



2020 Proposed Capital Plan Overview

Department of Finance

November 18, 2019

Capital Plan Overview

2020 Preliminary Capital Improvements Plan Overview

Objectives of the Capital Planning Process

- Address immediate and long-term capital needs of City assets
- Maintain facilities and equipment necessary to maintain service levels for residents in an efficient and cost effective manner
- Implement a comprehensive and detail oriented process for identifying and evaluating capital needs
- Match priority capital needs with limited funding and identify operating impacts on the City's budget

Capital Plan Overview

- The capital budget is being presented in the form of a comprehensive five-year plan – *2020-2024 planning period*
- All-in plan inclusive for all the segments of the City’s capital budget - *including infrastructure, general capital, and water treatment plant capital expenditures*
- Balanced between the sources and uses – *all funding (sources) and project costs (uses) are presented in the plan*
- Developed using guidance from the City’s budget development goals – *linkage to available funding left over from General Fund operations*

Capital Plan Overview

- Use of capital plan segments to differentiate by programmatic focus of requests
- Capital items generally:
 - have a useful life of at least five years
 - have a minimum \$5,000 cost estimate
 - separate from the operating budget – *but related*
- Items can be funded with current revenue, cash resources, or financing proceeds
- City Council will be requested to approve the budget for the capital requests recommended for 2020 – *see Appendix C of Proposed Budget document*

Capital Planning Process

- Review of available resources to fund capital needs in 2020 was completed by Finance Director – *based on projected General Fund operating margin*
- Departmental managers were apprised of the impact of the decline in income tax revenue on the 2020 plan
- Department heads identified capital needs and provided completed request forms and budget summaries for 2020-2024 - *submitted in late August*
- *Departments also provided a second five years (2025-2029) of capital project estimates*

Capital Planning Process

- Requests were reviewed by Finance Director and a draft plan including all requests and budget impacts was created
 - *Met with all directors - more than once*
 - *Assess capital items with available projected funding*
 - *Assign projects to a capital segment*
 - *Finalize CIP with recommended requests / estimates*
- Project requests were evaluated along priority and funding availability criteria and reviewed by the Mayor for inclusion in the final capital plan
- Final recommended projects were compiled into the 2020-2024 Capital Plan for consideration by Council

Capital Plan Segments

*The operating budget is divided by **departments**, the capital plan is categorized by **CIP segments***

- **Police Equipment** - Police equipment & vehicles (Funds 421/491)
- **Fire Equipment** - Fire equipment and vehicles (Funds 421/491)
- **Service Equipment & Fleet** - Service department equipment and fleet vehicles (Funds 421/491)

Capital Plan Segments

- **Buildings & Grounds** - Building improvements, parking lots, building equipment and HVAC for all City buildings (Fund 435)
- **Community Life** – Recreation, Senior Services, and Center for Arts equipment and fields (Funds 421/491)
- **Grantwood Golf Course** – equipment and facility upgrades to the City golf course (Fund 550)
- **Information Technology** - Information systems, computer, communications and networking equipment for City departments (Fund 491)

Capital Plan Segments

- **Infrastructure** - Roads and infrastructure projects, sidewalks, catch basins, concrete/asphalt maintenance, design services, related inspection and maintenance of infrastructure (Fund 400)
- **Water Reclamation** - Plant improvements and equipment replacement and upgrades (Fund 512)

Funding Capacity of the Capital Plan

- The plan sets goals and a direction to meet the City's critical infrastructure and general capital needs – *recommend by administration and approved by Council*
- Execution of the plan is dependent on the availability of funding and future appropriations by Council in the budget year of the plan – *2020 appropriations, "out years" are estimated need for projects*
- Demonstrating flexibility where needed, to achieve the goals of this plan in a timely manner *while* fulfilling the City's other needs and meetings its fiscal goals – *structural balance*

