

# FY2020-2025 CIP SUMMARY

## OVERVIEW

This Capital Improvements Plan (CIP) outlines a schedule of public service expenditures over the ensuing six-year period (fiscal years 2020–2025). The CIP does not address all of the capital expenditures for the City, but provides for large, physical improvements that are permanent in nature, including the basic facilities, services, and installations needed for the functioning of the community. These include transportation systems, utilities, municipal facilities and other miscellaneous projects.

To qualify for inclusion into the CIP, a project must:

- Constitute permanent, physical or system improvements greater than or equal to (GTE) \$100,000; or
- A “program” of projects whose total is GTE \$100,000 (e.g. Playgrounds and Neighborhood Parks); or
- Significant equipment purchases in excess of \$100,000 with a useful life of at least ten years; or
- A study of at least \$50,000 that will lead to such projects;
- Add to the value or capacity of the infrastructure of the City.

Projects that are considered operational or routine maintenance are excluded.

Preparation of the Capital Improvements Plan is done under the authority of the Michigan Planning Enabling Act (Act 33 of the Public Acts of 2008). It is the City Planning Commission’s goal that the CIP be used as a tool to implement the City Master Plan and assist in the City’s financial planning.

The Capital Improvements Plan proposes project funding relative to the anticipated availability of fiscal resources and the choice of specific improvements to be achieved throughout the six-year plan. The first two years of the Capital Improvements Plan serve as the basis for establishing the City’s Capital Projects Budget (CPB), programming the implementation of the planned projects for the upcoming two fiscal years. The CIP and CPB make up the City’s Capital Improvements Program.

## THE CAPITAL IMPROVEMENTS PROGRAM PROCESS

The Capital Improvements Program process begins with a review of identified system needs and concludes with the proposed CPB as outlined below:



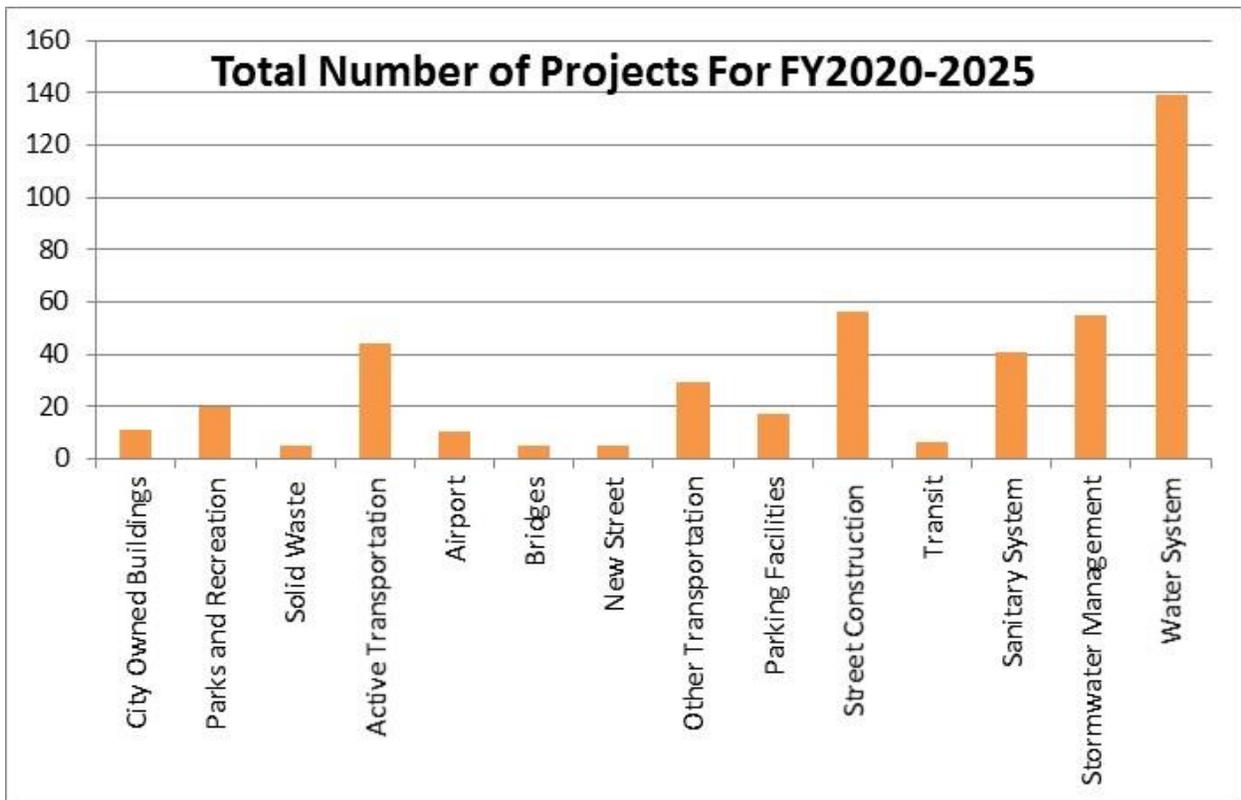
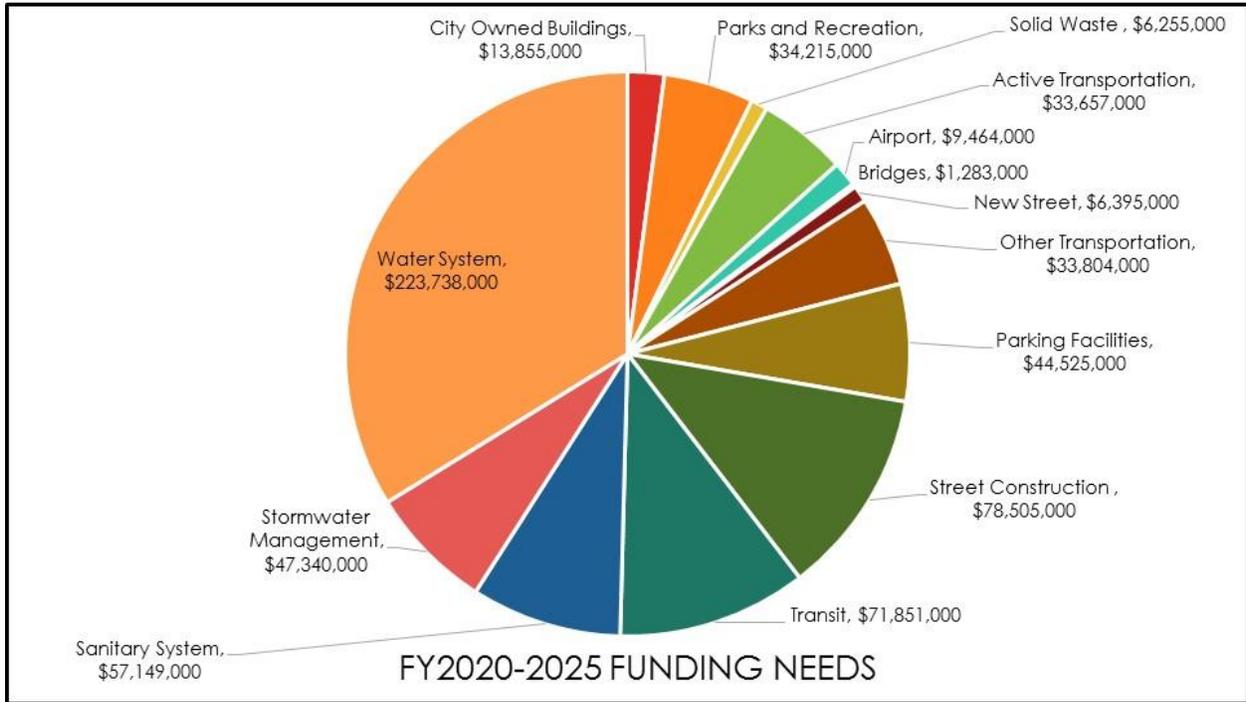
## THE TOTALS

