



Capital Improvement Plan FY2025-FY2029 Executive Summary

Introduction

This Executive Summary highlights the updates to the City's Capital Improvement Plan (CIP) FY 2025-2029. 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 draws from five dedicated 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 maintenance programs.

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 capital projects at this time.

Sanitary Sewer Benefit Tax Fund

The Sanitary Sewer Benefit Tax Fund derives its revenue from the sewer tax and is reserved for sanitary sewer improvements, primarily maintenance programs.

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, primarily maintenance programs.

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: Tax Increment Financing (TIF) funds, parking fund, and Community Development Block Grant (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. 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 FY25 allocations presented in this section are incorporated into the FY25 Budget.

Appendix A. Priority Scoring Systems

This appendix provides detailed explanation of the scoring systems used to prioritize projects in the CIP. Currently, this only includes the scoring system for transportation capital projects, but this section will continue to be developed with future CIP's.

CIP Planning Process

The CIP planning process begins in earnest in November. 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 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.

Acknowledgements

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Fire Department
Police Department
Public Works Department, Operations Division

Coordination with Partner Organizations

Ameren Illinois
City of Champaign, Public Works Department
Champaign County Forest Preserve District
Champaign County Highway Department
Champaign County Regional Planning Commission
Champaign-Urbana Mass Transit District
Illinois American Water Company
University of Illinois Facilities and Services
Urbana-Champaign Sanitary District
Urbana Park District
Village of Savoy, Public Works Department

Major Highlights

Progress towards previous Mayor/Council Strategic Goals for 2022-2023

In April 2023, 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) - Completed in Q2 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 (FLOWS) - 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 Equity and Quality of Life (EQL) funding**
 - *Completed in FY22.*
- **Action Step B: Implement EQL selected projects in FY 23**
 - *Construction to begin in Q2 of 2024 for selected implementation projects.*
- **Action Step C: Incorporate an equity lens into priorities evaluation**
 - *Completed with FY24 CIP.*

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**
 - *Two (2) new fire stations to be constructed in 2024 with geothermal heating and cooling systems. Rooftop solar arrays to be installed on City-wide storage facility in 2024 and will be installed on fire stations after the buildings have been in service for one year.*

Progress toward **NEW** Mayor/ Council Strategic Goals for 2024-2025

In March 2024, the City Council passed an updated set of goals related to the CIP. Items in the CIP related to these goals are listed below in *italics*.

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

- **Action Step A: Complete sanitary sewer asset management plan and roadway asset management plan by the end of fiscal year 2025.**
 - *Fundamental Long-term Operation of Wastewater System (FLOWS) - Began in Q2 of 2023.*
 - *Roadway Asset Management Plan (RAMP) - pavement asset management studies to begin in Q3 of 2024.*
- **Action Step B: Review and adjust dedicated revenue streams for infrastructure assets, beginning with the Local Motor Fuel Tax**
 - *Tentatively propose a market rate adjustment of the Local Motor Fuel Tax (LMFT) starting January 1, 2025. If passed by Council, this would be the first increase to LMFT since 2011.*

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

- **Action Step A: Complete 10 Equity and Quality of Life (EQL) projects by end of calendar year 2024 and initiate a second EQL round by end of calendar year 2025.**
 - *Construction to begin in Q2 of 2024 for selected implementation projects.*
 - *Design budget in FY25 for second EQL round.*

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

•Action Step A: Evaluate the practical and financial feasibility of sustainability improvements in City facility capital projects.

- Two (2) new fire stations to be constructed in 2024 with geothermal heating and cooling systems.
- Rooftop solar arrays to be installed on City-wide storage facility in 2024 and will be installed on fire stations after the buildings have been in service for one year.
- Feasibility of sustainability improvements will be evaluated during design of Public Works Campus Improvements in 2024.

Improved Implementation of CIP from FY23 to FY24

In recent years, City Staff has provided Council with a mid-fiscal-year CIP performance report in January. The table below compares the mid-year reports for FY23 and FY24. The percentage of the CIP implemented on schedule improved substantially year over year, from approximately 60% to 90%. This improvement resulted from efforts to fill most of the remaining staff vacancies in the Engineering Division and among the Public Works Operations Supervisors. Successful implementation of the CIP requires a group of experienced project managers on staff to manage projects through the various phases of scoping, procurement, studies and plans, and construction.

