



### **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 capital investments are financially sustainable. The CIP is developed in conjunction with the Village's Five-Year Financial Forecast outlined in the previous section.

The FY 2018-2022 CIP represents an \$11.9 million plan to address the Council's strategic objective to "Maintain Capital Assets" under the strategic goal to "Maintain a Healthy 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 all current service levels while enhancing others through increased capital investment.

This CIP was developed under the assumption that the Village will fund those items that are able to be included under the current tax rate of \$0.295 per \$100 valuation.

The Village Council updates the CIP annually as part of the Strategic Operating Plan to ensure it is reflective of the Council's current strategic goals and objectives. In addition, it is expanded annually 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 2018 of the CIP, however, does represent the amount of capital spending appropriated in the FY 2018 Budget.

### **Capital Improvement Program**

#### **Overview**

The FY 2018-2022 CIP includes capital investments with a total estimated cost of \$11,890,600 over the next five years. These costs are divided into four major areas – Capital Projects, Fleet, Information Technology (IT), and Other Capital Additions. Table 1 indicates the breakdown of capital investments by area:



## Capital Improvement Plan FY 2018-2022

**Table 1 - Capital Cost By Major Area**

Major Area	Cost of Capital	% of Total
Capital Projects	\$ 4,119,000	35%
Fleet	3,034,000	25%
Information Technology	354,000	3%
Other Capital Additions	4,383,600	37%
TOTAL	\$ 11,890,600	100%

### Capital Projects

Specific criterion is used to determine whether a capital request is classified as a capital project. The criterion are: (1) the total cost is estimated to exceed \$100,000, (2) substantial activity must occur over more than one fiscal year, and (3) the attributes of the project such as type, location, size, etc. must be specifically identified. Capital projects are typically for major facilities and may require the use of a separate capital project fund.

The FY 2018-2022 CIP includes one capital project for the construction of a Community Center. In FY 2018, the Village will begin designing a new 18,000 square foot facility to be constructed in FY 2019 and open in FY 2020. The new facility will contain a gymnasium, office space and activity rooms.

### 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. Key Performance Indicators (KPIs) for Fleet Maintenance are included in the *General Fund* section of this document.

### 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. Key Performance Indicators (KPIs) for Information Technology are included in the *General Fund* section of this document.

### 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, pedestrian facilities, and storm water drainage improvements.



## Capital Improvement Plan FY 2018-2022

### Funding Sources

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

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

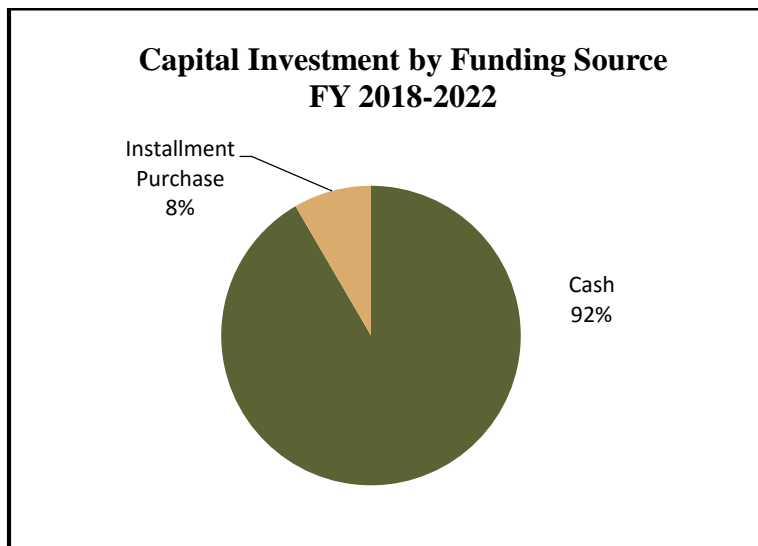
General Obligation Bonds – this funding source requires voter approval and is used to finance major capital projects with an expected life of 30 to 40 years. The Village has not utilized this funding source in the past due to the size of debt issuances.

Table 2 below shows a summary of the revenues and funding sources for the FY 2018-2022 projected capital investments:

**Table 2 - CIP Revenue/Funding Sources Summary**

Funding Source	Cost of Capital
General Fund Cash	\$ 10,890,600
Installment Financing	1,000,000
TOTAL	\$ 11,890,600

It is important to note that a majority of the capital improvements are funded with available Village funds or cash, while another 8%, or \$1 million, is funded with installment purchase financing.





## Capital Improvement Plan FY 2018-2022

### Impact on General Fund

Table 3 illustrates the total General Fund impact of the CIP over the five years.

