

Hanover Township

Capital Improvement Program

(FY13 – FY17)

Introduction

The preparation and adoption of a Capital Improvements Program (CIP) is an important part of Hanover Township's planning process. A CIP aims to recognize and resolve deficiencies in existing public facilities and anticipate and meet future demand for capital facilities. A CIP is a multi-year schedule that lays out a series of Township projects and their anticipated associated costs. Over the five year period considered by the CIP, it shows how the Township should plan to expand or renovate facilities and services to meet the demands of existing and new residents and businesses.

A CIP is an advisory document that can serve a number of purposes, including:

1. Guide the Township Board and administration in the annual budgeting process;
2. Aid in prioritization, coordination, and sequencing of capital improvements;
3. Inform residents, business owners, and developers of planned improvements.

Overview

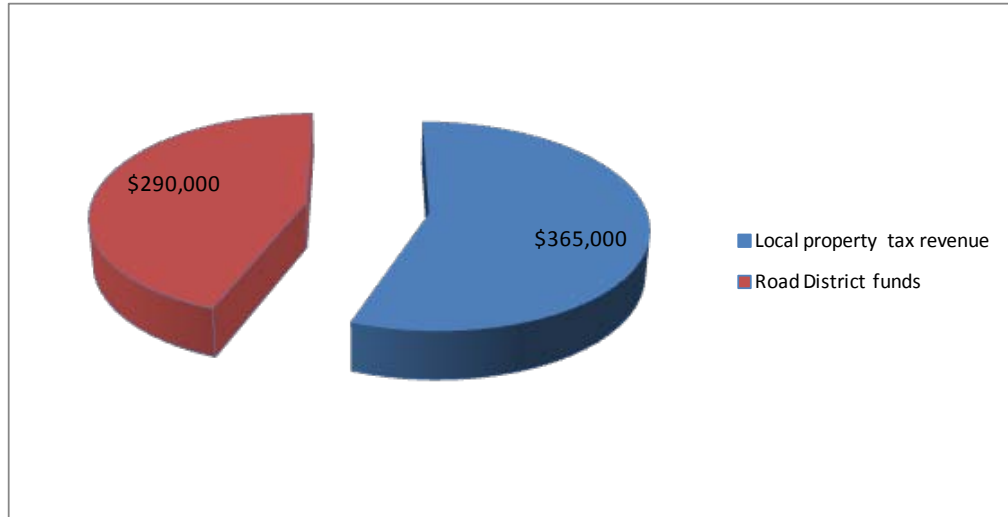
Submitted for consideration is the proposed Capital Improvements Program for the Fiscal Years 2012-2013 through 2016-2017. This document identifies long term needs and proposes a multi-year financial plan for them. The Township of Hanover has a long standing commitment to quality public services and thoughtful planning. The Capital Improvements Program formalizes that commitment and provides for orderly and appropriately financed growth of Township facilities. It is a financial tool that allows the Town Board to take a long range view of the organization's needs. This process will serve the organization as part of a larger ongoing strategic planning effort.

Beginning in the summer, the Town staff review the projects included in the current Capital Improvements Program, update the costs and status of those projects, and identify new projects to be included. The department submissions are reviewed, and project budgets and schedules are adjusted accordingly. The Town Board reviews the five-year program in the late summer, allowing an opportunity for additions, deletions, or amendments. This allows staff time to incorporate the new year's projects into the upcoming budget development process. This early review will likely also afford the Township an opportunity to bid construction projects early in the year, keeping costs down and completion timely.

The 5-year Capital Improvements Program for 2013-2017 totals \$721,000. In Fiscal Year 2013 the Town Board has allocated up to \$655,000 to be expended on capital improvements. This includes approximately \$365,000 in local property tax revenues, and \$290,000 in Road District

funds. The chart below shows anticipated annual expenditures proposed in the 2013-2017 program. Capital expenditures can be expected to vary significantly from one year to the next.

FY13 Capital Funding Sources



Financing Methods

Hanover Township has limited financing options. These options include funding from current revenue, often referred to as pay-as-you-go. The vast majority of annual revenue to the Township is from local property tax revenue, the bulk of which funds operating expenses such as salaries and utilities. A larger portion of these funds could be set aside each year for capital expenditure purposes. A second option is to fund the improvements through the working fund reserves, which represent savings by the Township overtime in each of the Town's several funds.

