

# City of Mebane

## Capital Improvement Plan

2022 - 2027



## SECTION 1: OVERVIEW OF THE CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan (CIP) is the planning mechanism by which the City Council allocates limited financial resources to implement long-term goals as defined in the Comprehensive Land Development Plan, Comprehensive Transportation Plan, Bicycle and Pedestrian Transportation Plan, Mebane Downtown Vision Plan, Recreation and Parks Master Plan, Long Range Utility Master Plan, and other similar planning documents. The purpose of the CIP is to forecast and match projected revenues and significant capital needs over five years. Capital planning is an important management tool that strengthens the linkage between community infrastructure needs and the City's financial capacity.

The CIP is a multi-year plan for significant capital expenditures such as the acquisition of land, construction, or considerable renovation of public facilities (i.e., buildings and parks), construction of new transportation infrastructure (i.e., roads, sidewalks, multi-use paths), expansion or significant renovation of water, wastewater, or stormwater infrastructure, capital equipment to support operations or any combination of the above. Projects eligible for inclusion in the CIP have assets greater than \$5,000 and a useful life of over three years.

When identifying new projects, the staff looks to the long-term priorities and direction set by the City Council and submits formal requests through the CIP process. A formal request includes a description of the project, the estimated cost, and an estimate of the recurring expenses associated with a completed project (i.e., additional staff, additional utilities, etc.). The formal request also includes alternative solutions, if any, and a statement on the effect on services and programs if the project does not receive funding.

Once adopted by the City Council, the CIP becomes a statement of City policy regarding the need, priority, timing, and funding of future capital projects. The Capital Improvement Plan is simply that – a plan. Projects and funding mechanisms are subject to change based on new or shifting service needs, unique financing opportunities, emergency needs, or other directives or priorities established by the City Council. Future needs and financial constraints may result in changes in priority over the next five years. Because priorities can change, projects included in outward planning years are not guaranteed funding. The CIP represents the City Administration and City Council's best judgment when adopting the Plan. Priorities established in the CIP subsequently guide decisions made by the City Administration and the various boards and commissions appointed by the City Council.

The capital planning process will begin earlier in future years to make the Plan more feasible in general, especially due to the current environment of high inflation and interest rates. An earlier start will allow staff to incorporate feedback from the City Council on future projects.

## RELATIONSHIP TO THE ANNUAL OPERATING BUDGET

Annual operating funds, such as the General and Utility Funds, are the funding source for some CIP projects. In these cases, these CIP projects become authorized by adopting the Annual Budget Ordinance. Projects funded through debt financing also impact the operating budget through ongoing debt service expenses. Finally, some completed CIP projects will directly affect the operating budget as they will require ongoing expenditures for staff and other operating costs.

## CAPITAL IMPROVEMENT FUNDING

The funding sources used to execute the Plan are as important as the capital projects in the Plan. The City of Mebane funds Capital Improvements using various sources broadly categorized as cash, grants, or debt financing.

Cash, or pay-as-you-go (PAYGO), funds come from tax revenue, development-related fees, program fees, State revenue, and interest earnings. Some sources, such as State revenue from the Powell Bill and certain others, may only be spent to meet particular needs. Other revenue sources are unrestricted. Funding sources for the CIP are as follows:

General Fund: General Fund revenue, such as ad valorem taxes, sales taxes, utility taxes, and other similar revenues, are used to fund City operations and may be used to fund capital projects such as facility improvements, transportation system improvements, and other similar projects. General fund resources are flexible, unrestricted revenue sources compared to other sources.

Utility Fund: The utility fund collects user fees for their operations and then invests a portion of that revenue into capital projects. The City uses these funds only for corresponding enterprise projects.

Water/Sewer Capital Reserve Fees: These fees are charged, based upon a City Council-approved System Development Fee Schedule, to developers of land within the City of Mebane to pay for the capital facility burden created by new development. Revenue from these fees is restricted for capital improvements to the water/sewer system or to fund debt service payments for improvements to these systems.