**Table 3 - General Fund Impact of the CIP**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
Capital Projects	\$ 344,000	\$ 2,775,000	\$ -	\$ -	\$ -	\$ 3,119,000
Fleet	914,000	775,000	563,000	381,000	401,000	3,034,000
Information Technology	28,500	98,500	54,000	99,000	74,000	354,000
Other Capital Additions	1,262,100	1,153,000	737,000	568,500	663,000	4,383,600
<b>Capital Paid with Cash</b>	<b>2,548,600</b>	<b>4,801,500</b>	<b>1,354,000</b>	<b>1,048,500</b>	<b>1,138,000</b>	<b>10,890,600</b>
Additional Debt Service	-	94,167	92,333	90,500	88,667	365,667
Net Annual Operating Impact	3,500	149,867	226,393	229,200	232,067	841,027
<b>General Fund Impact</b>	<b>\$ 2,552,100</b>	<b>\$ 5,045,534</b>	<b>\$ 1,672,726</b>	<b>\$ 1,368,200</b>	<b>\$ 1,458,734</b>	<b>\$ 12,097,294</b>
\$0.01 of the Tax Rate	340,746	344,542	348,441	352,339	356,305	
 <b>Tax Rate Equivalent of CIP</b>	 \$ 0.07	 \$ 0.15	 \$ 0.05	 \$ 0.04	 \$ 0.04	 \$ 0.07

### Operating Impact

Table 4 summarizes the operating impact of the significant non-recurring capital outlays in the CIP. The majority of these expenditures and revenues are associated with the Community Center capital project, however, incremental operating cost increases as a result of other capital outlays are also included.

**Table 4 - Operating Impact of Significant Non-Recurring Capital Outlays**

	Fiscal Year Ending June 30					Total
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	
Revenues	\$ -	\$ -	\$ 35,000	\$ 36,100	\$ 37,200	\$ 108,300
Operating Costs:						
Salaries & Benefits	-	46,200	91,000	93,800	96,600	327,600
Operating Costs	3,500	9,500	78,060	81,000	84,000	256,060
Debt Service	-	94,167	92,333	90,500	88,667	365,667
Total Operating Costs	\$ 3,500	\$ 149,867	\$ 261,393	\$ 265,300	\$ 269,267	\$ 949,327
<b>Net Operating Impact</b>	<b>\$ 3,500</b>	<b>\$ 149,867</b>	<b>\$ 226,393</b>	<b>\$ 229,200</b>	<b>\$ 232,067</b>	<b>\$ 841,027</b>

Revenues generated as a result of significant non-recurring capital include recreation fees from expanded programs at the new Community Center. Salaries and benefits are for the addition of two positions (a Maintenance Technician to maintain expanded facilities in FY 2019 and an Administrative Assistant associated with the Community Center in FY 2020). Operating costs are primarily related to the new Community Center but also include costs associated with other significant non-recurring capital. Debt service represents the expected principal and interest payments for the \$1 million financed for the Community Center.



# Capital Improvement Plan FY 2018-2022

## Debt Service

Table 5 shows the ratio of projected debt service to estimated total expenditures over the five years. During the planning horizon, the Village's debt service as a percentage of total expenditures is projected to decline to less than 1% of General Fund expenditures. The Village's policy is to keep debt service as a percentage of expenditures below 10%.

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

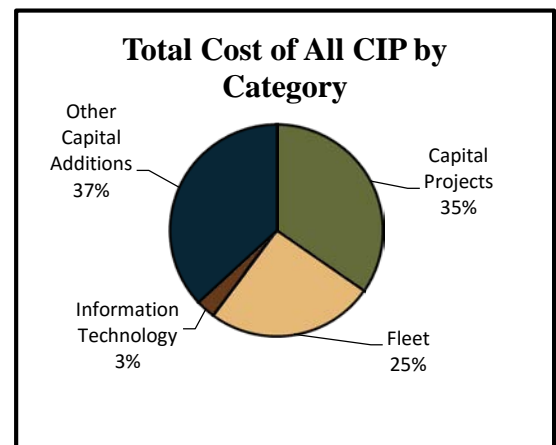
	Fiscal Year Ending June 30				
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Existing Debt Service	\$ 362,513	\$ 319,150	\$ 311,118	\$ 95,574	\$ 51,725
Additional Debt Service:					
Community Center	-	94,167	92,333	90,500	88,667
<b>Total Debt Service</b>	<b>\$ 362,513</b>	<b>\$ 413,317</b>	<b>\$ 403,451</b>	<b>\$ 186,074</b>	<b>\$ 140,392</b>
Estimated Expenditures	\$19,139,093	\$21,870,066	\$19,220,064	\$19,162,366	\$19,795,343
<b>% of Expenditures</b>	<b>1.89%</b>	<b>1.89%</b>	<b>2.10%</b>	<b>0.97%</b>	<b>0.71%</b>

## Summary

In summary, the FY 2018-2022 CIP represents an \$11.9 million investment in capital for fleet, information technology, and other capital additions, and includes one capital project in the five-year planning period.