A total of 443 projects are included in this year’s CIP with a six-year funding need for fiscal years FY2020–FY2025 of \$662,036,000. This is a 34% decrease from the FY2018–2023 CIP document, which anticipated \$1,008,571,000 in funding need for fiscal years 2018-2023. This significant overall drop was driven heavily by the removal from the current planning window of the Connector project, a \$533,000,000 light rail project.

The total anticipated funding need for all projects is \$993,240,000. This total includes project funds spent prior to fiscal year 2020 and required funds needed after fiscal year 2025 for the projects contained in the plan. This is a 36% decrease over the previous plan, again heavily due to the removal of the Connector project from present planning efforts. The charts below indicate the total number of projects for each category, the total costs by asset category, the six-year funding need, and first-year and second-year funding needs (i.e. the two years of the next capital budget cycle)

### FY2020-2025 CIP SUMMARY FUNDING

Category	Number of Projects	Total Funding All Years (Inc. Prior and 2025+)	FY 2020-2025 Total Funding Need	FY2020Total Funding Need	FY21 Total Funding Need
City Owned Buildings	11	\$31,288,000	\$13,855,000	\$3,300,000	\$760,000
Parks and Recreation	20	\$80,593,000	\$34,215,000	\$4,650,000	\$3,650,000
Solid Waste	5	\$6,784,000	\$6,255,000	\$980,000	\$393,000
Active Transportation	44	\$51,634,000	\$33,657,000	\$3,193,000	\$5,380,000
Airport	10	\$9,464,000	\$9,464,000	\$0	\$4,138,000
Bridges	5	\$5,920,000	\$1,283,000	\$270,000	\$633,000
New Street	5	\$6,395,000	\$6,395,000	\$250,000	\$0
Other Transportation	29	\$42,641,000	\$33,804,000	\$7,136,000	\$6,250,000
Parking Facilities	17	\$57,420,000	\$44,525,000	\$13,906,000	\$11,145,000
Street Construction	56	\$150,883,000	\$78,505,000	\$12,566,000	\$11,880,000
Transit	6	\$109,054,000	\$71,851,000	\$0	\$4,410,000
Sanitary System	41	\$83,576,000	\$57,149,000	\$9,259,000	\$11,025,000
Stormwater Management	55	\$76,959,000	\$47,340,000	\$10,642,000	\$4,686,000
Water System	139	\$280,627,000	\$223,738,000	\$18,613,000	\$13,283,000
<b>Totals:</b>	<b>443</b>	<b>\$993,238,000</b>	<b>\$662,036,000</b>	<b>\$84,765,000</b>	<b>\$77,633,000</b>



