

CAPITAL IMPROVEMENT PLAN 2023-2035 Revision 4.0

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Chapter 1 - Overview

The 2023-2035 Sherman Township Capital Improvement Plan (CIP) will serve as a tool to assist the Township in turning long-range policy planning into real improvements on the ground. This twenty-year capital improvement plan, an annual update of that plan, is now a requirement for the Township under the Michigan Planning Enabling Act of 2008. The following report identifies the major capital improvements needed and/or planned for the community, the timeframe for implementation of those improvements, and the budget and revenue sources that will make those improvements a reality. Capital improvements within Sherman Township include new and renovated operation facilities, water and sewer extensions and replacements, parks and recreation facilities, non-motorized pathways, and internal services. The following subsections within this first chapter include an introduction to capital improvement planning and the capital improvement planning process. In subsequent chapters, this report summarizes existing facilities (Chapter 2), and presents the projected cost and revenue sources for all covered improvements (Chapter 3).

What is a Capital Improvement Plan (CIP)?

A Capital Improvement Plan is a five-year schedule of public physical improvements that identifies the needs for major public infrastructure improvements, and the sources of funding to make those improvements. It provides a schedule of expenditures for constructing, maintaining, upgrading, and/or replacing a community's physical inventory. The CIP, therefore, is a tool to assess the long-term capital project requirements (the "big jobs") of Sherman Township. Since capital improvement projects are spread across multiple community needs (water and sewer, parks and recreation, township administration, etc.), the CIP prioritizes these projects across the entire community and over time, providing an "apples-to-apples" comparison of the community's various needs and wants.

What are Capital Improvement Projects?

Capital improvement projects are major and infrequent expenditures, such as the construction of a new facility, a major rehabilitation or repair of an existing facility, or the purchase of major equipment. Capital improvement projects are non-recurring expenditures that tend to be large both in physical size and in cost, and have a long-term usefulness (10 years or more). Examples of capital improvement projects can include:

- Extension or replacement of a water/sewer line
- Major rehabilitation of a township's buildings
- Recreation improvements of a township park
- Replacement of large equipment (tractor)

Examples of expenditures that would not usually constitute a capital improvement project include:

- Purchase of small equipment (lawn mowers, copiers, individual computers, etc.)
- Recurring maintenance of existing facilities
- Minor repairs of existing buildings and equipment
- Minor improvements to existing buildings (carpet, painting, etc.)

Why is a CIP required?

The Michigan Planning Enabling Act of 2008 requires a Capital Improvement Program for any Michigan township that operates a water supply or sewage disposal system. Since Sherman Township owns and manages both a public water and sanitary sewer system, adopting and annually updating a Capital Improvement Plan is now a requirement. The development and the adoption of a CIP are driven by a statutory requirement at the State level. The State of Michigan has set forth the requirement for a CIP under the Michigan Planning Enabling Act, Act 33 of 2008. This reporting requirement for townships was effective September 1, 2008. The following excerpt from the Act 33 sets forth the requirement of a township to adopt a CIP:

“(2) Any township may prepare and adopt a capital improvement program. However, subsection (1) is only mandatory for a township if the township, alone or jointly with 1 or more other local units of government, owns or operates a water supply or sewage disposal system.”

The contents of the CIP are set forth under the GASB 34 (Government Accounting Standards Board Statement 34) that basically requires the CIP to report on the value of their infrastructure. The GASB 34 requires state and local governments to begin reporting all financial transactions, including the value of their infrastructure assets, roads, bridges, water and sewer facilities, and dams, in their annual financial reports on an accrual accounting basis. Sherman Township is not a road agency under Public Act 51 of the laws of the State of Michigan. Accordingly, public road and bridge projects are not reported in this CIP.

What are the benefits of preparing a CIP?

The CIP is more than just a State requirement; it is an essential planning tool in addition to a statement of budgetary policy. It informs the taxpayers of Sherman Township how the Township plans to prioritize, schedule, and coordinate capital improvement projects over the next fifteen years. The benefits of creating and annually updating the CIP include:

- Prudent use of taxpayer dollars;
- Focusing the Township expenditures on the needs of the community;
- Prioritizing projects across the needs of the community;
- Generating community support by inviting public input;
- Promoting economic development;
- Improving the Township’s eligibility for State and Federal grants;
- Transparency in identification of high-priority projects;
- Coordination/cost-sharing between projects.

The CIP is an essential link between planning for capital improvement projects and budgeting for them. Once approved by the Township Board, the CIP can be used to develop the capital project portion of the Township’s budget. Those projects included in the CIP’s first year potentially form the basis for the upcoming year’s capital project budget. As the CIP is annually updated, a continuous relationship will be maintained between the CIP and the Township’s annual budget. The annual update to the CIP will occur in advance of the preparation of the Township’s budget.