	FY23	FY24	NET CHANGE	NOTES
Overall Revised Budget	\$ 30,565,528.95	\$ 43,312,306.46	42%	Fire Stations 2 & 3 Construction primary contributor to increase from 2023.
Actual Spent or Encumbered by Mid-FY	\$ 9,669,837.04	\$ 10,578,964.98	9%	Up almost 10% from this same time last year.
Estimated Spent or Encumbered by end of FY	\$ 18,784,991.75	\$ 38,709,235.56	106%	Exceptional effort by our staff to maximize project initiation & completion this year; Engineering Division, Special Projects Manager, and Facilities Section specifically.
Estimated Move to Next FY	\$ 11,780,537.20	\$ 4,603,071.28	-61%	This is a good thing; we are getting more done and deferring or delaying less projects.
Percentage of Spending on Schedule by end of FY	61%	89%	45%	90% of spending is reasonably on schedule. Major win and critical to slowing the decline of our public infrastructure.

Presentation of Unattained Grants in CIP

Unattained grant funding is presented differently in this year’s CIP compared with last year’s. In previous CIP’s, unattained grant funding was included as revenue in the fund reports, with notes to indicate that project implementation was contingent on attaining these grants. Key examples were the Rebuilding American Infrastructure Sustainably and Equitably (RAISE) grant for Florida Avenue (Wright to Hillcrest) and the Safe Streets and Roads for All (SS4A) grant for Lincoln Avenue (Wascher to Killarney). The City and its partners have applied for each of these grants multiple times, and efforts to attain these grants continue. However, without grant funding, these large and high-priority transportation projects were being delayed. Therefore, alternative implementation plans have been presented in this year’s CIP for projects with unattained grant funding. Various strategies were employed to create

alternative plans that do not rely on unattained grants, such as reducing a project scope to its essential features, phasing a project over multiple years of construction, or utilizing more predictable funding sources, such as federal funding through the Champaign-Urbana Urban Area Transportation Study (CUUATS). In other words, this year's CIP presents the backup plan for how large transportation projects will be implemented if outside grant funding is not attained. The City will continue to pursue the grant funding but will take steps to implement the projects, whether the grant applications are successful or not. Consequently, there is less overall spending shown in this year's CIP (an \$18.8 million decrease in total spending just in the State MFT fund), and the large transportation capital projects, such as Florida Avenue (Wright to Hillcrest), Lincoln Avenue (Wascher to Killarney), and Lincoln Avenue (Florida to Green), are presented with longer implementation timelines. The alternative implementation of large projects also took funding away from other, lower priority transportation projects, causing their removal from the 5-year spending plan – examples include Florida Avenue (James Cherry to Curtiss) and Broadway Avenue and Country Club Road. Although this increases our project backlog, it provides a more realistic picture of what we can get done with current funding and how we can do it. Should one or multiple of these highly competitive grant opportunities come to fruition we would look to include more unfunded items from our project backlog.

Recent Stormwater Utility Rate Increase

With the passage of Ordinance No. 2023-08-031 on August 28, 2023, Council approved a gradual rate increase for the stormwater utility fee over the next five years. This resulted in approximately \$3.8 million of additional revenue for the five-year period of FY25-FY29. The majority of this additional revenue has been allocated to the five-year storm sewer cleaning and televising program (increased by \$2.7 million) and the five-year miscellaneous storm sewer repair program (increased by \$600,000). This focus on maintenance and condition assessment is consistent with the City's intention for the increased stormwater utility rate. The cleaning and televising program will be accelerated by completing two maintenance zones per year, rather than just one. A similar, accelerated cleaning and televising program is planned for the sanitary sewers by utilizing a combination of City staff and contracted work. By the end of FY29, the City will have attained recent (less than 10 years old) pipe inspection data for nearly all of its storm and sanitary sewer systems. The City will have completed inspections of nearly all of its ~10,000 storm and sanitary structures by the end of calendar year 2024. This complete set of condition data for pipes and structures will allow the City to appropriately develop capital improvement plans for its sewer systems that is data-driven and more proactive than reactive. The results of these system-wide inspections will better define short and long-term capital needs which may require additional revenue increases.

