



### 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 *Council Priorities and Strategies* 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 2015-2019 CIP represents an \$7.9 million plan to address the Council's Strategic Objective of "Invest in Capital". 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 funds those items that are able to be included under the current tax rate of \$0.28 per \$100 valuation with an estimated adjustment to a revenue neutral tax rate of \$0.27 per \$100 valuation when property is revalued in FY 2016.

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 Objectives and Areas of Focus, 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 2015 of the CIP, however, does represent the amount of capital spending projected in the FY 2014-2015 Budget.

### Capital Improvement Program

#### Overview

The FY 2015-2019 CIP includes capital investments with a total estimated cost of \$7,895,900 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 2015-2019

Table 1 - Capital Cost by Major Area

	Cost of Capital	% of Total
Fleet	\$ 4,121,000	52%
Information Technology	534,800	7%
Other Additions	3,240,100	41%
	<u>\$7,895,900</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, greenway trails, 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 2015-2019 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 and is discussed more fully in the *Environmental Scan* section of this document.

One position is converting from a .75 to 1.0 full time equivalent in the five-year period. Other demands in services are projected to be met with the addition of 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 8.9% of expenditures during the five years and fund balance is projected to fall within the Village's Fund Balance Policy range of 30% - 40% of expenditures, as shown in Table 2.



## Capital Improvement Plan FY 2015-2019

**Table 2 - Projected Budgeted General Fund Revenues and Expenditures**

	2015	2016	2017	2018	2019
<b>Population</b>	<b>15,441</b>	<b>15,616</b>	<b>15,790</b>	<b>15,964</b>	<b>16,138</b>
<b>Operating Revenues</b>					
Property Tax Revenue	\$ 9,767,000	\$ 9,974,000	\$ 10,080,000	\$ 10,186,000	\$ 10,293,000
Sales Tax Revenues	2,800,700	2,883,700	2,969,700	3,058,700	3,149,700
Intergovernmental Revenues	2,171,660	2,212,467	2,254,467	2,296,900	2,342,900
Permits & Fees	557,750	562,000	564,000	566,000	568,000
Sales & Services	532,500	545,000	558,000	571,000	585,000
Other Operating Revenues	220,640	224,000	226,000	229,000	231,000
Interest Income	14,100	26,000	51,000	56,000	56,000
Other Financing Sources	-	-	600,000	-	-
<b>Operating Revenues</b>	<b>\$ 16,065,000</b>	<b>\$ 16,428,000</b>	<b>\$ 17,304,000</b>	<b>\$ 16,964,000</b>	<b>\$ 17,226,000</b>
Tax Rate	0.28	0.27	0.27	0.27	0.27
<b>Operating Expenditures</b>					
Personnel in FTEs	132	132	132	132	132
Salaries and Benefits	9,028,470	9,336,714	9,530,098	9,705,758	9,897,168
Operating	6,258,665	6,046,802	6,236,043	6,423,125	6,615,818
Debt Service	494,525	465,000	413,000	467,000	422,000
<b>Operating Expenditures</b>	<b>15,781,660</b>	<b>15,848,516</b>	<b>16,179,141</b>	<b>16,595,883</b>	<b>16,934,987</b>
<b>Operating Income</b>	<b>283,340</b>	<b>579,484</b>	<b>1,124,859</b>	<b>368,117</b>	<b>291,013</b>
<b>Capital Expenditures in GF</b>	<b>1,974,400</b>	<b>1,658,000</b>	<b>1,435,500</b>	<b>1,421,000</b>	<b>1,407,000</b>
<b>Total GF Expenditures</b>	<b>17,756,060</b>	<b>17,506,516</b>	<b>17,614,641</b>	<b>18,016,883</b>	<b>18,341,987</b>
<b>Revenues Over (Under) Exp</b>	<b>\$ (1,691,060)</b>	<b>\$ (1,078,516)</b>	<b>\$ (310,641)</b>	<b>\$ (1,052,883)</b>	<b>\$ (1,115,987)</b>

### Capital As a Percent of Total Expenditures

	2015	2016	2017	2018	2019
<b>Total Expenditures</b>	17,756,060	17,506,516	17,614,641	18,016,883	18,341,987
<b>Total Capital Expenditures</b>	1,974,400	1,658,000	1,435,500	1,421,000	1,407,000
<b>% of Total Expenditures</b>	11.1%	9.5%	8.1%	7.9%	7.7%