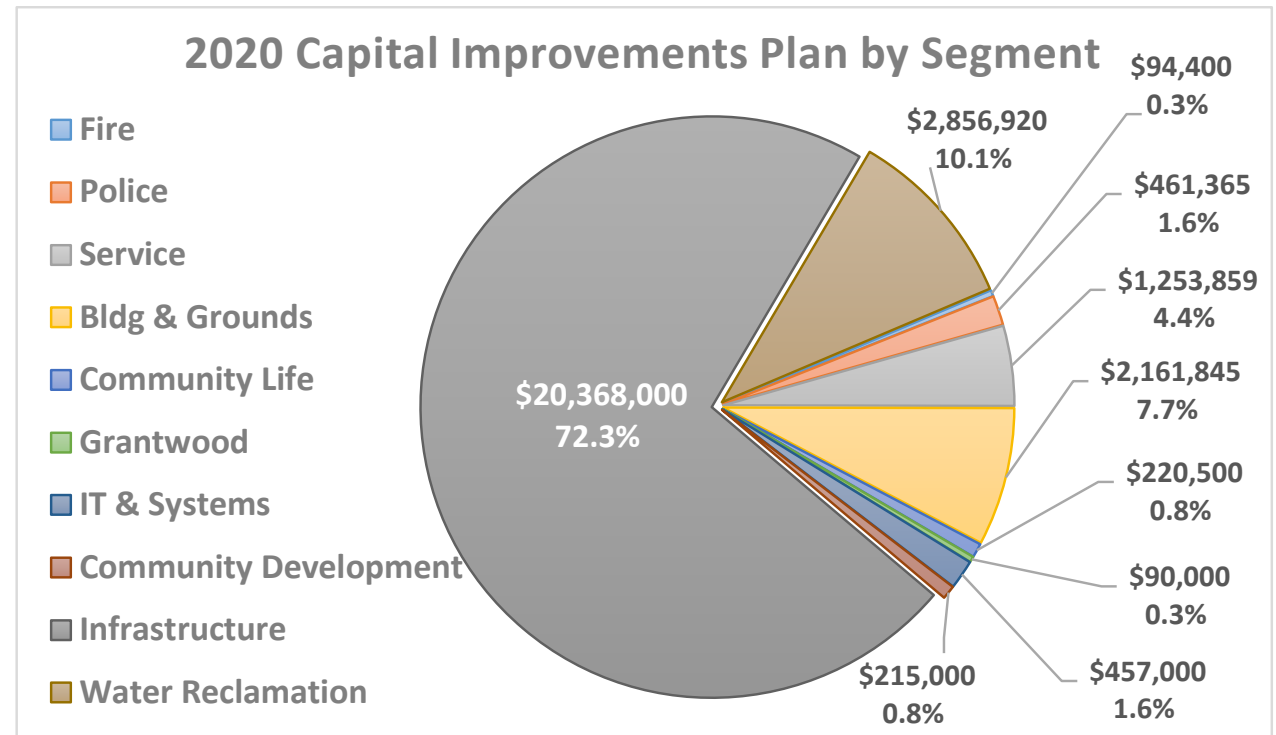
2020-2024 Capital Plan Summary

Capital Project Segment	2019	Capital Plan Year Requests					2020-2024
	Approved	2020	2021	2022	2023	2024	CIP
<i>Fire</i>	\$ 422,650	\$ 94,400	\$ 852,900	\$ 337,500	\$ 900,000	\$ 361,500	\$ 2,546,300
<i>Police</i>	\$ 373,500	\$ 461,365	\$ 191,000	\$ 1,156,000	\$ 541,000	\$ 347,500	\$ 2,696,865
<i>Service</i>	\$ 1,518,396	\$ 1,253,859	\$ 1,950,238	\$ 2,383,098	\$ 2,387,748	\$ 1,799,108	\$ 9,774,053
<i>Bldg & Grounds</i>	\$ 1,212,845	\$ 2,161,845	\$ 1,254,000	\$ 1,391,650	\$ 532,500	\$ 270,000	\$ 5,609,995
<i>Community Life</i>	\$ 170,000	\$ 220,500	\$ 89,500	\$ 61,000	\$ 350,000	\$ 1,560,500	\$ 2,281,500
<i>Grantwood</i>	\$ 200,000	\$ 90,000	\$ 160,000	\$ 105,000	\$ 155,000	\$ 290,000	\$ 800,000
<i>IT & Systems</i>	\$ 516,300	\$ 457,000	\$ 459,000	\$ 161,000	\$ 125,000	\$ 136,000	\$ 1,338,000
<i>Community Development</i>	\$ -	\$ 215,000	\$ 1,000,000	\$ 2,000,000	\$ -	\$ -	\$ 3,215,000
Total General Capital CIP	\$ 4,413,691	\$ 4,953,969	\$ 5,956,638	\$ 7,595,248	\$ 4,991,248	\$ 4,764,608	\$ 28,261,713
Infrastructure	\$22,771,465	\$20,368,000	\$14,620,000	\$13,491,000	\$11,466,000	\$ 13,516,000	\$ 96,232,465
Water Reclamation	\$ 2,894,620	\$ 2,856,920	\$ 345,000	\$ 1,640,000	\$ 1,500,000	\$ 5,025,000	\$ 14,261,540
Total Infrastructure & Enterprise	\$25,666,085	\$23,224,920	\$14,965,000	\$15,131,000	\$12,966,000	\$ 18,541,000	\$ 84,827,920
Total Combined CIP	\$30,079,776	\$28,178,889	\$20,921,638	\$22,726,248	\$17,957,248	\$ 23,305,608	\$ 113,089,633

- The capital improvements plan (CIP) for 2020-2024 includes **\$113.3 million** in needs over five years
- The 2020 capital budget requests totaling **\$28.2 million** are recommended for approval – *the 2019 budget was \$30.1 million*

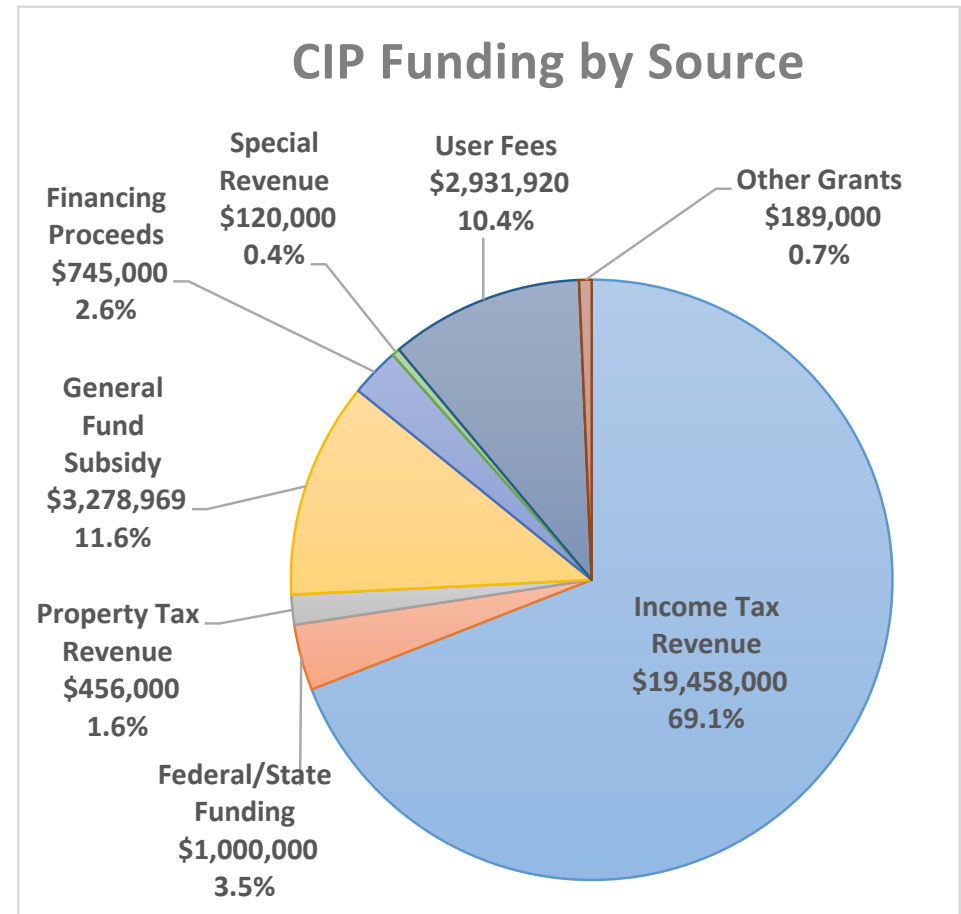
2020 Capital Plan Summary – by Segment

- The bulk of the 2020 capital budget is dedicated to infrastructure needs –**72.3%**
- Water Reclamation plant upgrades are **10.1 %** of the CIP
- The remainder of the budget for 2020 supports City operations and programs - **17.6%**