Debt Financing: The City uses several debt mechanisms for debt financing, including revenue bonds and traditional lease-purchase or installment financing. The tool selected varies depending on the funding level needed, the terms offered, and current debt market conditions. The City does not currently have general obligation bonds; however, they require approval by voters and are backed by the City's taxing authority to repay the bonds. Revenue bonds pledge the revenue generated by specific enterprise (water and sewer) charges.

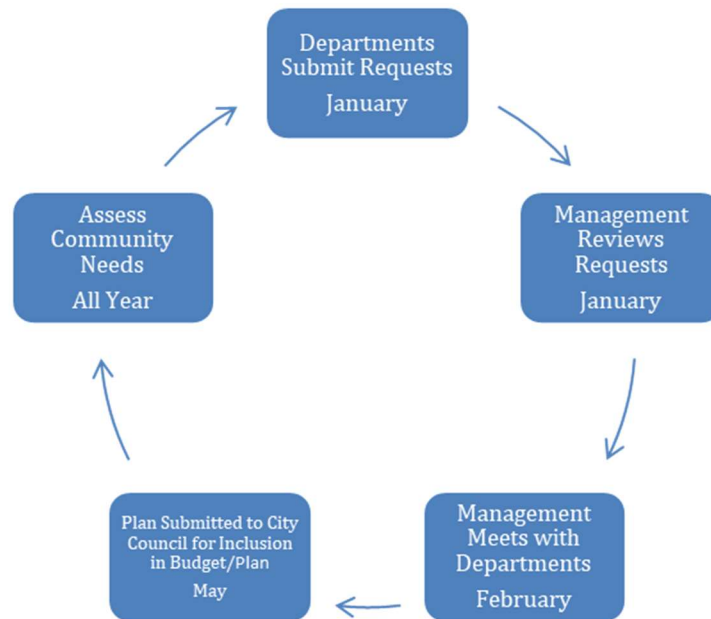


Grants: The City actively seeks local, State, and federal grant opportunities. Grants restrict expenditures to the purpose of the grant and, at times, will require a matching contribution from the City.

Reserve from Prior Years: As projects conclude, unspent budgeted amounts accumulate into reserves available for future projects. Reserves can also build up when the City collects revenue over the amount budgeted.

## The CIP PROCESS

As illustrated below, the process for developing the CIP begins shortly after the beginning of a new fiscal year (July 1) as staff considers unmet capital needs in the recently adopted budget and other emerging needs. For each project, staff in the requesting department complete a CIP project request form and compile supporting documentation. All CIP project requests are due by the beginning of January of each year.



## CIP PRACTICES

Long-Range Cost Estimates: Using the upcoming fiscal year as the base, staff consult the City Engineer to estimate future construction costs better.

Closing Projects: Projects are closed when the approved scope of work is complete. Staff reviews project statuses periodically to identify finished projects that can be closed. If the budget for a completed project has remaining funds, generally, the budget is closed, and the remaining balance accumulates in the fund balance. The accumulated fund balance is available to pay for future projects.

Horizon Issues: The proposed CIP funds projects based on priority. Staff reviews and analyzes the project details supporting these projects and considers them ready to move forward. However, in many situations, the City has identified a future need but has not yet completed a detailed analysis of weighed options or designed a specific facility. These projects include facilities, capital infrastructure, and business systems needed in the future, often beyond the CIP's five-year timeframe.

## PLANNING BY FUND

The following sections present the projects submitted for the five-year planning timeframe under consideration, as well as the proposed funding source.

### GENERAL FUND

Most projects included in the CIP are in the General Fund. This fund generates most revenue through ad valorem taxes, sales taxes, utility taxes, and other similar revenues. Compared to different sources, General Fund resources are largely flexible revenue sources.

