



City of Chardon

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TO: Members of Council, City of Chardon Residents and Businesses

FROM: Randal B. Sharpe, City Manager

SUBJECT: Capital Improvement Program 2014-2018

DATE: August 14, 2013

Each year the city identifies projects for investment in its capital infrastructure. This document is known as the 5-Year Capital Improvement Program. The document ensures that the City's short and long-term infrastructure investments are matched to the City's needs and to the resources available to fund the projects. The Program is developed by taking the following factors into consideration: City Council goals, transportation, sanitary and storm sewer infrastructure needs, the City of Chardon Comprehensive Plan, City commitments, economic development goals, grant funding opportunities and anticipated revenues.

The 5-year program anticipates capital projects and is reviewed and updated annually to reflect the city's current priorities. Chardon City Council approved the 2014-2018 Program at its August 8 meeting. Capital projects can be new buildings, parks, roadway improvements and enhancements, sanitary and storm sewers, sidewalks, land acquisition, licensed vehicles, and machinery & equipment. The Program estimates an investment of \$10,545,856 over the next 5-years.

Some of the construction projects anticipated for 2014 are as follows: - Maple Highlands Trail, - Heritage House, - Southwest Sanitary Trunk Sewer, - North Hambden Street Water Main Replacement, and -Washington Street, Fifth Avenue, Huntington Street, & Goodrich Court Improvement Project. The Program also allows funding for the purchase of a Massey Ferguson Tractor for the Street Department.

It is important to maintain the current assets of the City while positioning the infrastructure of Chardon to be prepared for the future. Thoughtful consideration and fiscal stewardship will continue to be the driving factors while accomplishing the capital improvements outlined in the Program.

City of Chardon
Capital Improvement Plan
2014-2018



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Introduction

This document presents the City of Chardon's proposed Capital Improvement Plan (CIP) from 2014 to 2018. It is comprised of the following sections:

- **Key Findings:** explains the key findings related to the proposed capital projects and financial forecasts.
- **Capital Projects 2014-2018:** presents the proposed projects and planned purchases, with the applicable cost estimates based on internal review, prior CIPs, and data from the City's Engineer.
- **Capital Expenditures:** provides a summary of the historical and projected capital expenditures.
- **Financial Forecasts:** contains the five-year financial projections for the funds that have a significant impact on the CIP,¹ the assumptions used to develop the projections, a summary of the projected revenues by source and expenditures by type in the General Fund, and a presentation of the debt expenditures during the forecast period.
- **Park and Recreation Advisory Board:** reports the capital improvement priorities for parks and recreation, as determined by the Board.
- **Unfunded Projects:** presents the projects that cannot be undertaken due to a lack of financial resources and matching funds.
- **Capital Project Maps:** shows the aerial maps of the proposed capital projects and by year of construction.

As is typical with any plan, the CIP will be subject to changes based on actual events that occur subsequent to its adoption. As a result, the CIP will be reviewed periodically, especially for 2014.

¹ Five-year projections were developed for all of the City's funds.

Key Findings

- I. **Loan and Grant Funding:** Implementation of the CIP depends significantly on the ability to obtain loans and grant funding, as evidenced by the ensuing table.

Summary of CIP Expenses

	2014	2015	2016	2017	2018	Total / Average ¹
Total Capital Expenses	\$2,846,400	\$1,769,320	\$2,441,903	\$417,133	\$3,071,100	\$10,545,856
% Paid with Loans & Grants ²	81.7%	59.1%	67.7%	75.4%	97.8%	76.3%
% Tied to Loans & Grants ³	88.9%	80.5%	86.1%	77.8%	97.8%	86.2%

¹The total is for the capital expenses from 2014 to 2018 while the percentages reflect the annual average.

²This reflects the actual expenses projected to be paid by loans or grants.

³This reflects the total project costs that include some funding from loans or grants because the absence of these funds may prevent the completion of the entire project.

- II. **General Fund:** In order to avoid negative ending balances, assumptions were made to limit personnel and operating expenditures in the General Fund. For instance, a 2.0% cost-of-living increase is included for 2014 and a 1% cost-of-living increase is included in 2015. Thereafter, cost-of-living increases are not included in the projections.

