



Introduction

The Village of Pinehurst's five-year Capital Improvement Plan (CIP) is an integral part of the Village's Strategic Planning Process, which is described in detail in the *Strategic Priorities* section of this document. The CIP process is used to plan for the budgeting and financing of routine replacement of vehicles and equipment, significant infrastructure improvements, new facility construction, and other capital asset additions greater than \$5,000. The Village uses this process to ensure that high-dollar, long-lived projects are aligned with the Village's strategic direction and that projects are financially sustainable.

The CIP incorporates five-year projections of revenues and expenditures (salaries & benefits and operating costs), anticipated debt service for capital financed, and planned capital expenditures. It is inclusive of the Strategic Initiatives in the forecasted period and the impact those initiatives are projected to have on both capital expenditures and ongoing operating expenditures.

The FY 2016-2020 CIP represents a \$9.1 million plan to address the Council's goal to "Maintain a Strong Financial Condition." Capital expenditures are driven by the types and levels of services provided to customers and the target performance levels established by the Village Council. The proposed plan represents maintaining most current service levels and enhancing others through the continued investment in capital.

This CIP was developed under the assumption that the Village will fund those items that are able to be included under the proposed FY 2016 tax rate of \$0.29 per \$100 valuation and the proposed rate of \$0.30 from FY 2018 through FY 2020.

The Village Council approves the CIP annually as part of the Strategic Operating Plan to ensure it is reflective of the Council's current strategic goals and objectives, given the most recently conducted Environmental Scan. In addition, it is expanded each year to add a year of programming to replace the year previously completed.

Adoption of the CIP by the Village Council does not constitute a commitment to fund a particular item, but rather signifies Council's intention to fund capital expenditures at the indicated level during the five years. The capital investment shown in FY 2016 of the CIP, however, does represent the amount of capital spending projected in the FY 2015-2016 Budget.

Capital Improvement Program

Overview

The FY 2016-2020 CIP includes capital investments with a total estimated cost of \$9,098,100 over the next five years. These costs are divided into three major areas – Fleet, Information Technology (IT), and Other Capital Additions. Table 1 indicates the breakdown of capital investments by area:



Capital Improvement Plan FY 2016-2020

Table 1 - Capital Cost By Major Area

Major Area	Cost of Capital	% of Total
Fleet	\$ 4,148,600	46%
Information Technology	335,000	4%
Other Capital Additions	4,614,500	51%
TOTAL	<u>\$ 9,098,100</u>	<u>100%</u>

Fleet

The Fleet Maintenance Department is responsible for the purchase, replacement and maintenance of the Village's fleet and large equipment (e.g. backhoes, dump trucks). Existing assets are primarily replaced on a life cycle replacement schedule. However, if the equipment is in good working condition at the end of its scheduled replacement, replacement is delayed and available funds are diverted to other capital needs. The fleet and large equipment inventory can be expanded only if a new initiative is approved that is deemed to support the Village's Strategic Operating Plan.

Information Technology (IT)

The Information Technology Department is responsible for the purchase, replacement, and maintenance of the Village's computer hardware, software and communication infrastructure. Existing IT assets are replaced on a life cycle replacement schedule.

Other Capital Additions

The purchase, replacement, and maintenance of all other infrastructure and fixed assets are other capital additions. Examples include land; transportation improvement projects; sidewalks, greenways, and bike paths; and storm water drainage improvements.

Funding for capital expenditures may be obtained from the following sources:

Current General Fund – this is provided by appropriated operating revenues or fund balance and will generally be used for routine operating capital investments.

Installment Financing – this is provided by a banking institution and typically is collateralized by the asset being purchased. It is a contractual obligation specifying payment terms, including principal and interest to be paid over a period of time, generally 5 to 15 years. Most installment financing agreements are amortized as fixed principal plus interest.

Grant Funding – this refers to the Village making application and being awarded funds from typically a state or federal government agency for a specific purpose. Funds may be granted from Parks and Recreation Trust Fund (PARTF), Federal Emergency Management Administration (FEMA), Community Development Block Grant (CDBG), etc.



General Obligation Bonds – this funding source requires voter approval and is used to finance major capital projects with an expected life of 30 to 40 years. The Village has not utilized this funding source in the past due to the size of debt issuances.

