



2021-2025

Capital Improvement Plan

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City Manager

May 4, 2020

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CAPITAL IMPROVEMENT PLAN

May 4, 2020

Mayor and City Councilmembers
City of Mebane, North Carolina

Dear Mayor and Councilmembers,

The Capital Improvement Plan (CIP) for 2021-2025 is a robust appraisal of the significant needs expressed by the City's department heads for the next five years. As highlighted in the budget message for 2021, the next five years will be pivotal in carrying out the vision of the City Council.

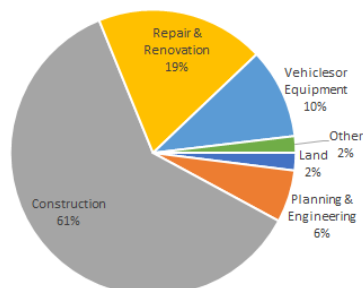
OVERVIEW

The plan identifies needs in the amount of \$81.0 million, with General Fund needs of \$49.8 million and Utility Fund needs of \$31.2 million. Over \$16.9 million of the projects will be funded by general fund revenues and utility fund revenues (21%). Most of the remaining \$62.8 million in projects will be funded by some sort of financing which might include a bond referendum or installment purchase agreements (bank loans). The total amount includes projects in progress as shown in the Pre-2021 column. As mentioned in the budget message, the City will be unable to fund these kinds of projected needs at the current tax rate.

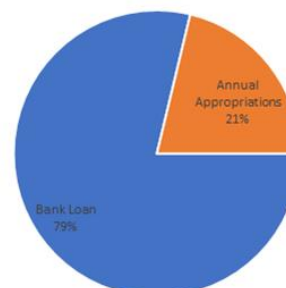
CAPITAL IMPROVEMENT PLAN General & Utility Fund Combined

FUND	PRE-2021	2021	2022	2023	2024	2025	TOTAL
General Fund	\$ 896,360	\$ 2,338,000	\$ 3,844,321	\$ 10,303,204	\$ 7,074,157	\$ 25,373,692	\$ 49,829,734
Utility Fund	2,278,709	9,595,981	3,525,000	3,092,000	9,077,500	3,637,500	31,206,690
TOTALS	\$ 3,175,069	\$ 11,933,981	\$ 7,369,321	\$ 13,395,204	\$ 16,151,657	\$ 29,011,192	\$ 81,036,424

Capital Improvement Plan Requests
\$81,036,424



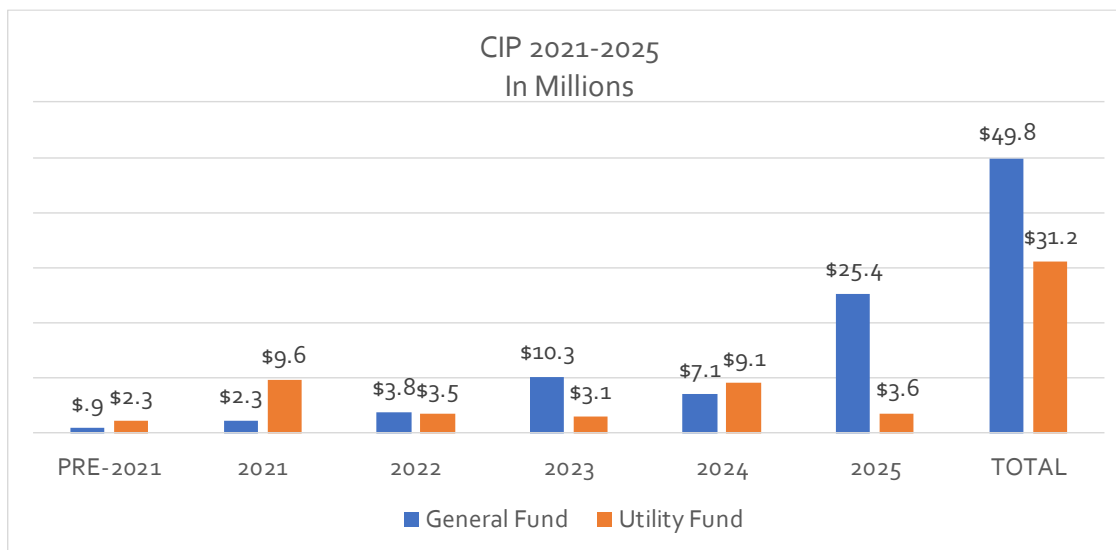
Capital Improvement Plan Funding Sources
\$81,036,424