In addition, 3% of the projected municipal income taxes is allocated to the General Capital Improvement Reserve Fund for 2014, 2015, and 2016, which is the maximum allocation for this fund. However, due to the five-year financial outlook in the General Fund, only 1.5% and 0.75% of the projected municipal income taxes are allocated to this fund in 2017 and 2018, respectively. Similarly, the municipal income taxes allocated to the General Operating Reserve Fund and the Payroll Stabilization Fund are less than the maximum targets for each year. Furthermore, the projected ending balances in the General Fund comprise less than 10% of the available resources in each year.²

- III. **Water and Sewer Operating Funds:** The Water Operating Fund is projected to maintain positive ending balances that equate to at least 10% of the available revenues in each year, and includes transfers to the Water Capital Reserve Fund. Conversely, the positive ending balances in the Sewer Operating Fund comprise slightly less than 10% of the available revenues after 2014 (see footnote 2), with limited transfers to the Sewer Capital Reserve Fund. This is due to the property acquisition costs incurred in 2013 for the Southwest Sanitary Trunk Sewer Project. Lastly, unlike the other water and sewer funds, the Operating Funds do not include any transfers from the General Fund.

- IV. **Project Timing:** The Maple Avenue Project is projected to begin one year earlier than anticipated in the 2013-2017 CIP because of the continual breaks and associated repair costs

² The Financial Management and Debt Policy requires the amount to equate to 10% for the General, Water Operating, Sewer Operating, and Fire and Ambulance Operating Funds. It is anticipated that a 10% Fund Balance will be attainable in future years as actual future revenue and expenditures are known.

that have been necessary to maintain the current water line. However, the Railroad Trunk Sewer Project is forecasted to begin two years later than anticipated in the 2013-2017 CIP. This is due, in part, to the construction of the Southwest Sanitary Trunk Sewer Line in 2014 and the implementation of the Flow Diversion Program during 2013. These two projects will help alleviate some of the sewer overflow, which is intended to be fully addressed by the Railroad Trunk Sewer Project. As a result, delaying the implementation of the Railroad Trunk Sewer Project should not have a significant impact on the City's overall sewer system.

- V. **Major New Projects:** Improvements for Huntington Street and Goodrich Court were added to the CIP as a part of the Washington Street and Fifth Avenue application for funding to the Ohio Public Works Commission (OPWC). Improvements to Woodbridge Lane were also added to the CIP.