## FUNDING ISSUES AND SOURCES

### A. Funded versus Unfunded Projects for the Two-Year Capital Budget Period of FY2020-FY2021

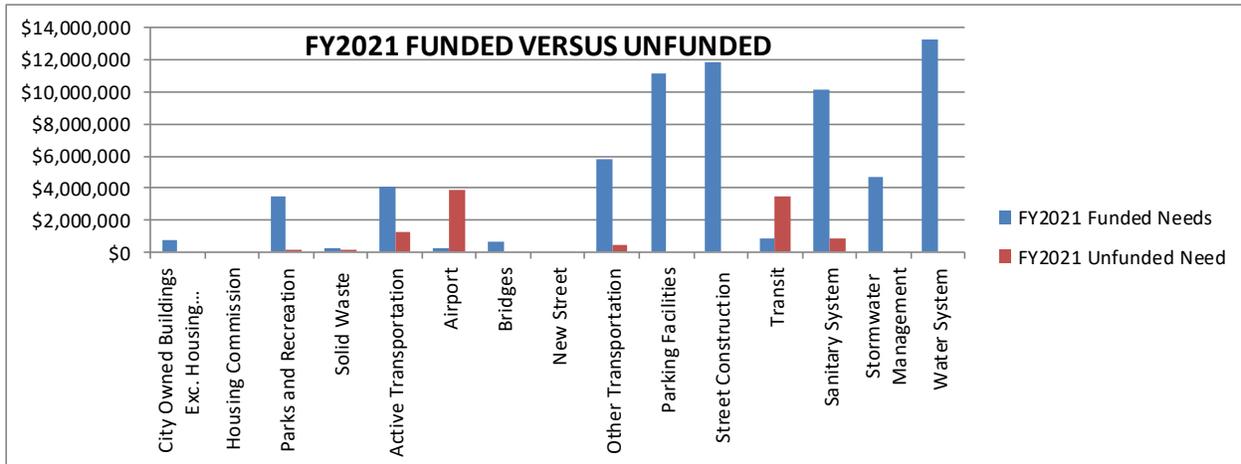
As is often the case with governmental agencies, the total funding need identified in the CIP exceeds the available funding. There are projects contained in this CIP that do not have an established, secure source of funding at this time. Projects in the first two years of the CIP form the basis for the City’s Capital Budget and generally require secure funding. That funding may include specific limited General Fund requests (see Section C. below). Therefore, projects that do not have secure funding are generally programmed for the third year or later in the plan. However, some higher priority unfunded projects (generally anticipated to be funded via grants or outside funding) are included in years 1 or 2 of the plan in the event funding is obtained and the projects can then be implemented. For example, the Ann Arbor Station Final Design in FY2021 is unfunded and represents a significant portion of unfunded needs. With the possible exception of projects requiring general funds (see Section C below), FY2020 is fully funded.

For purposes of the “FY2020-FY2021 Funding” chart below, Housing Commission projects have been extracted out from the City Owned Buildings category totals and will be discussed in the Discretionary Outside Funding Section B following. General Funded projects are discussed in Section C.

### FY2020-FY2021 FUNDING

Category	FY2020 Total Funding Needs	FY2020 Funded Needs	FY2020 Unfunded Needs	FY2021 Total Funding Needs	FY2021 Funded Needs	FY2021 Unfunded Need
City Owned Buildings Exc.						
Housing Commission	\$600,000	\$600,000	\$0	\$760,000	\$760,000	\$0
Housing Commission	\$2,700,000	\$2,700,000	\$0	\$0	\$0	\$0
Parks and Recreation	\$4,650,000	\$4,650,000	\$0	\$3,650,000	\$3,500,000	\$150,000
Solid Waste	\$980,000	\$980,000	\$0	\$393,000	\$297,000	\$96,000
Active Transportation	\$3,193,000	\$3,193,000	\$0	\$5,380,000	\$4,100,000	\$1,280,000
Airport	\$0	\$0	\$0	\$4,138,000	\$206,900	\$3,931,100
Bridges	\$270,000	\$270,000	\$0	\$633,000	\$633,000	\$0
New Street	\$250,000	\$250,000	\$0	\$0	\$0	\$0
Other Transportation	\$7,136,000	\$7,136,000	\$0	\$6,250,000	\$5,752,000	\$498,000
Parking Facilities	\$13,906,000	\$13,906,000	\$0	\$11,145,000	\$11,145,000	\$0
Street Construction	\$12,566,000	\$12,566,000	\$0	\$11,880,000	\$11,880,000	\$0
Transit	\$0	\$0	\$0	\$4,410,000	\$882,000	\$3,528,000
Sanitary System	\$9,259,000	\$9,259,000	\$0	\$11,025,000	\$10,145,000	\$880,000
Stormwater Management	\$10,642,000	\$10,642,000	\$0	\$4,686,000	\$4,686,000	\$0
Water System	\$18,613,000	\$18,613,000	\$0	\$13,283,000	\$13,283,000	\$0
<b>TOTALS</b>	<b>\$84,765,000</b>	<b>\$84,765,000</b>	<b>\$0</b>	<b>\$77,633,000</b>	<b>\$67,269,900</b>	<b>\$10,363,100</b>

Funded versus unfunded status is also depicted graphically in the following chart for FY2021.



## B. Outside Funding

Of the \$662,036,000 needed to fund the total FY2020–2025 CIP program, monies for particular projects may come in part or in whole from fund sources outside the City. Such dollars are included in totals shown because they fund improvements to assets which belong to the City, will become so upon project completion, or are part of an intergovernmental or interagency project in which the City is a participant.