Proposed Local MFT Rate Increase

Action Step 3.1.B of the Mayor/Council Strategic Goals for 2024-2025 is "Review and adjust dedicated revenue streams for infrastructure assets, beginning with the Local Motor Fuel Tax (MFT)". The Local MFT is currently \$0.05 per gallon, and this rate has not changed since July 1, 2011. Since 2011, general inflation and construction cost increases have greatly reduced the City's purchasing power in transportation maintenance because the LMFT has remained constant. As of now, City Staff is tentatively suggesting a market rate increase to the LMFT for Council's approval. This market rate increase is intended to give the City an equivalent purchasing power that \$0.05 per gallon provided in 2011. For this CIP, an LMFT market rate increase to \$0.10 per gallon was assumed to take effect on January 1, 2025. This would result in an additional \$3.2 million of revenue in the LMFT fund over the FY25-FY29 period. If such an LMFT increase were passed by Council, this additional projected revenue would be allocated to three primary purposes, starting in FY26: (1) increase the Bituminous Surface Treatment program to its target annual budget of \$600,000; (2) move all transportation operations and maintenance budgets that are currently in the CR&I fund to the LMFT fund (accounts for approximately \$2.3 million over the FY26-FY29 period); and (3) add a new maintenance program for Hot-Mix Asphalt (HMA) Overlay and Resurfacing with an annual budget of \$500,000 starting in FY28. The proposed change to move transportation operations and maintenance programs from the CR&I fund to the LMFT fund would solidify the logical distinction that LMFT funds are intended for transportation asset maintenance and rehabilitation, whereas CR&I funds are intended for capital projects across all asset classes. With the additional CR&I funds made available in future years by the LMFT rate increase, it was possible to expand the Broadway Avenue (Elm to Park) project to include Elm Street (Race to Vine) and introduce the Goodwin Avenue (Green to University) project from the backlog.

Bonding or General Fund Transfer for Facilities Projects

Two major capital projects for City facilities, replacing Fire Stations #2 and #3 and the Public Works Campus Renovation, require extra CR&I funding outside of regular revenue. This was anticipated in the recent 2019 Facilities Master Plan and this funding gap was discussed initially in the 2020 CIP, with bonding recommended to fill the gap. The City can bond up to \$10 million per calendar year, and there are sufficient reserves in the General Fund to support a one-time transfer to CR&I of approximately \$2.8M to minimize our bonding demands for our current facilities projects. Fire Stations construction will be funded with ~\$2.5M from previously awarded DCEO grants along with \$10M in bond proceeds and \$2M of the one-time general fund transfer to CR&I in FY 25. Public Works Campus Renovation is being partially funded with the other \$800,000 of the one-time general fund transfer to CR&I in FY 25. Annual debt payments of approximately \$1.2 million, including principal and interest, are accounted for in the CR&I fund, starting in FY26.

Windsor Road Settlement and Dedicated Maintenance

In October 2023, the Windsor Road Trial concluded with the City of Urbana awarded a ~\$2.9 million settlement to pay for extra maintenance and rehabilitation of the street pavement on Windsor Road from Race St. to Philo Rd. The significant amount of mid-panel cracking which presented in the jointed concrete pavement shortly after construction in 2015 requires more maintenance and rehabilitation to maintain the pavement for its design service life – nominally 40 years. At this time, the revenue from the settlement, received in FY24 will be dedicated to implementing the Windsor Road maintenance and rehabilitation plan developed by the City’s expert witness as part of the Windsor Road civil trial. Therefore, the revenue and expenses associated with Windsor Road Maintenance are considered separately from the remainder of the Local MFT fund. Initial maintenance work was completed in FY22 and FY24. The maintenance and rehabilitation plan calls for various work items every 5 years until FY55.

Financial Impact

To operate, maintain, and improve its infrastructure assets, the City proposes spending \$22.3M in FY25 and \$79.2M total over the next 5 years in the CIP (FY25 – FY29). These expenses are paired with an associated \$70.0M in revenue through the same 5-year period; revenues include motor fuel taxes, sanitary and stormwater fees, state and federal grants, internal grants (TIF and CDBG), and General Fund revenue allocated to the CR&I Fund. For the five funds dedicated to the CIP, the allowable allocation of expenses in the five-year outlay (FY25-FY29) is generally determined with two limitations, established by the Director of Finance: (1) the ending fund balance in year 5 (FY29) can be negative, but no more than one-half of a year’s revenue for the given fund; and (2) the ending fund balance can be negative for no more than two consecutive fiscal years (i.e. FY28 and FY29). In the future, when we have completed asset management plans, the City can be more strategic by using multiple factors to balance condition, risk, and funding.

On the following page, pie graphs summarize the revenue by type of funding source and the expenses by fund for FY25 and for the period of FY25-FY29. The definitions below accompany these figures:

Terms used in Revenue Figures:

- Dedicated Fees = fees dedicated to a specific asset class, including Stormwater Utility Fee, Local Motor Fuel Tax, and Sanitary Sewer Benefit Tax.
- Internal Grants = City funds that are not dedicated to CIP expenses, but can be used for infrastructure under certain conditions, including TIF, CDBG, and Parking funds.
- External Grants = grant funding from sources outside of the City.

Abbreviations used in Expense Figures:

- LMFT = Local MFT fund.
- MFT = State MFT fund.
- PARK = Parking fund.
- SAN = Sanitary Sewer fund.
- TIF4 = Cunningham Avenue TIF fund.
- TIFC = Central TIF fund.