The list below highlights some of the more notable items included the five year plan:

- Design and construction of a Community Center (FY 2018 & FY 2019),
- Pedestrian facilities (all years),
- Streetscape improvements on McIntyre Road (FY 2018),
- Paving of Cannon Park main parking lot (FY 2018),
- Moore County EMS bay addition (FY 2019),
- Roof replacement at the Fair Barn (FY 2019),
- Storm drainage projects (all years), and
- Replacement of one fire engine (FY 2019).





### Capital Projects

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This section contains detail on the capital projects included in the FY 2018-2022 CIP. Specific criterion is used to determine whether a capital request is classified as a capital project. The criterion are: (1) the total cost is estimated to exceed \$100,000, (2) substantial activity must occur over more than one fiscal year, and (3) the attributes of the project such as type, location, size, etc. must be specifically identified. Capital projects are typically for major facilities and may require the use of a separate capital project fund.

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**Community Center** – This capital project will construct an approximately 18,000 square foot facility with a gymnasium, office space, and activity rooms.



# Capital Improvement Plan FY 2018-2022

## Community Center Facility

<b>Department</b>	Parks and Recreation
<b>Strategic Goal</b>	Maintain an Active, Healthy Community
<b>Strategic Objective</b>	Provide recreation programs, leisure activities, and cultural arts events for all ages
<b>Key Performance Indicators</b>	Resident recreation program participants as a % of the population

### Project Description/ Justification

This project includes the design and construction of the Community Center facility. Various locations were evaluated, and two sites have been identified as top choices: Wicker Park and Cannon Park. The approximately 18,000 square foot facility will include a gymnasium, office space, and activity rooms of varying sizes. Each room will include a unique set of amenities for use by multiple programs and activities. Design is expected to occur in FY 2018, with construction beginning in FY 2019.

This project is being undertaken to address an area of high importance, but low satisfaction for residents which has been identified in the annual Community Survey.

Project Budget	Total	Fiscal Year Ending June 30				
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Appropriations	\$ 4,119,000	\$ 344,000	\$ 3,775,000	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 4,119,000</b>	<b>\$ 344,000</b>	<b>\$ 3,775,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Funding Source:						
Cash	\$ 3,119,000	\$ 344,000	\$ 2,775,000	\$ -	\$ -	\$ -
Installment Financing	1,000,000	-	1,000,000	-	-	-
<b>TOTAL</b>	<b>\$ 4,119,000</b>	<b>\$ 344,000</b>	<b>\$ 3,775,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Cash Flow Impact	Total	Fiscal Year Ending June 30				
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Debt Proceeds	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -
Revenue	108,300	-	-	35,000	36,100	37,200
Project Expenditures	(4,119,000)	(344,000)	(3,775,000)	-	-	-
Operating Expenditures	(552,160)	-	(48,700)	(162,060)	(167,800)	(173,600)
Debt Service	(365,667)	-	(94,167)	(92,333)	(90,500)	(88,667)
<b>TOTAL</b>	<b>\$ (3,928,527)</b>	<b>\$ (344,000)</b>	<b>\$ (2,917,867)</b>	<b>\$ (219,393)</b>	<b>\$ (222,200)</b>	<b>\$ (225,067)</b>

Key Performance Indicators	Fiscal Year Ending June 30				
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Residents program participants as a % of population	19.33%	18.98%	22.17%	22.49%	22.87%