### Projected Impact on Fund Balance in the General Fund

	2015	2016	2017	2018	2019
<b>Beginning Fund Balance</b>	\$ 7,410,763	\$ 6,644,710	\$ 6,499,649	\$ 7,144,355	\$ 7,067,557
Revenues Over (Under) Exp	(1,691,060)	(1,078,516)	(310,641)	(1,052,883)	(1,115,987)
Budget to Actual Variance*	925,007	933,456	955,347	976,084	997,909
Projected Actual Gain/(Loss)	(766,053)	(145,060)	644,706	(76,799)	(118,077)
<b>Projected Ending GF Bal</b>	<b>6,644,710</b>	<b>6,499,649</b>	<b>7,144,355</b>	<b>7,067,557</b>	<b>6,949,479</b>
<b>% of Total Budget</b>	37.4%	37.1%	40.6%	39.2%	37.9%



## Capital Improvement Plan FY 2015-2019

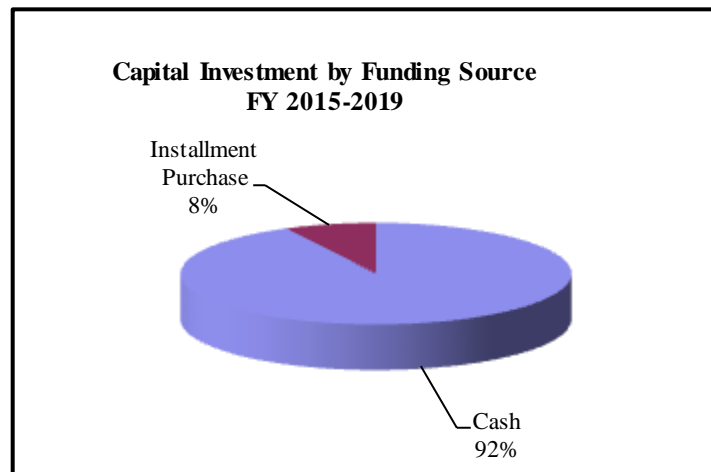
### Funding Sources

Table 3 and the chart below show a summary of the revenues and funding sources for the FY 2015-2019 projected capital investments:

**Table 3 - CIP Revenue/Funding Sources Summary**

<u>Funding Source</u>	<u>Cost of Capital</u>
Cash	\$ 7,295,900
Installment Financing	600,000
TOTAL	<u>\$ 7,895,900</u>

It is important to note that the majority of the capital improvements are funded with available Village funds or cash, while another 8% 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 2015-2019 CIP.



## Capital Improvement Plan FY 2015-2019

**Table 4 - Detail of Net Operating Expense by Capital Item**

	Total	Fiscal Year Ending June 30				
		2015	2016	2017	2018	2019
<b>Annual Debt Service</b>						
Fire Truck 923	\$ 207,085	\$ -	\$ -	\$ -	\$ 104,914	\$ 102,171
<b>Net Operating Expense</b>	<b>\$ 207,085</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104,914</b>	<b>\$ 102,171</b>

### 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 \$207,085 in debt service on debt ratios over the five years.

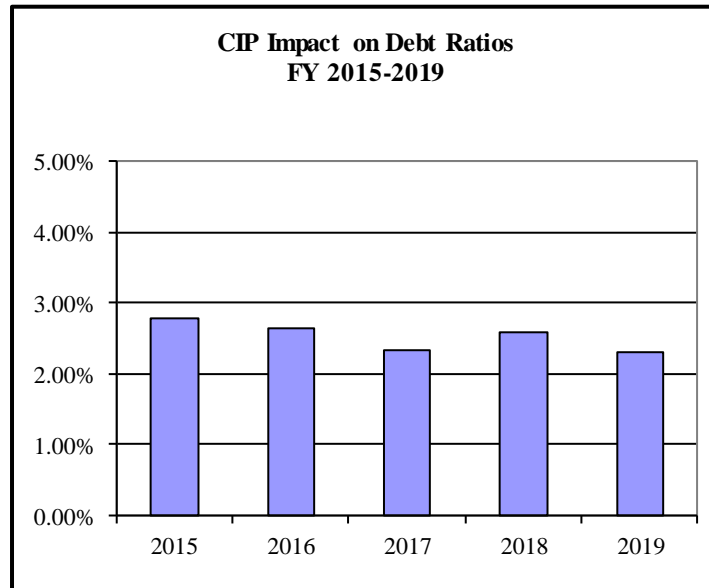
**Table 5 - Impact of CIP Debt Issuances on Debt Ratios**

	Fiscal Year Ending June 30				
	2015	2016	2017	2018	2019
Existing Debt Service	\$ 494,524	\$ 464,314	\$ 412,731	\$ 361,522	\$ 319,159
Additional Debt Service:					
Fire Truck	-	-	-	104,914	102,171
Subtotal	-	-	-	104,914	102,171
<b>Total Debt Service</b>	<b>\$ 494,524</b>	<b>\$ 464,314</b>	<b>\$ 412,731</b>	<b>\$ 466,436</b>	<b>\$ 421,330</b>
Estimated Expenditures	17,756,060	17,506,516	17,614,641	18,016,883	18,341,987
<b>% of Expenditures</b>	<b>2.79%</b>	<b>2.65%</b>	<b>2.34%</b>	<b>2.59%</b>	<b>2.30%</b>

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%.

