



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 2019-2023 CIP represents an \$11.8 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, or at the revenue neutral rate after the revaluation in FY 2020.

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 2019 of the CIP, however, does represent the amount of capital spending appropriated in the FY 2019 Budget.

Capital Improvement Program

Overview

The FY 2019-2023 CIP includes capital investments with a total estimated cost of \$11,800,900 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 2019-2023

Table 1 - Capital Cost By Major Area

Major Area	Cost of Capital	% of Total
Capital Projects	\$ 4,068,900	34%
Fleet	3,747,900	32%
Information Technology	350,000	3%
Other Capital Additions	3,634,100	31%
TOTAL	<u>\$ 11,800,900</u>	<u>100%</u>

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 2019-2023 CIP includes one capital project for the construction of a Community Center at Cannon Park. In FY 2018, the Village began designing the new 19,555 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 2019-2023

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 2019-2023 projected capital investments:

Table 2 - CIP Revenue/Funding Sources Summary

Funding Source	Cost of Capital
General Fund Cash	\$ 11,800,900
TOTAL	\$ 11,800,900

It is important to note that all of the capital improvements are funded with available Village funds or cash, with no reliance on debt financing.

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 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Capital Projects	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -	\$ 4,068,900
Fleet	380,900	708,000	1,482,000	584,000	593,000	3,747,900
Information Technology	42,000	64,000	92,000	135,000	17,000	350,000
Other Capital Additions	695,600	860,000	772,500	625,500	680,500	3,634,100
Capital Paid with Cash	5,187,400	1,632,000	2,346,500	1,344,500	1,290,500	11,800,900
Net Annual Operating Impact	16,980	103,460	75,170	79,680	83,780	359,070
General Fund Impact	\$ 5,204,380	\$ 1,735,460	\$ 2,421,670	\$ 1,424,180	\$ 1,374,280	\$ 12,159,970
\$0.01 of the Tax Rate	347,458	371,107	374,929	378,786	382,679	
Tax Rate Equivalent of CIP	\$ 0.15	\$ 0.05	\$ 0.06	\$ 0.04	\$ 0.04	\$ 0.07



Capital Improvement Plan FY 2019-2023

Operating Impact

Table 4 summarizes the operating impact of the significant non-recurring capital outlays in the CIP that are identified as IAPs. The operating impact of the following IAPs are included below: Recreation & Cultural Facilities, EMS Facility Relocation, Commercial Streetscape Enhancements, and Pedestrian Connectivity. 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. See the *Capital Project Fund* section for segregated information on the Community Center operating impact. Please note that these operating impacts are forward-looking and only include costs associated with capital items included in the five-year planning period.

Table 4 - Operating Impact of Significant Non-Recurring Capital Outlays in the CIP

	Fiscal Year Ending June 30					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Revenues:						
Rent Income	\$ -	\$ -	\$ 33,000	\$ 33,000	\$ 33,000	\$ 99,000
Recreation Fees	-	35,000	36,100	37,200	38,300	146,600
Total Revenues	\$ -	\$ 35,000	\$ 69,100	\$ 70,200	\$ 71,300	\$ 245,600
Operating Costs:						
Salaries & Benefits	\$ 8,480	\$ 62,000	\$ 63,800	\$ 65,800	\$ 67,800	\$ 267,880
Operating Costs	8,500	102,460	106,470	110,080	113,280	440,790
Reduction in Lease Exp	-	(26,000)	(26,000)	(26,000)	(26,000)	(104,000)
Total Operating Costs	\$ 16,980	\$ 138,460	\$ 144,270	\$ 149,880	\$ 155,080	\$ 604,670
Net Operating Impact	\$ 16,980	\$ 103,460	\$ 75,170	\$ 79,680	\$ 83,780	\$ 359,070

Revenues generated because of significant non-recurring capital include recreation fees from expanded programs at the new Community Center and rent income from Moore County for the EMS bay addition.

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. Based on an allocation of building square footage, 16% of the Maintenance Technician salaries and benefits are assigned to the Community Center. However, all of the Administrative Assistant salaries and benefits are allocated since this position will solely serve the Community Center.

Operating costs are primarily related to the new Community Center but also include costs associated with all other significant non-recurring capital. There are no operating costs in the CIP related to the EMS facility relocation, as these expenditures will be paid by the County.

Anticipated savings include the reduction in lease expenditures for the space that is currently rented for recreation programs and activities. Once the Community Center is operational, this leased space will no longer be needed. You will see that there is no additional debt service required across the planning timeline due to capital expenditures in the plan.



