

VILLAGE OF



MULTI-YEAR CAPITAL PLAN

FISCAL YEARS 2019 – 2023

Presented on December 18, 2017

Kristina M. Kovarik – Mayor
Patrick Muetz - Administrator
Andy Harris - Clerk

Jeanne Balmes – Trustee
Greg Garner – Trustee
Thomas Hood – Trustee
Cheryl Ross - Trustee
Karen Thorstenson – Trustee
Michael Jacobs – Trustee

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Elected Officials & Staff

Gurnee Village Board

Kristina M. Kovarik – Mayor

Andy Harris – Village Clerk

Jeanne Balmes – Trustee

Greg Garner – Trustee

Thomas Hood – Trustee

Karen Thorstenson – Trustee

Cheryl Ross – Trustee

Michael Jacobs – Trustee

Executive Staff

Patrick Muetz – Village Administrator

Kevin Woodside – Police Chief

John Kavanagh – Fire Chief

Tom Rigwood – Public Works Director

David Ziegler – Director of Community Development

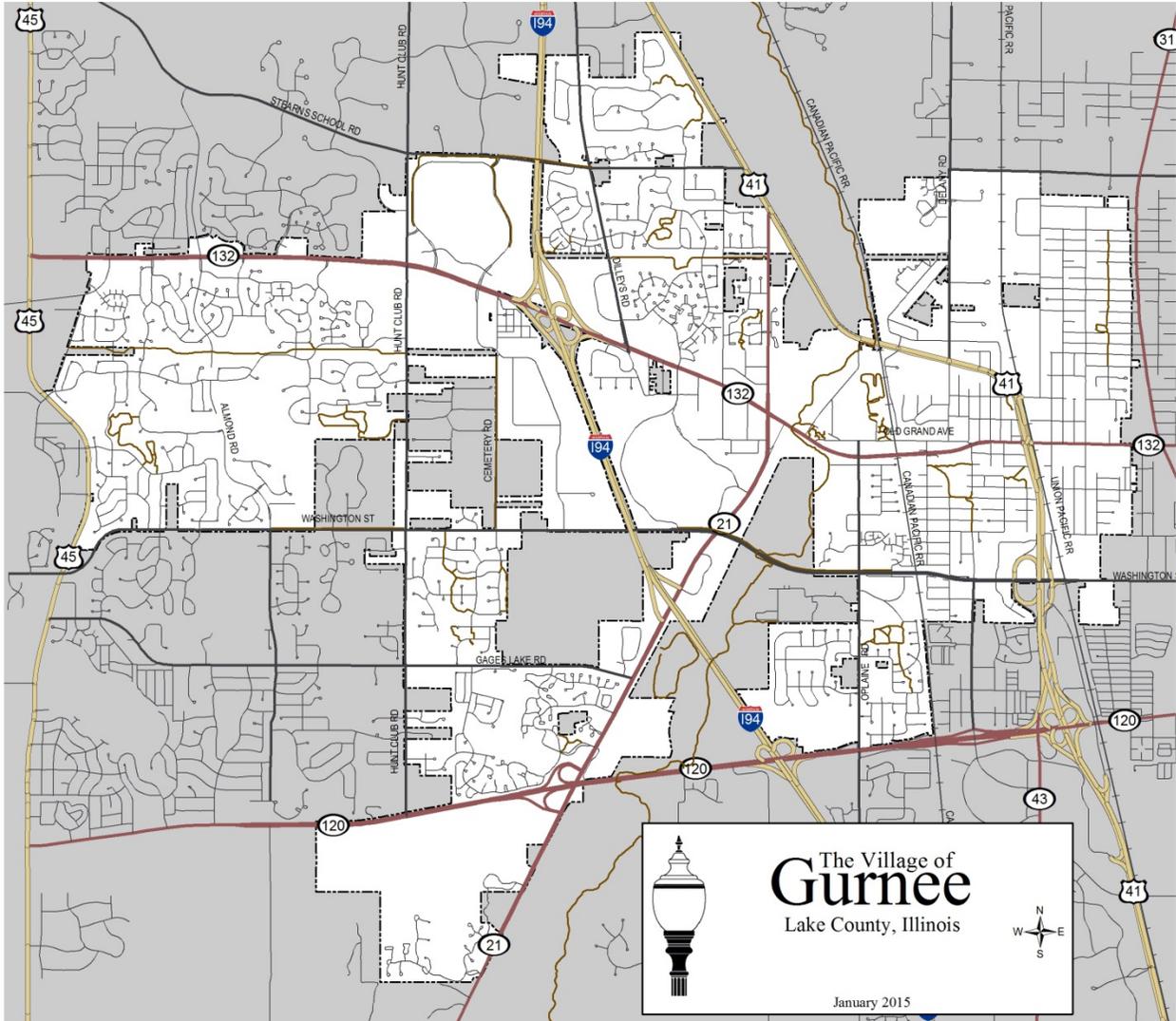
Scott Drabicki – Village Engineer

Ellen Dean – Economic Development Director

Brian Gosnell – Finance Director

Chris Velkover – IS Director

Village Map



- Incorporated: 1928
- Population: 31,295 (2010 Census)
- Land Area: 13.4 sq. miles

Honorable Mayor and Village Board:

Staff is pleased to submit the Multi-Year Capital Improvement Plan (CIP) for the fiscal years 2019 – 2023. The CIP represents the Village’s commitment to maintaining infrastructure and capital items needed to carry out the Village’s mission of Engage, Preserve, and Advance.

The purpose of preparing a CIP is to assist decision makers in identifying resources needed to maintain infrastructure, services and service levels, and potential future funding challenges and policy considerations.

The Village recognized the need for additional funding and in 2014 the Village Board increased the Village’s Home Rule Sales tax by 0.5%. The additional revenue is restricted to spending on capital and is the primary funding mechanism for the [Transportation System](#) plan included in this document.

It is important to note the CIP is a long-term planning document that is intended to be a fluid plan that will be constantly changing and updated based on the availability of funding and other unforeseen considerations. Individual projects or purchases will be vetted during the preparation of the Annual Budget and formally approved by the Village Board.

The CIP encompasses the Village’s main systems of infrastructure; [Transportation](#), [Water and Sewer](#) and [Stormwater Management](#), as well as capital items such as [Vehicles and Equipment](#) and [Buildings and Building Improvements](#). Items included in the CIP meet the Village’s criteria of a capital asset as described in the Village’s Fixed Asset Policy ([Appendix A](#)).

For the upcoming fiscal year, the plan represents those items being proposed in the FY2019 Budget. Beyond FY2019, items that are currently known are included in the appropriate year, remaining funding is allocated based on the general intent and needs. Anticipated replacement costs are shown in today’s dollars, meaning there is no adjustment for inflation built into the plan.

The CIP was developed over several months with input from staff in all departments, and we wish to recognize the effort of all those involved in the process.

Sincerely,

Scott Drabicki
Village Engineer

Brian Gosnell
Finance Director

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SECTION I – EXECUTIVE SUMMARY

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Executive Summary

Funding Strategy

The Village relies heavily on elastic, or economically sensitive, revenue sources such as sales tax. Due to the sensitivity of these revenues, the Village funds capital on a pay-as-you-go basis rather than incurring debt whenever possible. This provides the Village greater flexibility to direct resources to maintaining vital services rather than debt payments in the event of an unforeseen drop in resources.

In 2014 the Village Board instituted an additional 0.5% Home Rule Sales Tax. This additional revenue was dedicated for infrastructure and capital spending, and is the basis for funding the [Transportation System Plan](#). The Village transfers excess General Fund reserves to the Capital Improvement Fund (131) annually for general government capital projects in subsequent years. In FY2017 approximately \$410 thousand of annual debt service split between the General Fund and Water & Sewer Fund expired. Starting in FY2018, 100% these funds are directed to the pay-as-you-go capital program. In FY2019 approximately \$850 thousand of annual debt service expires. The Village plans to use 50% of this expiring debt service to fund pay-as-you-go capital improvements. This funding strategy has allowed the Village to avoid levying a property tax for capital improvements.

Water & Sewer related infrastructure and capital funding has historically relied on revenues from new development in the form of connection and user fees. As new development opportunities lessened it became apparent Water & Sewer rates were not sufficient to sustain a capital replacement program. In 2011, the Village conducted a water rate study and as a result of the findings instituted a base fee and incremental annual increase in the rate. The incremental increase expired on October 1, 2015. Effective May 1, 2016, the Village renewed its multi-year rate plan to include incremental annual increases on May 1 through FY2021. These incremental increases are expected to provide sufficient annual funding by FY2021 as noted in the original water rate study. Water & Sewer Infrastructure needs in the interim will be funded in part by rates, a drawdown of fund balance, Water & Sewer Operating Fund (221) surplus, home rule sales tax, and utilization of expiring debt service. The Village is planning an approximately \$7 million low-interest IEPA loan to construct a 2 million gallon above ground water storage tower on the west side of the community to provide sufficient pressure and fire flow. This expenditure is expected to start in FY2019 (\$4 million) and conclude in FY2020 (\$3 million).