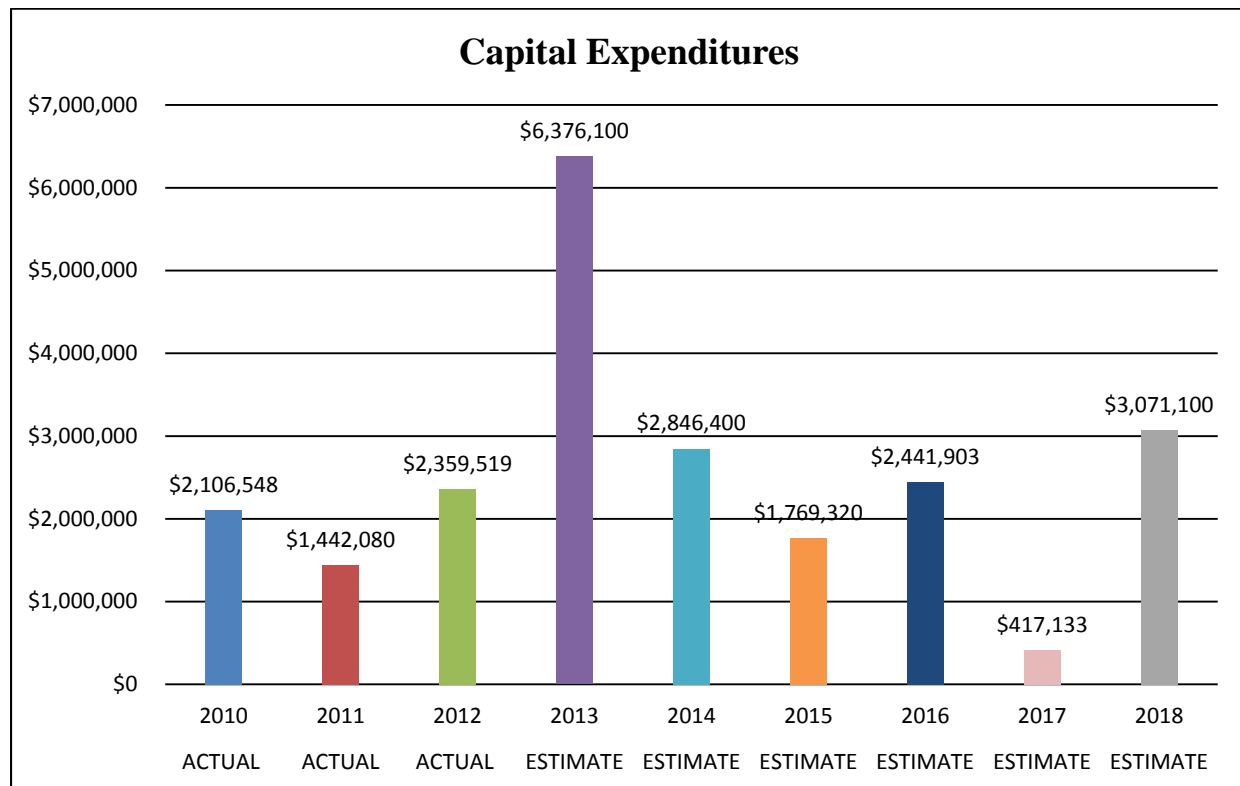
Capital Projects 2014-2018

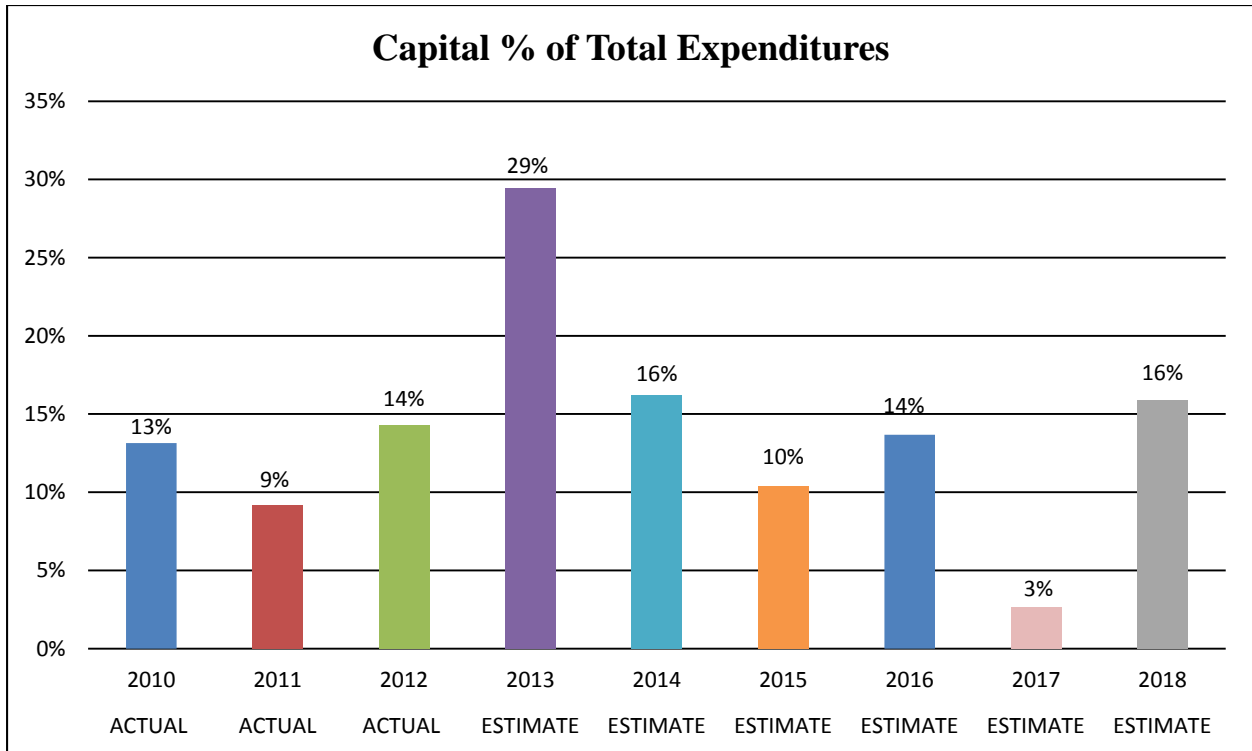
PROJECT	FUND	2014	2015	2016	2017	2018
HERITAGE HOUSE	Heritage House	414,000				
MAPLE HIGHLANDS TRAIL						
Sections 1 & 2: Construction	General Capital	466,500				
Sections 3 & 4: Alignment Study & Grant Application	General Capital	12,600				
Sections 3 & 4: Construction	General Capital					TBD
MEADOWLANDS DRIVE EXTENSION (Engineering 2013)						
Street & Sidewalk Construction	WPCLF	365,871				
Storm Sewer Construction	WPCLF	89,348				
Water Line Construction	WPCLF	103,506				
Sanitary Sewer Construction	WPCLF	118,367				
SOUTHWEST SANITARY TRUNK SEWER (Engineering 2013)						
Sanitary Sewer Construction	WPCLF	562,015				
Street Construction	WPCLF	173,115				
Storm Sewer Construction	WPCLF	36,736				
Water Line Construction	WPCLF	42,542				
N. HAMB DEN ST. WATER MAIN REPLACEMENT (Engineering 2013)						
Water Line Construction	Water Capital	87,773				
Street Construction	General Capital	83,327				
WASHINGTON ST. IMPROVEMENT PROJECT						
Street Engineering	OPWC/SCMR	41,921				
Street Construction	OPWC		303,569			
FIFTH AVENUE IMPROVEMENT PROJECT (Washington Street to North Street)						
Street Engineering	OPWC/SCMR	56,118				
Street Construction	OPWC/ Permissive Tax		406,372			