2020-2024 Capital Plan Summary by Source

- Most of the City's plan is funded with local dollars – **93.2%**
- Non local sources include:
 - reimbursements for road projects from State and federal sources
 - lease proceeds
 - grant dollars



2020-2024 Capital Plan Funding Summary

Capital Plan Funding Summary					
2020-2024	2020	2021	2022	2023	2024
Capital Fund					
Infrastructure (400)	\$20,368,000	\$14,620,000	\$13,491,000	\$11,466,000	\$ 13,516,000
Service & Safety (421)	1,591,859	1,557,228	2,538,098	1,943,748	1,587,858
Buildings & Grounds (435)	2,326,845	2,254,000	3,406,650	532,500	285,000
Equipment (491)	840,265	1,185,410	1,250,500	1,460,000	2,304,750
Water Reclamation (512)	2,856,920	345,000	1,640,000	1,500,000	5,025,000
EMS Billing (217)	-	800,000	310,000	900,000	312,000
Cable TV Revenue (209)	120,000	-	-	-	-
Grantwood Golf Course (550)	75,000	160,000	90,000	155,000	275,000
Total CIP Funding	\$28,178,889	\$20,921,638	\$22,726,248	\$17,957,248	\$ 23,305,608

- The capital plan for 2020-2024 is funded with a variety of sources including income tax, property tax, fee revenue, highway funding, and general fund dollars
- The 2020 capital plan utilizes **\$3.3 million** in direct General Fund support for general capital needs – *includes cash reserves in capital fund balances*

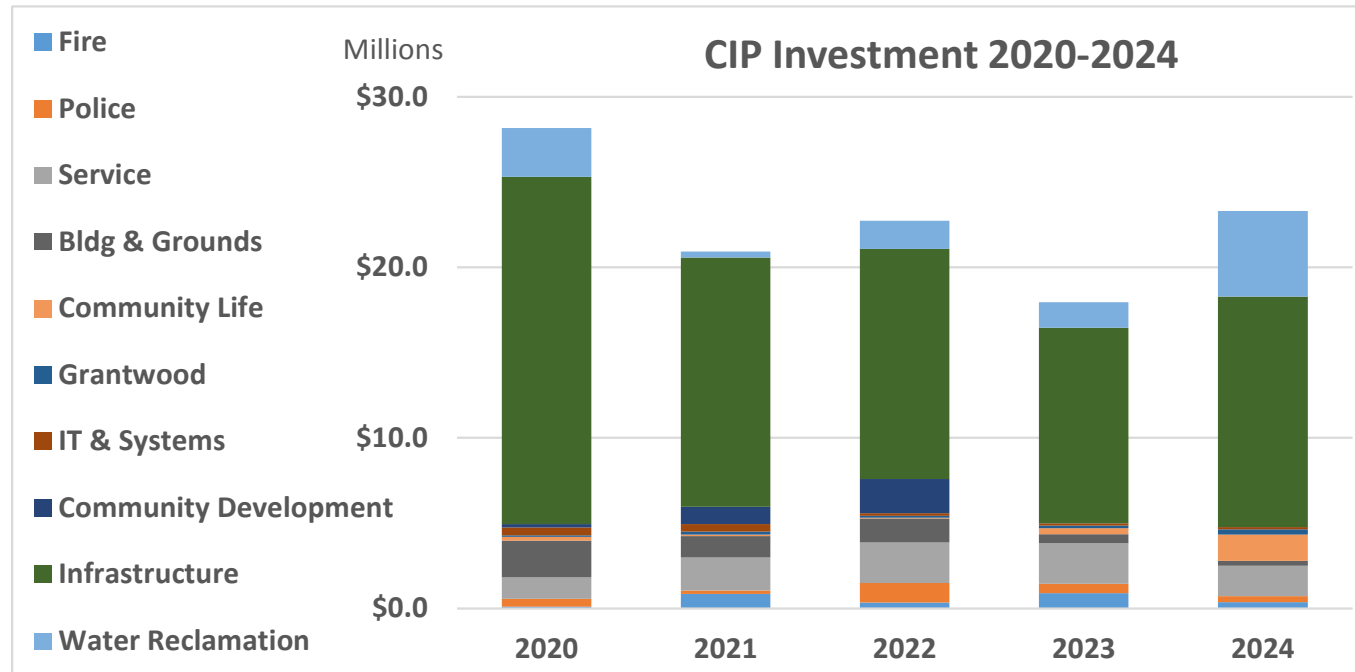
2020 Capital Plan Sources

- Sources totaling **\$28.2 million** in 2020 have been identified and applied towards capital needs across City functions
- The City allocates 25% of annual income tax collections into a capital fund (No. 400) dedicated for road and sewer infrastructure improvements - *\$12.3 million in 2020*
- The 3.5% of plan sources from Federal/State funding represent the contribution of Federal Highway, Ohio EPA and State grant funding
- User fees (\$2.9 million) from sewer charges will fund plant improvements

2020 Capital Plan Sources

- General capital requests require **17.6%** of the total resources identified for capital funding in 2020
- General capital requests are funded with a mix of sources that include:
 - Property tax revenue of \$460,000 estimated to be collected in Fund 421
 - JEDD income tax revenue of \$90,000 into Fund 491
 - Approximately \$189,000 in grants for energy upgrades
 - Lease proceeds of \$745,000 used for acquisition of new refuse packer and vacuum truck in 2020
 - Additional **\$1,950,000** transferred from the General Fund to the three general capital funds – *dependent on our main source of revenue*