Discretionary outside funds are defined here as those which require specific application to obtain or which come from other non-City sources at the discretion of others. .Examples of discretionary outside funds include STP-U (Surface Transportation Program – Urban) and CMAQ (Congestion Mitigation and Air Quality Improvement) federal transportation funds, participation in costs by Washtenaw County excluding road millage referenced below, AATA, or other governmental or agency entities, developer contributions, donations and memorials, and various grant sources such as Airport Improvement Program Grants, FEMA, and MDNR.

Projects may also receive funding from non-City sources which the City receives by formula. These are outside funds but are not considered discretionary. At present, those include Act 51 transportation monies used for capital projects. They are noted as non-discretionary in the tables and charts below.

We note that DDA funded projects utilize City tax revenues and so are not considered outside funds. Similarly, monies generated by the Washtenaw County Road and Non-Motorized Path millage are generally treated as internal funds as they are paid directly by City taxpayers. Only the portion of that millage earmarked for non-motorized trails throughout the County are treated as discretionary as there is no guarantee the City will receive any portion of such funds.

Certain projects also utilize special financial funding mechanisms that allow capital improvement costs to be spread over time at favorable interest rates. Examples include SRF funding for

stormwater (State Revolving Funds), DWRP funding for water, (Drinking Water Revolving Funds), bond financing, and SAD (Special Assessment District) funding.

In some of those cases, there may be elements of loan forgiveness (e.g. for SRF funds) or full or partial repayment by citizens (for SAD). However, for purposes of the chart below, those funding mechanisms are *not* treated as outside discretionary funding even though some may ultimately reduce the City’s net outlay on a project. Because the Housing Commission receives funds from a variety of state and federal sources, such funds are treated as discretionary, but are extracted out from the remainder of the City Owned Buildings category for clarity.

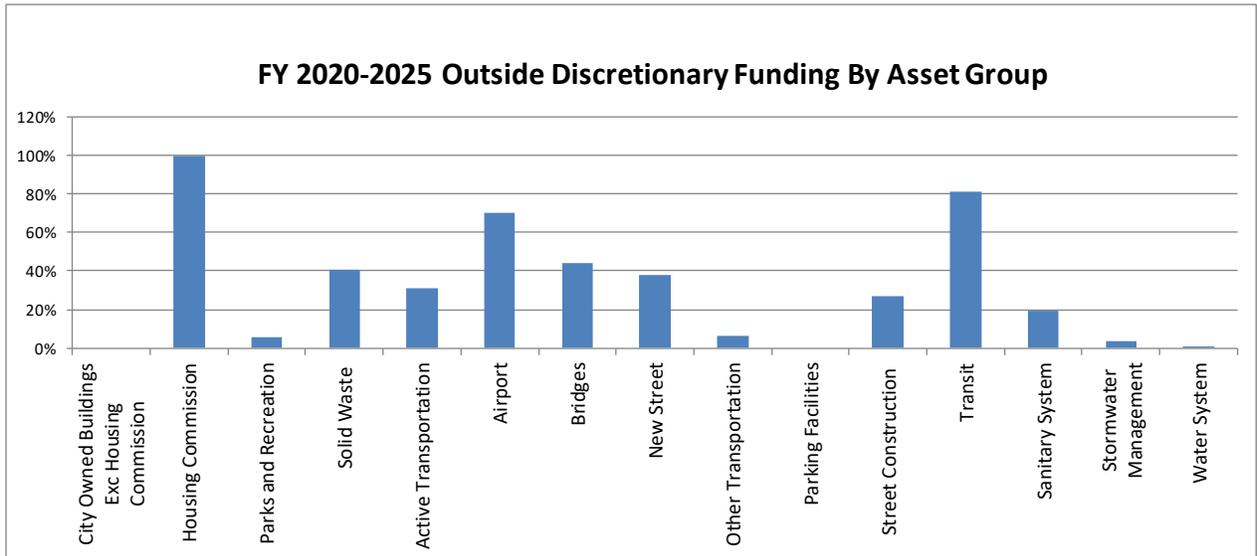
Per the chart below, Housing Commission, Airport, and Transit capital improvement projects most heavily utilize outside discretionary funding.

While 73% of monies utilized for street construction are internal, the magnitude of outside funds utilized (over \$20,000,000) is also significant.

For Active Transportation, the magnitude of outside funds (over \$10,500,000) from sources such as the Transportation Alternatives Program (TAP) and Safe Routes to School Program is also significant.