PROJECT	FUND	2014	2015	2016	2017	2018
HUNTINGTON ST. IMPROVEMENT PROJECT						
Street Engineering	OPWC/SCMR	15,201				
Street Construction	OPWC		110,074			
GOODRICH COURT IMPROVEMENT PROJECT						
Property Acquisition	OPWC/SCMR	16,000				
Street Engineering	OPWC/SCMR	17,260				
Street Construction	OPWC		124,985			
SIDEWALKS	General Capital	25,000	25,000	25,000	25,000	25,000
RAILROAD TRUNK SEWER						
Property Acquisition	Sewer Capital				10,000	
Sanitary Sewer Engineering	WPCLF				269,231	
Sanitary Sewer Construction	WPCLF					2,692,305
Street Engineering	WPCLF				45,203	
Street Construction	WPCLF					310,795
MAPLE AVENUE						
Street Engineering	OPWC/SCMR		160,625			
Street Construction	OPWC/ General Capital			708,374		
Water Line Engineering	Water Capital		151,561			
Water Line Construction	Water Capital/ OPWC			663,182		
Sanitary Sewer Engineering	WPCLF		135,399			
Sanitary Sewer Construction	WPCLF			592,461		
Storm Sewer Engineering	OPWC/SCMR		31,535			
Storm Sewer Construction	OPWC/ General Capital			137,986		
WOODBRIIDGE LANE						
Street Engineering	SCMR	11,300				
Street Construction	SCMR	61,300				
LICENSED VEHICLES						
Police Department						
#1: SUV, Ford Explorer	General Capital					43,000
#2: SUV, Ford Expedition	General Capital		37,000			
#4: Sedan, Ford Crown Vic.	General Capital			39,000		
#5: Sedan, Ford Taurus	General Capital				41,000	
#6: SUV, Ford Explorer	General Capital		37,000			
Lands & Buildings						
#414: 3/4 Ton Pickup	General Capital					26,700
Street Department						
#9: 3 1/2 Ton Dump Truck	SCMR			175,000		

PROJECT	FUND	2014	2015	2016	2017	2018
Water / Sewer Department						
#14: 3/4 Ton 4WD Pickup Truck	Sewer Capital			28,900		
#22: 1 1/2 Ton Dump Truck	Water/Sewer Capital		64,600			
#23: 3/4 Ton 4WD Pickup Truck	Sewer Capital		25,200			
MACHINERY AND EQUIPMENT						
Street Department						
#35: Massey Ferguson Tractor Mod 31	SCMR	46,600				
#36: Bobcat Skid Loader	SCMR			40,000		
#42: Cat Asphalt Roller	SCMR		40,400			
Water / Sewer Department						
#31A: Case 580 Backhoe	Water/Sewer Capital		86,200			
#31B: Allied Pavement Breaker	Water/Sewer Capital		12,500			
#33: Case Mod. 495, Utility Tractor & Mower	Water Capital			32,000		
#39: Sullair 185 Air Compressor	Water Capital		17,300			