Five-Year Income and Expense Projections

The FY 2016-2020 Income and Expense Projections and CIP are shown in Table 2. These projections indicate very modest revenue growth, which is consistent with the Council identified Strategic Challenge of limited revenue growth and is discussed more fully in the *Strategic Priorities* section of this document.

A part-time Events Assistant and summer intern for the Recreation Department are being added in the five-year period. Other demands in services are projected to be met with contracted services while the Village evaluates some key processes for continuous improvement, such as grounds maintenance.

Debt service is projected to increase due to the installment purchase of a fire truck in FY 2017.

Capital expenditures are projected to average 10.9% of expenditures during the five years and fund balance is projected to remain between the midpoint and upper limit of the Village's Fund Balance Policy range of 30% - 40% of expenditures, as shown in Table 2.



Capital Improvement Plan FY 2016-2020

Table 2 - Projected Budgeted General Fund Revenues and Expenditures

	FY 16	FY 17	FY 18	FY 19	FY 20
Population	15,730	15,935	16,140	16,345	16,550
Operating Revenues					
Property Tax Revenue	\$ 9,573,000	\$ 9,672,000	\$10,111,000	\$10,217,000	\$10,325,000
Sales Tax Revenues	2,826,000	2,910,000	2,997,000	3,086,000	3,178,000
Intergovernmental Revenues	2,465,350	2,504,294	2,553,200	2,603,400	2,655,600
Permits & Fees	544,300	549,000	553,000	557,000	561,000
Sales & Services	579,000	594,000	608,000	622,000	637,000
Other Operating Revenues	521,755	230,000	233,000	235,000	238,000
Interest Income	10,200	11,000	11,000	11,000	12,000
Other Financing Sources	-	600,000	-	-	-
Operating Revenues	\$16,519,605	\$17,071,000	\$17,067,000	\$17,332,000	\$17,607,000
Tax Rate	0.29	0.29	0.30	0.30	0.30
Operating Expenditures					
Personnel in FTEs	133	133	133	133	133
Salaries and Benefits	\$ 9,320,435	\$ 9,511,706	\$ 9,770,156	\$10,059,010	\$10,368,138
Operating	5,760,905	6,043,417	6,052,866	6,149,872	6,284,062
Debt Service	464,304	413,000	467,000	422,000	411,000
Operating Expenditures	15,545,644	15,968,123	16,290,022	16,630,882	17,063,199
Operating Income	973,961	1,102,877	776,978	701,118	543,801
Capital Expenditures in GF	2,349,600	2,135,000	1,873,500	1,274,500	1,465,500
Total GF Expenditures	17,895,244	18,103,123	18,163,522	17,905,382	18,528,699
Revenues Over (Under) Exp	\$ (1,375,639)	\$ (1,032,123)	\$ (1,096,522)	\$ (573,382)	\$ (921,699)

Capital As a Percent of Total Expenditures

	FY 16	FY 17	FY 18	FY 19	FY 20
Total Expenditures	\$17,895,244	\$18,103,123	\$18,163,522	\$17,905,382	\$18,528,699
Total Capital Expenditures	2,349,600	2,135,000	1,873,500	1,274,500	1,465,500
% of Total Expenditures	13.1%	11.8%	10.3%	7.1%	7.9%

Projected Impact on Fund Balance in the General Fund

	FY 16	FY 17	FY 18	FY 19	FY 20
Beginning Fund Balance	\$ 7,316,871	\$ 6,860,495	\$ 6,770,838	\$ 6,636,137	\$ 7,046,519
Revenues Over (Under) Exp	(1,375,639)	(1,032,123)	(1,096,522)	(573,382)	(921,699)
Budget to Actual Variance*	919,263	942,466	961,821	983,764	1,008,680
Projected Actual Gain/(Loss)	(456,376)	(89,657)	(134,701)	410,382	86,981
Projected Ending GF Bal	\$ 6,860,495	\$ 6,770,838	\$ 6,636,137	\$ 7,046,519	\$ 7,133,500
% of Total Budget	38.3%	37.4%	36.5%	39.4%	38.5%

*Assumes actual revenues of 101% of budget and actual expenditures of 95% of budget