**FY2020–2025 OUTSIDE FUNDS BY ASSET GROUP**

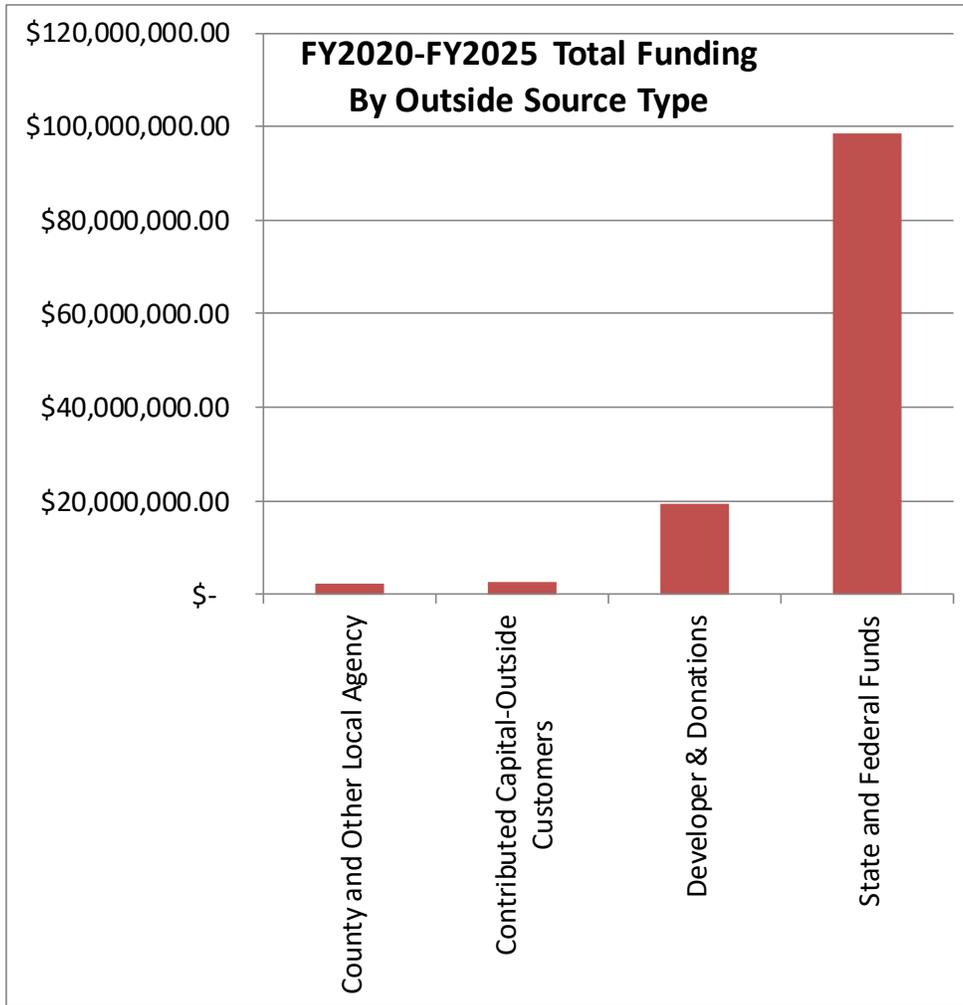
Category	FY 2020-2025 Total Funding Need	Outside Discretionary Funding	Outside Non- Discretionary	% Outside Discretionary Funding
City Owned Buildings Exc Housing Commission	\$ 11,155,000.00	\$ -	\$ -	0%
Housing Commission	\$ 2,700,000.00	\$ 2,700,000.00	\$ -	100%
Parks and Recreation	\$34,215,000	\$ 2,045,000.00	\$ -	6%
Solid Waste	\$6,255,000	\$ 2,537,000.00	\$ -	41%
Active Transportation	\$33,657,000	\$ 10,510,000.00	\$ -	31%
Airport	\$9,464,000	\$ 6,639,550.00	\$ -	70%
Bridges	\$1,283,000	\$ -	\$ 570,000.00	44%
New Street	\$6,395,000	\$ 2,433,334.00	\$ -	38%
Other Transportation	\$33,804,000	\$ 2,135,500.00	\$ -	6%
Parking Facilities	\$44,525,000	\$ -	\$ -	0%
Street Construction	\$78,505,000	\$ 9,829,500.00	\$ 11,084,760.93	27%
Transit	\$71,851,000	\$ 58,455,640.00	\$ -	81%
Sanitary System	\$57,149,000	\$ 11,065,000.00	\$ -	19%
Stormwater Management	\$47,340,000	\$ 1,705,350.00	\$ -	4%
Water System	\$223,738,000	\$ 1,070,000.00	\$ -	0%
Totals:	\$ 662,036,000.00	\$ 111,125,874.00	\$ 11,654,760.93	17%



Sources of outside discretionary funding are depicted by type in the table and chart below:

**FY2020-FY2025 OUTSIDE DISCRETIONARY FUNDS BY SOURCE CATEGORY**

Outside Discretionary Fund Category	FY2020-2025 Total Funding By Outside Category	FY2020 Total Funding By Outside Category	FY 2021 Total Funding By Outside Category
County and Other Local Agency	\$ 2,400,000.00	\$ 100,000.00	\$ 330,000.00
Contributed Capital-Outside Customers	\$ 2,537,000.00	\$ -	\$96,000
Developer & Donations	\$ 19,328,334.00	\$ 4,732,000.00	\$ 5,408,000.00
State and Federal Funds	\$ 98,515,300.93	\$ 8,701,169.00	\$ 11,328,301.98
	\$ 122,780,634.93	\$ 13,533,169.00	\$ 17,162,301.98



### C. General Funded Projects

The FY2020-FY2025 CIP includes 19 projects that are anticipated to be funded in whole or in part by general funds. Projects proposed beyond 2025 are not included in this statistic. This represents about 4.3% of all projects and about 4.2% of all funding needed. However, per discussions of discretionary funding above, if grants or other outside funding are obtained for any significant project such as the Anna Arbor Train Station, then matching general funds might be needed. General fund matches for such projects are not included in the table below given the discretionary nature of the funding itself.

Predominant in number in the general funded project group are city owned building projects such as projects to rehabilitate or replace the City’s aging fire stations that are necessary for the safe and efficient function of such facilities.

The chart below summarizes the number and funding needs of such projects for each asset group. Totals are shown both for the total six-year cycle and individually for FY2020 and FY2021.

