



2022 Capital Improvement Plan

Executive Summary

Introduction

This Executive Summary highlights the updates to the City's 2022 Capital Improvement Plan (CIP). The City's CIP is updated annually per Section 3 of City Council Resolution No. 8788-R14. This resolution also outlines funding policies for various types of capital improvement and maintenance projects and directs implementation through the budget process.

What is the CIP?

The CIP outlines planned projects for the subsequent five fiscal years (currently for FY 23-27) for capital improvements for City infrastructure assets. The City organizes its capital assets into eight categories: 1. Bridges 2. Public Facilities 3. Lights, Signals, & Signs 4. Road Pavement 5. Sidewalks and Pathways 6. Sanitary Sewers 7. Stormwater Facilities and 8. Arbor/Canopy.

The CIP is comprised of five major funds.

Capital Replacement and Improvement Fund (CR&I)

The CR&I Fund is replenished by transfers from the General Fund. The CR&I Fund supports transportation projects, facilities projects, and other capital projects that require unrestricted funds.

Local Motor Fuel Tax Fund

Revenue for the Local MFT Fund comes from the local gas tax ordinance, last updated July 1, 2011. Funds are used for transportation capital projects and maintenance.

State Motor Fuel Tax Fund

The State MFT Fund receives revenue from the State of Illinois' motor fuel tax. Transportation projects that utilize State funds have extra restrictions and reporting requirements and are typically reserved for larger projects. Periodic transportation grants also support this fund.

Sewer Benefit Tax Fund

The Sewer Benefit Tax Fund derives its revenue from the sewer tax and is reserved for sanitary sewer improvements.

Stormwater Utility Fee Fund

The Stormwater Utility Fee Fund derives its revenue from the stormwater utility fee and is reserved for storm sewers and stormwater-related improvements.

In addition to the dedicated CIP funds, many operational and maintenance activities are supported by the City's General Fund. Other funds will occasionally support capital improvement projects, but in an ancillary capacity to their primary purpose; these include: TIF funds, parking fund, and CDBG funds.

CIP Document

The CIP is composed of several sections:

Section 1. Executive Summary

The Executive Summary provides a high-level overview of the Capital Improvement Plan and its associated funds.

Section 2. Capital Asset Summary

The Capital Asset Summary provides a detailed financial analysis of the CIP. The Asset Summary section takes a holistic view of infrastructure assets, inclusive not only of the large capital projects reflected in CIP fund statements, but also the operational and maintenance activities required to keep infrastructure assets functional. Section 2 includes information on asset valuation, capital expenditures, operation and maintenance costs, revenue streams, and a summary fact sheet for each asset class.

Section 3. Transportation Project Book

The Transportation Project Book provides a summary for transportation projects and maintenance programs in the CIP. Transportation Assets includes: Road Pavement; Bridges; Lights, Signals, & Signs; and Sidewalks & Pathways.

Section 4. Facility Project Book

The Facility Project Book provides a summary of facility projects in the CIP as well as future projects identified from the Facilities Master Plan.

Section 5. Sewer Systems Project Book

The Sewer Systems Project Book provides a summary of projects and maintenance programs for stormwater infrastructure and sanitary sewers.

Section 6. Fund Reports

This section shows the anticipated revenues and expenditures for each of the major CIP funds. The Fund Reports are incorporated in the FY 2022-2023 Budget.

CIP Planning Process

The CIP planning process begins in earnest in January. The CIP is updated and refined using the process below and presented to Council during the budget review process. The CIP is adopted with a resolution and the proposed expenditures for the upcoming fiscal year are incorporated in, and approved by, the Budget Ordinance. The CIP is drafted with the help of an interdisciplinary team.