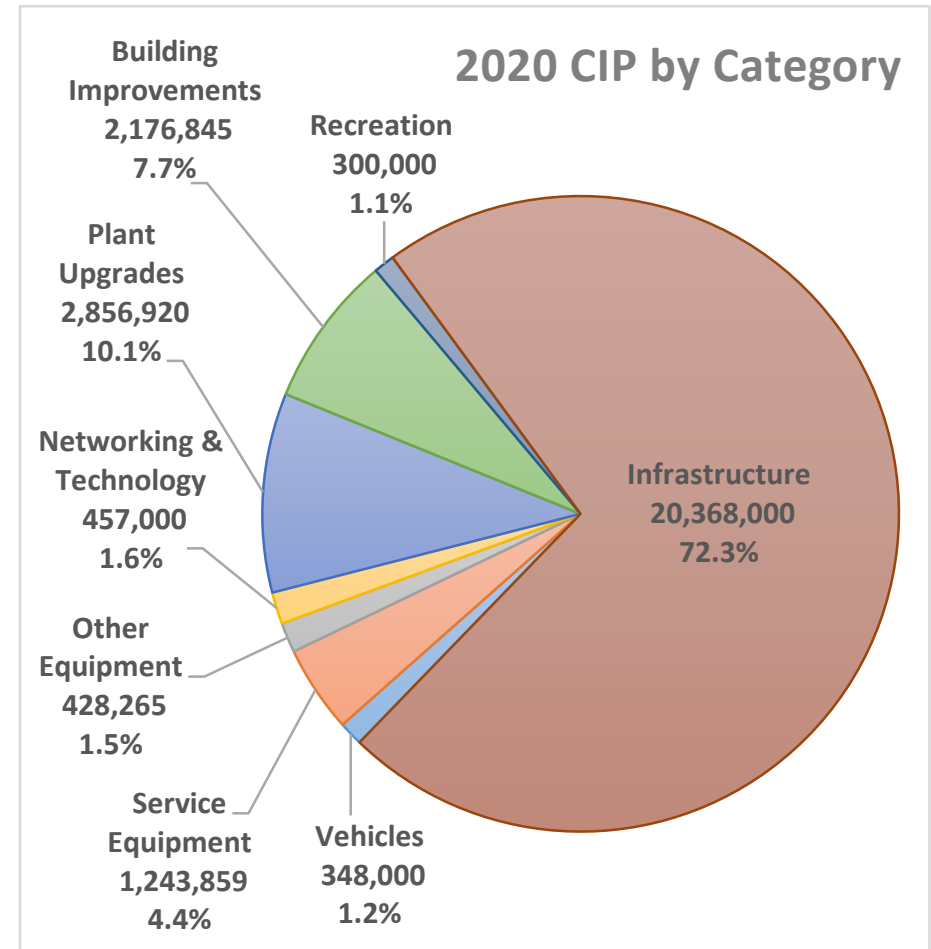
2020-2024 Capital Plan Budget



- The proposed 2020 projects are being presented for approval with the 2020 operating budget – *2020 is 24.9% of the entire five-year CIP*
- The requests for 2021 through 2024 are presented to assess the upcoming needs that will require funding in subsequent budgets

2020 Capital Budget Uses by Project Category

- The majority of the 2020 capital plan uses **(72.3%)** are for infrastructure
- **9.8%** of the capital budget uses are for general equipment and vehicles and **7.7%** are for building improvements
- Expenditures for vehicles include the acquisition of assets or annual lease payments to support financing *of new and existing equipment*



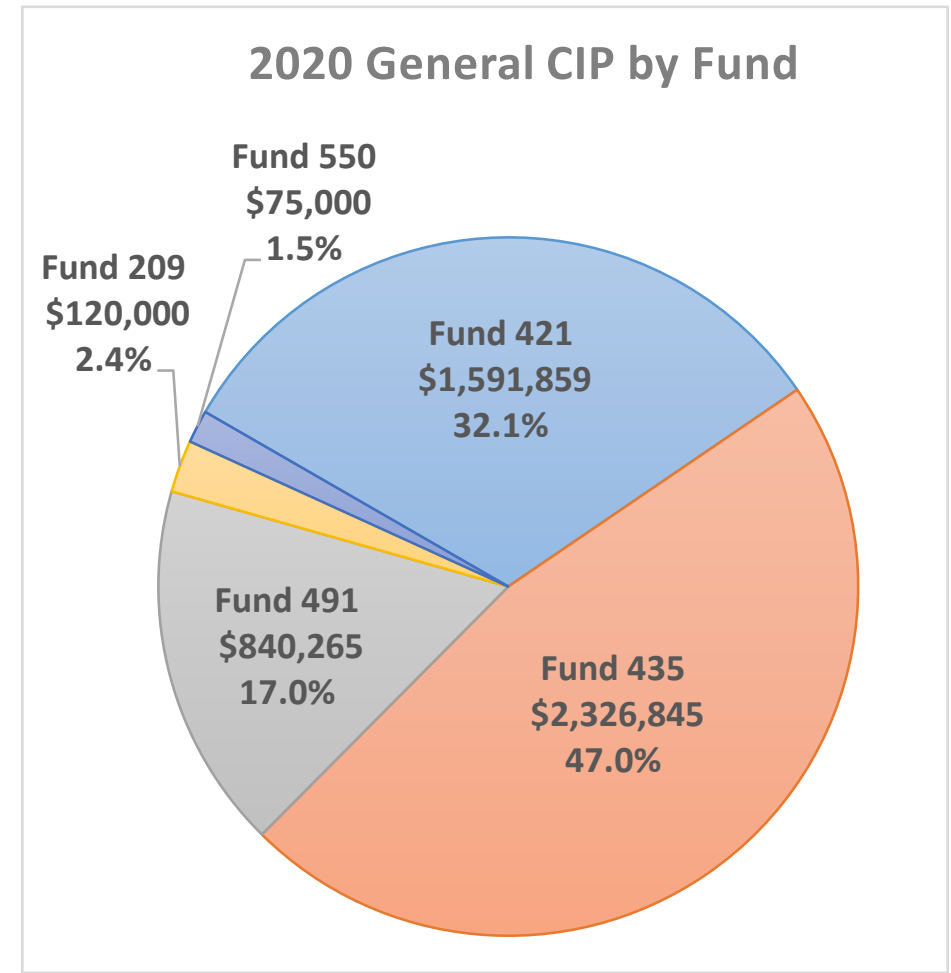
2020-2024 Capital Plan Summary – General Capital

Capital Project Segment	2019	Capital Plan Year Requests				
	Approved	2020	2021	2022	2023	2024
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<i>Community Development</i>	\$ -	\$ 215,000	\$ 1,000,000	\$ 2,000,000	\$ -	\$ -
Total General Capital CIP	\$ 4,413,691	\$ 4,953,969	\$ 5,956,638	\$ 7,595,248	\$ 4,991,248	\$ 4,764,608