The CIP for 2021-2025 is full of various projects with significant details to provide the reader with a basis for decision-making. Each department head completed a CIP Project Worksheet for any qualifying capital improvement. A capital improvement is defined as any expenditure for vehicles, equipment, buildings, infrastructure, land acquisition, plan or project in which the cost exceeds \$25,000 and the estimated useful life is greater than 1 year. This will also include repair and renovation projects that have a useful life of more than 1 year including street maintenance and repair, and utility maintenance and repair. Summary schedules of the total CIP for 2021-2025 are provided in Appendix A. Individual project sheets will be provided upon request to the Finance Department.

THE CIP AS A PLANNING TOOL

The 5-Year CIP is a planning tool designed to aid the City Council in building, acquiring and replacing the City’s capital assets. The plan is updated annually to ensure that it is based on the most accurate information available and is reflective of the current and projected economic environment. Adoption of the 5-Year CIP by the City Council does not constitute a commitment to fund an item. Rather, adoption signifies an intention to pursue the projects during the ensuing years. Especially for the requested facilities, the adoption of the CIP allows both the Council and staff to thoughtfully plan for the projects leading up to a planned year of design followed by construction, along with the appropriate financing. Over 72% or \$58.5 million of the CIP has been either deferred or is not planned until the last three years (2023-2025). The remaining needs (\$22.5 million) are coming up quickly, so plans for these projects need to be getting underway as soon as we see that we are coming out of the COVID-19 pandemic.



THE CURRENT YEAR OF THE CIP – 2021

CITY-WIDE SPACE NEEDS ASSESSMENT

As the City prepares for mounting growth, a police station (\$15.4 million) and two new fire stations (\$8.5 million) make their inaugural debut into the plan. The police station was requested for the current year, and the fire stations for 2023 and 2025. In addition, Planning and Inspections have been in dire need of space for the past two years, and are requesting a \$910,000 building

addition for the 2021 year. With the expected domino effect that occurs when constructing new facilities and freeing up old facilities, I am recommending a City-wide Space Needs Assessment this year for \$110,000. The last time the City did such an assessment was twenty years ago in 2000. The feasibility as well as the need for these significant projects can best be determined by this type of study. I recommend the study forecast a 10-year horizon and provide the following at a minimum:

1. Identify and assess current space occupied by City departments and agencies (including the Train Group and the Mebane Historical Museum).
2. Identify and assess each department's or agency's current space, current space needs, and identified space deficits.
3. Project future space needs based on assessing population projections and determining employee needs by department.
4. Prioritize needs based on (1) the identified space deficit; (2) the greatest need; and (3) functionality, responsibilities assigned, and efficiency of operations.
5. Recommend a 10-year plan of action based on these priorities.
6. Estimate the probable costs of the study's recommendations.

I recommend the study begin as soon as feasible considering the challenges with the COVID-19 crisis. In the meantime, for the immediate needs of Planning and Inspections, we plan to share space in City Hall to provided needed filing, storage and office space.

PROPOSED NEW CIP FISCAL POLICY

The City currently has no fiscal policy as relates to the CIP. This year we are recommending the following policies be adopted by the City Council in order to guide and direct a more thorough planning process alongside each year's budget:

- The City will prioritize all capital improvements in accordance with an adopted Capital Improvement Plan (CIP).
- The City will develop a five-year plan for capital improvements and review capital improvements and update annually.
- The City will coordinate development of the capital improvements program with development of the operating budget.
- The City will maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
- The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval.
- The City will attempt to determine the least costly and most flexible method for all new projects.