Capital Improvement Plan FY 2016-2020

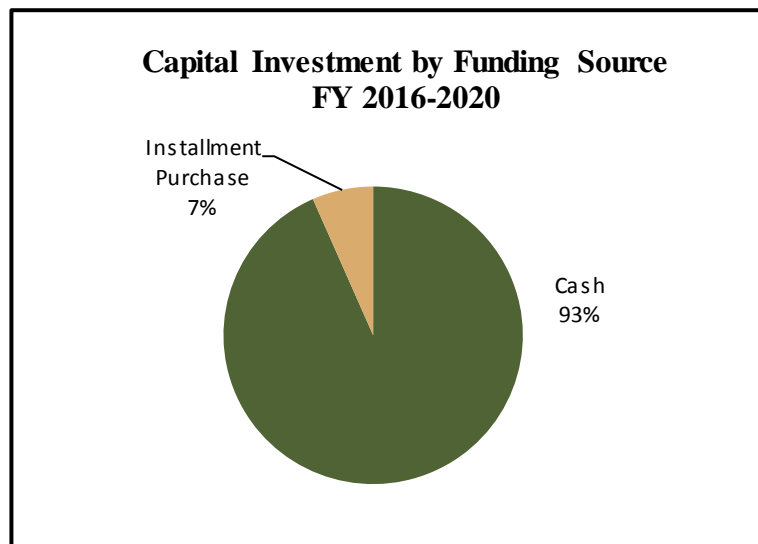
Funding Sources

Table 3 and the chart below show a summary of the revenues and funding sources for the FY 2016-2020 projected capital investments:

Table 3 - CIP Revenue/Funding Sources Summary

Funding Source	Cost of Capital
Cash	\$ 8,498,100
Installment Financing	600,000
TOTAL	\$ 9,098,100

It is important to note that the majority of the capital improvements are funded with available Village funds or cash, while another 7% is funded with installment purchase financing.



Additional Debt Service Expenses

Table 4 summarizes the impact of the purchase of a new fire truck on incremental debt service which is financed in the FY 2016-2020 CIP.



Capital Improvement Plan FY 2016-2020

Table 4 - Detail of Net Operating Expense by Capital Item

	Total	Fiscal Year Ending June 30				
		FY 16	FY 17	FY 18	FY 19	FY 20
Annual Debt Service						
Fire Truck 923	\$ 306,514	\$ -	\$ -	\$ 104,914	\$ 102,171	\$ 99,429
Net Operating Expense	\$ 306,514	\$ -	\$ -	\$ 104,914	\$ 102,171	\$ 99,429

Debt Service

To estimate debt service, we assumed a 3.2% interest rate with a 7 year amortization for the fire truck. Table 5 shows the impact of the total incremental \$306,514 in debt service on debt ratios over the five years.

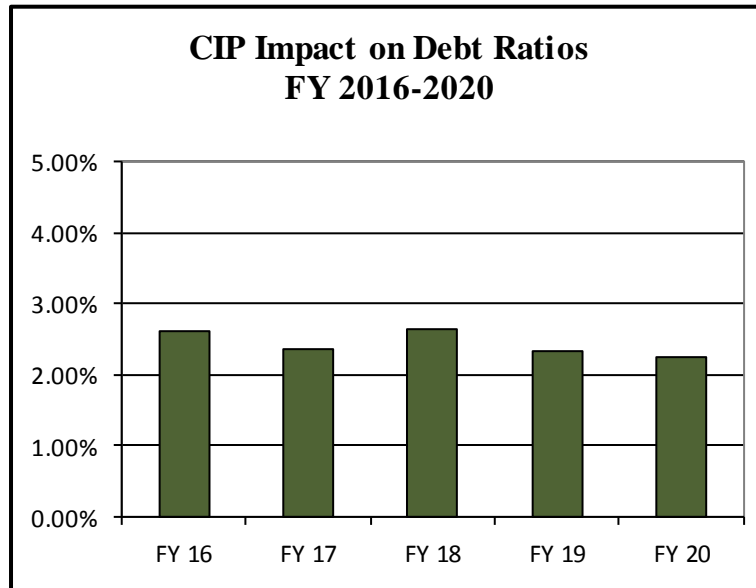
Table 5 - Impact of CIP Debt Issuances on Debt Ratios

	Fiscal Year Ending June 30				
	FY 16	FY 17	FY 18	FY 19	FY 20
Existing Debt Service	\$ 464,304	\$ 412,722	\$ 361,513	\$ 319,150	\$ 311,116
Additional Debt Service:					
Fire Truck	-	-	104,914	102,171	99,429
Subtotal	-	-	104,914	102,171	99,429
Total Debt Service	\$ 464,304	\$ 412,722	\$ 466,427	\$ 421,321	\$ 410,545
Estimated Expenditures	\$17,756,060	\$17,506,516	\$17,614,641	\$18,016,883	\$18,341,987
% of Expenditures	2.61%	2.36%	2.65%	2.34%	2.24%

During the planning horizon, the Village's debt service as a percentage of total expenditures is projected to remain at what is widely accepted as a moderate to low level of debt service. The Village's policy is to keep debt service as a percentage of expenditures below 10%.