- Total **2020** General Capital Plan requests of **\$4.95 million**
- Requested investments of **\$16.3 million** in equipment over five years
- Requested investments of **\$8.8 million** in City facilities over five years
- Average annual General Capital Plan expenditures of **\$5.6 million**

2020 General Capital Plan Requests by Fund

- General capital funds include approximately 20% of the 2020 requested capital budget
- The 2020 general capital by fund has the majority of the projects (96.1%) budgeted in the capital funds – *400 funds*
- Resources from two operating funds are being utilized for limited requests – *Grantwood and the Cable Franchise Fee*



Capital Plan Project Summary

2020 Capital Plan – Infrastructure

The infrastructure projects include major roadway and related improvements, sanitary sewer rehabilitation and ongoing maintenance of City streets and sidewalks

- Over 95% is funded with collections of local income tax dollars
- Projects totaling \$12.0 million in 2020 including the latest estimates for Solon Rd. reconstruction and Cochran Rd. resurfacing
- Maintenance of roads, sanitary sewers and other appurtenances requested (\$5.9 million) in 2020

2020 Capital Plan – Water Reclamation

The capital plan for Water Reclamation is comprised mainly of improvements to the areas around the plant and upkeep of critical plant systems

- Other Plant maintenance of \$2.5 million in 2020
- Project requests are for various plant equipment and equipment replacements of \$357,000 in 2020
- Capital improvements and equipment are budgeted in Fund 512 and will be funded with available resources from the operating fund as needed

2020 Capital Plan – Fire Equipment

- Most of the requested dollars are for general capital and include items formerly combined in the operating budget
- Replace Administrative Vehicles VF047 & VF040
- Replace firefighting safety gear
- 5 Carbon fiber SCBA Bottles
- Major expenditures to replace apparatus are planned in the next five years

2020 Capital Plan – Police Equipment

Approximately 40% of the capital requests for Police are to replace equipment - \$183,365

- Replace police cruisers (6)
- Phased MDT Replacement (3 per year)
- Replace Jail Breath Testing Equipment
- Replace Jail Video Arraignment Systems
- Replace police undercover/utility vehicle
- Replace Tasers (15)
- Replace K9 - Stryker

2020 Capital Plan – Service Equipment

2020 requests for the service equipment continues to address the replacement of major equipment including refuse packers dump trucks, and heavy equipment – *59% of 2020 requests*

The CIP for Service addresses some operational impacts:

- Reduction of dump trucks
- Expedite replacement of packers and use lease financing
- Cost avoidance will be realized by rotating through refuse trucks on a six or seven year cycle
- Continued reduction of the general vehicle fleet by reuse of vehicles

2020 Capital Plan – Service Equipment

2020 requests include two major pieces of equipment:

- Replace 2009 Refuse Collection/ Recycling Truck
- Replace Gap Vax (No. 155)
- *Lease financing proceeds of \$745,000 are proposed source of funding*
- *Lease payments for existing financing of \$259,228*
- *Final payment of \$199,600 for the Gap Vax being replaced*

2020 Capital Plan – Buildings & Grounds

- 2020 capital plan combines all of the project requests for building improvements into one segment
- Unified plan as a means of improving the prioritization and allocation of funding to building improvements each year
- Senior Center / Community Center parking lot reconstruction - *estimated at \$1,064,845 moved to the 2020 plan*
- Some of the major building requests include projects at the Service Department and investments to the Bicentennial Park building and grounds

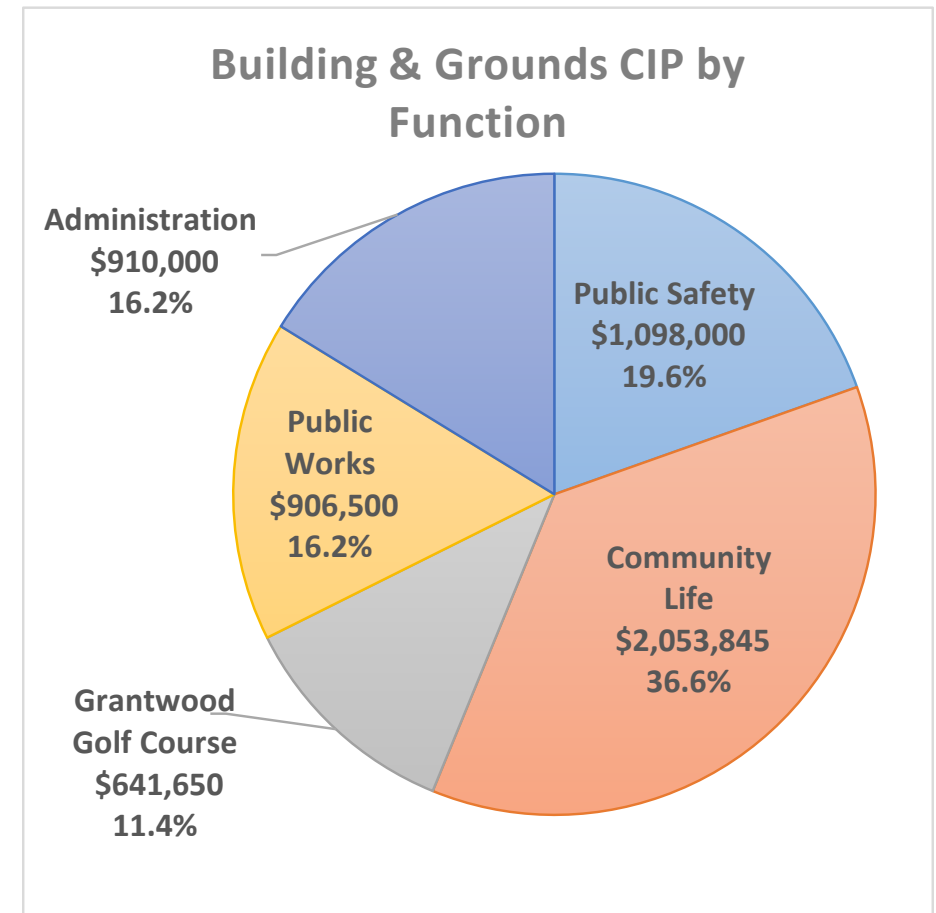
2020 Capital Plan – Buildings & Grounds

Other project requests for 2020 include:

- Police Dept. Chiller Replacement
- Fire Station #3 Flooring Upgrade
- Fire Station #1 Pavement Replacement (2 yr)
- Service Front Office Roof Replacement & Heating & Ventilation Project
- Gymnasium Floor Resurface and Gymnasium Lighting
- City-wide LED Lighting Upgrades
- Community Park Log Cabin Upgrades
- Bull Home Renovation
- Historical Society Roof Replacement

2020 Capital Plan – Buildings & Grounds

- Continued investment is made throughout the five-year plan to all City locations
- Improvements to support public safety and public works operations are **35.8%** over five years
- Over **36.6%** of the five year CIP is directed to locations that are highly visible and accessible to residents



2020 Capital Plan – Community Life

Requests for Recreation, Senior Center and Arts Center are consolidated in the Community Life segment of the general capital plan

- Nature Playground
- Selectorized Weight Equipment Replacement
- Pickle Ball Court Additions
- Theater Equipment Upgrade Phase #2 (Lights)

2020 Capital Plan – Information Technology

The information technology requests are consolidated and are managed by the Information Technology Department on behalf of City departments

- 5 year PC Refresh Cycle and Virtual Desktop Deployment
- Council Chambers Video Room Upgrade
- New City Phone System
- Core switch replacement at Police
- Virus Protection / Spam and email archiving
- Windows Server OS Upgrades
- Senior Center Technology Programming Upgrade

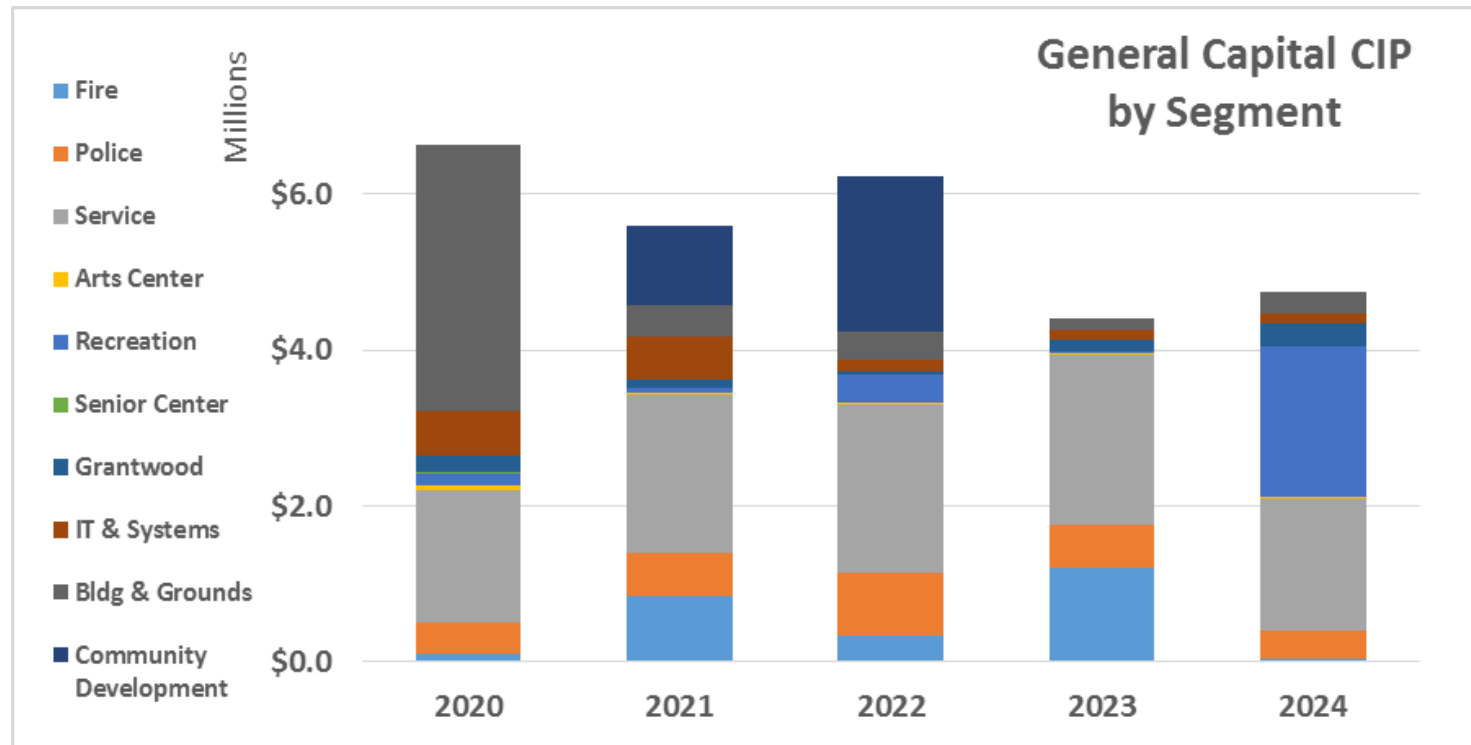
2020 Capital Plan – Community Development

Projects envisioned for shared community spaces and to enhance the economic development prospects of the City – *this is a new segment to the CIP*

- Gateway to Solon road sign – *as approved by Safety & Public Properties*
- Bicentennial Park upgrades and small venue – *State capital grant funding*
- Future projects include the Library Innovation Center and the amphitheater venue at Community Park – *larger projects that are in preliminary planning*