Chapter 2 - Existing Capital Facilities

In developing a Capital Improvements Plan, communities often find it essential to develop an inventory of their existing capital facilities. Before a community develops a list of “What we need”, it is important to first look at “What we have”. The following is a summary of Sherman Township’s major capital facilities and their current condition. The location of existing Township active facilities is noted on the Active Facilities Map (Figure 1).

ACTIVE FACILITIES

Sherman Township Office

Address: 8872 Second Street
Year Built: approximately 1909
Last Major Improvement: 2019 roof replacement
Serves: Offices of Supervisor, Clerk, Treasurer,
& Election Polling Location
Condition: Good
Extent of Use: Moderate



Sherman Township Community Hall

Address: 8878 Second Street
Year Built: approximately 1906
Last Major Improvement: 2020 attic insulation
Serves: Community events, fundraising events, water plant,
Recreation, board meetings, & hall rental
Condition: Good
Extent of Use: Light to Moderate



Sherman Township Fire Station

Address: 8884 Second Street
Year Built: 1978
Last Major Improvement: 2021 insulation
Serves: Sherman Township Fire and Rescue Department
Condition: Good
Extent of Use: Light to Moderate



Sherman Township Storage Building

Address: 8882 Second Street
Year Built: approximately 1907
Last Major Renovation: 2019 replacement garage door
Serves: Storage of township tractor with
implements, and surplus fire equipment
Condition: Poor
Extent of Use: Light



Sherman Township Water Supply System (Community Hall Basement)

Includes: water piping, wells, land, pump, hydrants, and storage tank reservoir

Year Built: 2006

Last Major Improvement/Extension: 2019 water well project

Condition: Excellent

Extent of Use: Light to moderate



Sherman Township Sanitary Sewer System

Includes: sewer piping, lift stations, tanks, and distribution field

Year Built: 2002

Last Major Improvement/Extension: 2019 drainage improvements

Condition: Good to Excellent

Extent of Use: Light to Moderate



Gay Schoolyard Park

Address: corner of Second and Lake Streets

Year Built: 2013

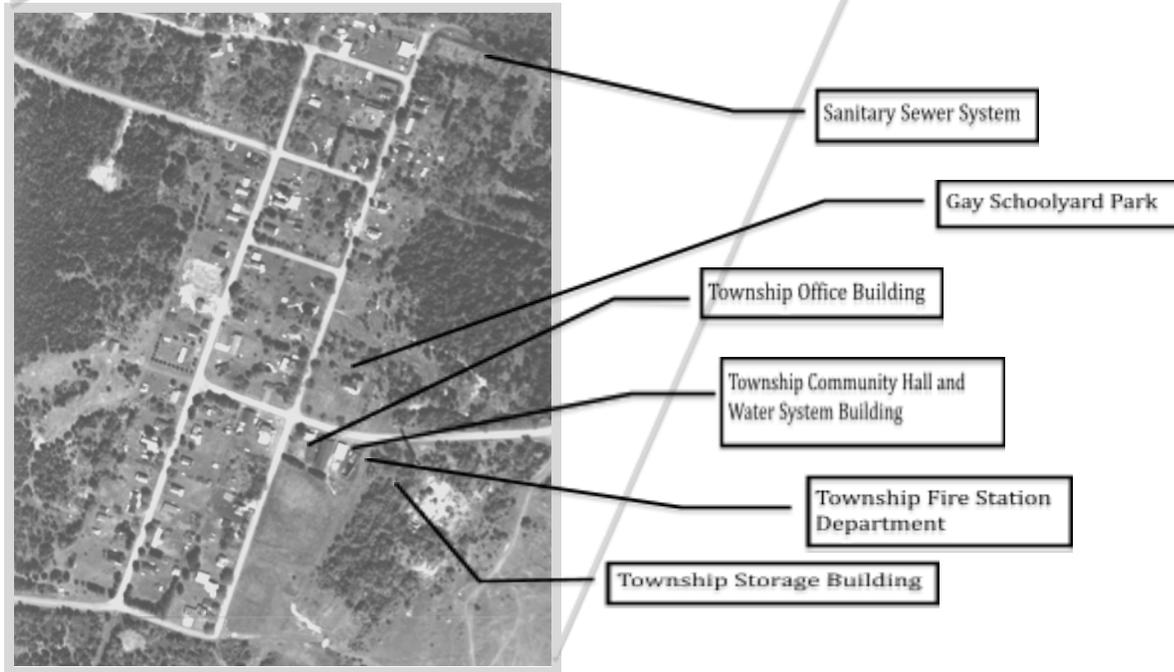
Last Major Renovation: 2022 additional playground equipment

Condition: Excellent

Extent of Use: Moderate



FIGURE 1 -- SHERMAN TOWNSHIP FACILITY LOCATIONS



Chapter 3 - Funding

The CIP has many projects of which some are unfunded. Limitations of funding will likely cause projects to be delayed, deferred or canceled. Each project has a potential funding source and many are dependent on a contribution from the Township’s General Fund or Water and Sewer Repair and Replacement Investment Funds. Many projects require outside funding sources, such as donations or State and Federal grant programs. The following chart depicts the relationship between total project costs, the Township’s share of those costs, and revenue sources outside of the Township, such as DNR Passport Recreation Grant and donations, for previous capital improvement projects during the last 10 years.