Overall, the Village's funding strategy over the next 5 years of utilizing dedicated Home Rule Sales Tax, General Fund (110) surpluses, Water & Sewer Operating Fund (221) surpluses, expiring debt service, and charges for service provides maximum operating flexibility, minimal burden to residents, and a low debt per capita measure.

Plan Summary

FY2019 Plan Summary

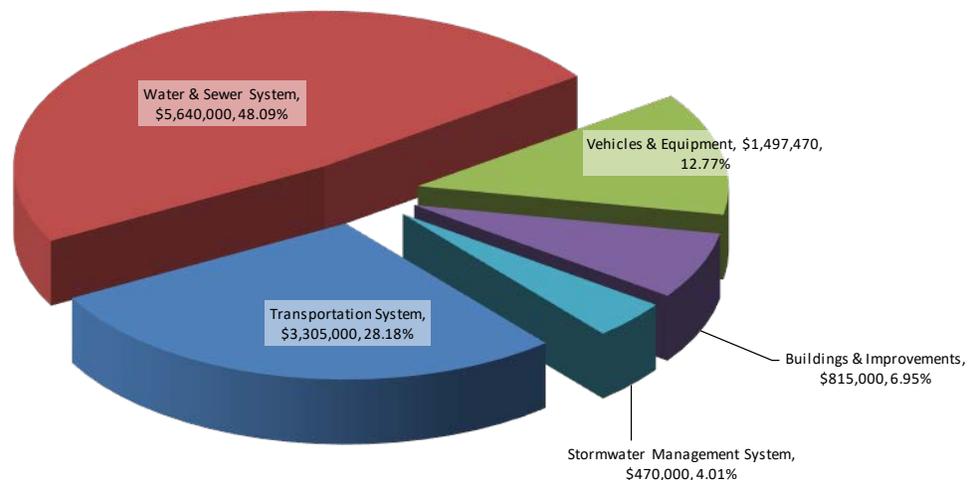
The largest expenditure category is the Water & Sewer System which totals \$5.64 million or 48.09%, largely due to the start of the Knowles Rd. Water Tower project. Transportation System spending totals \$3.31 million or 28.18%. This is down from the previous capital plan due to a change in the use of MFT funds to every other year rather than every year. This change allows better utilization of in-house staff as MFT funds require extensive paperwork and filing with the Illinois Department of Transportation. Vehicles and Equipment accounts for \$1.50 million or 12.77%, Buildings and Improvements totals \$815 thousand or 6.95%, and Stormwater Management totals \$470 thousand or 4.01%.

Fiscal Years 2019 – 2023 Plan Summary

Expenditures over the 5-year plan period total \$53.75 million. Transportation System spending totals \$19.14 million or 35.60%. Water and Sewer system spending totals \$15.89 million or 29.56%, largely due to the construction of the Knowles Rd. water tower in FY2019-21. Buildings and Improvements totals \$9.43 million or 17.55%, Vehicles & Equipment totals \$7.72 million or 14.37%, and Stormwater Management spending accounts for \$1.57 million or 2.92%.

System	FY2018 Budget	FY2018 Estimate	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	FY2019-FY2023 Total
Transportation System	\$4,853,000	\$4,866,370	\$3,305,000	\$4,680,000	\$3,330,000	\$4,690,000	\$3,130,000	\$19,135,000
Water & Sewer System	\$2,862,000	\$2,565,000	\$5,640,000	\$3,800,000	\$2,550,000	\$1,950,000	\$1,950,000	\$15,890,000
Vehicles & Equipment	\$2,099,625	\$2,013,665	\$1,497,470	\$1,698,500	\$1,190,500	\$1,530,500	\$1,804,500	\$7,721,470
Buildings & Improvements	\$485,275	\$401,500	\$815,000	\$1,233,500	\$865,000	\$3,265,000	\$3,255,000	\$9,433,500
Stormwater Management System	\$203,050	\$423,550	\$470,000	\$500,000	\$200,000	\$200,000	\$200,000	\$1,570,000
	\$10,502,950	\$10,270,085	\$11,727,470	\$11,912,000	\$8,135,500	\$11,635,500	\$10,339,500	\$53,749,970

FY2019 Proposed CIP by System





SECTION II – FUNDING SUMMARY

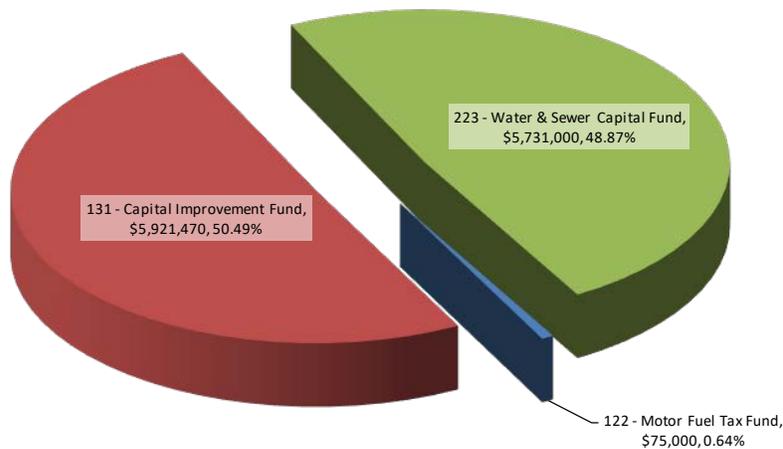
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Funding Summary

The Village accounts for capital and infrastructure spending in 2 main capital funds; the Capital Improvement Fund (131) and the Water & Sewer Capital Fund (223). In addition, the Motor Fuel Tax (122) special revenue fund is utilized for capital spending. Motor fuel taxes are restricted for use, and the Village has historically utilized the funds for Transportation System infrastructure. The Village also maintains a 911 Fund (121), which has historically been utilized to fund capital purchases related to the operation of the Village’s 911 center. In FY2017, the Village’s Emergency Telephone Systems Board (ETSB) consolidated with the City of Zion ETSB and formed the Northeast Lake County Consolidated E-911 Emergency Telephone Systems Board (NLCC-ETSB). As such, budget and spending authority is controlled by the NLCC-ETSB. Therefore, the capital spending related to the NLCC-ETSB is not included in this plan.

Fund	FY2018 Budget	FY2018 Estimate	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	FY2019-FY2023 Total
122 - Motor Fuel Tax Fund	\$850,000	\$850,000	\$75,000	\$1,575,000	\$75,000	\$1,575,000	\$75,000	\$3,375,000
131 - Capital Improvement Fund	\$6,140,900	\$6,164,180	\$5,921,470	\$6,331,000	\$5,355,500	\$7,955,500	\$8,159,500	\$33,722,970
223 - Water & Sewer Capital Fund	\$3,512,050	\$3,255,905	\$5,731,000	\$4,006,000	\$2,705,000	\$2,105,000	\$2,105,000	\$16,652,000
	\$10,502,950	\$10,270,085	\$11,727,470	\$11,912,000	\$8,135,500	\$11,635,500	\$10,339,500	\$53,749,970

FY2019 Proposed CIP by Fund



Motor Fuel Tax Fund – 122

Illinois imposes a tax on the privilege of operating motor vehicles and watercraft on public highways and waterways. The tax is based on the consumption of fuel and totals 19 cents per gallon on non-diesel fuel and 21.5 cents on diesel. The State collects the tax and currently distributes 54.4% to local taxing districts based on a statutory formula that includes population. In addition to the motor fuel tax, the Village also receives disbursements for other state and federal capital programs. Collectively these revenues make up the Motor Fuel Tax Fund and are restricted for use on the transportation system. The tax is expected to decrease over time as vehicles become more fuel efficient and mass transit options become more prevalent. In addition, funds distributed to municipalities as part of the state capital program are expected to decline over the next several years as the State deals with budget deficits.

General Capital Improvement Fund - 131

The Capital Improvement Fund accounts for general government capital asset purchases. Capital purchases in this fund include transportation and stormwater management system maintenance and replacement, vehicles and equipment, and buildings and improvements. The primary funding sources include Home Rule Sales Tax and surplus transfers from the General Fund.

Water & Sewer Capital Fund – 223

Capital purchases for the Water & Sewer Systems are funded in part by rates, a drawdown of fund balance, home rule sales tax, and utilization of expiring debt service. Users of the systems are charged a variable and a fixed rate based on meter size and usage. The Village established a Water & Sewer Capital Fund to segregate capital expenditures from operations. As a proprietary fund, Generally Accepted Accounting Principles requires the Water & Sewer Capital Fund be reported in combination with the Water & Sewer Operating Fund as one enterprise on a full accrual basis of accounting.



SECTION III – TRANSPORTATION SYSTEM

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Transportation System

Overview

The Village's transportation system consists of both pedestrian and vehicular facilities. The Village recognizes the need to have a network of pedestrian connections throughout the community and the Village Board adopted the Village of Gurnee Pedestrian/Bicycle Trail Master Plan in 1994 to serve as a guide for the Village's trail system. As a result of the strategic planning process in 2015, the Village established the Blue Ribbon Commission to identify areas where walkability and biking could be enhanced and update the Master Plan accordingly in FY2017-2018. Funds are included in the plan for the construction of additional sidewalk and pedestrian paths over the next 5-years. Pedestrian facilities include concrete sidewalks, paved pedestrian trails, bridges, and unpaved pedestrian trails throughout the community. Capital expenditures for pedestrian facilities could include new installations and rehabilitation of existing facilities that have deteriorated over time. The Village maintains approximately 146 miles of concrete sidewalk on local, county, and state roadways.