NEW PROJECT PRIORITIZATION SYSTEM

As you begin to review this document, please remember that needs over the next five years and beyond are identified. After year one, it becomes more difficult to project reliable costs, which is why we update the plan annually. This year, we began ranking projects based on a

prioritization system. The department heads and I worked together to rank each project; however, it is important to note the Board has final authority in the rankings of the projects. Again, no projects were eliminated during the process, only deferred. As the City practices this prioritization in the coming years, the CIP will take on a more important role in the annual budget process.

The priority system includes a matrix as shown below. This system was developed to assist in the setting of priorities for capital expenditures because not all requests can be funded in any given year due to budgetary constraints.

PRIORITIZATION MATRIX		Priority		
		High	Medium	Low
Criteria	1	Level A		
	2		Level B	
	3			Level C
	4			

The matrix contains a measure of priority on the horizontal axis and a determination of criteria category on the vertical axis. Priorities of the capital projects are measured as high, medium or low as follows:

HIGH	MEDIUM	LOW
<ul style="list-style-type: none"> •Project mandated by local, state, or federal regulations, or •Project is a high priority of the City Council, or •Project substantially reduces losses or increases revenues. 	<ul style="list-style-type: none"> •Project maintains existing service levels, or •Project results in better efficiency or service delivery, or •Project reduces operational costs, or •Project improves work force morale. 	<ul style="list-style-type: none"> •Project is not mandated, or •Project improves service levels, or •Project improves quality of life.

CRITERIA CATEGORIES

Each project is determined to fall into one of these criteria categories:

- 1 Health/Safety/Welfare** – projects that protect the health, safety and welfare of the community and the employees serving it.
- 2 Maintenance/Replacement** – projects that provide for the maintenance of existing systems and equipment.
- 3 Expansion of Existing Programs** – projects which enhance the existing systems and programs allowing for expansion of existing services.
- 4 Expansion of New Programs** – projects that allow for expansion into new programs and services.

LEVEL OF FUNDING

The grid is further divided into levels to determine consideration for funding as noted in each of the shaded areas above.

Level A – highest consideration for funding,
Level B – moderate consideration, and
Level C – least consideration for funding resources.

These levels of funding can be considered as part of the decision to fund a project. For instance, let's say Project A is mandated by local, state, or federal regulations (Priority = H), and provides for the maintenance of existing systems and equipment (Criteria = 2), then it receives a moderate consideration for funding (Level of Funding = B). On the other hand, Project B allows for the expansion of services (Criteria = 3), but is not mandated (Priority = L), would receive a low consideration for funding (Level of Fund = C). Of course, this priority ranking is always subject to the Council's willingness to fund based on current economic conditions and barring any funding constraints. In addition, some projects will not neatly fall into these categories. Many factors go into the final decision to fund a project, and this is only one mechanism to assist in guiding that decision.

MANAGER RECOMMENDATION – 2021

For the first year of this plan (2021), the funding requests submitted by department heads total \$29.2 million, including \$19.6 million in needs for the General Fund and \$9.6 million in Utility Fund requests. Included in my 2021 recommended budget is \$9.1 million of these requested needs.

GENERAL FUND

I am recommending \$2.3 million of the General Fund needs and all the Utility Fund requests be pursued during 2021. With my current year recommendations, I am not eliminating any projects,

but only deferring them into the next four years of the plan. The following General Fund table shows each department's request for funding in 2021, my recommendation, as well as the status or reason for my recommendation. It is evident that we are deferring many needs due to fiscal constraints that center not only around the current global pandemic, but also around our current tax rate.