**GENERAL FUND NEEDS EXCLUSIVE OF MATCHES TO  
DISCRETIONARY FUNDS**

Category	Total FY2020-2025 Number of Projects Requiring General Funds	FY2020-2025 Total General Funds Needed*	FY2020 Number of Projects Requiring General Funds	FY2020 General Funds Needed	FY2021 Number of Projects Requiring General Funds	FY2021 General Funds Needed
City Owned Buildings	4	\$ 10,680,000.00	2	\$ 600,000.00	2	\$ 685,000.00
Parks and Recreation	0	\$ -	0	\$ -	0	\$ -
Solid Waste	0	\$ -	0	\$ -	0	\$ -
Airport	0	\$ -	0	\$ -	0	\$ -
Active Transportation	1	\$ 80,000.00	1	\$ 40,000.00	1	\$ 40,000.00
Bridges	0	\$ -	0	\$ -	0	\$ -
New Street**	2	\$ 1,295,000.00	1	\$ 250,000.00	0	\$ -
Other Transportation***	5	\$ 11,898,000.00	2	\$ 460,000.00		\$ 460,000.00
Parking Facilities	0	\$ -	0	\$ -	0	\$ -
Street Construction	0	\$ -	0	\$ -	0	\$ -
Transit	0	\$ -	0	\$ -	0	\$ -
Sanitary System	0	\$ -	0	\$ -	0	\$ -
Stormwater Management	0	\$ -	0	\$ -	0	\$ -
Water System	4	\$ 3,710,000.00	1	\$ 125,000.00	3	\$ 120,000.00
<b>TOTALS</b>	<b>16</b>	<b>\$ 27,663,000.00</b>	<b>7</b>	<b>\$ 1,475,000.00</b>	<b>6</b>	<b>\$ 1,305,000.00</b>
* General fund matches for projects which may be required if outside funding is acquired are not included in this table as they are speculative at this point.						
** For gravel roads to be paved, general funds are required to front costs but will be repaid over time via special assessment						
*** This figures assumes that the Railroad Quiet Zone project moves forward						

**PLAN CREATION: PROJECTS, PRIORITIZATION, AND PROGRAMMING**

Development of the Capital Improvements Plan requires a complex process involving input by over 70 staff members, the City Planning Commission, citizens, the University of Michigan, DDA, and other City and local commissions and agencies.

Development of the CIP is handled through Asset Category Teams for each of the 14 asset groups as set forth in the data tables above. The initial task for each Team is to generate a list of identified capital needs (the “Projects” step).

The next, and most critical, process component is rating the relative merits of each project (the “Prioritization” step). This crucial step, while constrained by the amount of funding anticipated to be available for capital projects and timing of availability of funds when more than one asset category is involved in a project, nonetheless provides invaluable information in the CIP decision-making process. Shrinking funds and rising costs incurred in maintaining and rehabilitating deteriorating infrastructure make the process of selecting the most vital capital

projects even more crucial and difficult. The merits of each identified capital need must be judged against the policies and criteria of the CIP process and the goals of each component of the Master Plan, as well as against the other competing needs in that particular asset category.

For example, within the limited budget of the water asset group, is the rehabilitation of an aging component at the water treatment plant, or the replacement of a failing water distribution main, or the modification of a treatment process for greater efficiency of greater importance?

While asset groups utilize a set of common prioritization criteria, a limited number of asset-specific criteria are utilized as well (see chart below). While rating scales for each criterion are the same, each group may assign different relative weights to each.