Capital Expenditures





Financial Forecasts

	2013 ¹	2014	2015	2016	2017	2018
GENERAL FUND						
Beginning Balance	\$1,720,943	\$887,551	\$521,239	\$185,480	\$86,958	\$149,742
Revenues	6,789,204	7,208,173	7,395,371	7,579,819	7,923,611	8,167,079
Expenditures	7,496,811	7,574,485	7,731,130	7,678,341	7,860,827	8,305,991
Ending Balance	\$887,551	\$521,239	\$185,480	\$86,958	\$149,742	\$10,830
GENERAL OPERATING RESERVE FUND						
Beginning Balance	\$226,065	\$553,280	\$665,624	\$781,338	\$900,523	\$961,904
Revenues	327,215	112,344	115,714	119,185	61,381	63,222
Expenditures	0	0	0	0	0	0
Ending Balance	\$553,280	\$665,624	\$781,338	\$900,523	\$961,904	\$1,025,126
PAYROLL STABILIZATION FUND						
Beginning Balance	\$37,678	\$92,214	\$120,299	\$149,228	\$9,024	\$39,715
Revenues	54,536	28,086	28,929	29,796	30,690	31,611
Expenditures	0	0	0	170,000	0	0
Ending Balance	\$92,214	\$120,299	\$149,228	\$9,024	\$39,715	\$71,326
STREET CONSTRUCTION, MAINTENANCE & REPAIR (SCMR) FUND						
Beginning Balance	\$347,271	\$57,151	\$98,051	\$159,570	\$66,260	\$154,566
Revenues	574,500	574,000	574,000	574,000	574,000	574,000
Expenditures	779,618	533,100	512,482	667,310	485,694	485,694
Ending Balance	\$57,151	\$98,051	\$159,570	\$66,260	\$154,566	\$242,872

	2013 ¹	2014	2015	2016	2017	2018
FIRE & AMBULANCE OPERATING FUND						
Beginning Balance	\$189,234	\$391,208	\$422,106	\$290,653	\$265,304	\$201,752
Revenues	830,581	827,417	843,955	845,866	847,814	849,801
Expenditures	615,925	796,519	975,409	871,214	911,366	953,512
Ending Balance	\$391,208	\$422,106	\$290,653	\$265,304	\$201,752	\$98,041
AMBULANCE FUND						
Beginning Balance	\$268,254	\$59,643	\$38,458	\$151,911	\$114,717	\$68,914
Revenues	135,000	135,000	135,000	135,000	135,000	135,000
Expenditures	342,936	156,185	21,547	172,194	180,803	189,844
Ending Balance	\$59,643	\$38,458	\$151,911	\$114,717	\$68,914	\$14,070
INFRASTRUCTURE IMPROVEMENT FUND						
Beginning Balance	\$134,822	\$13,036	\$13,036	\$13,036	\$13,036	\$13,036
Revenues	10,000	146,500	1,099,721	1,229,542	0	0
Expenditures	0	146,500	1,099,721	1,229,542	0	0
Ending Balance	\$13,036	\$13,036	\$13,036	\$13,036	\$13,036	\$13,036
GENERAL CAPITAL IMPROVEMENT FUND						
Beginning Balance	\$5,149,935	\$48,189	\$12,557	\$87,129	\$32,635	\$32,006
Revenues	248,607	551,796	173,571	178,778	92,071	47,416
Expenditures	5,073,966	587,427	99,000	233,272	92,700	68,000
Ending Balance	\$48,189	\$12,557	\$87,129	\$32,635	\$32,006	\$11,422
WATER OPERATING FUND						
Beginning Balance	\$259,617	\$113,120	\$107,428	\$113,479	\$110,741	\$112,409
Revenues	901,200	932,380	958,319	985,027	1,012,528	1,038,417
Expenditures	1,015,019	938,072	952,269	987,765	1,010,860	1,029,753
Ending Balance	\$113,120	\$107,428	\$113,479	\$110,741	\$112,409	\$121,073
WATER CAPITAL IMPROVEMENT RESERVE FUND						
Beginning Balance	\$457,781	\$304,403	\$331,630	\$307,368	\$48,832	\$173,832
Revenues	15,000	115,000	105,000	130,100	125,000	135,000
Expenditures	162,450	87,773	129,262	388,636	0	0
Ending Balance	\$304,403	\$331,630	\$307,368	\$48,832	\$173,832	\$308,832
SEWER OPERATING FUND						
Beginning Balance	\$404,643	\$152,262	\$142,317	\$107,918	\$127,507	\$119,626
Revenues	1,194,000	1,182,258	1,215,323	1,249,357	1,284,391	1,317,335
Expenditures	1,357,669	1,192,202	1,249,722	1,229,768	1,292,271	1,314,672
Ending Balance	\$152,262	\$142,317	\$107,918	\$127,507	\$119,626	\$122,289
SEWER CAPITAL IMPROVEMENT RESERVE FUND						
Beginning Balance	\$0	\$4,050	\$79,050	\$27,200	\$10,300	\$300
Revenues	156,050	75,000	55,000	12,000	0	0
Expenditures	152,000	0	106,850	28,900	10,000	0
Ending Balance	\$4,050	\$79,050	\$27,200	\$10,300	\$300	\$300