The general CIP planning process is as follows:

1. *Partner Outreach:* Engage City departments and other governmental partners to share CIP projects and gather information that may inform the scope, size, or timing of projects.
2. *Review Capital Projects List:* Existing projects are analyzed and new potential projects are added based on input from Operations staff, Engineering staff, a review of Master Plans, and in response to public concerns. For new projects, back of the envelope (BOE) costs are used.
3. *Review of Maintenance Programs:* Expenditures for recurring maintenance line items are reviewed to ensure that there is an appropriate amount of funds to cover prioritized expenditures.
4. *Prioritize Projects:* Information is gathered for potential projects and then prospective projects are evaluated for priority based off the data.
5. *Financial Projections:* Revenue projections and fund balances are updated each year. Grant opportunities are evaluated and considered.
6. *Asset Summary Review:* Staff update asset valuations and data to inform existing conditions and funding targets for capital replacement and investment as well as operations and maintenance.
7. *Schedule Projects for CIP:* Based off the availability of funds, the amount of expenditures on maintenance, and project prioritization, projects are added into the 5-year CIP.
8. *Review Fund Balances:* After projects are added into the CIP, the fund balances and trends are analyzed to ensure that implementation of the CIP is feasible.

CIP Team

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Major Highlights for the 2022 Capital Improvement Plan

Mayor / City Council Strategic Goals for 2022-2023

The City Council recently passed several strategic goals related to the CIP. Strategic Area #3: Infrastructure – Strategy 1. Improve quality of current infrastructure assets. Action Step A under this strategy was to “Develop asset management plans of existing infrastructure (lighting, traffic signals, sanitary systems and bridges)”. The CIP as proposed includes resources dedicated to developing the plans and data need to complete this action step. The results of these asset management plans will inform Action Step B “Develop plan for funding, level of service, and to replace/repair/build infrastructure (based on assessment)”.

The 2022 CIP also addresses action steps for Strategy 2 – Increase investment in infrastructure equity. Action Step A, “Solicit community input for use of EQL funding” is underway and the CIP expects to complete Action Step B “Implement EQL selected projects in FY 23”. Furthermore, the CIP begins to start to address Action Step C “Incorporate an equity lens into priorities evaluation by using CDBG funds (with their location restrictions) for sidewalk improvements. Further progress on Action Step C can be made following the completion of Goal 3.1.B.

Lastly, the two new fire stations included in the CIP will allow the City to compete 3.3.B “Evaluate options to enhance sustainability and climate resiliency on City-owned property and facilities” in a comprehensive way. It should be noted that the facility project costs in the CIP are preliminary estimates based on a strict replacement of facilities in-kind. Sustainability upgrades will likely result in increased project costs above and beyond figures currently in CIP. The City is currently engaged with FGM Architects in fire station design. As part of this process, fire station component options, such as sustainability upgrades, will be developed under an essential, enhanced, or amplified framework where the costs and benefits of options can be evaluated.

Inflation

Inflation has had a substantial negative impact on the CIP. The previous year’s National Construction Cost Index increased by 21%. Projects with pre-engineering budgets have generally increased by 21%. Future year costs are typically projected to increase at the 10-year average rate of 2.9%. Not reflected in this increase is ‘value engineering’, where project scopes have been reduced to accommodate cost increases. No CIP revenue source has increased by a similar amount and many revenue streams are still below pre-pandemic projections. Therefore, the CIP’s capacity to improve infrastructure quality has been reduced in the past year.

Equity and Quality of Life Project (EQL)

The FY 21-22 budget allocated \$2 million in funding for a new Equity and Quality of Life project. The City is in the midst of scoring project applications and anticipates funding projects in the upcoming fiscal year.

Facilities Master Plan Implementation – The Need to Borrow

The bulk of implementing the Facilities Master Plan will occur during the next two calendar years, with an expected \$12 million of expenditures on City facilities. The largest projects include a City Building lobby redesign, two new fire stations, a new storage building, and a rehabilitation of Public Work facilities. For practical and financial reasons, it makes sense to undertake these projects in tight succession. However, this creates a short-term cash flow issue. In

order to undertake these facilities improvements, the City will need to borrow. City staff will evaluate the costs and benefits between intra-fund borrowing and issuing debt. Overall, the City has very little debt and has significant capacity to borrow more.