Project Title	FY 24-25 Recommended					Total	Proposed Funding Source
	Budget	FY 25-26	FY 26-27	FY 27-28	FY 28-29		
Dark Fiber Setup	60,000					\$ 60,000	Cash
Fire Wall Upgrade	42,000					\$ 42,000	Cash
Fat Pipe Implementation	14,000					\$ 14,000	Cash
City Hall Copier Replacement	8,387					\$ 8,387	Cash
<b>IT Total</b>	<b>\$ 124,387</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 124,387</b>	
Lake Michael Spillway Renovation	6,273,468					\$ 6,273,468	Installment Financing
MACC Roof Renovation	423,000					\$ 423,000	Cash
Old Rec Gym Floor Restoration	175,000					\$ 175,000	Cash
Lake Michael Trail Expansion		100,000	400,000			\$ 500,000	Cash
Replacement of Work Truck #50		45,000				\$ 45,000	Installment Financing
Lebanon Rd. Trail Connector Paving	35,000					\$ 35,000	Cash
Replacement platform and stairs at MACC		16,000				\$ 16,000	Cash
Community Park Nets and Fence Replacement	18,000					\$ 18,000	Cash
Zero Turn Mower Replacement	15,000					\$ 15,000	Cash
Flag Pole Additions for Community Park and	12,000					\$ 12,000	Cash
ATV Vehicle for Greenway and Cates Farm	-	20,000				\$ 20,000	Cash
Shade Structure over Playground @ Old Rec	-	20,000				\$ 20,000	Cash
Replacement Pedal Boats for Lake Michael		30,000				\$ 30,000	Cash
Lake Michael's New Office / Boat House		250,000				\$ 250,000	Cash
Cates Farm Park Playground Phase #2		350,000				\$ 350,000	Cash
MACC Baseball/Softball Scoreboard Replacements			45,000			\$ 45,000	Cash
Community Park Shelter #1			45,000			\$ 45,000	Cash
Old Rec AC for the Gym				125,000		\$ 125,000	Cash
Shade for Farmers Market				750,000		\$ 750,000	Installment Financing
<b>Rec &amp; Parks Total</b>	<b>\$ 6,951,468</b>	<b>\$ 831,000</b>	<b>\$ 490,000</b>	<b>\$ 875,000</b>	<b>\$ -</b>	<b>\$ 9,147,468</b>	

