COUNTY OF MARQUETTE
2016 CAPITAL PROJECTS RECOMMENDATION

REVENUES

SOURCES FOR 2016 BUDGET

Appropriation from Tax Fund	$ 200,000
Technology Fund - New Projects	41,000
Central Dispatch	25,000
Search & Rescue Fund	14,000
Forest / Recreation Fund	5,000
TOTAL REVENUES	$ 285,000

EXPENDITURES

PROJECT DESCRIPTION

GENERAL GOVERNMENT

12-16	R/M/D Facilities	Exterior Door Replacement		20,000
11-16	R/M/D Facilities	Annex & Jail Check Valve Replacement		18,000
	R/M/D Facilities	Courthouse Carpet Replacement		25,000
18-16	R/M/D Facilities	NSC Carpet Replacement		20,000
4-16	R/M/D Facilities	NSC Parking Lot Repairs		13,000
6-16	R/M/D Building Codes	Vehicle (1) Codes/Other		29,000
	Information Systems	ArcMap Software –Planning		9,000
	Information Systems	Computer Server-KI Sawyer		7,000
			SUBTOTAL	141,000

PUBLIC SAFETY

8-16	Central Dispatch	Automatic Vehicle Location & CAD Mobile		25,000
24-16	Sheriff	Patrol Vehicle Replacement (2)		75,000
	Sheriff	Replacement of Patrol Vehicle Laptops (5)		25,000
21-16	Search & Rescue	Dry Suit Replacement/Dive Equip Upgrade		7,000
19-16	Search & Rescue	Confined Space Entry System		7,000
			SUBTOTAL	139,000

HUMAN SERVICES

30-16	R/M/D Planning	Perkins Park Pavillion Ceiling		5,000
			SUBTOTAL	5,000

TOTAL EXPENDITURES $ 285,000

PURPOSE AND BACKGROUND OF CAPITAL IMPROVEMENT PROGRAMMING

Capital Improvement programming and budgeting involves the development of a long-term plan for capital expenditures of a unit of government. Capital expenditures include expenditures for buildings, land, major equipment and other commodities which are of significant value and have a useful life of several years. County financial policy defines capital expenditures to be included annually in the Capital Improvement Program. To be of a maximum utility, a Capital Improvement Program must be prepared on an annual cycle which is integrated into the overall budget process of the unit.

The Capital Budget is adopted annually based on the approved Capital Improvement Program. The Capital Budget includes actual appropriations for approved projects in the first year of the Capital Improvement Program only, and authorizes necessary financing measures to fund these projects.

AVAILABLE FUNDING METHODS

Any discussion of a Capital Improvement Program is incomplete without a review of the various methods the County could use to finance public improvement projects. It is also important to briefly consider the County's current and foreseeable future financial position.

General Obligation Bonds

A project to be financed by General Obligation Bonds must be a public improvement which will benefit all property in the County. These bonds are usually sold at a relatively low interest rate as they are backed by the full faith and credit of the County. At present, state law places a General Obligation Bond limitation of 10 percent of equalized valuation of all real and personal property. The present State Taxable Valuation is approximately one billion dollars, and, therefore, the bond limitation is about $101 million. The County currently has no outstanding debt . As a result, considerable room is available before reaching the legal limit. General Obligation Bonds approved through the County DPW and the County Board of Commissioners for projects.

Revenue Bonds

The Revenue Bond Act of 1933 permits counties to issue Revenue Bonds. The bonds are normally issued for the financing of self-supporting public facilities such as water, sewage disposal, off-street parking, park and recreation facilities, bridges and hospitals.

A provision of the Act also enables counties to incorporate an authority to construct and operate a facility and lease it to the county. The authority amortizes the Revenue Bonds with the fees and charges from the operation of the facility. Once the bonds are paid, the authority conveys the facility to the county.

A higher interest rate is normally incurred with Revenue Bonds than with General Obligation Bonds as Revenue Bonds are not backed by the full faith and credit of the community. Revenue Bonds also do not come under the General Bond Debt Limitation imposed by State law. Marquette County used Revenue Bonds as a means of financing for the purchase and construction of various buildings for Community Mental Health.

Special Assessment Bonds

Special Assessment and Special Assessment Bonds provide another method of financing public improvements. Special assessment districts are established when the improvement benefits a certain area of the County. Under this method, the benefited property pays for all or nearly all of the improvement cost. These would include local streets, sanitary sewers, water, and storm sewer improvements. Once the districts are confirmed and the estimated costs provided, Special Assessment Bonds can be issued to pay for these improvements. The benefited property then pays an annual payment for 10 to 15 years plus interest. These payments are used to pay off the Special Assessment Bonds.

Pay-As-You-Go

The pay-as-you-go method is simply the levying of sufficient taxes to pay for public improvements. This method eliminates the necessity of paying interest on borrowed funds. Pay-as-you-go financing has several disadvantages, however. First, because of the increasingly high cost of providing basic public services, it is very difficult to find any surplus funds to set aside for capital improvements. Unfortunately, many counties do not find themselves in the position of having such surplus funds. In addition, since many capital projects have extremely high costs, it would take a number of years to set aside enough money to finance such projects. This method gives the least amount of control to the taxpayers regarding how these funds are to be spent.

Joint Financing

An ever-increasing number of cities, counties, and townships are finding that there is a benefit to all jurisdictions for joint development of a project. The construction of city-county office buildings, development of joint sanitary landfill sites, and the sharing of computer facilities are examples. This avenue of funding may increase in importance in the future.

Reserve Funds

Reserve fund financing is a variation of the pay-as-you-go method. Under this procedure, funds are accumulated in advance for the construction of capital projects. The accumulation may result from surplus or "earmarked" operational revenues that are set aside, depreciating accounts, or from the sale of capital assets.

Lease-Purchase

Local governments utilizing the lease-purchasing method prepare specifications for a needed public works project and take steps to have it constructed by a private company or authority. The facility is then leased by the municipality at an annual or monthly rental. At the end of the lease period, the title to the facility can be conveyed to the local government without any future payments. The rental over the years will have paid the total original cost plus interest. This method has been used successfully in park land purchases and in the acquisition of office/meeting facilities.

Grant-In-Aid/Loans

Some projects may be financed in whole or in part by State or Federal grants or loans. For example, some highway or transportation projects may be financed by the Michigan Department of Transportation (MDOT). Water projects may be funded by the Farmers Home Administration (FmHA), Department of Housing and Urban Development (HUD), Economic Development Administration (EDA), or through a Community Development Block Grant (CDBG). Wastewater or storm water separation projects may be financed by the Environmental Protection Agency (EPA) and the Michigan Department of Natural Resources (DNR) or the FmHA. Certain narrowly defined courthouse improvements or other building renovations might be financed by HUD through CDBG or other programs. Recreation projects might be funded through the Land and Water Conservation Fund (LAWCON) or through the DNR. In attempting to secure grant funds, the competition is typically intense with only those units of government with sound planning and Capital Improvement Programs which are consistently successful. The State of Michigan has recently established a Michigan Municipal Bond Authority which pools a number of small issues into a large sale thereby reducing interest rates.