GENERAL FUND
2021 RECOMMENDED CIP BUDGET

PROJECT TITLE	PRIORITY	TYPE	DEPARTMENT REQUEST	MANAGER RECOMMENDED	STATUS/REASON
POLICE					
Police Facility	H	1,2	\$ 15,400,000	\$ -	Deferred to 2025 pending City-wide Space Study
POLICE TOTAL			15,400,000	-	
FIRE					
Classroom at Training Tower	H	3	\$ 275,000	\$ -	Deferred to 2023 due to fiscal constraints
New Station 4	H	3	500,000	-	Deferred to 2024 pending City-wide Space Study
FIRE TOTAL			775,000	-	
PLANNING					
New/Expanded Building	M	3	\$ 80,000	\$ -	Deferred to 2023 pending City-wide Space Study
Jackson & S. 2nd SW Improve.	H	1	205,000	205,000	BPAC high priority, minimal design, city forces constructing
Crawford St. Sidewalk	H	1	20,000	-	Deferred to 2022 due to fiscal constraints
Third-Fifth St. Connector	H	1	20,000	-	Deferred to 2022 due to fiscal constraints
PLANNING TOTAL			325,000	205,000	
PUBLIC WORKS					
Street - Utility Truck	H	4	\$ 120,000	\$ -	Deferred to 2022 due to fiscal constraints
Street Resurfacing	H	1	600,000	600,000	Need to maintain ongoing 10-year resurfacing program
Foust Road Widening	H	1	265,000	265,000	Safety issues; very poor condition
PUBLIC WORKS TOTAL			985,000	865,000	
SANITATION					
Swaploader/ Leaf Truck	H	4	\$ 270,000	\$ 270,000	3 leaf trucks down at one point this year; flexible as dump truck
Brush Truck	H	3	160,000	160,000	Improve service to citizens during the Fall
SANITATION TOTAL			430,000	430,000	
RECREATION & PARKS					
Lake Michael Dam Repairs	H	1	\$ 350,000	\$ 350,000	Has been deferred too long & potential safety issue
L. Michael Deck Renov.	H	1	140,000	-	Deferred to 2022 due to fiscal constraints
Lighting - Walker & Youth	H	1	459,000	-	Deferred to 2022 due to fiscal constraints
Comm. Park Lighting	H	1	166,000	-	Deferred to 2022 due to fiscal constraints
Cates Farm Park	H	4	375,000	375,000	Trails begun; Impact Alamance Grant received; began 2 years ago
Repurpose Tennis Courts	M	2	73,640	-	Deferred to 2022 due to fiscal constraints
Re-Pave Old Rec/MACC Lots	M	2	50,000	-	Deferred to 2023 due to fiscal constraints
Grass Maint. Tractor	M	2	38,000	38,000	Needed for addition of Cates Farm & Community Parks
Outdoor Basketball Court	L	1	5,000	-	Deferred to 2023 due to fiscal constraints
Comm Park Amphitheater	M	3	5,000	-	Deferred to 2023 due to fiscal constraints
MACC Renovations & Pool	M	4	25,000	-	Deferred to 2023 pending City-wide Space Study
RECREATION & PARKS TOTAL			1,686,640	763,000	
GENERAL FUND TOTAL			\$ 19,601,640	\$ 2,263,000	
FUNDING SOURCES			FUNDING SOURCE	FUNDING SOURCE	
Annual Appropriations			\$ 1,944,140	\$ 1,405,500	
Grants			50,000	50,000	
Other			2,500	2,500	
Bank Loan			17,605,000	805,000	
TOTAL FUNDING SOURCES			\$ 19,601,640	\$ 2,263,000	

UTILITY FUND

Of the \$9.6 million in department requests for the Utility Fund, I am recommending \$6.9 million.