### **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 2018-2022

### Fleet Purchase Plan

Description	Year	Life	Budget		CIP		
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Buildings &amp; Grounds</b>							
Chevy Express Van	2004	15	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Ford F150	2004	15	-	-	-	22,000	-
Ford F150	2008	15	-	-	-	-	23,000
Ventrac Mower	2012	15	-	-	42,000	-	-
Pickup Truck	<b>New</b>	15	20,000	-	-	-	-
Work Van	<b>New</b>	15	-	30,000	-	-	-
<b>Fire</b>							
Kme Pumper Tanker	2001	20	-	650,000	-	-	-
Chevy Colorado	2008	15	-	-	-	-	18,000
<b>Fleet Maintenance</b>							
Chevy C1500	2006	12	-	-	30,000	-	-
Generac Generator	<b>New</b>	20	-	35,000	-	-	-
<b>Harness Track</b>							
Ford F250	2006	15	20,000	-	-	-	-
Ford F250	2008	15	-	-	-	-	30,000
John Deere Zero Turn Mower	2013	7	-	-	25,000	-	-
<b>Police</b>							
Chevy Tahoe	2011	10	-	-	-	40,000	-
Chevy Tahoe	2011	10	-	-	-	-	42,000
Dodge Charger	2007	6	-	-	32,000	-	-
Dodge Charger	2007	6	28,000	-	-	-	-
Dodge Charger	2008	6	28,000	-	-	-	-
Dodge Charger	2008	6	28,000	-	-	-	-
Dodge Charger	2008	6	-	-	-	34,000	-
Dodge Charger	2008	6	-	-	-	-	34,000
Dodge Charger	2009	6	-	30,000	-	-	-
Dodge Charger	2009	6	-	-	32,000	-	-
Dodge Charger	2010	6	-	30,000	-	-	-
Dodge Charger	2009	6	-	-	32,000	-	-
Dodge Charger	2010	6	-	-	-	-	34,000
<b>Recreation</b>							
Passenger High Top Van	<b>New</b>	15	44,000	-	-	-	-
<b>Solid Waste</b>							
International 4300	2006	10	180,000	-	-	-	-
Chevy 5500 Semi-Automated	2007	10	145,000	-	-	-	-
Freightliner Garbage Truck	2012	7	-	-	200,000	-	-
Freightliner Garbage Truck	2013	7	-	-	-	-	220,000
Freightliner Garbage Truck	2014	7	-	-	-	210,000	-



## Capital Improvement Plan FY 2018-2022

### Fleet Purchase Plan (continued)

Description	Year	Life	Budget		CIP		
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Streets &amp; Grounds</b>							
Ford 5610 Tractor	1991	20	\$ 56,000	\$ -	\$ -	\$ -	\$ -
Chevy Dump Truck-2.5 Ton	1998	20	140,000	-	-	-	-
John Deere Motor Grader	1992	20	-	-	125,000	-	-
VMC Arm Mower	2003	5	40,000	-	-	-	-
J Deere 410G Loader Backhoe	2003	20	135,000	-	-	-	-
Grasshopper Mower	2004	7	-	-	-	30,000	-
Chevy Dump Truck-1 Ton	2005	20	-	-	45,000	-	-
Compact Mower-Ventrac	2007	7	-	-	-	45,000	-
Salt/Sand Spreader	<b>New</b>	5	10,000	-	-	-	-
Plow	<b>New</b>	5	5,000	-	-	-	-
Forks	<b>New</b>	5	10,000	-	-	-	-
<b>Total</b>			\$ 914,000	\$ 775,000	\$ 563,000	\$ 381,000	\$ 401,000



### 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 2018-2022

### Information Technology Purchase Plan

Description	Year	Life	Budget		CIP			
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	
<b>Administration</b>								
Video Streaming for Meetings	2015	5	\$ -	\$ -	\$ 15,000	\$ -	\$ -	
Assembly Hall Projector	2015	5	-	-	6,000	-	-	
Village Hall Camera System	<b>New</b>	5	-	-	10,000	-	-	
Village-wide Imaging System	<b>New</b>	10	-	-	-	-	-	50,000
<b>Fair Barn</b>								
Sound System	2015	5	-	-	12,000	-	-	
<b>Fire</b>								
Projector Replacement	2016	5	-	-	-	5,000	-	
<b>Information Technology</b>								
Server - Phone System Host	2011	4	7,000	-	-	-	-	
Server - VDI Renamed to System Center	2011	4	7,000	-	-	-	-	
Server Backup Primary AACore1	2017	4	-	-	-	7,000	-	
Server Backup Secondary Aacore 2	2016	4	-	-	-	7,000	-	
Server - PD Hyper-V	2011	4	14,500	-	-	-	-	
Server - Vrtx (Blade Server)	2015	4	-	40,000	-	-	-	
Dell Power Edge Server R710	2009	3	-	7,000	-	-	-	
Village Wide Phone System	2011	5	-	-	-	35,000	-	
Village Hall Firewall	2008	5	-	-	-	14,000	-	
Village Hall Load Balancers (Fat Pipe)	2016	5	-	-	-	16,000	-	
Hp Procurve Core Switch	2006	5	-	25,000	-	-	-	
Website Redesign	2016	3	-	10,000	-	-	-	
HP Plotter	2007	5	-	9,000	-	-	-	
GPS Software	2005	3	-	7,500	-	-	-	
<b>Police</b>								
CCTV Surveillance System	2016	4	-	-	-	15,000	-	
Body Camera Replacements	2017	3	-	-	11,000	-	-	
Phone Recording Solution Upgrade	2016	5	-	-	-	-	-	24,000
<b>Total</b>			\$ 28,500	\$ 98,500	\$ 54,000	\$ 99,000	\$ 74,000	