The Village's roadway network consists of paved local roadways and bridges that interconnect to Township, County, and State roadways. Capital expenditures for roadways include new installations, preventative maintenance, and rehabilitation. The Village maintains the equivalent of about 121 centerline miles of roadway pavement in the community consisting of about 25% rural cross section (with roadside ditches) and 75% urban cross section (with curb and gutter).

Assumptions & Approach

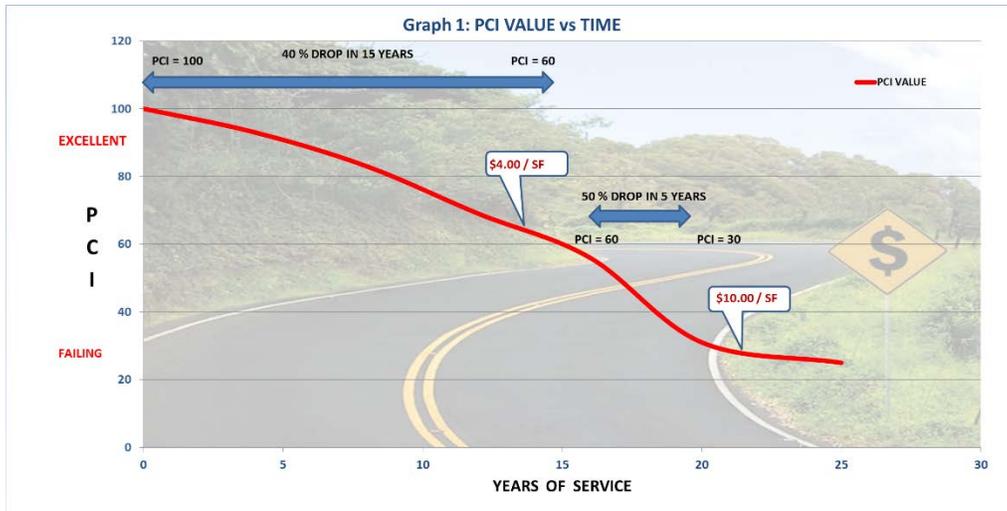
Expansion of the roadway and pedestrian network is costly and historically the Village has only pursued expansion as part of larger regional projects. The focus of capital funding for this system is expected to be maintaining the existing facilities rather than building new, with the exception of interconnecting the existing pedestrian network. Maintenance of the pedestrian path system is primarily focused on eliminating trip hazards that form when concrete slabs are displaced due to settlement or uplift.

The priorities of annual resurfacing/reconstruction program are currently based on a pavement condition index (PCI) survey conducted in 2016 that rated road surfaces on a scale of 1-100 with a ranking 100 being a perfect surface. Deterioration rates of pavements vary based on a combination of initial construction methods, weather conditions, traffic, and existing distress therefore regular evaluation of the pavement network is required.

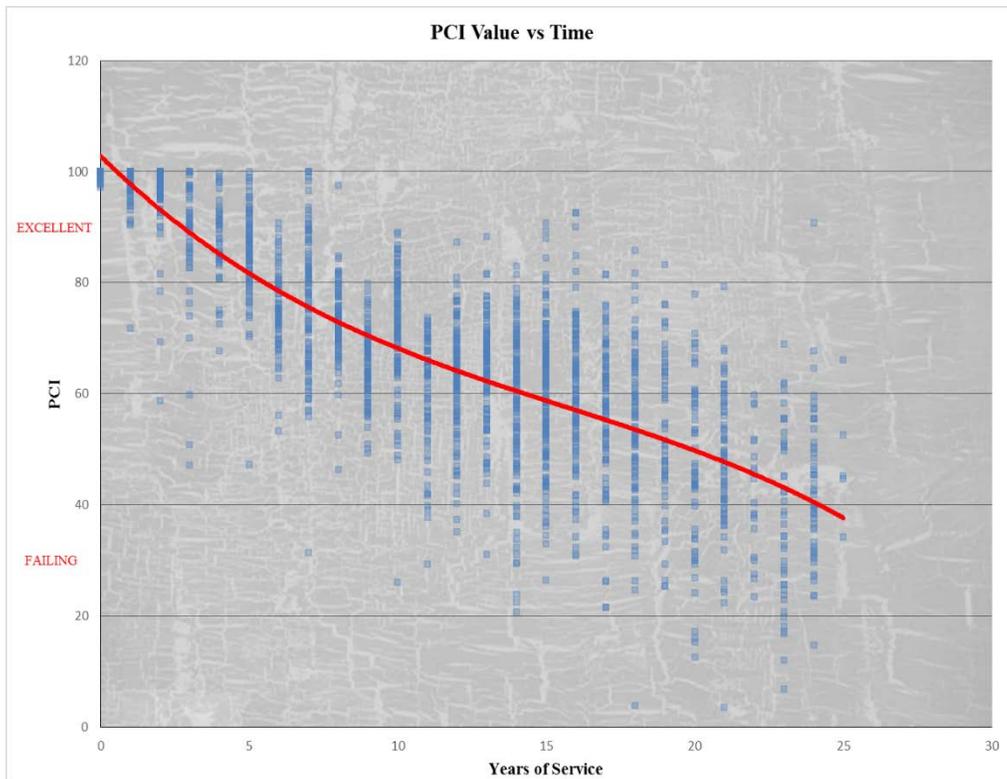
Maintaining the transportation systems in the Village of Gurnee is the largest budgetary line item in the capital plan. Staff assumes roadway pavements to last 15-20 years before the condition begins to deteriorate at an increasing rate which requires more costly reconstruction

from the ground up. The pavement life curve in Graph 1 below demonstrates a typical deterioration pattern in this region. Graph 2 is the actual pavement deterioration curve for the Village of Gurnee based on the 2013 and 2016 pavement evaluations.

Graph 1



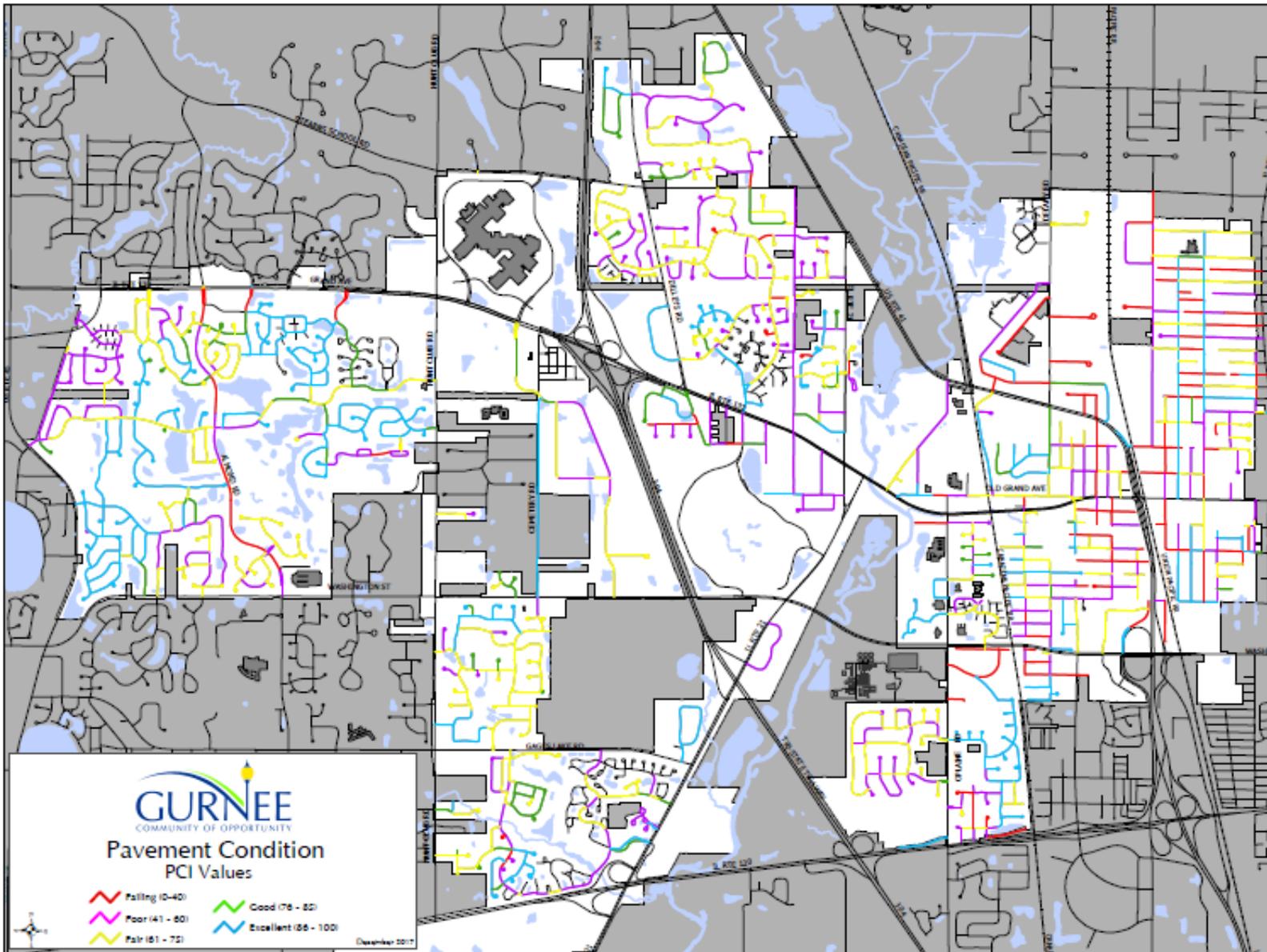
Graph 2



The recommended approach to maintaining roadway pavement is to invest in lower cost preventative maintenance to avoid structural failure of the pavement section that commonly occurs once the PCI drops below about 60. At this PCI level the amount of cracking in the surface typically results in significant water intrusion into the roadbed where frost-heave action essentially pulverizes the remaining pavement.