	2013 ¹	2014	2015	2016	2017	2018
WPCLF CAPITAL IMPROVEMENT FUND						
Beginning Balance	\$9,055	\$10,605	\$12,805	\$15,005	\$17,205	\$19,405
Revenues	400,051	1,747,100	390,999	848,061	570,033	3,258,700
Expenditures	398,501	1,744,900	388,799	845,861	567,833	3,256,500
Ending Balance	\$10,605	\$12,805	\$15,005	\$17,205	\$19,405	\$21,605

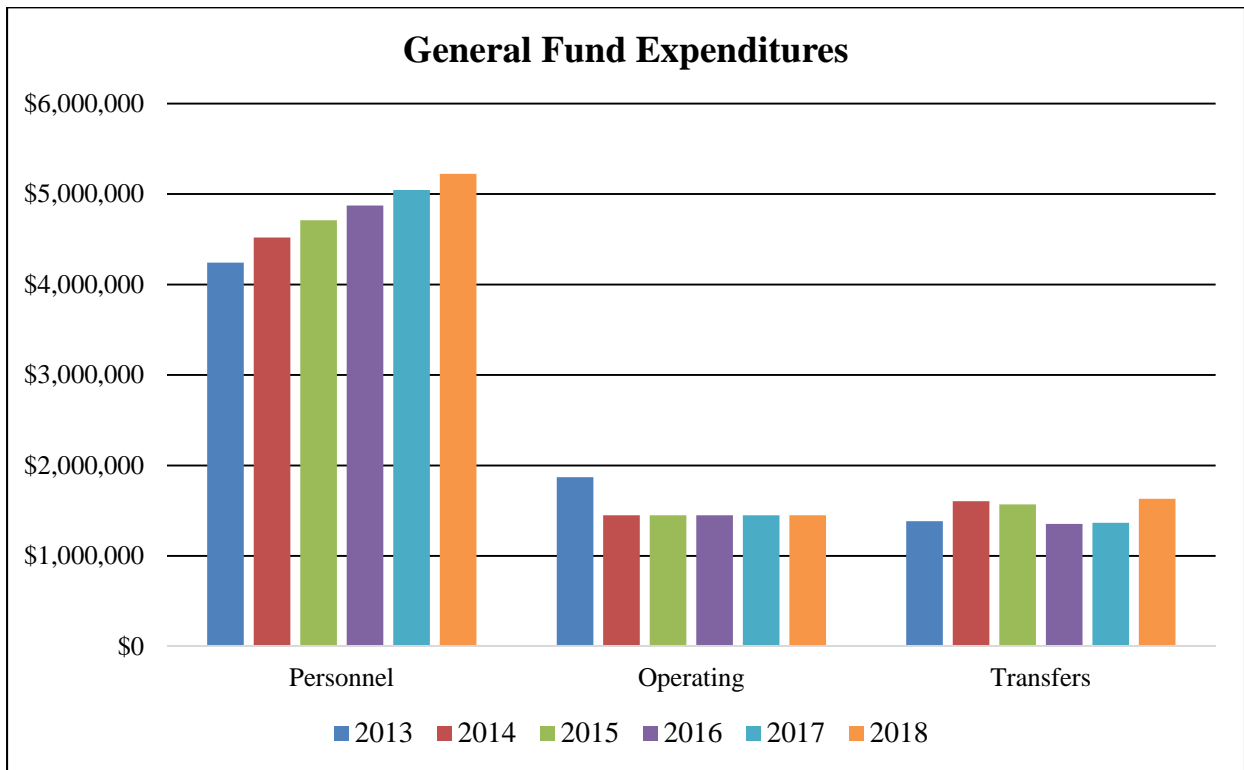
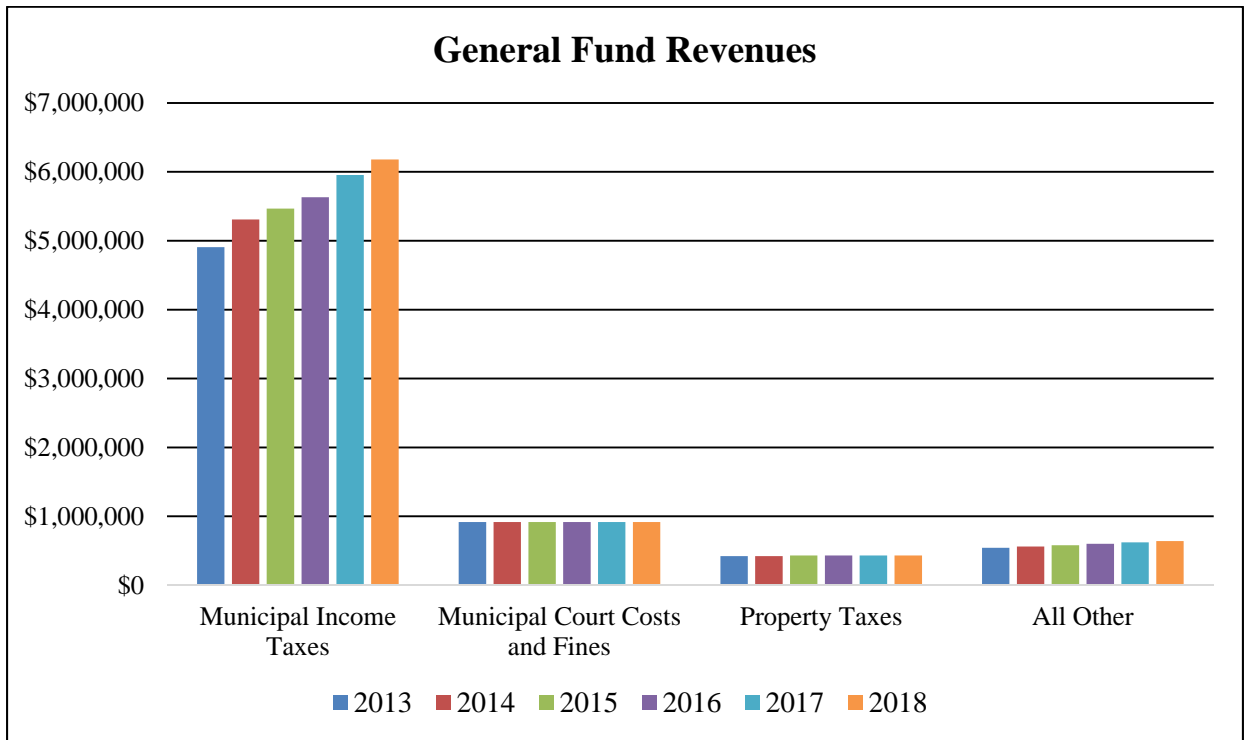
¹ The estimated ending balances in 2013 reflect encumbrances, where applicable, from 2012 to be spent during 2013. For example, although no new expenditures were estimated in the Infrastructure Improvement Fund for 2013, the estimated ending balance of \$13,036 assumes that the encumbrances of \$131,786 from 2012 will be spent in 2013.