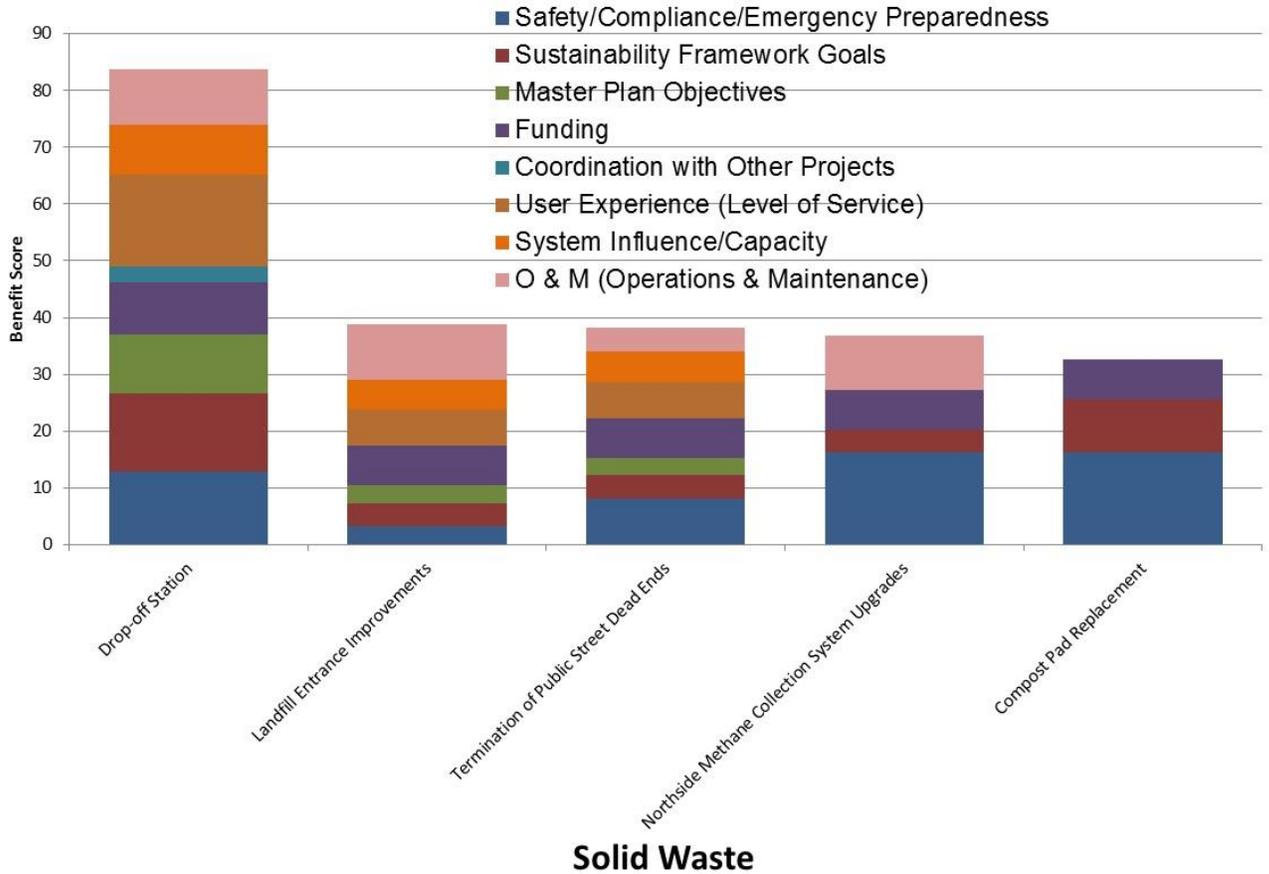
<i>Prioritization Criteria Items</i>
<b>Criteria Common to Most Asset Categories:</b>
Sustainability Framework Goals
Safety/Compliance/Emergency Preparedness
Funding
Coordination with Other Projects and Agencies
Master Plan Objectives
User Experience (Level Of Service)
System Influence/Capacity
O & M (Operation & Maintenance)
<b>Criteria Specific to Selected Asset Categories Only:</b>
Parks & Recreation Only: SCRA - Social, Cultural, Recreational, and Aesthetic
Bridges Only: Daily Users Carried
Bridges Only: Criticality (e.g. critical to systems operation or a specific site)
Bridges Only: Impacts Other Infrastructure items
Stormwater Management Only: Water Quality
Water System Only: Reliability

Each project is then rated using a scoring scale for each criteria. This scoring process takes place with teams of staff members providing broad cross-unit input and involving staff from unit managers to project managers to public works personnel. Staff from other entities such as the DDA, UM, and the Washtenaw County Water Resources Commissioner’s Office (WCWRC) are also involved where appropriate.

Upon completion of Prioritization of capital projects for each asset category, the prioritization model then produces information (both in graphic and in tabular form) showing the scores for each project. Results for the Solid Waste asset group are shown below as an example:

## SAMPLE SOLID WASTE PRIORITIZATION MODEL GRAPHIC RESULTS

FIGURE 1  
Benefit Score by Criteria Weight Composition



## SAMPLE SOLID WASTE PRIORITIZATION MODEL TABULAR RESULTS

PRIORITIZATION MODEL RESULTS		
SOLID WASTE		
Prioritization Rank	Project Name	Prioritization Score
1	Drop-off Station	83.73
2	Landfill Entrance Improvements	38.82
3	Termination of Public Street Dead Ends (Solid Waste)	38.11
4	Northside Methane Collection System Upgrades	36.90
5	Compost Pad Replacement	32.59

These prioritization scores then become one of the principal tools in establishing the order in which projects are programmed (the “Programming” step). It is noted however, that fund availability and constraints, the need to coordinate with projects involving other asset groups, required interactions with other outside agencies, and other similar factors dictate that this scoring alone does not set the programmatic order in which projects are undertaken.

The final result of the “Three P” process was the FY2020-FY2025 plan presented in tabular form by asset group to the City Planning Commission with prioritizations scores, year programmed, and projected funding needs for each.

## **NEW PROJECTS**

There are 107 new projects in the FY2020-FY2025 CIP. The total cost of all new projects is \$150,251,000 representing approximately 15.1% of all project costs. New projects are shaded on the CIP Plan tabular data sheets.

The five asset groups contributing the greatest number of proposed new projects are Water, Street Construction, Stormwater, Sanitary, and Other Transportation.

In the Water group, the number of new projects is being driven by several factors. These include the aging nature of the system, proactive planning to consolidate parallel mains, efforts to upsize mains to increase fire safety and foster economic development in the DDA district, extension of mains to unserved areas, and projects required for regulatory compliance at the City’s dams and treatment plant.

The significant number of new projects in the Street Construction category reflects continued efforts to address the “Fix Our Roads” goal established by City Council as well as to begin to address programming of long-term corridor projects on Nixon Road and State Street.

In the Stormwater asset group, the newly added projects are driven by a number of factors including continued implementation of the City’s Green Streets policy, addressing capital maintenance issues related to both conveyance and stormwater detention facilities, and continued efforts related to long-term management of the City’s urban forest.