Capital Improvement Plan FY 2019-2023

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 0% of General Fund expenditures, as our remaining debts are paid off in FY 2022. 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

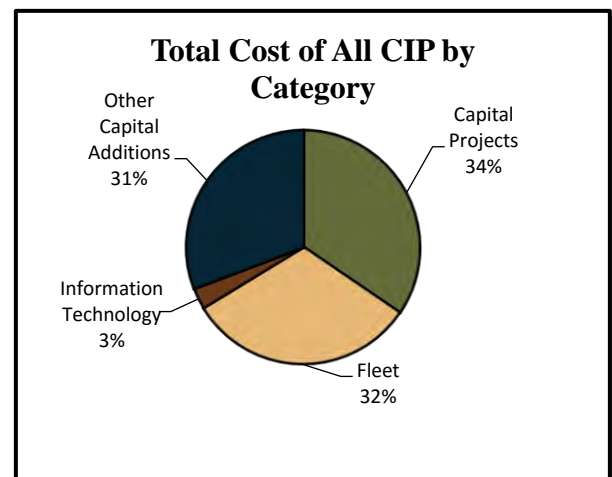
	Fiscal Year Ending June 30				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Existing Debt Service	\$ 320,160	\$ 311,127	\$ 95,942	\$ 51,725	\$ -
Additional Debt Service	-	-	-	-	-
Total Debt Service	\$ 320,160	\$ 311,127	\$ 95,942	\$ 51,725	\$ -
Estimated Expenditures	\$22,552,060	\$19,327,596	\$20,456,691	\$19,811,668	\$20,251,772
% of Expenditures	1.42%	1.61%	0.47%	0.26%	0.00%

Summary

In summary, the FY 2019-2023 CIP represents an \$11.8 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:

- Community Center construction (FY 2019),
- Paving of Cannon Park parking lot (FY 2019),
- Additional street and storm drainage maintenance equipment (FY 2019),
- Replacement of three police vehicles each year (all years),
- Storm drainage projects (all years),
- Moore County EMS bay addition (FY 2020),
- Replacement of four solid waste vehicles (FY 2020-2023),
- Streetscape improvements (FY 2020-2023),
- Replacement of a fire engine and rescue vehicle (FY 2021), and
- Pedestrian facilities (FY 2021-2023).





Capital Projects

This section contains detail on the capital projects included in the FY 2019-2023 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.

Community Center – This capital project will construct a 19,555 square foot facility at Cannon Park with a gymnasium, office space, and activity rooms. Transactions associated with the Community Center will be recorded in a separate multi-year Capital Project Fund. The *Capital Project Fund* section of this document provides additional details regarding this project.



Capital Improvement Plan FY 2019-2023

Community Center Facility

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

Project Description/ Justification

This project includes the design and construction of the Community Center facility at Cannon Park. The approximately 19,555 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 began 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	Prior Periods	Fiscal Year Ending June 30				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Appropriations	\$ 4,412,900	\$ 344,000	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 4,412,900	\$ 344,000	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -
Funding Source:							
Cash	\$ 4,412,900	\$ 344,000	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 4,412,900	\$ 344,000	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -

Cash Flow Impact	Total	Prior Periods	Fiscal Year Ending June 30				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenue	\$ 146,600	\$ -	\$ -	\$ 35,000	\$ 36,100	\$ 37,200	\$ 38,300
Project Expenditures	(3,724,900)	344,000	(4,068,900)	-	-	-	-
Net Operating Expenditures	(588,370)	-	(10,680)	(136,960)	(141,770)	(146,880)	(152,080)
TOTAL	\$ (4,166,670)	\$ (344,000)	\$ (4,079,580)	\$ (101,960)	\$ (105,670)	\$ (109,680)	\$ (113,780)

Key Performance Indicator:	Prior Periods	Fiscal Year Ending June 30				
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Residents program participants as a % of population		20.45%	22.25%	23.40%	23.79%	24.01%

See *Capital Project Fund* section for full detail of cash-flow impact of the Community Center.