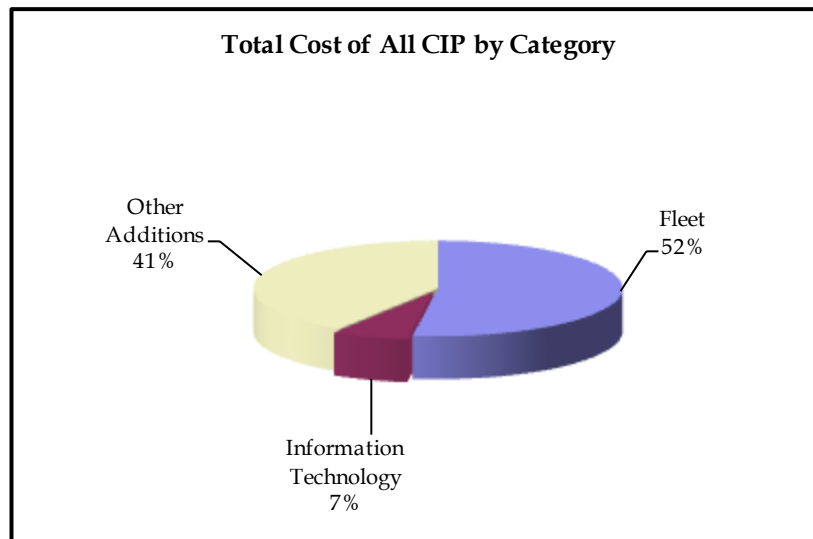


## Capital Improvement Plan FY 2015-2019



### Summary

In summary, the FY 2015-2019 CIP represents an \$8 million investment in capital for fleet, information technology, and other capital additions in the five-year planning period.





### **Fleet**

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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.

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## Capital Improvement Plan FY 2015-2019

### Fleet Purchase Plan

Description	Year	Life	Budget		CIP		
			2015	2016	2017	2018	2019
<b>Buildings &amp; Grounds</b>							
Chevy Express Van	2004	6	\$ -	\$ -	\$ -	\$ 32,000	\$ -
<b>Fire</b>							
Ford F350 - Brushtruck	1989	6	90,000	-	-	-	-
Firetruck-Pumper/Tanker	1998	20	-	-	600,000	-	-
Ford F650 Hackney Body	2004	5	-	-	-	-	350,000
Dodge Durango	2005	6	-	35,000	-	-	-
<b>Fleet Maintenance</b>							
Chevy C1500 4X4 Truck	2003	6	35,000	-	-	-	-
Chevy C1500	2006	6	-	35,000	-	-	-
<b>Harness Track</b>							
Ford F250 4X4	2004	6	-	28,000	-	-	-
Ford F250	2006	6	-	-	-	32,000	-
Kubota Zero Turn Mower	2009	5	-	-	-	25,000	-
Ford F250 4X4	2001	6	25,000	-	-	-	-
<b>Inspections</b>							
Chevy Impala	2004	5	-	25,000	-	-	-
<b>Planning</b>							
Chevy S10	1999	6	-	25,000	-	-	-
<b>Police</b>							
Dodge Charger	2007	4	32,000	-	-	-	-
Dodge Charger	2008	4	-	-	36,000	-	-
Dodge Charger	2008	4	-	-	36,000	-	-
Dodge Charger	2008	4	32,000	-	-	-	-
Dodge Charger	2008	4	-	-	36,000	-	-
Dodge Charger	2009	4	32,000	-	-	-	-
Dodge Charger	2009	4	-	34,000	-	-	-
Dodge Charger	2009	4	-	34,000	-	-	-
Dodge Charger	2009	4	-	34,000	-	-	-
Dodge Charger	2010	4	-	-	-	36,000	-
Dodge Charger	2010	4	-	-	-	-	38,000
Dodge Charger	2010	4	-	-	-	36,000	-
Chevy Tahoe	2011	4	-	-	-	36,000	-
Chevy Tahoe	2011	4	-	-	-	-	38,000
Chevy Tahoe	2011	4	-	-	-	-	38,000