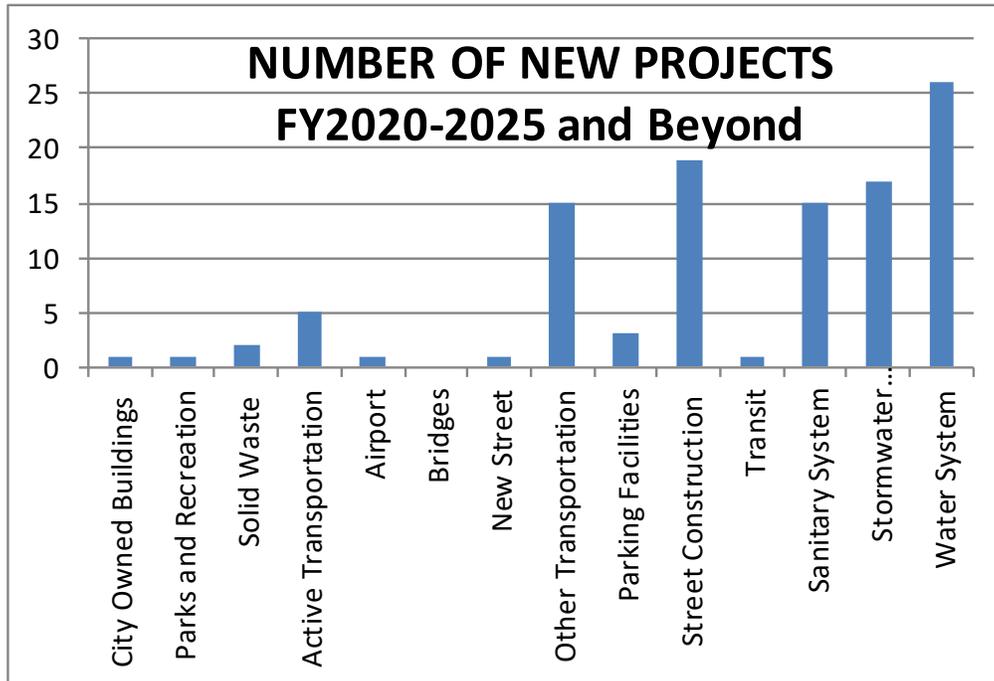
In the Sanitary asset group, several of the new projects focus on implementing solutions identified in the Sanitary Sewer Wet Weather Evaluation Project. Funding for of these projects is largely possible through utilization of Developer Offset Mitigation (DOM) fees. New projects also address needs at the treatment plant as well as initial programming for targeted collection system extensions into areas of the City not presently served.

In the Other Transportation group, primary focus of the new projects include upgrades to the City’s traffic signal system and proposed streetlight corridor projects for improved safety.

The chart and graph following depict number of new projects and total funding needed for such projects for each asset group.

### **NEW PROJECTS FY2020- FY2025**

<b>Category</b>	<b># of New Projects</b>	<b>FY2020-2025 And Beyond Funding Needed</b>
City Owned Buildings	1	\$ 400,000.00
Parks and Recreation	1	\$ 150,000.00
Solid Waste	2	\$ 250,000.00
Active Transportation	5	\$ 2,837,000.00
Airport	1	\$ 564,000.00
Bridges	0	\$ -
New Street	1	\$ 250,000.00
Other Transportation	15	\$ 17,044,400.00
Parking Facilities	3	\$ 3,513,000.00
Street Construction	19	\$ 49,212,000.00
Transit	1	\$ 100,000.00
Sanitary System	15	\$ 19,165,000.00
Stormwater Management	17	\$ 12,140,000.00
Water System	26	\$ 44,626,000.00
<b>TOTALS</b>	<b>107</b>	<b>\$ 150,251,400.00</b>



## COMMUNITY INPUT AND INFORMATION SHARING

As the City's focus on community engagement efforts is increasingly embedded into the fabric of interaction with the community, many new capital improvement projects are being generated from such interactions. Such engagement occurs through direct interaction with citizens as well as through commissions and boards with strong citizen representation.

The City has engaged in several intensive infrastructure related planning and evaluative studies that have involved citizen advisory groups and/or community-wide engagement efforts. The results of such studies have generated capital improvement projects that were heavily driven by such citizen input.

As examples, the recently completed State Street Transportation Corridor Study (Ellsworth to Oakbrook) and Nixon Corridor Design projects, both of which involved significant public engagement, have enabled development of planning level cost estimates and project phasing for Complete Streets projects in these corridors.

Resident requests concerning specific locations have also generated a number of capital improvement projects. For example, citizen requests to fill the sidewalk gap on the south side of Jackson from Wagner to Park Lake contributed to inclusion of a project to meet that need.

Requests are also received from the University of Michigan (UM), local interest organizations such as the Washtenaw Biking and Walking Coalition, etc.

Examples of other projects that were added to the FY2020-FY2025 CIP based in whole or in part upon community input include the Bicycle Network Gaps and Low Stress Bicycle Network Signage projects, Hollywood (Maple to Allison) Paving, and the Accessible Pedestrian Signal project.

One final new opportunity for gathering community input, which can lead to inclusion of new capital improvement projects in the CIP, has come about due to the highly successful launch in 2014 of the City's new *A2 Fix It* system. This system permits community members to report on issues related to the City's capital assets as well as its operations. The primary purpose of the system focuses on addressing issues such as pothole repair or a missed trash pick-up which can be addressed in the short term. However, the system is also beginning to generate requests which would require longer-term capital improvement project creation to properly address and a website to permit such long-term input is in the beta stages of testing.