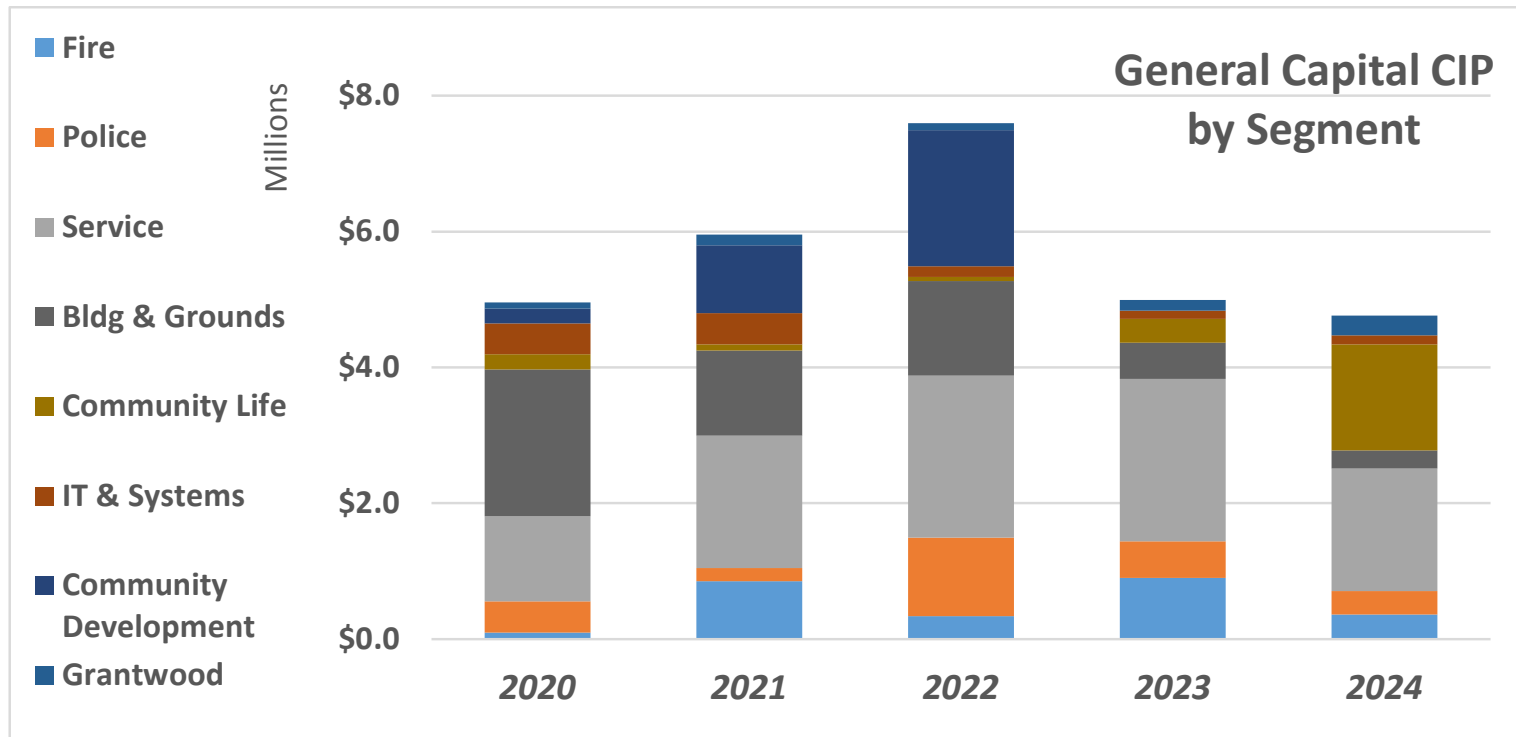
Capital Plan Funding Considerations

Capital Plan Five Year Trend – Preliminary Plan



- On average annual general capital expenditures totaled approximately **\$28.3 million** for the preliminary requests

Capital Plan Five Year Trend – Final Proposed



- On average annual capital expenditures total approximately **\$23.9 million** over the **approved** plan horizon

Capital Plan Considerations

Funding Considerations & Recommendations

- Approving final proposed 2020 General Capital requests are in balance with available resources – *structural balance in General*
- Maintain a combined reserve in the three general capital funds - *\$1 million*
- Use of lease financing for Service equipment
- Develop financing option for Grantwood improvements that's revenue supported
- Debt financing of major community development projects
- Some for cash/financing mix for future CIPs
- Update to income tax estimates will have an impact on future capacity
- *Some important requests have been deferred to future years*

Capital Plan Considerations

Deferred Projects

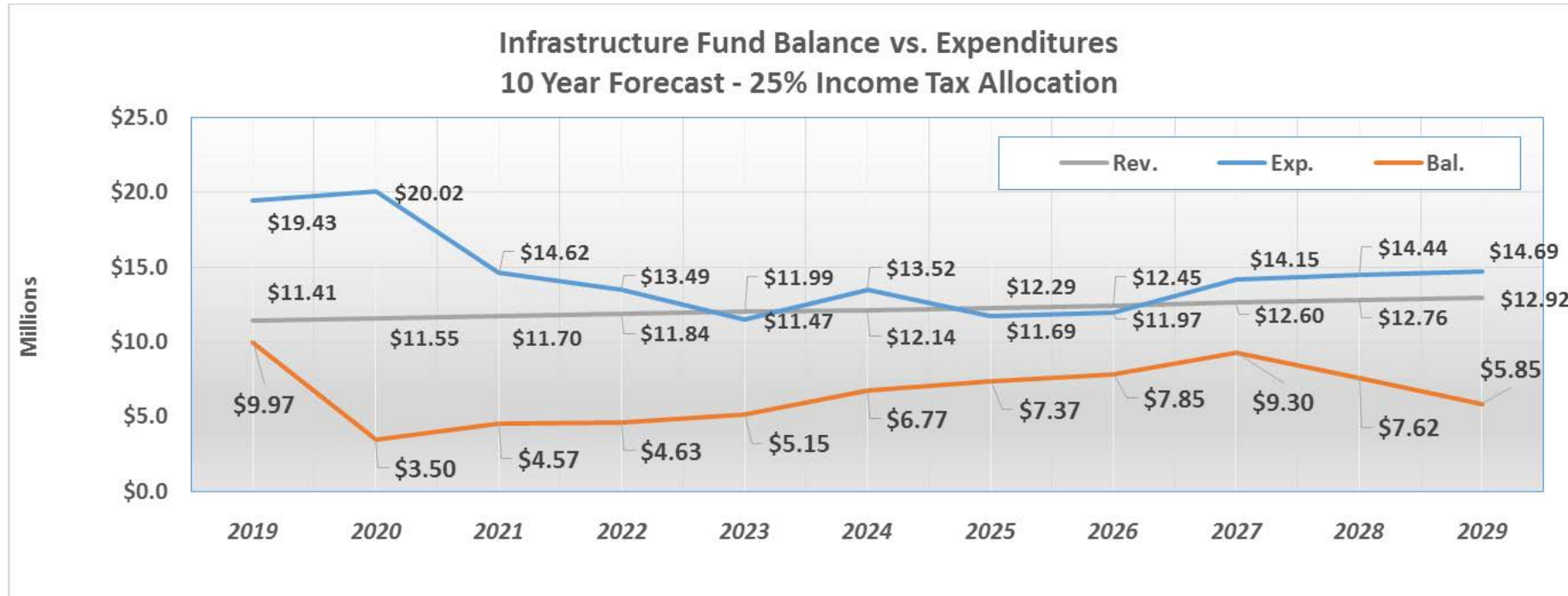
- Limitations on General Fund resources have required the City to defer or phase out some major improvement to building and grounds
- A significant improvement in the projected revenue outlook could provide an opportunity to move one or more of these up to 2020 – *2nd quarter of 2020*
 - *Fire Station #1 Interior Rehabilitation - \$425,000*
 - *City Hall HVAC Controls Upgrade - \$130,000*
 - *Community Parking Lot Rehabilitation - \$450,000*
 - *Community Park Path Resurface - \$75,000*

