

Hanover Township

Capital Improvement Program

(FY 15-FY 19)

Introduction

The preparation and adoption of the 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.

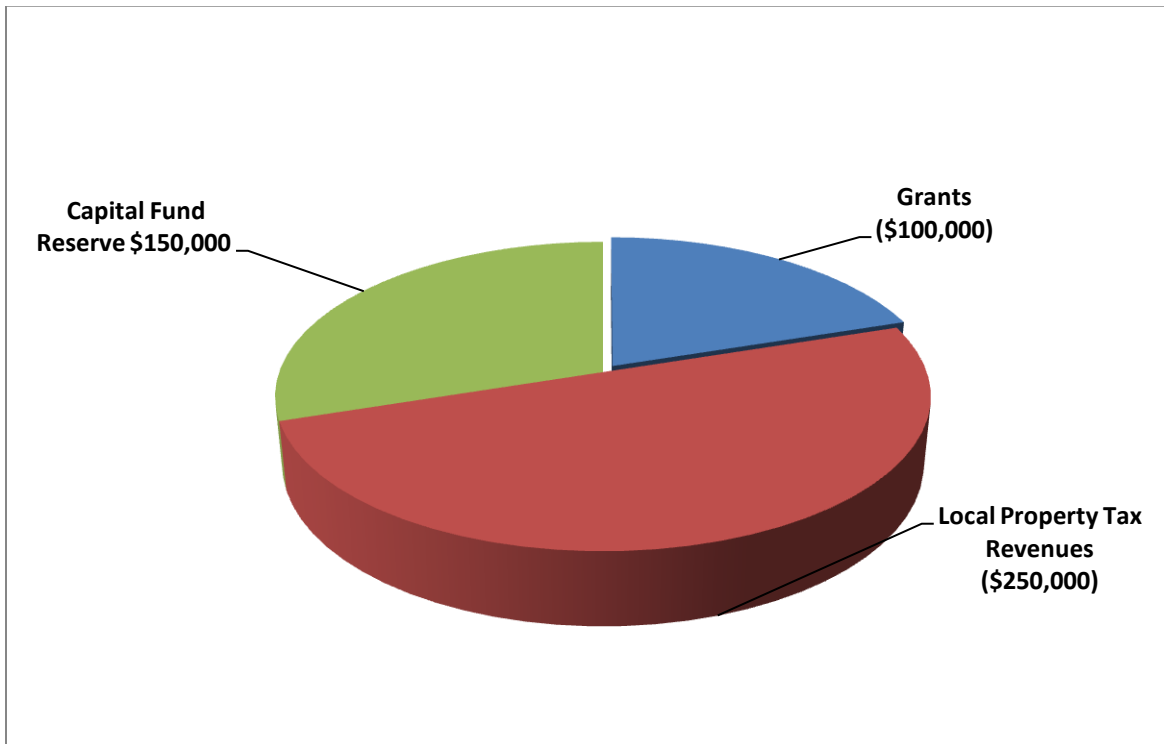
Overview

Submitted for consideration is the proposed Capital Improvements Program for the Fiscal Years 2014-2015 through 2018-2019. This document identifies long term needs and proposes a multi-year financial plan for them. Hanover Township 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 early fall, 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 2015-2019 totals \$1,636,000. In Fiscal Year 2015 the Town Board has allocated up to \$500,000 to be expended on capital improvements. This includes approximately \$250,000 in local property tax revenues, \$150,000 in Capital Fund reserves, and \$100,000 in grant funding. The chart below shows anticipated annual expenditures proposed in the 2015-2019 program. Capital expenditures can be expected to vary significantly from one year to the next.

FY 15 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 Township'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 from considering other forms of revenue including sales tax, impact fees, or 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 and the City of Elgin. A variety of county, state, federal, and private grants are available for application and we have been 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.

FY 15 Highlights

While the Capital Improvements Program anticipates expenditures over a five-year period, the immediate focus is on Fiscal Year 2014-2015, which is referred to as the Capital Budget. These projects are part of the operating budget that will be approved by the Town Board. In Fiscal Year 2015 the Town Board has allocated up to \$500,000 from the Capital Fund, with \$100,000 coming from grant funding to be expended on capital improvements. Funds are proposed to be budgeted for a total of four primary projects. Projects include improvements to the Izaak Walton Center, Izaak Walton Reserve Environmental Remediation project, Senior Center solar and energy efficiency project, and Lacy Reserve improvements.

Project Descriptions

Project: Izaak Walton Center Improvements



Description: The Township acquired the Izaak Walton League property in FY13. The property consists of 11 acres on wooded land that includes a lodge built in the 1930s. The primary use of the property will offer satellite services to the Elgin area including senior programs and social services, welfare services, community health services and veterans assistance. The primary concern with the property is ADA compliance issues. The funding for this project will come partially from the City of Elgin's Community Development Block Grant (CDBG) program. Improvements will include an elevator, a new access ramp, and improvements to the front entrance and electrical services.

Project: *Lacy Reserve Improvements*



Description: The Township acquired the Lacy Reserve property in FY 2014, which consists of 2.8 acres, including a playground area. The primary use of the property will remain as a recreational open space for area residents, with other multi-use programming offered. Initially, the focus will be replacing the playground equipment, with other developments and enhancements to the Reserve following.

Project: *Izaak Walton Reserve Environmental Remediation*



Description: In FY 15 sections of the 11 acres that the Izaak Walton Reserve sits on will be part of a soil remediation project. The scope of the work includes access improvement to the property by clearing and grubbing, removal of slag and foundry residuals to an off-site disposal, placement of a soil barrier layer, and removal of two concrete foundations from old structures. Hot spots, areas that contain high levels of contaminated fill soil will also be excavated, removed, and disposed of.

Project: *Senior Center Solar and Energy Efficiency Project*



Description: The solar and energy efficiency project is a concerted effort by Hanover Township to ensure that taxpayer resources can be conserved through a reduction in energy utilization while simultaneously benefiting the environment through reducing the Township’s carbon footprint. A small scale solar project will help to offset a small portion of the Senior Center’s electricity usage while also serving as a highly visible demonstration of the technology to residents. Efficiency measures such as Demand Control Ventilation (DCV) and retro-commissioning the Center’s HVAC system has been projected to reduce energy usage by as much as 50%.

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.