



Capital Improvement Plan FY2024-FY2028 Executive Summary

Introduction

This Executive Summary highlights the updates to the City’s Capital Improvement Plan (CIP) FY 2024-2028. The City’s CIP is updated annually per Section 3 of City Council Resolution No. 8788-R14. This resolution also outlines funding policies for various types of capital improvement and maintenance projects and directs implementation through the budget process.

What is the CIP?

The CIP outlines planned projects for the next five fiscal years for larger-scale, annual, outsourced operations/maintenance needs and capital improvements for City infrastructure assets which are organized into eight categories as follows.



The CIP is comprised of five major funds.

Capital Replacement and Improvement Fund (CR&I)

The CR&I Fund is replenished by transfers from the General Fund. The CR&I Fund supports any and all capital projects with insufficient dedicated funding sources or without dedicated funding sources within the fund limits.

Local Motor Fuel Tax Fund

Revenue for the Local MFT Fund comes from the local gas tax ordinance, last updated July 1, 2011. Funds are used for transportation capital projects and maintenance.

State Motor Fuel Tax Fund

The State MFT Fund receives revenue from the State of Illinois’ motor fuel tax. Transportation projects that utilize State funds have extra restrictions and reporting requirements and are typically reserved for larger projects at this time. Periodic transportation grants also support this fund.

Sewer Benefit Tax Fund

The Sewer Benefit Tax Fund derives its revenue from the sewer tax and is reserved for sanitary sewer improvements.

Stormwater Utility Fee Fund

The Stormwater Utility Fee Fund derives its revenue from the stormwater utility fee and is reserved for storm sewers and stormwater-related improvements.

In addition to the dedicated CIP funds, many operational and maintenance activities are supported by the City’s General Fund via departmental operating budgets. Other funds will occasionally support capital improvements, but in an ancillary capacity to their primary purpose; these include: TIF funds, parking fund, and CDBG funds.

CIP Document

The CIP is composed of several sections:

Section 1. Executive Summary

The Executive Summary provides a high-level overview of updates to the 5-year rolling Capital Improvement Plan and its associated funds.

Section 2. Asset Management Summary

The Asset Management Summary provides an overview of our asset management planning efforts to date. Since 2021, the City has been transitioning to a public infrastructure asset management approach to integrate planning, finance, engineering, and operations to effectively manage existing and new assets to recognize value, reduce risk, and provide satisfactory levels of service to community users in a fiscally sustainable and socially equitable manner. This section takes a holistic view of infrastructure assets to keep infrastructure assets functional. The City aims to continually review and improve our strategy to foster iterative improvement. Section 2 includes information on asset valuation, capital expenditures, operation and maintenance costs, revenue streams, funding gap analysis, and a summary fact sheet for each asset class.

Section 3. Transportation

The Transportation Section provides a summary for operations, maintenance programs, and capital projects in the CIP. Transportation assets include: Road pavement, Bridges, Lights, Signals, & Signs, and Sidewalks & Pathways.

Section 4. Facilities

The Facilities Section provides a summary of facility projects in the CIP as well as future projects identified from the Facilities Master Plan.

Section 5. Sewer Systems

The Sewer Systems Section provides a summary of operations, maintenance programs, and capital projects in the CIP. Sewer assets include: Sanitary Sewers/Structures, Storm Sewers/Structures, and Other Stormwater Facilities.

Section 6. Fund Reports

This section shows the anticipated revenues and expenditures for each of the major CIP funds. The Fund Reports for are incorporated into the FY 2024 Budget.

CIP Planning Process

The CIP planning process begins in earnest in January. The CIP is updated and refined using the process below and presented to Council during the budget review process. The CIP is adopted with a resolution and the proposed expenditures for the upcoming fiscal year are incorporated in, and approved by, the Budget Ordinance. The CIP is drafted with the help of an interdisciplinary team.