Current Transportation Projects

Transportation is an urgent focus of the CIP. The city-wide average pavement rating score is 56. Scores below 55 are considered poor. Fiscal Year 23 is an ambitious year for Transportation projects in the CIP. There are several projects that are set to conclude in FY 23, notably, Race Street from Washington Street to California Street and the Lincoln and Springfield Avenues intersection. These projects are currently underway, and will be completed in the 2022 construction season¹. A project not reflected in the current CIP is Fairlawn Avenue, which has been deprioritized out of the CIP due to the reevaluation of other transportation projects. Currently, there are five major project set to begin construction in FY 23:

- Washington Street: Bridge over Sunny Estates Ditch
- Florida Avenue: James Cherry to Curtiss
- Philo, Colorado and Andersen: Windsor to Colorado
- Windsor: Race to West Boundary
- Savannah Green: Alleys & Smith Rd

In addition, several large, grant funded projects will begin planning or engineering in FY 23 – Florida Avenue from Wright Street to Hillcrest Avenue and Lincoln Avenue from Florida Avenue to Green Street. The Florida Avenue project is the largest project in the CIP, with a current estimated budget of \$12M, most of which will come from federal grants.

Transportation Projects Beginning, Continuing, or Ending in FY 23

Project	FY22 Est.	FY23 Plan	FY24 Plan	FY25 Plan	FY26 Plan
RACE STREET; WASHINGTON TO CALIFORNIA	545,000	-	-	-	-
LINCOLN & SPRINGFIELD	2,583,164	-	-	-	-
EQUITY AND QUALITY OF LIFE PROJECTS	-	2,000,000	-	-	-
WASHINGTON ST: BRIDGE OVER SUNNY ESTATES DITCH	36,500	652,000	-	-	-
FLORIDA AVE: JAMES CHERRY TO CURTISS	-	600,000	-	-	-
PHILO, COLORADO, ANDERSON: WINDSOR TO COLORADO	162,505	1,870,000	-	-	-
WINDSOR: RACE TO WEST BOUNDARY	109,781	1,650,000	-	-	-
SAVANNAH GREEN: ALLEYS & SMITH RD	51,700	1,950,000	-	-	-
WINDSOR ROAD DEBT SERVICE	302,568	305,966	303,750	-	-
SPRINGFIELD AVE: WRIGHT TO MCCULLOUGH	-	70,000	770,000	-	-
BONEYARD CREEK BRIDGE REPAIR	-	55,000	280,000	-	-
PENN W/ ORCHARD: RACE TO LINCOLN	-	-	617,150	-	-
FLORIDA: WRIGHT - E VINE	40,000	946,000	-	11,049,000	-
LINCOLN: GREEN - FLORIDA	-	200,000	150,000	400,000	5,500,000

Financial Impact

To operate, maintain, and improve its infrastructure assets, the City will spend \$30M in FY 23 and \$107M over the life of the CIP. This includes both capital investment in the major CIP funds as well as operational expense incurred by the General Fund and small capital expense incurred by CDBG and TIF funds. These expenses are paired with an associated \$96M in revenue through the life of the CIP; revenues include motor fuel taxes, state and federal grants,

¹ Projects appear in the fiscal year in which the construction contract is signed and funds are encumbered. A typical transportation project will begin in the spring and continue through the summer into a new fiscal year.

and General Fund revenue allocated to the CR&I Fund and for operations. The 2022 CIP calls for spending down existing fund balances in the major capital funds.

**CIP Summary Total Spending and Associated Revenue for Capital Assets
Capital Investment in CIP Funds and Operational Expenses in General Fund**