To maintain a high level of service and the best return on investment the Village targets rehabilitating 6 miles of roadway surface per year (121 miles / 20 years) and maintain an annual pedestrian path maintenance program to eliminate safety concerns (i.e. trip hazards) as they are identified. The following pavement condition map depicts survey work completed in 2016 and has been updated to reflect work since the study.

The annual cost of rehabilitating 6 miles of roadway surface annually is approximately \$6 million given a 20 year life cycle. The plan funds approximately 80-85% of the total requirement annually. Following the initial reconstruction of some roadways, and a continued preventative maintenance program, the annual requirement will be reduced as the life cycle is extended and expensive reconstruction is no longer necessary.

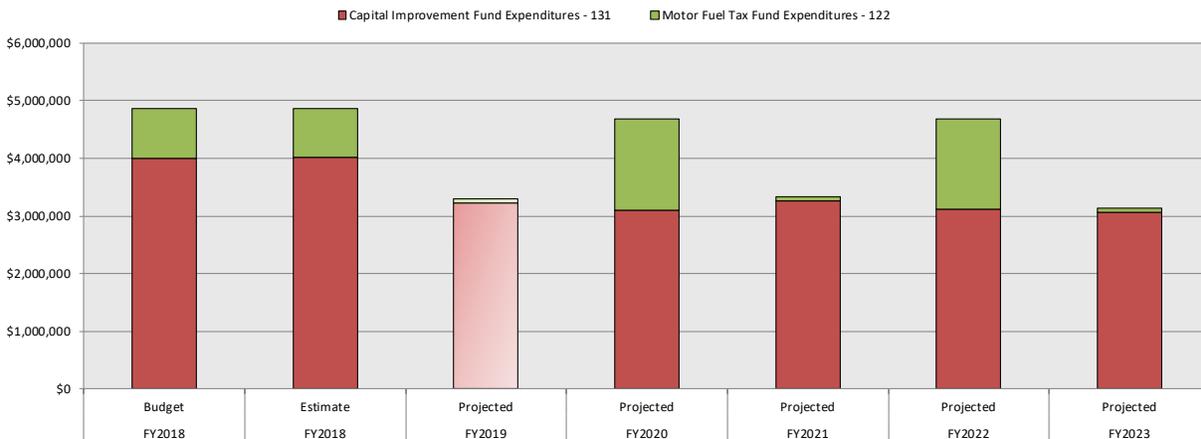


Transportation System Spending Projections

Transportation System spending over the plan period (FY2019 – FY2023) totals \$19.14 million. As a result of the strategic planning process, funding for sidewalk improvements was increased from \$50 thousand to approximately \$100 thousand annually. Pursuant to the strategic plan update the community has expressed an interest in providing more pedestrian accommodations. The first project undertaken was the installation of a public sidewalk between Grand Avenue and Washington Street on IL Route 21. The second major project is to enhance the connection near Knowles Road and the Rollins Savannah. The following graphic depicts anticipated spending on Transportation System assets throughout the plan period.

Transportation System by Fund			FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
			Budget	Estimate	Projected	Projected	Projected	Projected	Projected
Motor Fuel Tax Fund Expenditures - 122									
443012 - STREET SURFACING-MAINT	12275400 - MFTPWAdministration		\$775,000	\$775,000	\$0	\$1,500,000	\$0	\$1,500,000	\$0
443013 - CRACK SEALING	12275400 - MFTPWAdministration		\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
443033 - PAVEMENT STRIPING	12275400 - MFTPWAdministration		\$0	\$0	\$0	\$0	\$0	\$0	\$0
443035 - CEMETERY RD CONS	12275400 - MFTPWAdministration		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Motor Fuel Tax Fund Expenditures - 122			\$850,000	\$850,000	\$75,000	\$1,575,000	\$75,000	\$1,575,000	\$75,000
Capital Improvement Fund Expenditures - 131									
433008 - ENGINEERING CONSULTANT 1 FTE, Soils & Geo, Design for 2020	13175150 - CapitalInfrastructure		\$395,000	\$473,000	\$200,000	\$325,000	\$175,000	\$325,000	\$175,000
433015 - GREENLEAF ST. ENGINEERING	13175150 - CapitalInfrastructure		\$0	\$0	\$0	\$0	\$0	\$0	\$0
433016 - CEMETERY ROAD ENGINEERING	13175150 - CapitalInfrastructure		\$0	\$0	\$0	\$0	\$0	\$0	\$0
443012 - STREET SURFACING-MAINT	13175150 - CapitalInfrastructure		\$3,317,000	\$3,115,000	\$2,600,000	\$2,400,000	\$2,700,000	\$2,400,000	\$2,500,000
443014 - PAVEMENT MARKING	13175150 - CapitalInfrastructure		\$0	\$53,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
443015 - PUBLIC SIDEWALK	13175150 - CapitalInfrastructure		\$25,000	\$0	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
450016 - PROPERTY TAXES	13175150 - CapitalInfrastructure		\$1,000	\$2,770	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
472002 - RTE 132/41 COST SHARING	13175150 - CapitalInfrastructure		\$40,000	\$37,600	\$0	\$0	\$0	\$10,000	\$0
472008 - WASHINGTON STREET 8214	13175150 - CapitalInfrastructure		\$0						
472011 - SIDEWALK IMPROVEMENTS Knowles Rd. Connection Grand Ave. Sidewalk Maintenance	13175150 - CapitalInfrastructure		\$125,000	\$75,000 \$50,000	\$150,000	\$100,000	\$100,000	\$100,000	\$100,000
474004 - STREET LIGHTS	13175100 - CapitalPWAdministration		\$0	\$110,000	\$100,000	\$100,000	\$100,000	100000	100000
474005 - EAST GRAND ENHANCEMENTS	13120100 - CapitalCommunityDevelopment		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Capital Improvement Fund Expenditures - 131			\$4,003,000	\$4,016,370	\$3,230,000	\$3,105,000	\$3,255,000	\$3,115,000	\$3,055,000
Total Transportation System - All Funds			\$4,853,000	\$4,866,370	\$3,305,000	\$4,680,000	\$3,330,000	\$4,690,000	\$3,130,000