Capital Improvement Plan FY 2019-2023

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 2019-2023

Fleet Purchase Plan

Description	Year	Life	Budget		CIP		
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Buildings & Grounds							
Ford F150	2004	15	\$ -	\$ -	\$ 22,000	\$ -	\$ -
Ford F150	2008	15	-	-	-	23,000	-
Ford Ranger	2010	15	-	-	-	-	25,000
Ventrac Mower	2012	15	-	42,000	-	-	-
Work Van	New	15	30,000	-	-	-	-
Zero Turn Mower	New	7	12,000	-	-	-	-
Fire							
KME Pumper Tanker	2001	20	-	-	650,000	-	-
Ford F650 Hackney Body	2004	20	-	-	310,000	-	-
Chevy Colorado	2008	15	-	-	-	25,000	-
Fleet Maintenance							
Chevy C1500	2006	12	-	30,000	-	-	-
Fuel Pumps & Software	New	20	40,000	-	-	-	-
Harness Track							
GMC Dump Truck	1991	20	-	45,000	-	-	-
Ford F250	2008	15	-	-	-	30,000	-
Ford F250	2009	15	-	-	-	-	23,000
John Deere Zero Turn Mower	2013	7	-	-	-	-	25,000
JD 4720 Tractor	2012	20	-	-	-	50,000	-
Snow Plow for 1 Ton Truck	New	20	-	10,000	-	-	-
Inspections							
Chevy Colorado	2011	15	-	-	-	25,000	-
Police							
Chevy Tahoe	2011	10	-	-	40,000	-	-
Chevy Tahoe	2011	10	-	-	-	42,000	-
Chevy Tahoe	2012	10	-	-	-	-	45,000
Dodge Charger	2007	10	-	38,000	-	-	-
Dodge Charger	2008	10	35,000	-	-	-	-
Dodge Charger	2008	10	-	-	40,000	-	-
Dodge Charger	2009	10	35,000	-	-	-	-
Dodge Charger	2009	10	-	38,000	-	-	-
Dodge Charger	2009	10	-	38,000	-	-	-
Dodge Charger	2010	10	35,000	-	-	-	-
Dodge Charger	2010	10	-	-	40,000	-	-
Dodge Charger	2013	10	-	-	-	42,000	-
Dodge Charger	2015	10	-	-	-	-	45,000
Dodge Charger	2015	10	-	-	-	42,000	-
Dodge Charger	2016	10	-	-	-	-	45,000
Recreation							
Ford F250 4X4	2004	15	-	-	-	25,000	-



Capital Improvement Plan FY 2019-2023

Fleet Purchase Plan (continued)

Description	Year	Life	Budget		CIP		
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Solid Waste							
Chevy C1500	2007	6	\$ -	\$ 50,000	\$ -	\$ -	\$ -
Chevy Garbage Truck	2011	6	-	-	50,000	-	-
Freightliner Garbage Truck	2012	7	-	200,000	-	-	-
Freightliner Garbage Truck	2013	7	-	-	-	220,000	-
Freightliner Garbage Truck	2015	7	-	-	-	-	230,000
Freightliner Garbage Truck	2014	7	-	-	210,000	-	-
Streets & Grounds							
John Deere Motor Grader	1992	20	-	130,000	-	-	-
Wood Chipper	2000	5	-	-	45,000	-	-
Chevy C1500	2013	15	-	-	-	-	25,000
Grasshopper Mower	2004	7	-	-	25,000	-	-
Chevy Dump Truck-1 Ton	2005	20	-	45,000	-	-	-
Compact Mower-Ventrac	2007	7	-	42,000	-	-	-
Ford F150	2008	15	-	-	25,000	-	-
Ford F150	2008	15	-	-	25,000	-	-
Johnston Vacuum Sweeper	2012	5	-	-	-	-	130,000
John Deere 5085 Tractor	2012	20	-	-	-	60,000	-
Skid-steer Loader	New	10	65,000	-	-	-	-
Skid-steer Brush Cutter	New	10	7,900	-	-	-	-
Sewer Jet Trailer	New	10	59,000	-	-	-	-
Vac Trailer	New	5	62,000	-	-	-	-
Total			\$ 380,900	\$ 708,000	\$ 1,482,000	\$ 584,000	\$ 593,000



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 2019-2023

Information Technology Purchase Plan

Description	Year	Life	Budget		CIP		
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Administration							
Assembly Hall Sound System Upgrade	2013	5	\$ -	\$ -	\$ -	\$ 6,000	
Video Streaming for Meetings	2015	5	-	15,000	-	-	-
Assembly Hall Projector	2015	5	-	6,000	-	-	-
Fair Barn							
A/V Projector	2017	5	-	-	-	-	5,000
Sound System	2015	5	-	12,000	-	-	-
Fire							
Projector Replacement	2016	5	-	-	5,000	-	-
Galaxy Door Control System	2017	6	-	-	-	-	12,000
Information Technology							
Server - Phone System Host	2017	4	-	-	7,000	-	-
Server - System Center Host	2017	4	-	-	7,000	-	-
Server Backup Primary AACore1	2016	4	-	7,000	-	-	-
Server Backup Secondary Aacore 2	2016	4	-	7,000	-	-	-
Server - PD Hyper-V	2017	4	-	-	7,000	-	-
Server - Vrtx (Blade Server)	2014	4	42,000	-	-	-	-
Village Wide Phone System	2011	5	-	-	35,000	-	-
Village Hall Firewall	2016	6	-	-	-	14,000	-
Village Hall Load Balancers (Fat Pipe)	2016	5	-	-	16,000	-	-
Hp Procurve Core Switch	2013	5	-	-	-	25,000	-
Planning							
Hp Designjet Plotter	2001	5	-	6,000	-	-	-
Police							
CCTV Surveillance System	2016	4	-	-	15,000	-	-
Body Camera Replacements	2017	3	-	11,000	-	-	-
Phone Recording Solution Upgrade	2016	5	-	-	-	24,000	-
Viper Radios	2014	8	-	-	-	66,000	-
Total			\$ 42,000	\$ 64,000	\$ 92,000	\$ 135,000	\$ 17,000