Capital Plan Considerations

Current Loans and Leases

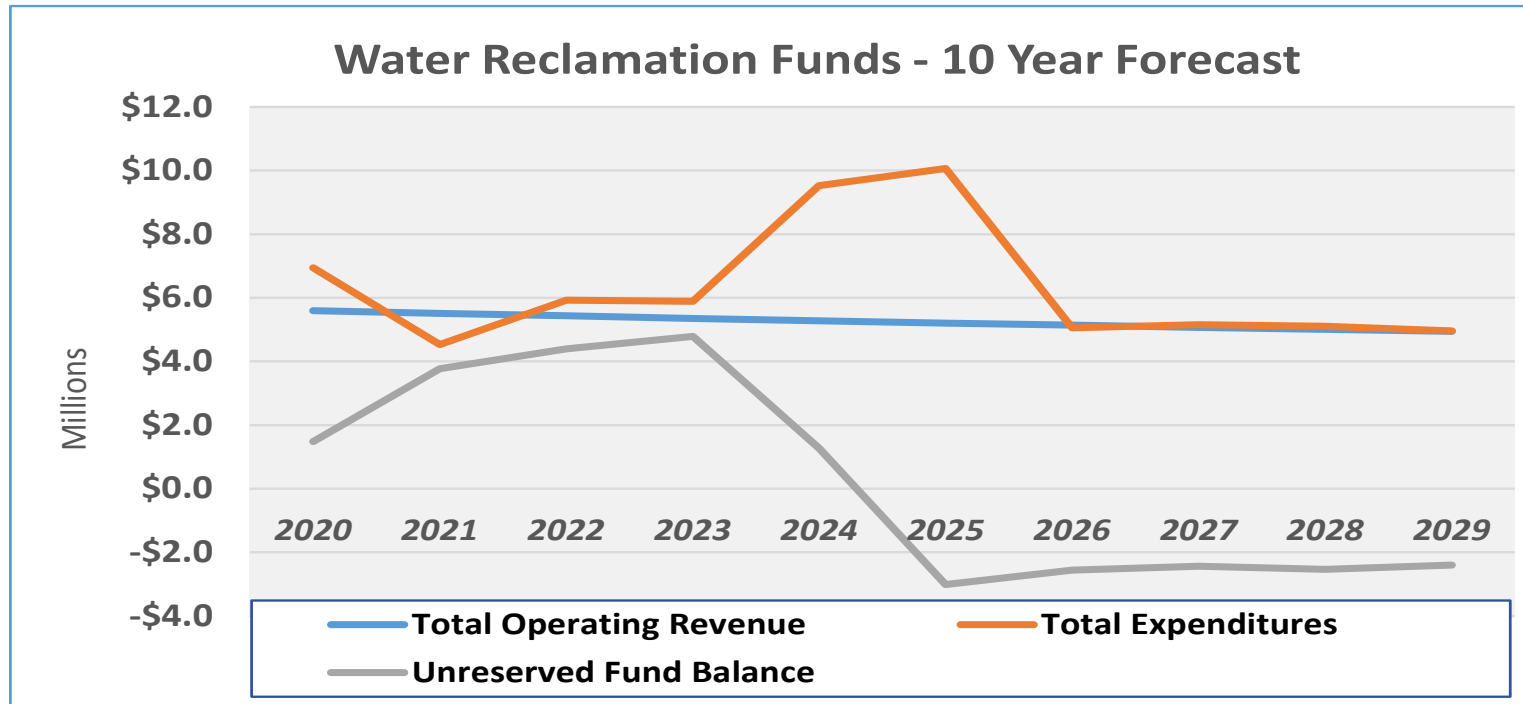
- The current requirement for annual borrowing costs for general capital will average about \$395,000 over the next five years – *payments are in the CIP*
- Interest cost will be approximately \$17k per year by 2023 – *potential savings in maintenance costs should offset the cost of financing the new equipment*
- Four loans outstanding for previous sanitary sewer projects – *annual debt service funded from Funds 300 and 511 averaging \$1.3 million*

Capital Plan Considerations – Infrastructure Fund Forecast



- The ten-year forecast for the Infrastructure Fund demonstrates a stable fund balance with additional capacity to program future projects

Capital Plan Considerations – Water Rec Fund Forecast



- Reserve is used to fund capital expenditures – the reserve begins to decline in 2023 and will be depleted if the force main project (\$10 million) is not financed or split with Infrastructure Fund

2020 Capital Appropriation Ordinance

- Appropriation of capital expenditures are submitted for approval as a separate piece of legislation
- The ordinance appropriates capital expenditures by capital fund (400, 421, 435, and 491) and project category – *total 2020 budget request of \$24.8 million*
- Appropriating the total cost of projects except lease financing and special revenue funds (*Cable Franchise Fee, Grantwood, Water Reclamation*)
- Unspent budget carries over into following year if project is not completed – monitored by Finance and reported to Council
- Permanent appropriations will be effective January 1, 2020 if approved by Council

Up Next – First Reading of Appropriation Ordinances

- First reading of operating and capital ordinances at the November 18th Council meeting
- Second reading of both ordinances on December 2nd
- Third reading adoption of the operating and capital appropriations measures on December 16th
- **Questions?**