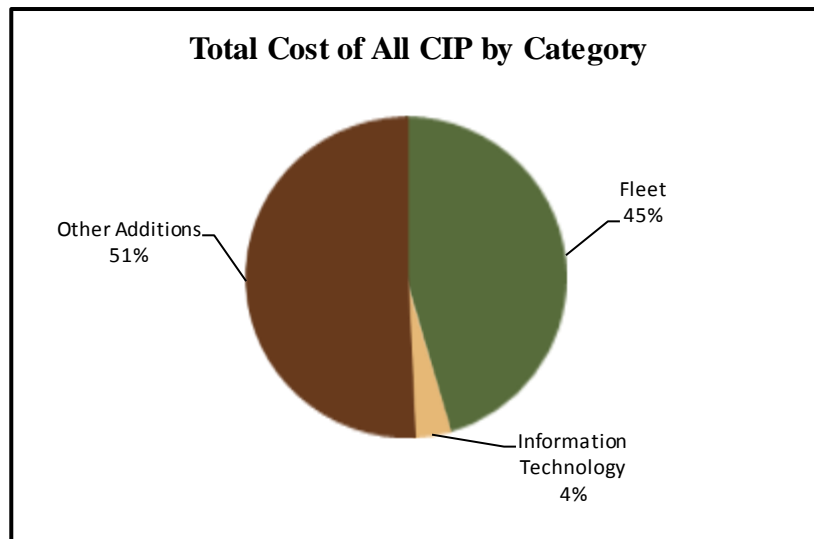


Capital Improvement Plan FY 2016-2020



Summary

In summary, the FY 2016-2020 CIP represents a \$9.1 million investment in capital for fleet, information technology, and other capital additions in the five-year planning period.





Fleet

This section contains detail on the purchase of new or replacement vehicles and equipment. Vehicles and equipment are primarily replaced on a life cycle replacement schedule.



Capital Improvement Plan FY 2016-2020

Fleet Purchase Plan

Description	Year	Life	Budget		CIP		
			FY 16	FY 17	FY 18	FY 19	FY 20
Buildings & Grounds							
Chevy Express Van	2004	15	\$ -	\$ -	\$ 32,000	\$ -	\$ -
Ventrac Mower	2012	15	-	-	-	-	30,000
Fire							
Firetruck-Pumper/Tanker	1998	20	-	600,000	-	-	-
Ford F650 Hackney Body	2004	20	-	-	-	350,000	-
Dodge Durango	2005	12	35,000	-	-	-	-
Fleet Maintenance							
Chevy C1500	2006	12	-	-	-	-	35,000
Harness Track							
Ford F250	2006	15	-	-	32,000	-	-
Kubota Zero Turn Mower	2009	7	-	-	25,000	-	25,000
Ford F250 4X4	2001	12	-	28,000	-	-	-
John Deere Tractor/Backhoe	New	20	53,600	-	-	-	-
Inspections							
Chevy Impala	2004	15	25,000	-	-	-	-
Planning							
Chevy S10	1999	15	25,000	-	-	-	-
Police							
Dodge Charger	2007	6	-	-	-	-	42,000
Dodge Charger	2007	6	-	-	-	-	42,000
Dodge Charger	2007	6	-	-	-	-	42,000
Dodge Charger	2008	6	-	36,000	-	-	-
Dodge Charger	2008	6	-	36,000	-	-	-
Dodge Charger	2009	6	34,000	-	-	-	-
Dodge Charger	2009	6	-	36,000	-	-	-
Dodge Charger	2009	6	34,000	-	-	-	-
Dodge Charger	2009	6	34,000	-	-	-	-
Dodge Charger	2010	6	-	-	36,000	-	-
Dodge Charger	2010	6	-	-	-	38,000	-
Dodge Charger	2010	6	-	-	36,000	-	-
Chevy Tahoe	2011	10	-	-	36,000	-	-
Chevy Tahoe	2011	10	-	-	-	38,000	-
Chevy Tahoe	2011	10	-	-	-	38,000	-