Project Title	FY 24-25 Recommended					Total	Proposed Funding Source
	Budget	FY 25-26	FY 26-27	FY 27-28	FY 28-29		
Replace Existing Patrol Vehicles - reduced per	240,084	353,715	367,864	382,579	397,882	\$ 1,742,124	Installment Financing
Special Event Traffic Control Trailer		25,000				\$ 25,000	Cash
New Police Headquarters Design		888,250				\$ 888,250	General Obligation Bond
New Police Headquarters Construction			14,630,000			\$ 14,630,000	General Obligation Bond
Police Department Roof Replacement				287,375		\$ 287,375	Cash
<b>Police Total</b>	<b>\$ 240,084</b>	<b>\$ 1,266,965</b>	<b>\$ 14,997,864</b>	<b>\$ 669,954</b>	<b>\$ 397,882</b>	<b>\$ 17,572,749</b>	
PW-060 Bucket Truck Replacement (2000) Used	120,000					\$ 120,000	Installment Financing
New two bay addition to storage building - Boom mower	25,000	25,000				\$ 25,000	Cash
PWD & PUD new equipment shelters - design		30,000				\$ 30,000	Cash
Sidewalk - S. Eighth St. to Fifth St. Park via Arrowhead Villas - Construction	55,000					\$ 55,000	Cash
Asphalt hot box	62,000					\$ 62,000	Cash
John Deere 930 m Zero Turn Mower	15,000					\$ 15,000	Cash
Signal Light and Control Box Replacement		50,000				\$ 50,000	Cash
PW/PUD Office Renovation Construction			160,000			\$ 160,000	Cash
New two bay addition to storage building - Multi-use path - Third Street to Fifth Street Connector - Construction		300,000	250,000			\$ 250,000	Cash
Snowplow for Backhoe			20,000			\$ 20,000	Cash
Tractor			70,000			\$ 70,000	Cash
Swap Loader w/ dump body, plow, and salt/sand spreader			80,000			\$ 80,000	Cash
Sidewalk - S. Third Ext. from Corporate Park Drive to Augusta Drive			700,000			\$ 700,000	Cash
Sidewalk - S. Third St. from Peppertree Dr. to Corregidor St. south side of S. Third St. - design, cost estimate, (easement maps) and DOT permits				50,000		\$ 50,000	Cash
Sidewalk - S. Third St. at Briarwood Dr. - intersection improvement design, cost estimate, and DOT permits				75,000		\$ 75,000	Cash
Sidewalk - S. Third Ext. from Augusta Drive to Gibson Rd - construction				350,000		\$ 350,000	Cash
New equipment shed approx. 50' X 300'				600,000		\$ 600,000	Installment Financing
Sidewalk - S. Third St. from Peppertree Dr. to Corregidor St. south side of S. Third St. - construction and easements					175,000	\$ 175,000	Cash
Dump Truck - add sand/salt spreader & plow					200,000	\$ 200,000	Installment Financing
Sidewalk - S. Third St. at Briarwood Dr. - Construction, easements, CEI					350,000	\$ 350,000	Cash
Salt shed w/ brining station approx. 50' X 200'					400,000	\$ 400,000	Installment Financing
<b>Public Works Total</b>	<b>\$ 277,000</b>	<b>\$ 405,000</b>	<b>\$ 1,280,000</b>	<b>\$ 1,075,000</b>	<b>\$ 1,125,000</b>	<b>\$ 4,162,000</b>	
Carbon monoxide exhaust system (2 items) - Sidewalk exhaust fan - garage bay	24,000					\$ 24,000	Cash
Library HVAC RTU #3 unit replacement	10,000					\$ 10,000	Cash
Mebane Library Roof Replacement	18,000					\$ 18,000	Cash
<b>Public Facilities Total</b>	<b>\$ 52,000</b>	<b>\$ 270,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 322,000</b>	
New Knuckle boom Truck		259,000				\$ 259,000	Installment Financing
Pull-behind leaf vacuum trailer (Used)	80,000					\$ 80,000	Cash
Sanitation transfer station feasibility study and preliminary site design (RFP)		40,000				\$ 40,000	Cash
Replacement Leaf Vacuum Truck		275,000				\$ 275,000	Installment Financing
Rear Load Garbage Truck (waiting on updated quote)			210,000			\$ 210,000	Installment Financing
Replacement Leaf Vacuum Truck			285,000			\$ 285,000	Installment Financing
Sanitation transfer station construction			500,000			\$ 500,000	Installment Financing
Knuckle boom Truck				270,000		\$ 270,000	Installment Financing
Side-load garbage truck					380,000	\$ 380,000	Installment Financing
<b>Sanitation Total</b>	<b>\$ 80,000</b>	<b>\$ 574,000</b>	<b>\$ 995,000</b>	<b>\$ 270,000</b>	<b>\$ 380,000</b>	<b>\$ 2,299,000</b>	

Project Title	FY 24-25 Recommended					Total	Proposed Funding Source
	Budget	FY 25-26	FY 26-27	FY 27-28	FY 28-29		
Plymovent Exhaust Management System Station	-	150,000				\$ 150,000	Cash
Plymovent Exhaust Management System Station	-	120,000				\$ 120,000	Cash
MSA E600+ Thermal Camera - 2 needed	23,000					\$ 23,000	Cash
MSA RescueAire - 2 needed	15,000					\$ 15,000	Cash
Hurst SC 758 E3	-	11,500				\$ 11,500	Cash
Battalion Chief Vehicle		80,000				\$ 80,000	Installment Financing
Fire Station 4 West Design (CPO)		125,000				\$ 125,000	Cash
Replacement Platform Truck		3,000,000				\$ 3,000,000	Installment Financing
Engine			1,000,000			\$ 1,000,000	Installment Financing
Fire Station 4 West Construction (CPO)			7,500,000			\$ 7,500,000	General Obligation Bonds
Administration Vehicle				80,000		\$ 80,000	Installment Financing
Engine 5-East				1,000,000		\$ 1,000,000	Installment Financing
SCBA Replacement					660,000	\$ 660,000	Installment Financing
Quint or Rescue Truck					1,500,000	\$ 1,500,000	Installment Financing
<b>Fire Total</b>	<b>\$ 38,000</b>	<b>\$ 3,486,500</b>	<b>\$ 8,500,000</b>	<b>\$ 1,080,000</b>	<b>\$ 2,160,000</b>	<b>\$ 15,264,500</b>	
<b>Grand Total</b>	<b>\$ 7,762,939</b>	<b>\$ 6,833,465</b>	<b>\$ 26,262,864</b>	<b>\$ 3,969,954</b>	<b>\$ 4,062,882</b>	<b>\$ 48,892,104</b>	