UTILITY FUND

2021 RECOMMENDED CIP BUDGET

PROJECT TITLE	PRIORITY	TYPE	DEPARTMENT		MANAGER	STATUS/REASON
			REQUEST	RECOMMENDED		
WRRF						
Valve Actuators - 2 Filter Cells	H	1	\$ 70,000	\$ 70,000		Safety and efficiency upgrade
WRRF Upgrade - Phases 1 & 3	H	3	5,610,000	5,610,000		Design complete by Dec 2020; bid Spring 2021
Capital Maintenance - WRRF	M	2	100,000	100,000		Contingency requirement, some needed repairs
WRRF TOTAL			5,780,000	5,780,000		
UTILITIES						
Water R & M	H	1	\$ 160,000	\$ 100,000		Budget constraints require reduction
Sewer R & M	H	1	160,000	100,000		Budget constraints require reduction
Pump Station R & M	H	1	170,000	100,000		Budget constraints require reduction
Meter Changeout Project	H	2	500,000	500,000		Ongoing project nearing completion by 2021-22
Mebane Oaks Utility Reloc.	H	2	56,250	56,250		Required with new signal at Hillsborough intersection
NC 119 Utility Relocations	H	2	47,331	47,331		Required with construction of NC119 Bypass
Oversize Reimbursements	H	3	250,000	175,000		Budget constraints require reduction
Arbor Creek Outfall	H	3	500,000	-		Deferred to 2022 - possibly design in 2021
Inflow and Infiltration	H	3	1,700,000	-		Budget constraints require reduction
Pickup Truck Replacements	M	2	122,400	-		Budget constraints require reduction
Water Line Replacements	M	3	150,000	-		Budget constraints require reduction
UTILITIES TOTAL			3,815,981	1,078,581		
UTILITY FUND TOTAL			\$ 9,595,981	\$ 6,858,581		

WRRF UPGRADE & EXPANSION

With the WRRF's last upgrade in 1993, most of the equipment is over 25 years old. We continue to modernize equipment in the facility, but the main highlight is the continuation of our expansion of the WRRF. Phase 2 was completed in 2019 and included the extension of the floodwall for \$750,000. After more than two years in engineering and re-engineering studies, we received the final addendum to the official preliminary engineering report. As a result, we plan to begin Phases 1 and 3 this year. Phase 1 will replace aging equipment, improve treatment processes (screening, nutrient removal, & residuals handling) as well as increasing capacity from 2.5 million gallons per day (MGD) to 3.0 MGD. Though delayed again by the General Assembly, the Jordan Lake rules will eventually be passed and require treatment to required nutrient levels. These improvements will address these rules and improve operational efficiency and reduce objectionable odors occasionally emanating from the plant. Phase 3 includes additional enhancements to the 3.0 MGD capacity increase. The Phase 3 requirements will be evaluated based on the outcome of Phase 1 improvements and may be altered based on success. For 2021, we are proposing a bank financing of \$5.6 million to pay for the construction of these phases over the next few years. Depending on the impact of the first phases, future improvements in 2023 and 2024 could total an additional \$6.1 million.

GRAHAM WRRF PARTNERSHIP AGREEMENT

The City of Graham is also considering an upgrade to their WRRF. While it does not impact

the budget this year, our partnership with the City of Graham on their WRRF began in 2017 when we agreed to purchase almost 22% of their WRRF capacity. Not included in the Utility CIP are potential payments to Graham for future capacity at their WRRF. Graham is where Mebane was one year ago in planning an upgrade and flow expansion to their WRRF, likely to occur in the next two years. This may be an opportunity for Mebane as it would cost less to send sewer to Graham from the southwestern side of the City instead of pumping it to our WRRF. Our agreement with Graham allows treatment of up to 750,000 gallons per day (GPD) of sewer. Staff believes it is in Mebane's best interest to approach Graham about increasing the treatment capacity by 500,000 GPD. As part of their planning process, staff has requested cost estimates for a possible increase in our level of participation. Any increase in the treatment capacity will require an amendment to our partnership agreement.

CONCLUSION

The CIP is a solid plan and has been prepared with the goals of the City Council in mind. Mebane is growing and must plan for more residents, industries, and commercial businesses in a quickly arriving future! By careful planning and thoughtful investment, a bigger Mebane can be a more positively charming Mebane as well!

Seek the good of the City!