## Capital Improvement Plan FY 2015-2019

### Fleet Purchase Plan

Description	Year	Life	Budget	CIP			
			2015	2016	2017	2018	2019
<b>PS Administration</b>							
Chevy C1500 4X4	2003	6	28,000	-	-	-	-
Chevy C1500 4X4	2003	6	28,000	-	-	-	-
<b>Solid Waste</b>							
Rear Load Garbage Truck	2000	10	-	260,000	-	-	-
Ford Rear Load Garbage Trk	2004	10	-	-	-	280,000	-
International 4300	2006	10	190,000	-	-	-	-
Semi-Automated Garbage Trk	2007	10	-	-	-	-	200,000
Semi-Automated Garbage Trk	2007	10	-	-	190,000	-	-
Chevy 5500 Semi-Auto Mated	2007	10	-	-	-	170,000	-
20yd Automated Garbage Trk	2012	7	-	-	-	-	200,000
<b>Streets &amp; Grounds</b>							
John Deere Motor Grader	<b>New</b>		-	-	-	-	225,000
Chevy Dump Truck-2.5 Ton	1998	15	-	-	-	110,000	-
Chevy Dump Truck-2.5 Ton	1998	15	-	-	-	110,000	-
John Deere 4X4 Loader	1999	15	150,000	-	-	-	-
Ford F150	2005	6	-	30,000	-	-	-
Chevy C1500	2006	6	-	35,000	-	-	-
John Deere Zero turn mower	2009	5	-	25,000	-	-	-
Zero Turn Mower Zero turn	2010	5	25,000	-	-	-	-
<b>Total</b>			\$ 667,000	\$ 600,000	\$ 898,000	\$ 867,000	\$ 1,089,000



## Information Technology

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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.

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## Capital Improvement Plan FY 2015-2019

### Information Technology Purchase Plan

Description	Year	Life	Budget	CIP				
			2015	2016	2017	2018	2019	
<b>Administration</b>								
Assembly Hall Screen Upgrade	2013	5	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
Video Streaming for Meetings	<b>New</b>		17,500	-	-	-	-	-
Assembly Hall Projector	2006	5	17,000	-	-	-	-	-
Building Access System	<b>New</b>		12,000	-	-	-	-	-
<b>Fair Barn</b>								
A/V Projector	2010	5	-	6,000	-	-	-	-
Sound System	2002	5	20,000	-	-	-	-	-
<b>Fire</b>								
Building Access System	<b>New</b>		7,200	-	-	-	-	-
<b>Information Technology</b>								
Dell Power Edge Server	2005	3	-	21,000	-	-	-	-
Server 2 - Host	2012	3	7,000	-	-	-	-	-
Server 3 - Host	2012	3	7,000	-	-	-	-	-
Server - Phone System Host	2011	3	-	7,000	-	-	-	-
Server - VDI	2011	3	-	7,000	-	-	-	-
Server Backup Primary	2011	3	7,000	-	-	-	-	-
Server Backup Secondary	2011	3	-	7,000	-	-	-	-
Server - PD Host	<b>New</b>	3	7,000	-	-	-	-	-
SAN Secondary	2013	3	-	-	70,000	-	-	-
SAN Primary	2013	3	-	-	50,000	-	-	-
Dell Power Edge Server R710	2009	3	-	7,000	-	-	-	-
Village Wide Phone System	2011	5	-	-	-	80,000	-	-
Village Hall Firewall	2008	5	-	14,000	-	-	-	-
Village Hall Fat Pipe	2008	5	-	-	18,000	-	-	-
Hp Procurve Core Switch	2006	5	-	6,000	-	-	-	-
Website Redesign	<b>New</b>		35,000	-	-	35,000	-	-
CJIS Barracuda 410 Spam	<b>New</b>		6,000	-	-	-	-	-
CJIS Solar Winds Systems	<b>New</b>		5,100	-	-	-	-	-
CJIS HP IMC Network Mgmt.	<b>New</b>		7,200	-	-	-	-	-
<b>Police</b>								
CCTV Surveillance System	2007	3	-	25,000	-	-	-	-
Voice Recorder System	2010	5	-	12,000	-	-	-	-
<b>PS Administration</b>								
Building Access System	<b>New</b>		4,800	-	-	-	-	-
<b>Total</b>			\$ 169,800	\$ 112,000	\$ 138,000	\$ 115,000	\$ -	\$ -



## Other Capital Additions

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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.