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 2019-2023

Other Capital Additions Purchase Plan

Description	Purpose/Justification	Budget		CIP		
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Administration						
Replace HVAC	Maintain facility	\$ 14,000	\$ 16,000	\$ 18,000	\$ 18,000	\$ 18,000
Streets & Grounds						
Small Drainage Projects	Paving Prep	75,000	85,000	85,000	85,000	85,000
Stormwater Project	Lake Forest Drive	30,000	-	-	-	-
Stormwater Project	Glen Abbey Trail	20,000	-	-	-	-
Stormwater Project	Azalea Road & Carolina Vista	35,000	-	-	-	-
DOT Road Improvements	Roundabout upgrades	-	50,000	-	-	-
Streetscape Improvements	Magnolia/McCaskill Road	-	115,000	45,000	75,000	130,000
Sidewalk	Shaw Road/Marshall Park	25,000	-	-	-	-
Sidewalk	Murdocksville Road	-	-	40,000	-	-
Pedestrian Facilities	Phased implementation of Pedestrian Plan	-	-	440,000	400,000	400,000
Fair Barn						
Repair Stucco Exterior	Improve facility	18,000	25,000	-	-	-
Replace Indoor Stage	Maintain equipment/furnishings	-	16,000	-	-	-
Replace HVAC	Maintain facility	8,000	8,000	9,000	-	-
Reseal/Recoat Annex Floors	Maintain facility	6,500	-	-	-	-
Gutters for Annex	Maintain facility	7,000	-	-	-	-
Replace Exterior Doors	Improve facility	6,000	-	-	-	-
Dance Floor Replacement	Maintain equipment/furnishings	12,000	-	-	-	-
Fire						
Opticom	Traffic control for emergency response	-	40,000	-	-	-
Emergency Rescue Air Bag	Rescue emergency response	5,800	-	-	-	-
SCBA Air Packs (4)	NFPA standard change	11,500	-	-	-	-
Spreader/Cutter	Rescue emergency response	11,000	-	-	-	-
Moore County EMS Bay Addition	Lease bay to Moore County	-	380,000	-	-	-



Capital Improvement Plan FY 2019-2023

Other Capital Additions Purchase Plan (continued)

Description	Purpose/Justification	Budget		CIP		
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Harness Track						
Replace Siding	Maintain facility	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Surface Water Runoff - Annual per Master Plan developed in FY18	Improve facilities and track condition	25,000	25,000	25,000	-	-
Monticello Gate Restructure	Rebuild entrance on Monticello for egress	-	5,000	45,000	-	-
Remodel Barn Bathrooms	Maintain facility	7,500	7,500	7,500	7,500	7,500
Track Restaurant Floor	Maintain facility	6,000	-	-	-	-
French Drains Project	Improve facilities and track condition	-	25,000	-	-	-
Sewer Connections	Connect to sewer and remove septic system	30,000	-	-	-	-
Police						
Evidence Holding/ Forensics Lab	Improve facility	5,500	-	-	-	-
Replace HVAC	Maintain facility	14,000	16,000	18,000	-	-
PS Administration						
Public Services Complex Paving	Improve and maintain facility	30,800	-	-	-	-
Construct Pole Barn	Improve facility	25,000	-	-	-	-
Recreation						
Dugout Replacement	Cannon Park Field 2	-	6,500	-	-	-
Playground Replacement	Wicker Park	95,000	-	-	-	-
Cannon Park Parking Lot	Pave main parking lot	100,000	-	-	-	-
Wicker Park Maintenance Building Parking Expansion	New gravel road from PD access road and new parking spaces	25,000	-	-	-	-
Enclosed Storage Trailer	Improve storage of holiday decorations	7,000	-	-	-	-
Total		\$ 695,600	\$ 860,000	\$ 772,500	\$ 625,500	\$ 680,500