Key Assumptions for Five-Year Projections

- Municipal income taxes are projected to increase 3.0% annually. While income tax revenues declined 7.7% in 2009, they increased 0.5% in 2010, 6.4% in 2011, and 4.3% in 2012.
- Municipal court costs and fines are projected to remain flat at the budget estimates for 2013. While court costs and fines have increased each year since 2006, this assumption is based on the year-to-date actual revenues through June for 2013. Flat court costs and fines increase the level of support from the General Fund for court operations.
- Cost-of-living increases are projected at 2.0% in 2014 and 1.0% in 2015, with no cost-of-living increases thereafter. Step increases are also included based on the composition of employees in a major fund (e.g., General Fund) or by department.
- Health, dental and life insurance are projected to increase 15.0% in 2014, based on the unknown impact of the Federal Healthcare Law. Thereafter, these costs are projected to increase 7.0% per year, based on historical and industry trends. Total health, dental and life insurance expenditures in the General Fund increased by an average of 9.4% annually from 2006 to 2012, with the increases ranging from 2.0% in 2012 to 17.4% in 2008. In its 2012 Survey, the State Employment Relations Board (SERB) reported annual increases to premium costs that ranged from 3.1% to 7.0%, which covers the period from 2007 through 2012.
- Operating expenditures in the General Fund are forecasted at \$1.45 million each year, compared to the average of approximately \$1.52 million in actual operating expenditures from 2006 to 2012.³ The operating expenditures are projected at slightly lower levels in an effort to maintain surplus balances in the General Fund.
- The projected transfers from the General Fund to pay for water and sewer related debt are as follows: \$816,475 in 2014; \$760,207 in 2015; \$732,072 in 2016; \$703,939 in 2017; and \$675,804 in 2018.
- Revenues in the water and sewer operating funds are based on the rate increases approved by City Council on September 13, 2012.