SHERMAN TOWNSHIP: CAPITAL IMPROVEMENT PROJECTS- COMPLETED 2011-2022					
Project	Total Cost	General Fund	Donation	Grants	Loan
Park Development	\$67,000	\$29,000	\$10,000	\$28,000	
Community Hall Renovations	\$53,000	\$11,000	\$42,000		
Fire Station Addition/Insulation	\$28,000	\$16,000	\$12,000		
Office Roof Replacement	\$12,000	\$6,000	\$6,000		
Tractor Replacement	\$15,000	\$15,000			
Additional Water Well	\$82,000				\$82,000

Chapter 4 - Capital Improvement Components

Parks and Recreation

Parks and Recreation projects are increasingly more important to the township as the population of children continues to grow and young families take up residence in the area. Funding of the CIP-001 project for replacing the park perimeter fencing would be from the Township’s restricted PA48 funds. Potential funding for the CIP-002 project is from \$30,000 in future donations and the remaining project balance in 2023 of \$10,170 for a multi-use courts for a variety of outdoor games.

SHERMAN TOWNSHIP: CAPITAL IMPROVEMENT PROJECTS- PARKS & RECREATION					
Number	Year	Project Title	Category	Total Cost	Funding
CIP-001	2023	Park Fence	Replacement	\$5,000	PA48
CIP-002	2025	Multi-Use Court	Development	\$40,000	\$10,170 Available \$30,000 Donations

Township Buildings and Equipment

Buildings play an important role in providing an environment that is conducive to supporting the various operating departments that provide services directly to the residents in the Township. Building capital improvement projects can be new building projects, building renovations, building expansions or the cost of services to support the existing buildings if this cost is significant. Equipment capital improvement projects are for major equipment that requires a significant investment of funding.

Identification of significant costs to support existing building operations is an important tool in determining the cost effectiveness of operating existing public buildings. Funding for supporting existing buildings is normally derived by either a charge back to the budgets from the operating departments or done as a direct operating cost to the General Fund. Equipment depreciation schedule is used for estimating replacement timetable and cost. Each of the building and equipment projects is listed along with the cost. Funding source for each project is the Township’s

Capital Repair and Replacement Fund (CRRP).

SHERMAN TOWNSHIP: CAPITAL IMPROVEMENT PROJECTS- BUILDINGS & EQUIPMENT					
Number	Year	Project Title	Category	Total Cost	Funding
CIP-003	2023	Community Hall Roof	Replacement	\$40,000	CRRP/CD
CIP-004	2025-2028	Building Furnaces	Replacement	\$20,000	CRRP
CIP-005	2030	Tractor and Implements	Replacement	\$35,000	CRRP

SHERMAN TOWNSHIP: CAPITAL IMPROVEMENT PLAN BUDGET PLAN					
Number	Year	Project Title	CRRP Available	Total Cost	CRRP Balance
CIP-002	2023	Community Hall Roof	\$36,302	\$40,000	\$0
CIP-004	2025	Building Furnaces	\$20,000	\$10,000	\$5,000
CIP-004	2028	Building Furnaces	\$35,000	\$10,000	\$25,000
CIP-004	2030	Tractor and Implements	\$45,000	\$35,000	\$10,000

Water Treatment System and Wastewater Facilities

The Township operates both systems for the residents served within the unincorporated community of Gay. Although the Township provides oversight for the systems, user fees charged to those who are connected to the system provide the financial support of the system. The systems have an independent budget associated with the operation and maintenance of the system. In addition, a portion of the user fees collected are invested in a RRI (Repair and Replacement Investment Account) for future capital expenditures as well as major repairs to the system over the expected 40-year system life span. No funds from the Township general funds are to be used in operating, maintaining, or replacing the systems. If there is a shortfall in the required funding then user fees are increased to fund the needed operations, maintenance, or repairs.

SHERMAN TOWNSHIP: CAPITAL IMPROVEMENT PROJECTS - WATER AND SEWER SYSTEMS					
Number	Year	Project Title	Category	Total Cost	Funding
CIP-006	2022-2030	Sewer Lift Station & Pumps	Replacement	\$35,000	Sewer RRI and/or Infrastructure Grants
CIP-007	2022-2030	Water Supply Pump, Controls, and Supply Lines	Replacement	\$60,000	Water RRI and/or Infrastructure Grants

On January 12, 2023, the Sherman Township Board of Trustees approves this Capital Improvement Plan:

 Robin Middlemis-Brown
 Township Supervisor
 Sherman Township Board

 JT Reno
 Township Clerk
 Sherman Township Board