The general CIP planning process is as follows:

1. *Asset Summary Review:* Staff updates asset valuations and data to inform existing conditions and funding targets for capital replacement and investment as well as operations and maintenance.
2. *Review of Operations/Maintenance Programs:* Expenditures for recurring maintenance line items are reviewed to ensure that there is an appropriate amount of funds to cover prioritized expenditures.
3. *Review Capital Projects List:* Existing projects are analyzed and new potential projects are added based on input from Operations/Engineering staff, a review of Master Plans, and in response to public concerns. For new projects, back of the envelope (BOE) costs are developed.
4. *Prioritize Projects:* Information is gathered for potential projects and then prospective projects are evaluated for priority based off the data.
5. *Partner Outreach:* Engage City departments and other governmental partners to share CIP projects and gather information that may inform the scope, size, or timing of projects.
6. *Financial Projections:* Revenue projections and fund balances are updated each year. Grant opportunities are evaluated and considered and any tentative partnership cost-share revenue streams are included.
7. *Schedule Projects for CIP:* Based off the availability of funds, the amount of expenditures on maintenance, and project prioritization, projects are added into the 5-year CIP.
8. *Review Fund Balances:* After projects are added into the CIP, the fund balances and trends are analyzed to confirm that implementation of the CIP is feasible.

CIP Team

Tim Cowan, Public Works Director
John Zeman, City Engineer
Carmen Franks, Assistant City Engineer
Vince Gustafson, Deputy Director of Operations
Ray Garcia, Special Projects Manager
Andy Murphy, Operations Supervisor
Chris Cougill, Operations Supervisor
Troy Richmond, Public Facilities Supervisor
Richard Reynolds, Electrical Supervisor

Kevin Sanderson, Arbor Supervisor
Scott Tess, Sustainability and Resilience Officer
Carol Mitten, City Administrator
William Kolschowsky, Senior Management Analyst &
Assistant to City Administrator
Elizabeth Hannan, HR & Finance Director
Kris Francisco, Financial Services Manager
Aly Robinson, Financial Analyst
Wallace Arnold, GIS Specialist

Major Highlights

Mayor / City Council Strategic Goals for 2022-2023 Progress

The City Council passed several strategic goals related to the CIP. A status update on efforts related to these goals is included below (bulleted items in *italics* below action steps are staff updates, not part of original adopted goals).

Strategic Area #3: Infrastructure – Strategy 1. Improve quality of current infrastructure assets

- **Action Step A: Develop asset management plans of existing infrastructure (lighting, traffic signals, sanitary system, and bridges)**

- *Stormwater Asset Management Plan (SWAMP) - Tentative Completion in Q3 of 2024*
- *Lighting Asset Management Plan (LAMP) - Tentative Completion in Q3 of 2024*
- *Signalized Traffic Operational Plan (STOP) - Completed in Q2 of 2023.*
- *Fundamental Long-term Operation of Wastewater System (FLOW'S) - Began in Q2 of 2023*
- *Bridge Evaluation & Asset Management Strategy (BEAMS) - Start date is still TBD.*

- **Action Step B "Develop plan for funding, level of service, and to replace/repair/build infrastructure (based on assessment)".**

- *Asset management plans will help inform Action Step B so this is still on hold.*

Strategic Area #3: Infrastructure – Strategy 2. Increase investment in infrastructure equity

- **Action Step A "Solicit community input for use of EQL funding"**

- *Completed*

- **Action Step B "Implement EQL selected projects in FY 23"**

- *All selected projects are currently in design or under construction*

- **Action Step C "Incorporate an equity lens into priorities evaluation"**

- *Engineering staff evaluated multiple equity factors for incorporation in transportation project prioritization; ended up giving extra weight to projects within CDTA locations*

Strategic Area #3: Infrastructure – Strategy 3. Expand green infrastructure within the community

- **Action Step B "Evaluate options to enhance sustainability and climate resiliency on City-owned property and facilities"**

- *Programming for two (2) new fire stations supported evaluating renewable energy sources including solar and geothermal during design. One-year energy consumption at new storage facility being studied to determine budget for solar.*

Facilities Master Plan Implementation – Still a Need to Borrow

The bulk of implementing the Facilities Master Plan will occur during the next two calendar years, with an expected \$12 million of expenditures on City facilities. The largest projects include a City Building lobby redesign, two new fire stations, a new storage building, and a rehabilitation of Public Work facilities. For practical and financial reasons, it makes sense to undertake these projects in tight succession. However, this creates a short-term cash flow issue. In order to undertake these facilities improvements, the City will need to borrow funds. Overall, the City has very little debt and has significant capacity to borrow more.

