



Village of Ontonagon Capital Improvement Plan

Introduction

The goal of the Village of Ontonagon's Capital Improvement Program (CIP) is to identify and schedule capital improvements over a six-year period between fiscal year 2023-2029. The CIP is an opportunity to develop strategic long-term policy decisions that extend beyond the current fiscal year. Each year, the Village of Ontonagon invests significant time and resources to design, construct and maintain the infrastructure and facilities needed to deliver municipal services to residents and businesses. Because of the high costs associated with building and maintaining capital assets, the Village must carefully balance the need for such assets with the requirements to maintain a strong financial position.

The Village 's CIP is a six-year plan that addresses projects that are needed, or will be needed, across a broad spectrum of areas. Annually, efforts will be taken to update the CIP to ensure not only critical needs are being met, but also that the cost, scope and timing of all projects are coordinated throughout the Village.

The CIP identifies items having a value more than \$20,000 per item and have a useful life of at least three years following the date of acquisition. Capital projects include design and construction, as well as the acquisition of land and the purchase of capital assets. Maintenance-oriented, operation or continuous expenditures are not considered to be capital improvements. Specifically, the purpose of the CIP is to:

- Identify and evaluate the needs for public facilities.
- Determine cost estimates for each capital project submitted.
- Determine if there will be future operating costs for such projects.
- Determine potential sources of funding for such projects.
- Anticipate and pre-plan projects with an emphasis on seizing opportunities for partnerships and alternative funding.

The project identified in the CIP represent the Village of Ontonagon's plan to serve residents and anticipate the needs of the community and its infrastructure. The Village considered all available documents in preparation of the CIP including review of the Master Plan, the Recreation Plan, planned water and sewer projects, street conditions and needs.

Overview

The CIP helps track multi-year projects that may require planning, design, land acquisition and construction. The CIP requires responsible planning for future major expenditures that are not necessarily financed or automatically included in the annual budgeting process. All capital



projects, however, as they pertain to the definition of capital improvements, should be part of this CIP.

Impact of Capital Budget on the Operating Budget

As new policies and programs are approved, both the operating and capital budgets are impacted. Increased service levels approved as part of the operating budget would have long term effects on the Capital Improvement Program. Or, a restrictive change to the use of long-term debt would slow capital improvement programs. During the budget process, departments are required to include costs associated with operating and maintaining capital projects for the upcoming year as outlined in the CIP.

Legal Basis of the Capital Improvement Program

The Capital Improvements Program has been authorized by the Michigan Planning Enabling Act (Public Act 33 of 2008). This mandate gives responsibility for preparing a CIP to the Planning Commission, and reads as follows:

125.3865 Capital Improvement program of public structures and improvements; preparation; basis.

"(1) To further the desirable future development of local unit of government under the master plan, a Planning Commission, after adoption of a master plan, shall annually prepare a capital improvements program of public structures and improvements, unless the planning commission is exempted from this, the legislative body either shall prepare and adopt a capital improvement program, separate from or as a part of the annual budget, or shall delegate the preparation of the capital improvement program to the chief elected official or nonelected administrative official, submitted to final approval by the legislative body. The capital improvement program shall show those public structures and improvements, in the general order of their priority that in the commission's judgement will be needed or desirable can be undertaken within the ensuing 6-year period. The capital improvement program shall be based upon the requirements of the local unit of government for all types of public structures and improvements. Consequently, each agency or department of the local unit of government with authority for public structures or improvements shall furnish the Planning Commission with lists, plans, and estimates of time and cost of those public structures and improvements."

Planning and Benefits of the Capital Improvement Program

The CIP is first and foremost, a planning tool that can be instrumental in implementing the Master Plan. The CIP enables the Village to look comprehensively at future needs and expenditures, When capital improvements begin with planning and study, it enhances the



Village of Ontonagon's opportunities for receiving State and Federal grants. Formulation of a CIP helps the Village consider alternative funding mechanisms. Instead of relying on local revenue sources alone, the CIP allows the Village to think more creatively to fulfill Master Plan goals and policies. The CIP helps avoid reactive planning, and instead, replaces it with a balanced approach for the long-term.

