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
	\$5,000	\$5,000	\$10,000	\$15,000	\$15,000	
Total Cost:						

**Village of Bellaire
Capital Improvements Project Profile
FY 2019-2025**

Department: Parks		Project Title: Richardi Park Restroom
Project Category: Park Facilities		Start Date: To be determined
Project Location: Richardi Park		Overall Priority: Medium
Department Priority: Medium		

Project Description: Updates and improvements to the block restroom.
Anticipated Source of Funding: Park expense funded through the General Fund and possible grant funding.

Cost Estimate:	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Total Cost:						

**Village of Bellaire
Capital Improvements Project Profile
FY 2019-2025**

Department: Public Works		Project Title: Sand and Salt Barn
Project Category: Motor Pool Building		Start Date: To be determined by funding availability
Project Location: DPW – Court Street		Overall Priority: Medium to High
Department Priority: Medium to High		

Project Description: The existing sand/salt barn is in need of replacement.

Anticipated Source of Funding: Motor Pool and grant funding

Cost Estimate:	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Total Cost:						

**Village of Bellaire
Capital Improvements Project Profile
FY 2019-2025**

Department:		Project Title:
Project Category:		Start Date:
Project Location:		Overall Priority:
Department Priority:		

Project Description:
Anticipated Source of Funding:

Cost Estimate:	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Total Cost:						