Transportation System Spending

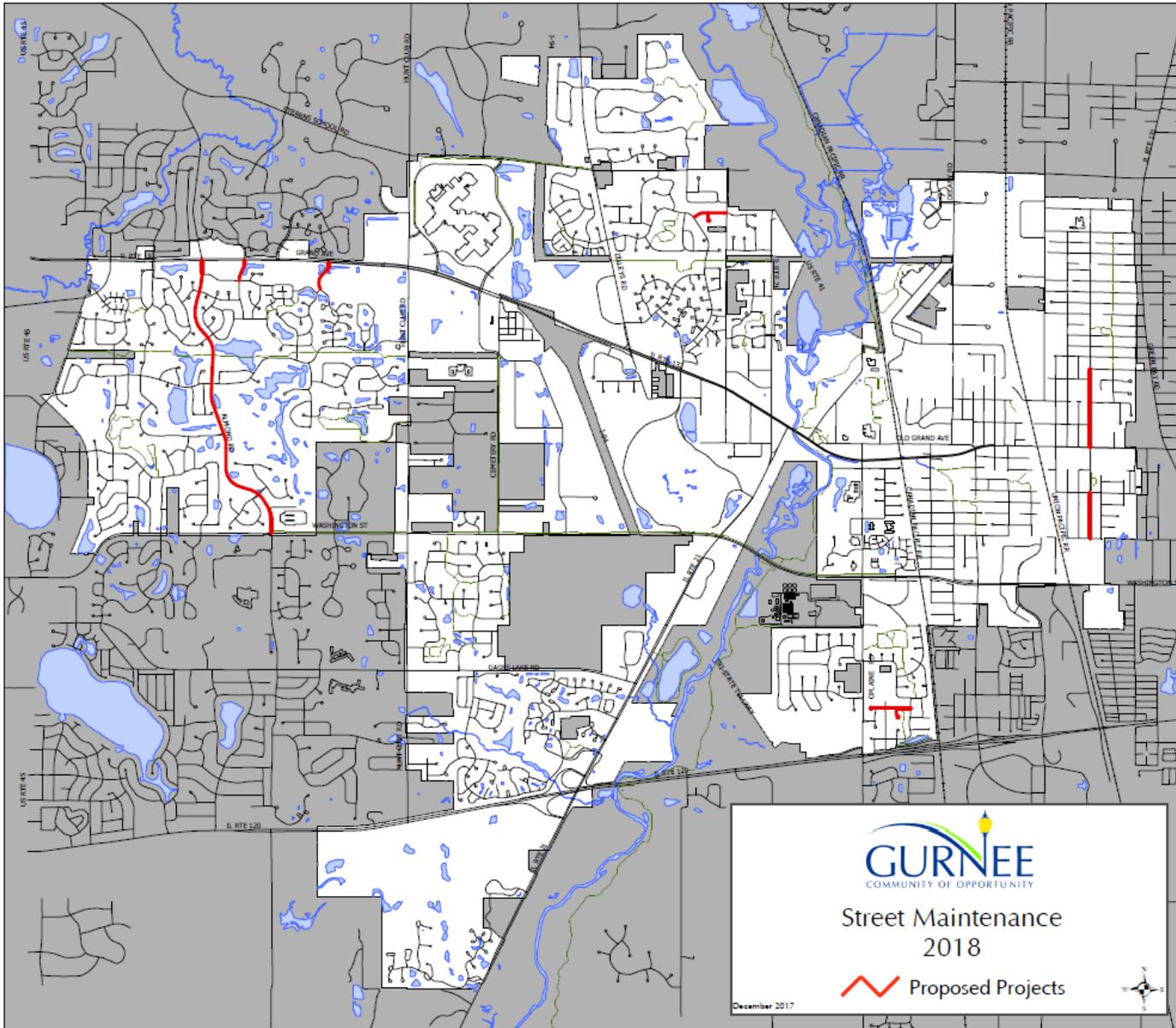


Multi-Year Plan Details

2018 Construction Season Projects (FY2019)

2018 STREET MAINTENANCE FORECAST

Street	From	To	Length(Ft)	PCI	Section Type	width e-e	Roadway Area	Rehab. Costs
ALMOND RD	WASHINGTON ST	DADA DR	5054	50	Urban	36	181944	\$773,262
ALMOND RD	GRAND AVE	DADA DR	3740	38	Urban	36	136000	\$578,000
ARLINGTON LN	GRAND AVE	BUCHANAN DR	620	30	Urban	34	27000	\$121,500
STONEBROOK DR	GRAND AV	CAMDEN DR	866	34	Urban	34	29444	\$132,498
ALPINE CT	RED PINE AV	SOUTH END	256	73	Urban	28	7168	\$30,106
RED PINE AV	LAWSON BLVD	FULLER RD	990	47	Urban	28	27720	\$116,424
LONGMEADOW DR	WEST END	WATERBURY AV	1273	25	Urban	28	35644	\$149,705
FRAMINGHAM CT	LONGMEADOW DR	SOUTH END	404	44	Urban	28	11312	\$47,510
BELLE PLAINE AV	GRAND AV	CRESCENT AV	2257	50	Urban	28	63196	\$252,784
BELLE PLAINE AV	WOODLAWN AV	BLACKSTONE AV	1329	34	Rural	22	29238	\$263,142
			16789					\$2,464,931
			3.2		Miles			



2019 Construction Season Projects (FY2020)

2019 PROPOSED STREET MAINTENANCE PROGRAM

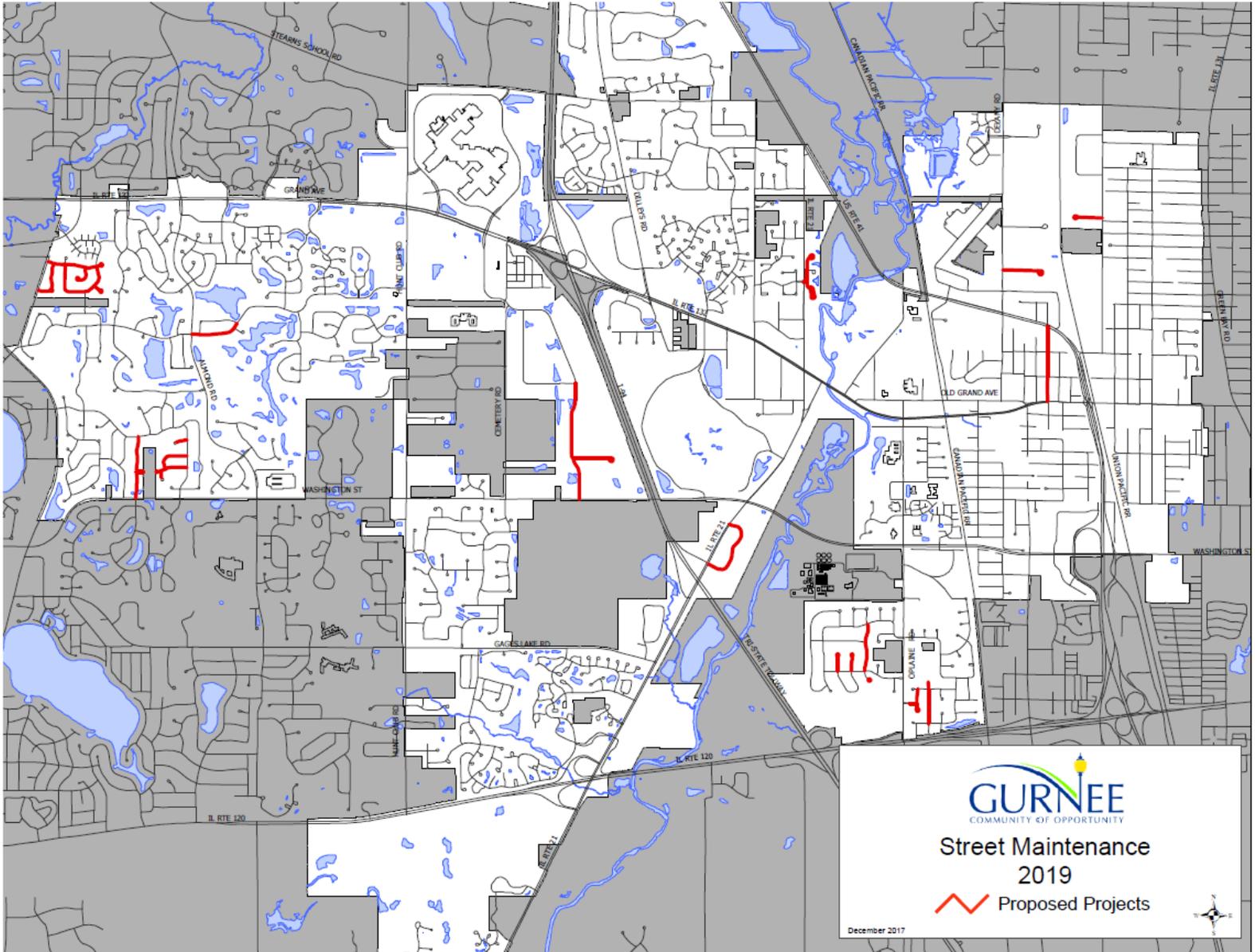
Street	From	To	Length(Ft)	2016 PCI	Section Type	width e-e	Roadway Area	Rehab. Costs
CLAVEY LN	NURSERY DR	KNOWLES RD	1043	51	Urban	28	29204	\$116,816
GREYSTONE DR	NURSERY DR	N. OF NURSERY TO CDS	2379	54	Urban	28	66612	\$266,448
NURSERY DR	KNOWLES RD	EAST END	1584	53	Urban	28	44352	\$177,408
SAWYER CT	GREYSTONE DR	SOUTH END	361	57	Urban	28	10108	\$42,959
SUTTON PL	NURSERY DR	WEST END	633	53	Urban	28	17724	\$75,327
MORRISON DR	DELANY RD	EAST END	1257	13	Urban	28	42738	\$170,952
CLEARVIEW CT	NORTHWESTERN AV	WEST END	758	18	Urban	34	25772	\$180,404
QUEEN ANN LN	NORTH END	SOUTH END	1914	52	Urban	28	53592	\$214,368
KINGSPORT DR	CASCADE WAY	WASHINGTON ST	1614	67	Urban	28	45192	\$192,066
MAGICAL LN	KINGSPORT DR	EAST END	135	66	Urban	28	3780	\$16,065
BRADFORD CT	OLD WALNUT CIR	WEST END	446	61	Urban	28	12488	\$53,074
BRENTWOOD LN	OLD WALNUT CIR	WEST END	847	66	Urban	28	23716	\$100,793
CLAREWOOD LN	BRENTWOOD LN	OLD WALNUT CIR	889	56	Urban	28	24892	\$105,791
PINEHURST CT	BRENTWOOD LN	SOUTH END	381	63	Urban	28	10668	\$45,339
WILLIAMSBURG AV	SOUTH END	LONGMEADOW DR	689	64	Urban	28	19292	\$81,026
CORNELL AV	OPLAINE RD	WILLIAMSBURG AV	344	58	Urban	28	9632	\$40,454
ANGELO AV	EASTWOOD AV	NORTH END	1069	42	Urban	28	29932	\$125,714
CENTERPOINT CT	TRI STATE PKWY	EAST END	1096	63	Urban	37	40552	\$170,318
TRI STATE PKWY	WASHINGTON ST	S. LAKESIDE DR	3114	66	Urban	37	115218	\$483,916
DADA DR	ALMOND RD	500' - EAST OF TYME CT	1800	52	Urban	36	64800	\$291,600
CALVIN CT	PROVIDENCE RD	NORTH END	535	45	Urban	28	14980	\$67,410
MAJESTIC CT	PROVIDENCE RD	NORTH END	528	49	Urban	28	14784	\$66,528
CROSS CT	PROVIDENCE RD	SOUTH END	410	45	Urban	28	11480	\$51,660
CROSS RD	PROVIDENCE RD	KINGS WAY	1273	58	Urban	28	35644	\$160,398
WOODLAKE BLVD	HWY 21 - NORTH END	HWY 21 - SOUTH END	1962	50	Urban	28	54936	\$219,744
FERNDALE ST	US 41	GRAND AV	1958	25	Rural	22	43076	\$430,760