Staffing Vacancies Limiting CIP Implementation

The past two years there has been substantial turnover in Public Works, especially the Engineering Division which serves as the primary division developing and implementing the CIP. This division hovered around a 50% vacancy rate in FY 22 and with some success in the first half of FY 2023 the City has been able to reduce the vacancy rate to 25% in the Engineering Division. That being said, this still puts a heavy demand on our staff to carry the workload. The result of staffing vacancies is delayed implementation of capital projects over the past two years; the City completed approximately 50% and 65% of the proposed capital spending in FY 22 and FY 23, respectively. The City began a deliberate recruitment effort for the remaining engineering vacancies in May 2023. The FY 24 budget includes a new position, Special Projects Manager, which is designed assist and oversee the project management work related to the Facilities Master Plan and other departmental needs. With an anticipated need for our capital investments to grow based on the asset management summary, there will be a continuous need to employ additional project managers to develop and implement the CIP.

Grants

Despite time constraints due to staffing vacancies, the City has still made deliberate efforts (and been rather successful) to pursue grant opportunities to help close our funding gaps. Approximately \$33M in grants are projected in our 5-year CIP and approximately \$9.4M of those funds have already been awarded/allocated/programmed. The remainder of the pending grants are primarily connected to high priority projects associated with our major arterial roadway corridors along Florida Avenue and Lincoln Avenue.

MWDVBE Participation – Finding some success

The City's current purchasing policy requires Equal Employment Opportunity (EEO) certification by the City's Human Relations Commission for contracts over a certain size (typically \$25,000). However, the Commission review process remain highly subjective as there are no adopted scoring metrics for certification. At this point, there are no defined goals or requirements for MWDVBE Participation. However, members of the City Council have expressed an interest in enhancing our MWDVBE contracting participation. To that point, City staff included a 10% goal MWDVBE participation in the evaluation of engineering consultants to implement our CIP in FY 22 and FY 23 as an initial effort to enhance MWDVBE participation. This initial effort has resulted in 14% MWDVBE participation for these services by total value. While successful, engineering services only represents 10-20% of the total CIP spending, and is an industry that has better opportunity for MWDVBE procurement. While capital projects are make up a significant percentage of City purchases, further enhancements of MWDVBE participation in purchasing/contracting is outside the general scope of the CIP and best pursued as an independent initiative; ideally as part of a Mayor/City Council Strategic Goal, due to the anticipated resource need.

Construction Costs – Remain High and Unpredictable

Inflation has had a substantial negative impact on the CIP. The National Highway Construction Cost Index which has remained exceptionally high currently results in an aggregate increase of 46% compared to two years ago. Project costs remain highly challenging to estimate due to the current unpredictability of the construction industry. Future year costs are typically projected to increase at the 10-year average rate of 2.9%. Not reflected in this increase is 'value engineering', where project scopes have been reduced to accommodate cost increases. For the first time since the pandemic began, Urbana has updated its Schedule of Fees resulting in some modest CIP revenue increases but this will not be able to counteract the current NHCCI increases thus limiting the capacity for improvements in the CIP.

Equity and Quality of Life Project (EQL)

In FY 22 there was an increase of \$2M to fund Equity and Quality of Life (EQL) projects which are now fully underway; ~60% of these funds went towards sidewalk enhancements and ~40% went toward street lighting enhancements. This year's CIP has included an additional \$1M for another round of EQL projects in FY25-26.