## 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 2018-2022

### Other Capital Additions Purchase Plan

Description	Purpose/Justification	Budget	CIP			
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Administration</b>						
Replace HVAC	Maintain facility	\$ 12,000	\$ 14,000	\$ 16,000	\$ 18,000	\$ 18,000
<b>Streets &amp; Grounds</b>						
Small Drainage Projects	Paving Prep	85,000	85,000	85,000	85,000	85,000
Stormwater Project	St. Andrews Drive	25,000	-	-	-	-
DOT Road Improvements	Roundabout upgrades	-	-	50,000	-	-
Streetscape Improvements	McIntyre Rd	145,000	-	-	-	-
Pedestrian Facilities	Phased implementation of Pedestrian Plan	430,000	400,000	400,000	400,000	400,000
<b>Fair Barn</b>						
Landscaping and Irrigation	Improve facility	27,000	-	-	-	-
Repair Stucco Exterior	Improve facility	27,000	-	25,000	-	-
Roof Repair/Replacement	Maintain facility	-	100,000	-	-	-
Gutters for Annex	Maintain facility	5,000	-	-	-	-
Dance Floor Replacement	Maintain equipment/furnishings	-	10,000	-	-	-
Parking Lot Improvements	Resurface side parking lot	37,000	-	-	-	-
<b>Fire</b>						
Opticom	Traffic control for emergency response	15,000	15,000	15,000	7,500	-
Thermal Imager	Routine replacement	9,500	-	-	-	-
Refinish Bay Floor at Station 91	Maintain facility	25,000	-	-	-	-
Repair/Touch Up Bay Floor at Station 92	Maintain facility	8,500	-	-	-	-
Moore County EMS Bay Addition	Lease bay to Moore County	-	350,000	-	-	-



## Capital Improvement Plan FY 2018-2022

### Other Capital Additions Purchase Plan (continued)

Description	Purpose/Justification	Budget		CIP		
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Harness Track</b>						
Replace Siding	Maintain facility	\$ 35,000	\$ 45,000	\$ 30,000	\$ 30,000	\$ 20,000
Barn Renovations	Maintain facility	10,000	-	-	-	-
Surface Water Runoff - Annual per Master Plan developed in FY18	Improve facilities and track condition	-	25,000	-	-	-
Irrigation Installation for Entrance	Improve entrance	8,000	-	-	-	-
French Drains Project	Improve facilities and track condition	-	25,000	-	-	-
Sewer Connections	Connect to sewer and remove septic system	25,000	30,000	-	10,000	-
Pave Restaurant Parking	Provide designated parking and improve drainage issues	-	15,000	100,000	-	-
<b>Police</b>						
Break Room Renovation	Improve appearance and maintain facility	8,000	-	-	-	-
Construct Storage Room	Improve facility	8,000	-	-	-	-
Replace HVAC	Maintain facility	12,000	14,000	16,000	18,000	-
<b>PS Administration</b>						
Public Services Complex Paving	Improve and maintain facility	44,100	-	-	-	-
Public Services Complex Gravel	Improve and maintain facility	35,000	-	-	-	-
Break Room Renovation	Improve and maintain facility	6,000	-	-	-	-
<b>Recreation</b>						
Wicker Park Irrigation	Add on to and replace existing irrigation system - soccer field/arboretum	30,000	-	-	-	-
Playground Replacement	Rassie Wicker Park	-	-	-	-	140,000
Cannon Park Parking Lot	Pave main parking lot	120,000	-	-	-	-
Wicker Park Maintenance Building Parking Expansion	New gravel road from PD access road and new parking spaces	-	25,000	-	-	-
Wicker Park Maintenance Building Expansion	Add offices to accommodate staff	40,000	-	-	-	-
Greenway Trail Improvements	Woodland Garden Trail	30,000	-	-	-	-
<b>Total</b>		\$ 1,262,100	\$ 1,153,000	\$ 737,000	\$ 568,500	\$ 663,000