Asset Class	FY22 EST.	FY23 Budget	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan	Total FY23-27	Average	% of Expenses
Bridges	\$139,983	\$835,984	\$389,572	\$135,249	\$276,019	\$1,021,883	\$2,658,707	\$531,741	2.5%
Facilities	\$4,912,366	\$8,884,001	\$2,541,909	\$2,572,385	\$2,604,078	\$2,636,992	\$19,753,425	\$3,950,685	18.3%
Lights, Signals, & Signs	\$2,217,649	\$2,787,414	\$2,661,419	\$1,606,700	\$1,903,295	\$1,701,240	\$10,660,069	\$2,132,014	9.9%
Road Pavement	\$6,923,932	\$11,139,312	\$5,598,644	\$17,250,024	\$9,260,602	\$5,018,200	\$48,266,781	\$9,653,356	44.6%
Sidewalks and Pathways	\$111,311	\$1,415,119	\$441,937	\$448,953	\$456,173	\$463,601	\$3,225,783	\$645,157	3.0%
Sanitary Sewers	\$1,433,146	\$2,587,864	\$1,579,075	\$2,091,796	\$2,136,066	\$1,712,462	\$10,107,263	\$2,021,453	9.3%
Stormwater Facilities	\$2,117,260	\$2,595,458	\$2,044,515	\$1,706,241	\$2,454,230	\$1,732,838	\$10,533,282	\$2,106,656	9.7%
Arbor/Canopy	\$542,274	\$558,000	\$574,182	\$590,833	\$607,968	\$625,599	\$2,956,582	\$591,316	2.7%
Total Spending	\$18,397,920	\$30,803,151	\$15,831,253	\$26,402,181	\$19,698,431	\$14,912,816	\$107,647,832	\$21,529,566	100.0%
Total Revenue	\$15,380,276	\$26,296,921	\$13,220,047	\$24,602,208	\$18,347,427	\$14,137,829	\$96,604,433	\$19,320,887	89.7%
ALL CIP	Beginning Balance	FY23 Net Change	FY24 Net Change	FY25 Net Change	FY26 Net Change	FY27 Net Change	Ending Balance	Net	
Change in Fund Balances	\$10,254,104	\$(4,186,229)	\$(2,556,206)	\$(1,799,973)	\$(1,351,004)	\$(574,987)	\$(214,296)	\$(13,844,080)	

Capital Replacement and Improvement Fund (CR&I)

The CR&I Fund will support the ongoing Facility Master Plan project implementation. Between FY 22 and FY 23 facility projects are estimated to cost roughly \$12M, which will be funded by debt. The CR&I also funds several other infrastructure projects that require unrestricted funds. With debt service payments, future years have expenses exceeding revenues, with the result of a drawing down of the fund balance by FY 27. At that point, either revenue will need to be increased or future projects reduced in scope.

CR&I Fund							
	FY22 Est.	FY23 Plan	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan	
TOTAL REVENUE	\$ 2,876,847	\$ 12,898,722	\$ 927,059	\$ 949,536	\$ 945,766	\$ 972,760	
TOTAL EXPENSE	\$ 4,871,000	\$ 10,313,670	\$ 2,959,819	\$ 1,807,904	\$ 2,066,558	\$ 1,825,763	
Net Revenue / (Expense)	\$ (1,994,153)	\$ 2,585,052	\$ (2,032,760)	\$ (858,368)	\$ (1,120,792)	\$ (853,003)	
Beginning Fund Balance	\$ 3,543,247	\$ 1,549,094	\$ 4,134,146	\$ 2,101,386	\$ 1,243,018	\$ 122,226	
Ending Fund Balance	\$ 1,549,094	\$ 4,134,146	\$ 2,101,386	\$ 1,243,018	\$ 122,226	\$ (730,777)	

Local Motor Fuel Tax Fund (Local MFT)

The Local MFT is used to pay for maintenance programs and smaller transportation projects as funds allow. FY 23 expenses are \$2.1M and the fund balance is projected to fluctuate, ending at \$170,000 in FY 26. Local motor fuel taxes are expected to be roughly \$806,000. The MFT fund is also budgeted to receive \$115,000 in revenue replacement from the ARPA fund via the ‘Standard Allowance’. Given the current slate of planned projects, the Local MFT fund balance is projected to be negative by FY 24. However, the Local MFT may receive future ‘Standard Allowance’ assistance or may benefit from a local motor fuel tax increase.

Local MFT						
	FY22 Est.	FY23 Plan	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan
TOTAL REVENUE	\$800,624	\$921,915	\$826,036	\$849,190	\$873,817	\$899,158
TOTAL EXPENSE	\$696,468	\$2,102,966	\$1,465,900	\$905,000	\$625,000	\$965,000
Net Revenue / (Expense)	\$104,156	(\$1,181,051)	(\$639,864)	(\$55,810)	\$248,817	(\$65,842)
Beginning Fund Balance	\$1,488,511	\$1,592,667	\$411,616	(\$228,248)	(\$284,058)	(\$35,241)
Ending Fund Balance	\$1,592,667	\$411,616	(\$228,248)	(\$284,058)	(\$35,241)	(\$101,083)

State Motor Fuel Tax Fund (State MFT)

The State MFT has several revenue sources in the CIP and is projected to be \$2.9M in FY 23, inclusive of the last Rebuild Illinois Capital payment of \$453,000. Future year revenues also contemplate receiving grants for two major projects, Florida Avenue from Wright Street to Hillcrest Avenue in FY 25 and Lincoln Avenue from Oregon Street to Florida Avenue in FY 26. If the City does not secure these grants, implementation of the projects would be delayed, or come at the expense of other projects. The fund balance is high at the beginning of the CIP and gradually reduced through FY 26.