³ The actual operating expenditures from the General Fund exclude items that are projected to be paid from other funds.

Summary of General Fund Revenues and Expenditures



Debt Forecast**All Fund Forecasted Debt Expenditures**

	2014	2015	2016	2017	2018
Waste Water Treatment Plant-Expansion	\$607,000	\$607,000	\$607,000	\$607,000	\$607,000
Waste Water Treatment Plant-Upgrade	\$253,400	\$253,400	\$253,400	\$253,400	\$253,400
Water Treatment Plant (WTP)	\$358,130	\$358,130	\$358,130	\$358,130	\$358,130
Eastside Sanitary Trunk Sewer	\$204,550	\$204,550	\$204,550	\$204,550	\$204,550
Municipal Building	\$200,400	\$208,000	\$0	\$0	\$0
Street Garage Facilities	\$123,000	\$122,000	\$122,000	\$122,000	\$387,000
Wilson Mills Sewer	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200
OPWC Street Projects ¹	\$114,840	\$114,840	\$133,500	\$133,500	\$133,500
Meadowlands Drive Extension & Southwest Sanitary Trunk Sewer	\$0	\$110,000	\$110,000	\$110,000	\$110,000
Maple Avenue	\$0	\$0	\$0	\$100,574	\$100,574
Total Forecasted Debt	\$1,864,520	\$1,981,120	\$1,791,780	\$1,892,354	\$2,157,354

¹ Includes the sewer and water line portions of the Downing Drive Project

General Fund Forecasted Transfers for Debt Payments

	2014	2015	2016	2017	2018
WWTP Expansion, WTP, & Eastside Trunk Sewer	\$816,475	\$760,207	\$732,072	\$703,939	\$675,804
Municipal Building and Street Garage	\$323,400	\$330,000	\$122,000	\$122,000	\$387,000
Total General Fund Debt Support	\$1,139,875	\$1,090,207	\$854,072	\$825,939	\$1,062,804
% of WWTP Expansion, WTP & Eastside Trunk Sewer	70%	65%	63%	60%	58%
% of WTP & Eastside Trunk Sewer ¹	51%	41%	37%	32%	28%

¹ WTP and Eastside Trunk Sewer are also shown separate from WWTP Expansion because they are a part of the rate schedule adopted by City Council on September 13, 2012.

Parks and Recreation Advisory Board

The following table presents the priorities for capital improvements as determined by the Parks and Recreation Advisory Board in 2012.

Rank	Project
1	Mel Harder Park: dugouts
2	Water Splash Park
3	Mel Harder Park: earthwork, clearing, etc.
4	Ibold Park Improvements: 2-3 parking lots; access, entryway, parking; tennis courts (2) per GGJ estimate; park and landscape plan
5	Concession stand at Mel Harder Park
6	Purchase land
7	Enclose pool
8	Recreation Center
9	Master Plan Design-ENG
10	Design/funding new skate park

Unfunded Projects

Facility Construction and Improvements

1. GLTG Art & Culture Center Building Improvements
2. John Bohl Memorial Renovation
3. Municipal Public Parking Lot, 108 South Street

Roadway Construction and Improvements

1. Moffet Ave. Resurfacing and Curb Replacement
2. Street Maintenance: Chardon Park Estates, Hilltop Dr., Crickett Dr., Crocker Dr., Sylvia Dr., Myra Dr.
3. Wilson Mills Site Distance Improvements
4. Woods of Burlington

Intersection Improvement Projects

1. N. Hambden St./Maple Ave. Intersection Improvement

Traffic Control Improvements

1. LED Traffic Signal Conversion
2. Traffic Optimization Study

Sidewalk Improvements

1. N. Hambden St./Square Sidewalk Replacement
2. South Hambden St. Sidewalk Installation
3. Center St. Sidewalk Installation
4. Chardon Square Sidewalk Installation

Drainage Improvements

1. Court St./Water St. Storm Sewer
2. Water St./Park Ave. Storm Sewer
3. EPA Phase II Storm Water Regulations

Sanitary Sewer System Improvements

1. Northside Sanitary Sewer Project/Bridgewater Sanitary Sewer
2. Canfield Dr. Sanitary Sewer
3. North St. Sanitary Sewer
4. Colonial Park Sanitary Sewer