29019

\$3,947,339

5.5

Miles



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SECTION IV – STORMWATER MANAGEMENT
SYSTEM

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Stormwater Management System

Overview

The Village of Gurnee is responsible for many aspects of Stormwater Management including stormwater conveyance and storage, water quality, and regulating development to minimize the risk of flooding.

The Village maintains an extensive conveyance and storage systems throughout the community to handle stormwater runoff. Runoff enters roadside ditches or storm sewer pipes and is conveyed to neighborhood detention basins. Each detention basin has a specific outlet control structure which regulates the outflow to minimize the potential for flooding downstream. After stormwater is released from the neighborhood detention basins the majority of the Village drains to the Des Plaines River.

The Village is responsible for maintaining over 134 miles of storm sewer pipe and 23 detention basins. The remaining 270 detention basins are maintained by their respective property owners or associations. Village staff regularly inspects these facilities to ensure that they will operate properly when needed. As the Village of Gurnee matures, resources will be needed to maintain the existing facilities and make improvements to enhance the operation of the stormwater management system to minimize flooding.

The local water quality aspect of Stormwater Management began with the 1999 amendment to the 1972 Clean Water Act. The Village of Gurnee is now required to monitor and minimize pollution in stormwater runoff from sources such as illegal dumping and from paved areas like roadways and parking lots. In 2009, the Village of Gurnee adopted a Stormwater Management Program Plan (SMPP) with the intent of minimizing pollution found in stormwater runoff. The SMPP includes new programs to raise awareness through public education and commit resources to inspect, detect, and eliminate pollution in the stormwater management system.

Minimizing the flooding risk for new development in the Village is achieved by regulating construction in accordance with the Watershed Development Ordinance first adopted in 1992 and amended most recently in 2015. The Village also has a program to purchase property and remove flood prone structures near the Des Plaines River and its tributaries. The Village works with the Lake County Stormwater Management Commission to apply for state and federal grant money to purchase flood properties from willing sellers. Leveraging local funds with government grants has proven to be an effective method to reduce the number of structures in the special flood hazard area.

Assumptions & Approach

As the Village and science of stormwater management has matured enhancements to existing Village-owned detention basins to optimize their effectiveness was the focus of capital spending. In recent years the need for structural improvements has declined and the focus has now turned to long-term maintenance of piping and detention basins.

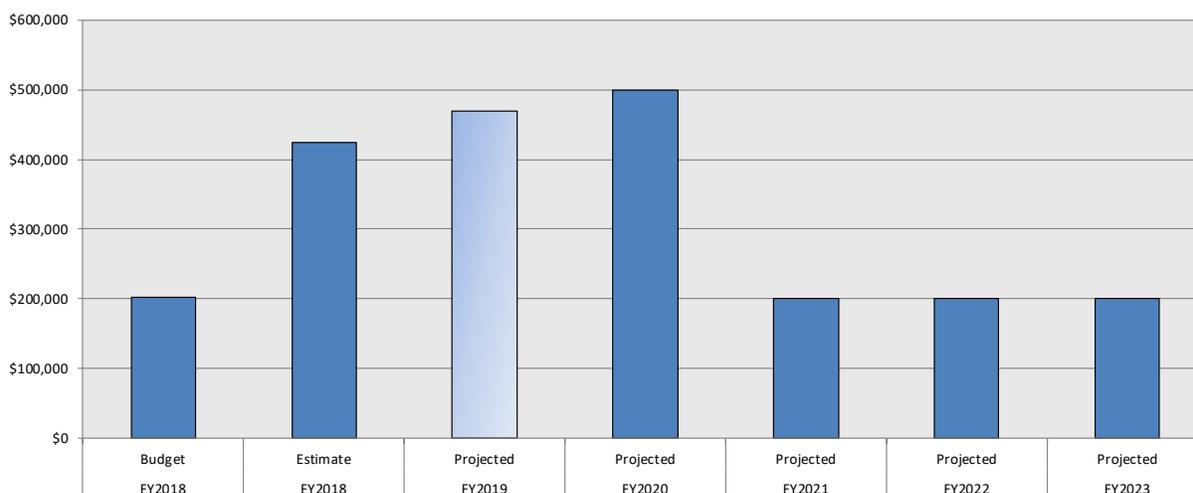
The recommended approach is to continue to inspect and maintain or repair stormwater facilities as needed and continue to leverage local funds with governmental grants programs to acquire and demolish flood prone structures.

Stormwater Management System Spending Projections

There is no dedicated source of funding for the Stormwater Management System. In recent years funding for these programs has been provided through General Fund and Impact Fee transfers as part of the annual budget process.

Stormwater Management System		FY2018 Budget	FY2018 Estimate	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Capital Improvement Fund Expenditures - 131								
471001 - FLOOD PLAIN	13175150 - CapitalInfrastructure	\$0	\$150,000	\$110,000	\$50,000	\$50,000	\$50,000	\$50,000
471002 - LAND ACQUISITION	13175150 - CapitalInfrastructure	\$50,000	\$120,000					
471003 - APPRAISAL FEES	13175150 - CapitalInfrastructure	\$0						
472006 - DRAINAGE IMPROVEMENTS Lift Stations	13175150 - CapitalInfrastructure	\$153,050	\$153,050	\$360,000	\$350,000	\$50,000	\$50,000	\$50,000
			\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000
473005 - DEMOLITION COSTS	13175150 - CapitalInfrastructure	\$0						
472007 - DETENTION IMPROVEMENTS	13175150 - CapitalInfrastructure	\$0	\$500					
Total Stormwater Management System		\$203,050	\$423,550	\$470,000	\$500,000	\$200,000	\$200,000	\$200,000

Stormwater Management System Spending





SECTION V – WATER & SEWER SYSTEM

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Water & Sewer System

Overview

The Village of Gurnee's original water system was put into operation in 1960. At that time it was connected to the Waukegan system at Sunset Avenue and Northwestern Avenue. Water was supplied through the Waukegan system and a deep well located at Fire Station #1 on Old Grand Avenue. The system consisted of one deep well, a 200,000-gallon elevated tank, and a distribution system consisting of 13.9 miles of water main. With the early growth of the Village came the expansion of the Village's water system.

From 1960 to 1990, the Village's water distribution system increased from 13.9 miles to 73.7 miles. This represents a five-fold increase during the thirty-year time frame. From 1990 to present, the system has more than doubled in length from 73.7 miles to 182 miles. The Village's water source was changed in 1992 and is now provided by the Central Lake County Joint Action Water Agency (CLCJAWA), which pipes Lake Michigan water to the Village from the Lake Bluff shoreline pumping station.

As portions of the water system approach 60 years of age significant portions of the original water system are deteriorating resulting in a lower level of service to the community in the form of water shutdowns to repair pipe breaks and perform maintenance of pumps, tanks, valves, and hydrants. Capital investment for the future is expected to be focused on maintaining and rehabilitating the existing system rather than expanding the pipe network.

One near future item to note is the removal of the 200,000 gallon Old Grand Avenue water tank. This facility has reached the end of its useful life and further investment has diminishing returns. The plan at this time is to remove this existing tank and to move forward with the installation a new 2,000,000 gallon water tower on the far west side of town which will be known as the Knowles Road Tower. The new tower will be located in the highest elevation zone and should serve to improve water pressures and overall capacity throughout the community. Funding for the new tower is anticipated to be a low interest loan from the Illinois Environmental Protection Agency.

The Village of Gurnee's sanitary sewer system was originally constructed in the mid-1960's in conjunction with the water system. The system totaled 88,680 lineal feet (16.8 miles). Today, the sanitary sewer system is a combination of gravity lines, force mains, and lift stations. There are 81 miles of sanitary sewer (gravity) and 2.8 miles of sanitary sewer force main. Currently, there are eight sanitary sewer lift stations in operation. The lift stations along with the force mains are able to service parts of the community that would otherwise be unable to obtain sanitary service by gravity due to the topography of the land and depth of the sanitary sewer system.