David S. Cheek

David S. Cheek
City Manager

APPENDIX A

GENERAL FUND SUMMARY

GENERAL FUND CIP SUMMARY

DEPARTMENT CIP PROJECTS	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Police	\$ -	\$ -	\$ 58,800	\$ 1,000,000	\$ 1,500,000	\$ 12,900,000	\$ 15,458,800
Fire	-	-	800,700	1,150,000	3,500,000	7,800,000	13,250,700
Planning	75,000	245,000	655,068	1,545,704	1,067,657	1,093,692	4,682,121
Public Works	550,000	865,000	745,000	980,000	675,000	700,000	4,515,000
Sanitation	-	430,000	205,000	202,500	208,500	880,000	1,926,000
Recreation & Parks	271,360	798,000	1,379,753	5,425,000	123,000	2,000,000	9,997,113
TOTALS	\$ 896,360	\$ 2,338,000	\$ 3,844,321	\$ 10,303,204	\$ 7,074,157	\$ 25,373,692	\$ 49,829,734

CAPITAL COST BREAKDOWN	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Land	\$ -	\$ -	\$ 200,000	\$ 1,000,000	\$ -	\$ 200,000	\$ 1,400,000
Planning & Engineering	75,000	40,000	138,568	653,593	1,566,657	300,000	2,773,818
Construction	271,360	580,000	1,761,253	6,372,111	4,624,000	19,093,692	32,702,416
Repair & Renovation	550,000	1,215,000	945,000	1,450,000	875,000	1,400,000	6,435,000
Vehicles or Equipment	-	503,000	748,800	777,500	8,500	3,480,000	5,517,800
Other	-	-	50,700	50,000	-	900,000	1,000,700
TOTALS	\$ 896,360	\$ 2,338,000	\$ 3,844,321	\$ 10,303,204	\$ 7,074,157	\$ 25,373,692	\$ 49,829,734

FUNDING SOURCES	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Grants	\$ 250,000	\$ -	\$ 50,000	\$ 500,000	\$ -	\$ 500,000	\$ 1,300,000
Bank Loan	-	825,000	2,182,181	7,908,204	6,267,657	22,673,692	39,856,734
Bonds	-	-	-	-	-	-	-
Annual Appropriations	646,360	1,513,000	1,609,640	1,845,000	806,500	2,200,000	8,620,500
Private Development	-	-	-	-	-	-	-
Other	-	-	2,500	50,000	-	-	52,500
TOTALS	\$ 896,360	\$ 2,338,000	\$ 3,844,321	\$ 10,303,204	\$ 7,074,157	\$ 25,373,692	\$ 49,829,734

UTILITY FUND SUMMARY

UTILITY FUND CIP SUMMARY

DEPARTMENT CIP PROJECTS	PRE-2021	2021	2022	2023	2024	2025	TOTAL
WRRF	\$ 742,000	\$ 5,780,000	\$ 850,000	\$ 739,000	\$ 5,560,000	\$ 100,000	\$ 13,771,000
Utilities	1,536,709	3,815,981	2,675,000	2,353,000	3,517,500	3,537,500	17,435,690
TOTALS	\$ 2,278,709	\$ 9,595,981	\$ 3,525,000	\$ 3,092,000	\$ 9,077,500	\$ 3,637,500	\$ 31,206,690

CAPITAL COST BREAKDOWN	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Land	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ 200,000
Planning & Engineering	650,891	154,500	139,500	775,000	187,500	100,000	2,007,391
Construction	149,827	6,324,081	920,500	104,000	7,360,000	1,837,500	16,695,908
Repair & Renovation	190,000	2,240,000	2,030,000	1,870,000	1,460,000	1,250,000	9,040,000
Vehicles or Equipment	1,012,674	627,400	435,000	143,000	70,000	450,000	2,738,074
Other	275,317	250,000	-	-	-	-	525,317
TOTALS	\$ 2,278,709	\$ 9,595,981	\$ 3,525,000	\$ 3,092,000	\$ 9,077,500	\$ 3,637,500	\$ 31,206,690

FUNDING SOURCES	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Loan	-	7,810,000	2,200,000	2,156,000	8,297,500	2,437,500	22,901,000
Bonds	-	-	-	-	-	-	-
Annual Appropriations	2,278,709	1,785,981	1,325,000	936,000	780,000	1,200,000	8,305,690
Private Development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTALS	\$ 2,278,709	\$ 9,595,981	\$ 3,525,000	\$ 3,092,000	\$ 9,077,500	\$ 3,637,500	\$ 31,206,690