Capital Improvement Plan FY 2016-2020

Fleet Purchase Plan (continued)

Description	Year	Life	Budget		CIP		
			FY 16	FY 17	FY 18	FY 19	FY 20
Solid Waste							
Rear Load Garbage Truck	2000	10	\$ 260,000	\$ -	\$ -	\$ -	\$ -
Ford Rear Load Garbage Trk	2004	10	-	-	280,000	-	-
International 4300	2006	10	-	-	-	-	190,000
Freightliner Dump Truck	2007	10	-	-	-	200,000	-
28yd Automted Garbage Trk	2006	10	-	190,000	-	-	-
28yd Automted Garbage Trk	2007	10	-	-	170,000	-	-
Freightliner Garbage Truck	2012	7	-	-	-	-	200,000
Freightliner Garbage Truck	2013	7	-	-	-	-	210,000
Streets & Grounds							
John Deere Motor Grader	New	20	-	-	-	225,000	-
Chevy Dump Truck-2.5 Ton	1998	20	-	-	110,000	-	-
Chevy Dump Truck-2.5 Ton	1998	20	-	-	110,000	-	-
Vmc Arm Mower	2003	5	25,000	-	-	-	25,000
Mini Salt Spreader	2005	5	10,000	-	-	-	-
Ford F150	2005	15	30,000	-	-	-	-
Chevy C1500	2006	15	35,000	-	-	-	-
John Deere Zero Turn Mower	2009	7	25,000	-	-	-	-
Total			\$ 625,600	\$ 926,000	\$ 867,000	\$ 889,000	\$ 841,000



Information Technology

This section contains detail on the purchase, replacement and maintenance of the Village's computer hardware, software and communication infrastructure. These assets are primarily replaced on a life cycle replacement schedule.



Capital Improvement Plan FY 2016-2020

Information Technology Purchase Plan

Description	Year	Life	Budget		CIP			
			FY 16	FY 17	FY 18	FY 19	FY 20	
Administration								
Building Access System	New	5	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -
Fair Barn								
A/V Projector	2010	5	-	6,000	-	-	-	-
Fire								
Projector Replacement			5,000	-	-	-	-	-
Information Technology								
Server 1 - Host (VOP12H1)	2012	3	-	7,000	-	-	-	-
Server - Phone System Host	2011	3	-	7,000	-	-	-	-
Server Backup Primary AACore1	2011	3	-	7,000	-	-	-	-
Server Backup Secondary Aacore 2	2011	3	-	7,000	-	-	-	-
Server - PD Host		3	-	7,000	-	-	-	-
Server - Vrtx (Blade Server)	2015	4	-	-	-	40,000	-	-
Dell Power Edge Server R710	2009	3	7,000	-	-	-	-	-
Village Wide Phone System	2011	5	-	-	80,000	-	-	-
Village Hall Fat Pipe	2008	5	-	18,000	-	-	-	-
Hp Procurve Core Switch	2006	5	-	-	-	25,000	-	-
Website Redesign	2015	3	-	-	10,000	-	-	-
CJIS Security Software	2015	3	8,000	-	-	-	-	-
Inspections								
Inspection Software	New		-	10,000	-	-	-	-
Planning								
Planning Software	New		-	30,000	-	-	-	-
Police								
Security Camera System Upgrade			14,000	-	-	-	-	-
Voice Recorder System	2010	6	-	12,000	-	-	-	-
Recreation								
On-line Registration Software	2011	3	15,000	-	-	-	-	-
Total			\$ 49,000	\$ 131,000	\$ 90,000	\$ 65,000	\$ -	\$ -



Other Capital Additions

This section contains detail on the purchase, replacement and maintenance of all other fixed assets and infrastructure. Examples include land, transportation improvements, greenway trails and storm water drainage improvements. Capital additions are made on an as needed basis.