State MFT						
	FY22 Est.	FY23 Plan	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan
TOTAL REVENUE	\$2,250,723	\$2,936,263	\$1,676,285	\$12,731,021	\$6,164,592	\$1,825,624
TOTAL EXPENSE	\$3,390,786	\$6,763,500	\$1,370,000	\$13,402,050	\$5,745,000	\$1,817,500
Net Revenue / (Expense)	(\$1,140,063)	(\$3,827,237)	\$306,285	(\$671,029)	\$419,592	\$8,124
Beginning Fund Balance	\$5,452,407	\$4,312,344	\$485,106	\$791,391	\$120,362	\$539,954
Ending Fund Balance	\$4,312,344	\$485,106	\$791,391	\$120,362	\$539,954	\$548,078

Stormwater Utility Fund

In addition to annual programmatic expenses such as cleaning, televising and spot repairs, the Stormwater Utility Fund has planned projects for improvements at Boneyard Creek Crossing and Phillips Rec Center. The Stormwater Master Plan and supplemental GIS data work is expected to inform project prioritization going forward. As currently planned, the fund's revenues are stable and are \$1.9M in FY 23. Expenses range between \$1.7M and \$2.5M. The fund balance begins and ends over \$1M.

Stormwater Utility						
	FY22 Est.	FY23 Plan	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan
TOTAL REVENUE	\$1,834,474	\$1,906,418	\$1,959,744	\$2,021,085	\$2,084,287	\$2,130,633
TOTAL EXPENSE	\$2,092,260	\$2,575,458	\$2,089,515	\$1,706,241	\$2,454,230	\$1,732,838
Net Revenue / (Expense)	(\$257,786)	(\$669,040)	(\$129,771)	\$314,844	(\$369,943)	\$397,795
Beginning Fund Balance	\$1,922,772	\$1,664,986	\$995,946	\$866,175	\$1,181,019	\$811,076
Ending Fund Balance	\$1,664,986	\$995,946	\$866,175	\$1,181,019	\$811,076	\$1,208,871

Sanitary Sewer Fund

Like the Stormwater Utility Fund, much of the Sanitary Sewer Fund's major expenses include programmatic activity such as cleaning, televising, and repairs. In the upcoming year, staff hopes to further evaluate what the appropriate level of revenues and expense are required. The CIP currently shows fund balance becoming negative by the end of FY 24.

Sanitary Sewer						
	FY22	FY23	FY24	FY25	FY26	FY27
	Est.	Plan	Plan	Plan	Plan	Plan
TOTAL REVENUE	\$1,345,312	\$1,493,911	\$1,518,979	\$1,562,186	\$1,607,388	\$1,650,401
TOTAL EXPENSE	\$1,433,146	\$2,587,864	\$1,579,075	\$2,091,796	\$2,136,066	\$1,712,462
Net Revenue / (Expense)	(\$87,834)	(\$1,093,953)	(\$60,096)	(\$529,610)	(\$528,678)	(\$62,061)
Beginning Fund Balance	\$1,222,847	\$1,135,013	\$41,060	(\$19,036)	(\$548,646)	(\$1,077,324)
Ending Fund Balance	\$1,135,013	\$41,060	(\$19,036)	(\$548,646)	(\$1,077,324)	(\$1,139,385)

Looking Ahead

The upcoming year looks to be an intensive planning period. Lights, Signals, & Signs; Sanitary Sewers; and Stormwater Infrastructure will all be working towards creating asset management plans. These plans will also help in the exploration of possible rates increases.

Remaining Sections of the CIP

- Section 2. Capital Asset Summary
- Section 3. Transportation Project Book
- Section 4. Facilities Project Book
- Section 5. Sewer Systems Project Book
- Section 6. Fund Reports