## Utility Fund

The Utility Fund only funds projects related to the water and sewer system.

Project Title	FY 24-25 Recommended					Project total	Proposed Funding Source
	Budget	FY 25-26	FY 26-27	FY 27-28	FY 28-29		
Water Meters	170,000	180,000	190,000	190,000	200,000	\$ 930,000	Cash
<b>Utilities Administration Total</b>	<b>\$ 170,000</b>	<b>\$ 180,000</b>	<b>\$ 190,000</b>	<b>\$ 190,000</b>	<b>\$ 200,000</b>	<b>\$ 930,000</b>	
Vac Truck	603,750					\$ 603,750	Installment Financing
Pick-up Truck	50,098	50,000	65,000	80,000	65,000	\$ 310,098	Cash
Replacement Backhoe	155,000					\$ 155,000	Installment Financing
Water Rehab	17,000	250,000			200,000	\$ 467,000	Cash
Utility Oversizing	-	150,000	150,000	150,000	150,000	\$ 600,000	Cash
50% share of capital improvements @							
Graham water plant	140,750	57,500	240,000	25,000	1,000,000	\$ 1,463,250	Cash
Inflow & Infiltration	-	500,000	500,000	500,000	500,000	\$ 2,000,000	Cash
Jones Road Outfall		112,500	887,500			\$ 1,000,000	Cash
Bowman -West Ten Road Connector & OAWS Interconnect		692,500	93,750	750,000		\$ 1,536,250	Cash
Replacement Mini-Excavator			120,000			\$ 120,000	Cash
Gravelly Hill Force Main Reroute			798,000			\$ 798,000	Cash
Wal-Mart Pump Station Abandonment				500,000		\$ 500,000	Cash
GE Pump Station and Force Main				1,250,000	2,000,000	\$ 3,250,000	Revenue Bonds
Fieldstone Pump Station Rehab					1,000,000	\$ 1,000,000	Cash
<b>Utilities Maintenance Total</b>	<b>\$ 966,598</b>	<b>\$ 1,812,500</b>	<b>\$ 2,854,250</b>	<b>\$ 3,255,000</b>	<b>\$ 4,915,000</b>	<b>\$ 13,803,348</b>	
WRRF Plant Expansion	57,892,342					\$ 57,892,342	Revenue Bonds
21.43% share of capital improvements @ Graham WRRF	86,135	75,440	465,750	23,575	59,800	\$ 710,700	Cash
Rotary Drum Thickener Rehab	-	100,000				\$ 100,000	Cash
Aeration basin nutrient analyzer		25,000				\$ 25,000	Cash
Polymer skid		35,000				\$ 35,000	Cash
Ford Escape		35,000				\$ 35,000	Cash
Aqua guard influent screen Rehab			100,000			\$ 100,000	Cash
<b>WRRF Total</b>	<b>\$ 57,978,477</b>	<b>\$ 270,440</b>	<b>\$ 565,750</b>	<b>\$ 23,575</b>	<b>\$ 59,800</b>	<b>\$ 1,005,700</b>	
<b>Grand Total</b>	<b>\$ 59,115,075</b>	<b>\$ 2,262,940</b>	<b>\$ 3,610,000</b>	<b>\$ 3,468,575</b>	<b>\$ 5,174,800</b>	<b>\$ 73,631,390</b>	