Financial Impact

To operate, maintain, and improve its infrastructure assets, the City outlines spending \$29.9M in FY 24 and \$102.6M over the next 5 years in the CIP. These expenses are paired with an associated \$91.1M in revenue through the life of the CIP; revenues include motor fuel taxes, sanitary and stormwater fees, state and federal grants, and General Fund revenue allocated to the CR&I Fund. The 5-year outlay exceeds the anticipated 5-year revenue primarily because the plan calls for spending down existing fund balances in the major capital funds but also wants to be proactively identifying and building our projects backlog. If all revenue and spending occurs according to the plan, some projects at the tail end of the CIP may require supplemental funding, scope reductions, or delayed completion.

Capital Replacement and Improvement Fund (CR&I)

The CR&I Fund will support the ongoing Facility Master Plan project implementation. Between FY 23 and FY 24 facility projects are estimated to cost roughly \$12M, which will be funded by debt. The CR&I also funds several other infrastructure projects that require unrestricted funds. With debt service payments, future years have expenses exceeding revenues, with the result of a drawing down of the fund balance by FY 28.

CR&I FUND

	FY23 Est.	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan	FY28 Plan
TOTAL REVENUE	\$ 954,270	\$ 14,425,627	\$ 2,707,596	\$ 3,555,367	\$ 2,508,235	\$ 2,536,940
TOTAL EXPENSE	\$ 3,543,012	\$ 15,268,969	\$ 2,843,345	\$ 3,535,604	\$ 2,215,348	\$ 3,549,696
NET REVENUE / (EXPENSE)	\$ (2,588,742)	\$ (843,342)	\$ (135,749)	\$ 19,763	\$ 292,887	\$ (1,012,756)
BEGINNING FUND BALANCE	\$ 4,999,479	\$ 2,410,737	\$ 1,567,395	\$ 1,431,646	\$ 1,451,409	\$ 1,744,296
ENDING FUND BALANCE	\$ 2,410,737	\$ 1,567,395	\$ 1,431,646	\$ 1,451,409	\$ 1,744,296	\$ 731,541

Local Motor Fuel Tax Fund (Local MFT)

The Local MFT will primarily be used for maintenance programs in future years. Local motor fuel taxes are expected to be roughly \$685,000 annually through this CIP. The MFT fund is also budgeted to receive \$115,000 in revenue replacement from the ARPA fund via the ‘Standard Allowance’. Given the current slate of maintenance programs, the Local MFT fund balance is projected to be negative by FY 27. However, the Local MFT may receive future benefit from a local motor fuel tax increase.

LOCAL MFT FUND

	FY23 Est.	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan	FY28 Plan
TOTAL REVENUE	\$ 788,854	\$ 783,586	\$ 788,465	\$ 798,492	\$ 693,669	\$ 703,999
TOTAL EXPENSE	\$ 1,957,531	\$ 1,048,750	\$ 780,000	\$ 780,000	\$ 780,000	\$ 780,000
NET REVENUE / (EXPENSE)	\$ (1,168,678)	\$ (265,164)	\$ 8,465	\$ 18,492	\$ (86,331)	\$ (76,001)
BEGINNING FUND BALANCE	\$ 1,437,745	\$ 269,067	\$ 3,903	\$ 12,369	\$ 30,861	\$ (55,470)
ENDING FUND BALANCE	\$ 269,067	\$ 3,903	\$ 12,369	\$ 30,861	\$ (55,470)	\$ (131,470)

State Motor Fuel Tax Fund (State MFT)

The State MFT has several revenue sources in the CIP with the last Rebuild Illinois Capital payment coming in FY 23. Future year revenues also contemplate receiving grants for multiple major arterial roadway corridor projects. If the City does not secure these grants, implementation of the projects would be delayed, or come at the expense of other projects. The fund balance is high at the beginning of the CIP and gradually reduced through FY 28.