All municipal wastewater is conveyed through Village-owned and maintained sanitary sewer mains. The wastewater is then routed to either the Lake County Public Works (LCPW) transmission main on the west side of Interstate 94 or to the North Shore Water Reclamation District (NSWRD) transmission main on the east side of the Interstate 94.

Through 2011 the Village was funding sewer extension projects in the northeast portion of the community to provide new service options for residents in that area that were previously served by individual septic systems. Some gaps remain but the demand from the neighborhood does not support further investment in sewer extensions at this time.

As portions of the sewer system approach 60 years of age the recent focus of capital expenditures has been evaluating and maintaining the existing system. The sewer system is one area where technology has really made a difference and the use of robotic and trenchless technologies allows the Village to perform many repairs to sewer lines without excavation or significant inconvenience to the community.

Assumptions & Approach

As the water system ages the need to begin investing capital funds in replacement of aging facilities will become the focus of capital improvement plan. Replacement of deteriorating water main pipe, hydrants, valves, and tank maintenance are expected to be the focus of future investment to maintain a high level of service to the community.

As the sewer system ages the need to begin investing capital funds in maintenance of deteriorating facilities will become the focus of capital improvement plan. Sewer pipe, pumps, and manhole structures are expected to be the focus of future investment to maintain a high level of service to the community.

Water & Sewer System Spending Projections

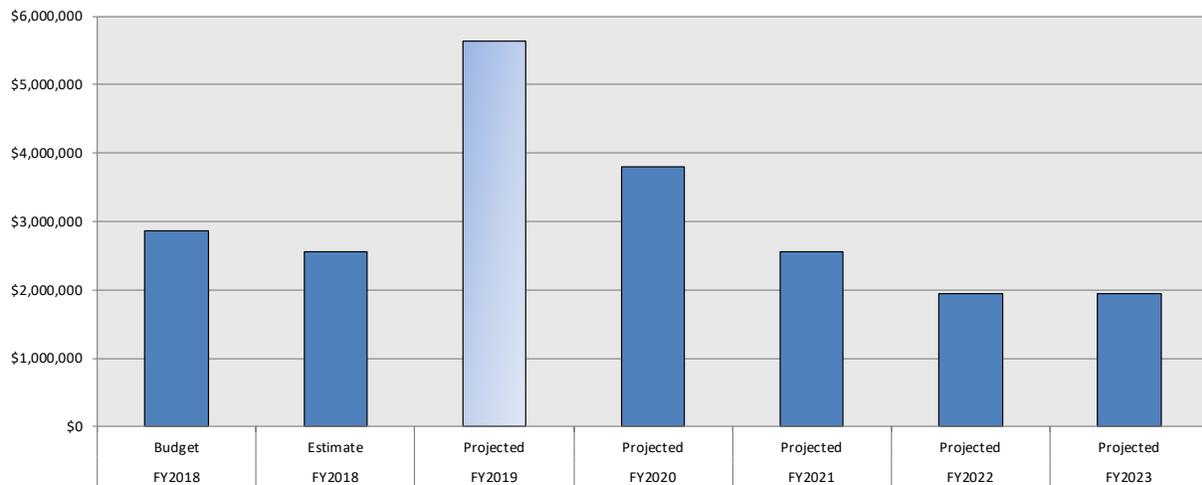
In FY2013 the Village began a multi-year sanitary sewer cleaning and televising program in an effort to create a baseline for the condition of the sanitary sewer network. Using robotic technology the inside of sanitary sewer pipe is televised allowing staff to proactively identify problems and areas of concern. This program is expected to continue until all sanitary sewer pipes in the community have been inspected.

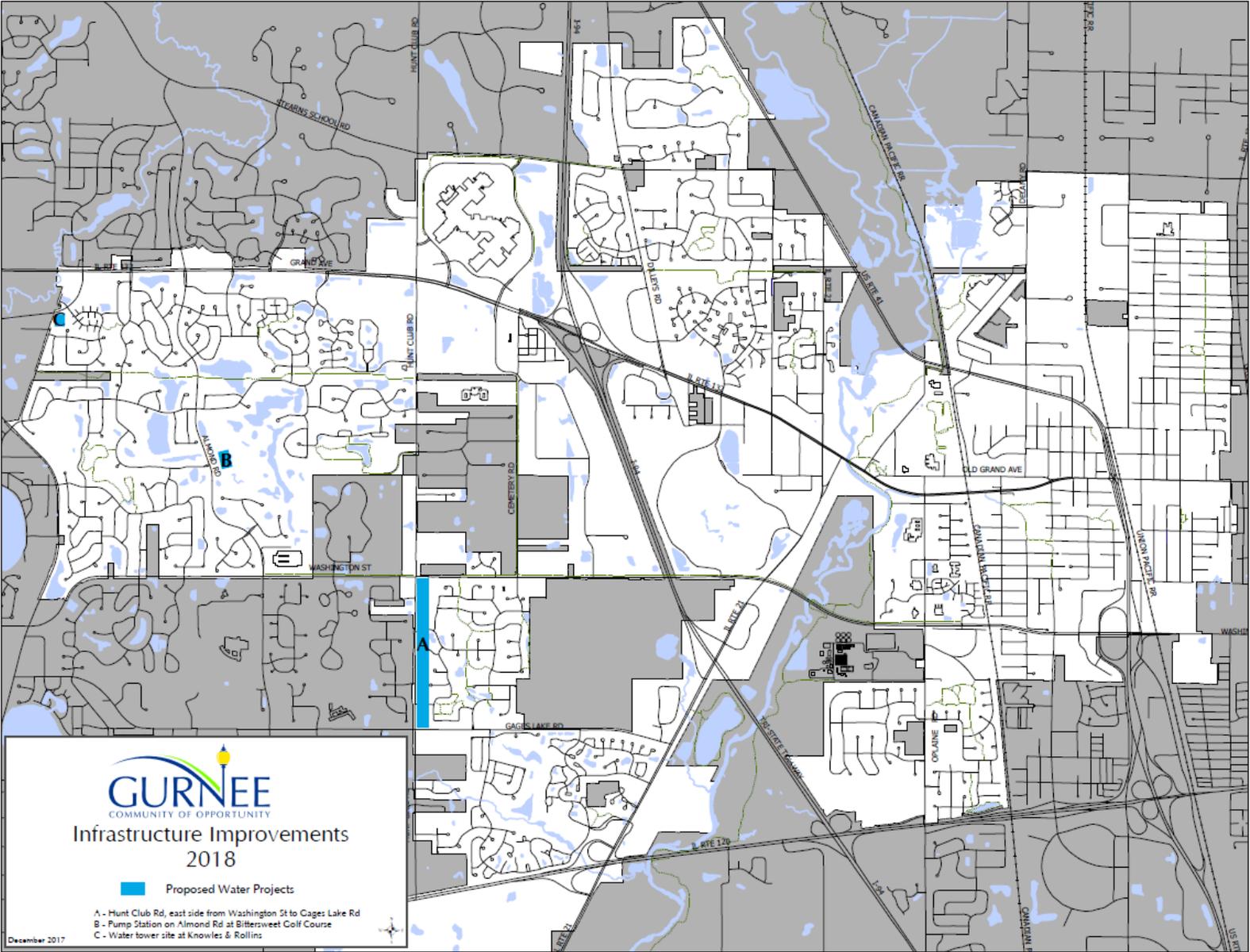
As a result of these inspection efforts Fiscal Year 2018 and future years are programmed with funding for a Sanitary Sewer Repairs line item. This line item will be used to repair deteriorating sections of sanitary sewer pipe.

The Village is planning an approximately \$7 million low-interest IEPA loan to construct a 2 million gallon above ground water storage tower on the west side of the community to provide sufficient pressure and fire flow. This expenditure is expected to start in FY2019 (\$4 million) and conclude in FY2020 (\$3 million).

Water & Sewer System			FY2018 Budget	FY2018 Estimate	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Water & Sewer Capital Fund - 223									
472002 - RTE 132/41 COST SHARING	22375500 - W&SCapitalPublicWorks		\$0						
472003 - UTILITY IMPROVEMENT	22375500 - W&SCapitalPublicWorks		\$2,252,000	\$2,000,000					
	Professional Services				\$250,000	\$200,000	\$100,000	\$100,000	\$100,000
	Distribution				\$840,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
	Storage				\$3,000,000	\$1,000,000	\$500,000	\$0	\$0
	Pumping				\$1,000,000	\$750,000	\$100,000	\$0	\$0
472004 - ENGINEERING STUDIES	22375500 - W&SCapitalPublicWorks		\$220,000	\$175,000					
472005 - SANITARY SEWER REPAIR	22375500 - W&SCapitalPublicWorks		\$390,000	\$390,000	\$550,000	\$350,000	\$350,000	\$350,000	\$350,000
Total Water & Sewer System			\$2,862,000	\$2,565,000	\$5,640,000	\$3,800,000	\$2,550,000	\$1,950,000	\$1,950,000

Water & Sewer System Spending







SECTION VI – VEHICLES & EQUIPMENT

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Vehicles & Equipment

Overview

Items included in this section fall under the Machinery and Equipment category of fixed assets as defined in the Village's Fixed Assets Policy (Appendix A). These items include vehicles, heavy equipment, and technology system equipment.