Capital Improvement Plan FY 2016-2020

Other Capital Additions Purchase Plan

Description	Purpose/ Justification	Budget	CIP			
		FY 16	FY 17	FY 18	FY 19	FY 20
Administration						
Replace HVAC	Maintain facility	\$ 9,000	\$ 10,000	\$ 12,000	\$ 14,000	\$ 16,000
Replace carpet	Maintain facility	7,000	-	-	-	-
Lower Council Seating in AH	Improve facility	15,000	-	-	-	-
Streets & Grounds						
Small Drainage Project	Improvements	80,000	80,000	80,000	80,000	80,000
Stormwater Project	Old Hunt Rd	30,000	-	-	-	-
Stormwater Project	Lake Forest SW	40,000	-	-	-	-
Community Development						
McCaskill Rd Sidewalk	Develop connectivity downtown	40,000	-	-	-	-
Street Lighting on Community Road	Develop connectivity downtown	26,000	-	-	-	-
Expand Village Center into Village Place	On-street parking on Community Rd.	25,000	-	-	-	-
Fair Barn						
Landscaping and irrigation	Improve facility	10,000	-	-	-	-
Repair stucco exterior	Improve facility	25,000	-	-	-	-
Replace stable lights with LED	Improve functionality of the facility to promote economic growth	8,000	-	-	-	-
Tint Skylights	Improve functionality of the facility to promote economic growth	17,500	-	-	-	-
Replace floor grates	Remove trip hazards	5,000	-	-	-	-
Parking Lot Improvements	Resurface main parking lot	-	150,000	-	-	-



Capital Improvement Plan FY 2016-2020

Other Capital Additions Purchase Plan (continued)

Description	Purpose/ Justification	Budget		CIP		
		FY 16	FY 17	FY 18	FY 19	FY 20
Fire						
Opticom	Traffic control for emergency response	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500
Thermal Imager	Replaces an eight year old unit	-	-	-	-	-
Flooring at Station 92	Maintain facility	8,000	-	-	-	-
Spreader/Cutter	Rescue emergency response	5,000	7,500	-	-	-
Replace kitchen cabinets at Station 92	Maintain facility	15,000	-	-	-	-
Harness Track						
Structural Repairs to Barns	Stabilize structural deficiencies	\$ 30,000	\$ -	\$ -	\$ -	\$ -
Replace Siding, Barn	Maintain facility	-	-	-	-	-
Suface Water Runoff	Improve facilities and track condition	20,000	-	-	-	-
Monticello Gate	Rebuild entrance on					
Restructure	Monticello for egress		50,000			
Track Conditioner	Maintain facility	23,000	-	-	-	-
Sewer Connection Barns 15,16,17	Connect to sewer and remove septic system	-	75,000	-	-	-
Sewer Connection Barns 9 & 10	Connect to sewer and remove septic system	-	-	30,000	-	-
Sand for 5/8 Track	Replace sections of track that have deteriorated due to erosion	19,000	-	-	-	-
Rebuild turn sections of mile track	Replace sections of track that have deteriorated due to erosion	15,000	-	-	-	-
Police						
Replace Carpet in Upper Hallway	Improve appearance and safety	-	-	-	-	-
Replace HVAC	Maintain facility	9,000	10,000	12,000	14,000	16,000
Powell Bill						
McKenzie & Hwy 5 and Barrett Rd. & Hwy 5	Improve traffic safety	146,000	-	-	-	-



Capital Improvement Plan FY 2016-2020

Other Capital Additions Purchase Plan (continued)

Description	Purpose/Justification	Budget	CIP			
		FY 16	FY 17	FY 18	FY 19	FY 20
PS Administration						
Redevelop the Public Services complex	Improve functionality of the facility and enhance the area to promote economic growth	\$ 400,000	\$ 350,000	\$ -	\$ -	\$ -
Replace HVAC	Maintain facility	30,000	-	-	-	-
Recreation						
Mobile Stage	Replace existing stage for events	\$ 80,000	\$ -	\$ -	\$ -	\$ -
WP Development	Shade Shelters	15,000	-	-	-	-
WP Development	Add Spray Ground/Splash Pad	280,000	-	-	-	-
WP Development	Soccer field lighting	-	133,000	-	-	-
WP Development	Sand volleyball courts	-	-	45,000	-	-
Cannon Park Parking Lot	Pave Main Parking Lot	-	-	225,000	-	-
Wicker Park Arboretum	Install brick sidewalks from Pavilion to Pergola	30,000	-	-	-	-
Bike Lanes	Phased implementation of Bike Plan	-	-	300,000	-	300,000
Greenways/Sidewalks	Phased implementation of	200,000	200,000	200,000	200,000	200,000
Total		\$ 1,675,000	\$ 1,078,000	\$ 916,500	\$ 320,500	\$ 624,500