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## Capital Improvement Plan FY 2015-2019

### Other Capital Additions Purchase Plan

Description	Purpose/ Justification	Budget 2015	CIP				
			2016	2017	2018	2019	
<b>Administration</b>							
Install Hardware on Assembly Hall Doors	Secure AV/IT equipment	\$ 6,200	\$ -	\$ -	\$ -	\$ -	
Replace Carpet Upstairs in North Wing of Village Hall	Improve appearance and safety	5,000	-	-	-	-	
Replace VH Gutters	Imrpve efficiency of building	15,000	-	-	-	-	
Replace HVAC	Maintain facility	7,500	9,000	10,000	12,000	14,000	
<b>Streets &amp; Grounds</b>							
Small Drainage Projects	Spot Drainage Improvements	80,000	120,000	120,000	120,000	120,000	
Stormwater Project	Blake Blvd.	-	50,000	-	-	-	
Stormwater Project	Red Cedar Lane	73,800	-	-	-	-	
Stormwater Project	Cotswold	140,000	-	-	-	-	
<b>Community Development</b>							
Street and Pathway Lighting	Improve safety and mobility in neighborhoods	20,000	20,000	20,000	20,000	20,000	
Street and Pathway Lighting	Improve safety and mobility in downtown	20,000	-	-	-	-	
Street and Pathway Lighting	Improve safety and mobility on Community Road	17,500	35,000	10,000	-	-	
Sidewalks	Develop connectivity downtown	40,000	-	-	-	-	
Expand Village Center into Village Place	Sidewalks and infrastructure on Community Rd.	65,000	-	-	-	-	
Roadway Improvements	Sidewalks and traffic lights on 211	336,000	-	-	-	-	
Gateway & Wayfinding Signage	Promote direction to and around Pinehurst	-	3,000	4,500	-	-	
Downtown Improvments	Bullnose curbing	-	50,000	-	-	-	



## Capital Improvement Plan FY 2015-2019

### Other Capital Additions Purchase Plan

Description	Purpose/ Justification	Budget	CIP				
		2015	2016	2017	2018	2019	
<b>Fair Barn</b>							
Replace Mahogany folding chairs	Improve facility assets	\$ 28,000	\$ -	\$ -	\$ -	\$ -	
	Increase daytime use by providing sun shade	14,000	-	-	-	-	
Install tinting to skylights		8,000	-	-	-	-	
Replace Main Door	Maintain facility	-	150,000	-	-	-	
Parking Lot Improvements	Resurface main parking lot	-	-	-	-	-	
<b>Fire</b>							
Replace Countertops in Station 91	Maintain facility	6,000	-	-	-	-	
Replace Carpet in Training/Day Room	Improve appearance and safety	8,100	-	-	-	-	
<b>Harness Track</b>							
Structural Repairs Barns 16,17,18,19,20	Stabilize structural deficiencies	30,000	-	-	-	-	
Sewer Connection Barns 15,16,17	Connects barn and remove septic systems	-	-	75,000	-	-	
Rebuild turns on the One Mile Track	Track maintenance /US Open repair	50,000	-	-	-	-	
Sewer Connection Barns 9 & 10	Connects barn and remove septic systems	-	30,000	-	-	-	
Rebuild straight sections of mile track	Repair sections of track that have deteriorated due to erosion	-	40,000	-	-	-	
<b>Police</b>							
Replace HVAC	Maintain facility	7,500	9,000	10,000	12,000	14,000	



## Capital Improvement Plan FY 2015-2019

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### Other Capital Additions Purchase Plan

Description	Purpose/ Justification	Budget	CIP				
		2015	2016	2017	2018	2019	
<b>Recreation</b>							
Artificial Tree for Downtown	Annual Tree Lighting	\$ 22,000	\$ -	\$ -	\$ -	\$ -	
Musco Control Link Light System at Cannon Park	Maintain athletic fields	16,000	-	-	-	-	
WP Storage Building	Add brick veneer to building	22,000	-	-	-	-	
WP Development	Add shuffleboard, bocce, volleyball and shelter	50,000	-	-	-	-	
WP Development	Add Spray Ground/Splash Pad	-	280,000	-	-	-	
WP Development	Soccer field lighting	-	-	-	125,000	-	
Greenways/Bike Paths	Addition to trails	50,000	150,000	150,000	150,000	150,000	
<b>Total</b>		<b>\$ 1,137,600</b>	<b>\$ 946,000</b>	<b>\$ 399,500</b>	<b>\$ 439,000</b>	<b>\$ 318,000</b>	