CIP Development Process

Capital improvement planning should be considered a year-round process, with Village departments continually re-evaluating and prioritizing their capital needs. Village staff identify and prioritize projects, estimate project costs, determine available resources, and balance project requests within the available resources, and ultimately, submit a recommended project to the Village Manager who recommends purchase to the Village Council. Collaboration between the Village Manager's office, Department of Public Works (DPW), and Clerk/Treasurer Department is necessary to coordinate the annual update of the six-year CIP as part of the annual budget process. Staff also forecast revenues for the various funds used to finance capital projects, and set the parameters for the development of the CIP. The Village Manager will submit the CIP to the Village Planning Commission for their input prior to it being included in the annual budget process. The following is an overview of a timeline for the CIP development process:

September - January: Operating departments identify projects, define project scopes, prepare cost estimates, and prioritize projects.

February - March: The CIP requests are given to the Village Manager for evaluation, making necessary adjustments as needed. The CIP is provided to the Planning Commission for review and approval.

April: The Village Manager finalizes the recommended CIP for consideration by the Village Council. The CIP is included in the Village Manager's proposed budget which is presented to the Village Council.

Capital Improvements Plan 2023-2029

The following tables present the 2023-2029 Capital Improvements Plan:



Harbor Town

Village of Ontonagon Capital Improvement Plan 2023-2029

Totals by Fund	Total Cost	23-24	24-25	25-26	26-27	27-28	28-29
General	\$ 1,475,000.00	\$ -	\$ -	\$ 1,300,000.00	\$ -	\$ 175,000.00	\$ -
Local Street	\$ 153,000.00	\$ 100,000.00	\$ 45,000.00	\$ 8,000.00	\$ -	\$ -	\$ -
Major Street	\$ 150,000.00	\$ -	\$ -	\$ 50,000.00	\$ -	\$ 100,000.00	\$ -
Fire	\$ 775,000.00	\$ 500,000.00	\$ 275,000.00	\$ -	\$ -	\$ -	\$ -
Sewer	\$ 5,685,000.00	\$ 35,000.00	\$ 50,000.00	\$ 1,866,666.67	\$ 1,866,666.67	\$ 1,866,666.66	\$ -
Water	\$ 9,911,556.00	\$ 543,113.50	\$ 2,700,930.50	\$ 2,325,012.00	\$ 2,196,250.00	\$ 2,196,250.00	\$ -
Equipment	\$ 696,000.00	\$ -	\$ 251,000.00	\$ 145,000.00	\$ 300,000.00	\$ -	\$ -
Other	\$ 291,200.00	\$ 161,700.00	\$ 129,500.00	\$ -	\$ -	\$ -	\$ -

TOTAL \$ 19,136,756.00 \$ 1,339,813.50 \$ 3,451,430.50 \$ 5,694,678.67 \$ 4,362,916.67 \$ 4,337,916.66 \$ -

General Fund

Project Name	Description	Justification	Fund (Grants)	Funds (Local)	Total Cost	23-24	24-25	25-26	26-27	27-28	28-29
Bridge from Island	Connect Island to Downtown	Master Plan	\$ 175,000.00		\$ 175,000.00					\$ 175,000.00	
East Pier Walkway	Reconstruct East Pier walkway	Master Plan	\$ 1,300,000.00		\$ 1,300,000.00			\$ 1,300,000.00			
					\$ 1,475,000.00			\$ 1,300,000.00		\$ 175,000.00	

Local Street Fund

Project Name	Description	Justification	Fund (Grants)	Funds (Local)	Total Cost	23-24	24-25	25-26	26-27	27-28	28-29
Michigan St	Repurpose Michigan St				\$ 100,000.00	\$ 100,000.00					
Street Signs	Replace all street signs		\$ 15,000.00	\$ 5,000.00	\$ 20,000.00		\$ 20,000.00				
North South Road Alsace to Parker			\$ 22,500.00	\$ 2,500.00	\$ 25,000.00		\$ 25,000.00				
James St			\$ 8,000.00		\$ 8,000.00			\$ 8,000.00			
					\$ 153,000.00	\$ 100,000.00	\$ 45,000.00	\$ 8,000.00			

Major Street Fund

Project Name	Description	Justification	Fund (Grants)	Funds (Local)	Total Cost	23-24	24-25	25-26	26-27	27-28	28-29
Sidewalks	Lakeshore Drive Sidewalks		\$ 100,000.00		\$ 100,000.00					\$ 100,000.00	
South 7th Street	Repave &		\$ 50,000.00		\$ 50,000.00			\$ 50,000.00			
					\$ 150,000.00			\$ 50,000.00		\$ 100,000.00	