Debt financing, often referred to as pay-as-you-use, is another option available for consideration. The Town Board has historically been reluctant to use this source of financing, except for short term borrowing. The Township is limited by state statute and practice from considering other forms of revenue including sales tax, impact fees, and significant user fees.

Another major source of revenue for financing capital projects are grants. The Township has successfully applied for several Community Development Block Grants from the federal government through Cook County. A variety of county, state, federal, and private grants are available for application and we have started actively pursuing these opportunities. A mixture of financing methods including current revenue, fund reserves, grants, and borrowing will likely be required for any significant projects.

FY13 Highlights

While the Capital Improvements Program anticipates expenditures over a five-year period, the immediate focus is on 2012-2013, which is referred to as the Capital Budget. These projects are part of the operating budget that has been approved by the Town Board. In Fiscal Year 2013 the Town Board has allocated up to \$391,750 from the Capital Fund, and \$290,000 from the Road District Fund to be expended on capital improvements. Funds are proposed to be budgeted for a total of four primary projects. Projects include improvements to the Highway Garage, beginning construction of the Runzel Reserve, Remodeling of Town Hall, and reconstruction of the Town Hall parking lot.

Project Descriptions

Highway Garage Improvements

The Township owns and operates twenty vehicles, excluding those owned by the Road District. Currently, only eight of these vehicles are housed under roof. The existing highway and bus garages are dated, possibly not in compliance with most recent updates to local codes, and ineffective at meeting existing and future space needs. A new garage would likely be located in the general area of the existing garages, providing a workspace for the mechanic for specialty equipment and service bay, a wash bay to allow for on-site cleaning of vehicles, and space for a Road District vehicle and/or equipment will be made available by moving the mechanic. This garage would create an opportunity for further partnership between the Road District and Senior Transportation Services.

Senior Park – “Runzel Reserve”

This project will address the continued growth in the senior citizen population of the Township. Many years ago the Town Board had the foresight to purchase a sizable main campus. Several years ago the Township successfully completed the construction of an impressive Senior Center. Adjacent to the main campus, a new senior housing and assisted living complex has been completed and occupied. Today, these facilities, along with even newer senior living facilities on West Bartlett road, represent the majority of senior orientated construction throughout Hanover Township. A new senior park located between these two facilities on an approximate 1.2 acre parcel owned by the Township would provide additional recreation and programming space specifically designed for our growing senior population. The goal is to form a partnership with the local park districts and utilize state grants to pursue the project for any amount over and above the amount allocated in the CIP from local funds.

Township Hall Remodeling/Construction

The farm house portion of the Town Hall dates back to the early 20th century, and existing building systems are becoming obsolete including HVAC, sprinklers, and design layout. As demand for space continues and building codes become more stringent a significant remodeling and/or construction of Town Hall facilities may become necessary to address resident expectation of service delivery. In FY2013, both reception areas of the Town Hall (Administration and Youth & Family Services) need to be remodeled to allow additional waiting space for residents and to upgrade worn carpeting, tile, and furnishings.

Parking Lot Reconstruction

The existing parking lot serving the Town Hall and the areas around the garages is in significant disrepair. Considerable reconstruction is required, including new asphalt paving, sealing, and striping.

Town Hall RTU Replacement

The RTU (Roof Top Unit) is designed to supply a building with heat and air conditioning. The average life span of an RTU is roughly 15 to 20 years. In 2012 the Town Hall RTU will meet that age standard and at that time a determination will be made if and when a replacement is necessary.

Senior Center Parking Lot Reconstruction

The existing parking serving the Senior Center will be in need of significant repairs in the future. The reconstruction would include new asphalt, sealing, and striping.

Recommendations

It is recommended that the Town Board consider each project individually and in context of the larger CIP. This would be an appropriate time to offer additional projects for inclusion in the CIP and/or deletions or amendments to the projects presented. The CIP is an advisory document providing the Town Board and administration direction in future fiscal year's capital budget development. Future years funding need not be fully addressed in the CIP, only in the capital budget of the effective fiscal year. It is anticipated that a variety of funding sources will be required to meet the CIP as presented including current revenues, grants, fund reserves, and possibly some form of borrowing. Please feel free to contact the Administrator's Office with any questions, comments, or inquiries regarding the information presented.