STATE MFT FUND

	FY23 Est.	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan	FY28 Plan
TOTAL REVENUE	\$ 2,221,901	\$ 3,414,799	\$ 3,959,725	\$ 12,452,334	\$ 9,077,598	\$ 7,713,170
TOTAL EXPENSE	\$ 4,768,132	\$ 5,623,160	\$ 4,333,250	\$ 13,530,630	\$ 9,259,000	\$ 8,975,000
NET REVENUE / (EXPENSE)	\$ (2,546,231)	\$ (2,208,361)	\$ (373,525)	\$ (1,078,296)	\$ (181,402)	\$ (1,261,830)
BEGINNING FUND BALANCE	\$ 6,675,880	\$ 4,129,649	\$ 1,921,288	\$ 1,547,763	\$ 469,467	\$ 288,065
ENDING FUND BALANCE	\$ 4,129,649	\$ 1,921,288	\$ 1,547,763	\$ 469,467	\$ 288,065	\$ (973,765)

Stormwater Utility Fund

In addition to annual programmatic expenses such as cleaning, televising and spot repairs, the Stormwater Utility Fund has planned capital projects at Boneyard Creek Crossing, Vine Street Pump Station, Main St. Brick Arch Sewer, and Storm Sewer Lining. The Stormwater Asset Management Plan (SWAMP) that is wrapping up and supplemental GIS data collection/implementation work kicking off at the end of FY 23 will better inform future revenue needs and project prioritization. The pre-final SWAMP has indicated a need for increased revenue which is slated for further discussion with Council in FY 24. The fund balance slowly decreases through the next 5-years but it is likely that some degree of rate adjustment will be implemented before running a deficit.

STORMWATER UTILITY FUND

	FY23 Est.	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan	FY28 Plan
TOTAL REVENUE	\$ 1,821,651	\$ 1,936,889	\$ 1,752,695	\$ 1,778,685	\$ 1,805,066	\$ 1,831,842
TOTAL EXPENSE	\$ 2,824,927	\$ 2,709,455	\$ 1,992,700	\$ 2,060,006	\$ 2,529,716	\$ 2,201,660
NET REVENUE / (EXPENSE)	\$ (1,003,276)	\$ (772,566)	\$ (240,005)	\$ (281,321)	\$ (724,650)	\$ (369,818)
BEGINNING FUND BALANCE	\$ 2,428,456	\$ 1,425,180	\$ 652,614	\$ 412,608	\$ 131,288	\$ (593,363)
ENDING FUND BALANCE	\$ 1,425,180	\$ 652,614	\$ 412,608	\$ 131,288	\$ (593,363)	\$ (963,180)

Sanitary Sewer Fund

Like the Stormwater Utility Fund, much of the Sanitary Sewer Fund’s major expenses include programmatic maintenance activities such as cleaning, televising, and repairs. An asset management plan for our sanitary sewer system network began at the end of FY 23 and along with the supplemental GIS data collection/implementation it should better inform future revenue needs and project prioritization. The CIP currently shows fund balance becoming negative by the end of FY 27.

SANITARY SEWER FUND

	FY23 Est.	FY24 Plan	FY25 Plan	FY26 Plan	FY27 Plan	FY28 Plan
TOTAL REVENUE	\$ 1,505,568	\$ 1,704,032	\$ 2,757,327	\$ 1,614,972	\$ 1,638,972	\$ 1,663,331
TOTAL EXPENSE	\$ 1,862,096	\$ 2,318,105	\$ 3,008,452	\$ 1,901,354	\$ 1,962,657	\$ 2,023,078
NET REVENUE / (EXPENSE)	\$ (356,528)	\$ (614,073)	\$ (251,125)	\$ (286,382)	\$ (323,686)	\$ (359,746)
BEGINNING FUND BALANCE	\$ 1,523,361	\$ 1,166,833	\$ 552,760	\$ 301,635	\$ 15,253	\$ (308,433)
ENDING FUND BALANCE	\$ 1,166,833	\$ 552,760	\$ 301,635	\$ 15,253	\$ (308,433)	\$ (668,179)

Looking Ahead

The upcoming year looks to target intensive operations/maintenance programs to better preserve conditions of existing assets along with some large scale capital projects and holistic asset management planning. The City continues to pursue better decision making information for planning to promote long-term sustainability of the public infrastructure.

Remaining Sections of the CIP

- Section 2. Asset Management Summary
- Section 3. Transportation
- Section 4. Facilities
- Section 5. Sewer Systems
- Section 6. Fund Reports