The Village of Gurnee recognizes the importance of maintaining, replacing, and purchasing equipment and vehicles to guarantee public safety and the efficient delivery of services. Vehicles include squad cars, fire apparatus, ambulances, and snowplows among others. The Village has been successful in limiting the number of vehicles in the fleet that need to be budgeted for replacement by utilizing heavily used vehicles in other areas that are less demanding. For example, a Police squad that reaches a certain age and mileage threshold may not be appropriate as a Police vehicle but can be utilized by the Community Development Department in less demanding roles. The table below shows the number of pieces of vehicles and heavy equipment and approximate current replacement value by department that need to be budgeted for eventual replacement in future years.

Department	Count	Replacement Value
Police Department	36	\$1,495,000
Fire Department	21	\$5,890,000
Public Works - Streets*	41	\$6,165,000
Public Works - Utility*	26	\$2,795,000
Total	124	\$16,345,000

*Some equipment is shared between the streets and utility divisions of Public Works

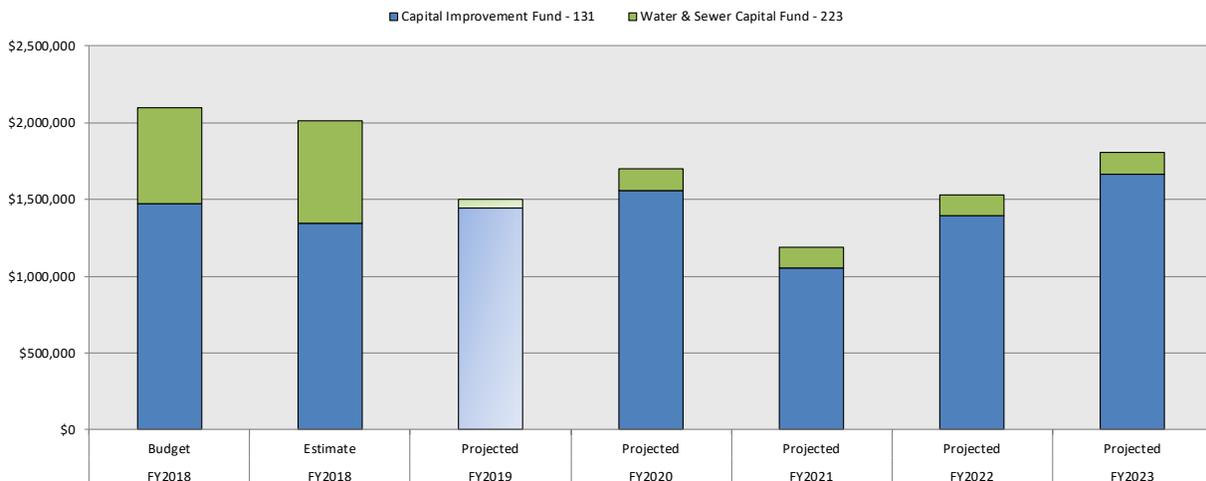
Vehicle & Equipment Assumptions & Approach

Depending on how the vehicles or equipment are used various factors are considered when determining a replacement cycle. These factors include mileage or hours, maintenance costs and future demands. Due to the wide variety of factors influencing the range of assets included in this category, staff reviews needs annually in detail with every department and the Fleet Management Administrator.

Vehicle & Equipment Spending Projections

Vehicles & Equipment by Fund			FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
			Budget	Estimate	Projected	Projected	Projected	Projected	Projected
Capital Improvement Fund - 131									
475004 - COMPUTER HARDWARE-CAPITAL	13100000 - Capital Improvement Fund		\$0		\$83,500			\$75,000	
SAN Data Storage & Backup Equipment									
IP Phone / Unified Communication System					\$15,000	\$10,000	\$10,000	\$10,000	\$10,000
EOC / Radio Comm Continuity						\$15,000		\$15,000	
475005 - COMPUTER SOFTWARE-CAPITAL	13100000 - Capital Improvement Fund		\$37,500	\$37,500	\$37,500				
Imaging & Document Management									
475020 - DATA PROCESSING SYSTEM	13120100 - CapitalCommunityDevelopment		\$0						
475202 - VEHICLES	13140100 - CapitalPDAdministration		\$235,000	\$215,000	\$198,220	\$345,000	\$345,000	\$345,000	\$345,000
4 Squad Cars									
Squad Car Video System						\$150,000	\$25,000		
475010 - PRE-EMPTION SYSTEM	13150100 - CapitalFDAdministration		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
475016 - MATCHING GRANT PROGRAM	13150100 - CapitalFDAdministration		\$65,000	\$0					
475017 - WARNING SIRENS	13150100 - CapitalFDAdministration		\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
475019 - EMS SOFTWARE UPGRADE	13150100 - CapitalFDAdministration		\$0	\$0	\$31,250				
475202 - VEHICLES	13150100 - CapitalFDAdministration		\$340,000	\$320,000	\$625,000	\$369,000	\$53,000	\$361,000	\$725,000
E-One Fire Engine									
474004 - STREET LIGHTS	13175100 - CapitalPWAdministration		\$0						
475007 - DATA PROCESSING-CAPITAL	13175100 - CapitalPWAdministration		\$0						
475103 - HEAVY EQUIPMENT	13175100 - CapitalPWAdministration		\$82,000	\$75,000	\$0	\$100,000	\$100,000	\$100,000	\$100,000
475202 - VEHICLES	13175100 - CapitalPWAdministration		\$378,000	\$370,000	\$95,000	\$450,000	\$450,000	\$450,000	\$450,000
1-Ton Dump Truck (245/290)					\$270,000				
10-Yard Dump Truck (294)									
473006 - SECURITY IMPROVEMENTS	13175150 - CapitalInfrastructure		\$0						
474002 - VILLAGE PARK	13175150 - CapitalInfrastructure		\$0						
475020 - DATA PROCESSING SYSTEM	13175150 - CapitalInfrastructure		\$137,500	\$137,500					
475021 - INTER/INTRA NETWORK PROJ	13175150 - CapitalInfrastructure		\$165,500	\$157,760	\$61,000	\$89,500	\$37,500	\$4,500	\$4,500
Total Capital Improvement Fund - 131			\$1,470,500	\$1,342,760	\$1,446,470	\$1,558,500	\$1,050,500	\$1,390,500	\$1,664,500
Water & Sewer Capital Fund - 223									
473004 - SYSTEM SECURITY IMPROV.	22375500 - W&SCapitalPublicWorks		\$20,000	\$20,000					
475012 - SOFTWARE REPLACEMENT	22375500 - W&SCapitalPublicWorks		\$100,000	\$100,000					
475020 - DATA PROCESSING SYSTEM	22375500 - W&SCapitalPublicWorks		\$0						
475022 - SCADA UPGRADE	22375500 - W&SCapitalPublicWorks		\$125,000	\$50,000					
475103 - HEAVY EQUIPMENT	22375500 - W&SCapitalPublicWorks		\$0	\$116,780		\$90,000	\$90,000	\$90,000	\$90,000
475202 - VEHICLES	22375500 - W&SCapitalPublicWorks		\$384,125	\$384,125	\$51,000	\$50,000	\$50,000	\$50,000	\$50,000
Pickup Truck (686)									
Total Water & Sewer Capital Fund - 223			\$629,125	\$670,905	\$51,000	\$140,000	\$140,000	\$140,000	\$140,000
Total Vehicles & Equipment - All Funds			\$2,099,625	\$2,013,665	\$1,497,470	\$1,698,500	\$1,190,500	\$1,530,500	\$1,804,500

Vehicles & Equipment Spending





SECTION VII – BUILDINGS & BUILDING
IMPROVEMENTS

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Buildings & Building Improvements

Overview

Items included in this section fall under the Land & Land Improvements, and Buildings & Building Improvements categories of fixed assets as defined in the Village's Fixed Assets Policy (Appendix A).

The Village is responsible for numerous municipal facilities within its corporate boundaries. Village buildings and grounds must be maintained regularly to remain functional. Village facilities must also periodically be upgraded to ensure efficient operations. Expenditures in this section include projects that:

- Conduct preventative maintenance of problems before they become more expensive to repair.
- Maximize the life of the building and materials.
- Keep buildings safe, ensuring that anything affecting health and safety is maintained.
- Help hold its value.
- Keep buildings looking good.

The Village's main facilities include:

- Village Hall - 325 N. O'Plaine Road
- Fire Station #1 - 4580 Old Grand Avenue
- Fire Station #2 - 6581 Dada Drive
- Police Department - 100 N. O'Plaine Road
- Public Works Facility -1151 Kilbourne Road

The Village also maintains water and sewer pumping stations, Welton Plaza, and the Mother Rudd House, a historical landmark in Gurnee which is currently occupied by the Warren Township Historical Society. The home is located at 4690 Old Grand Avenue.

Building and Building Improvements Assumptions & Approach

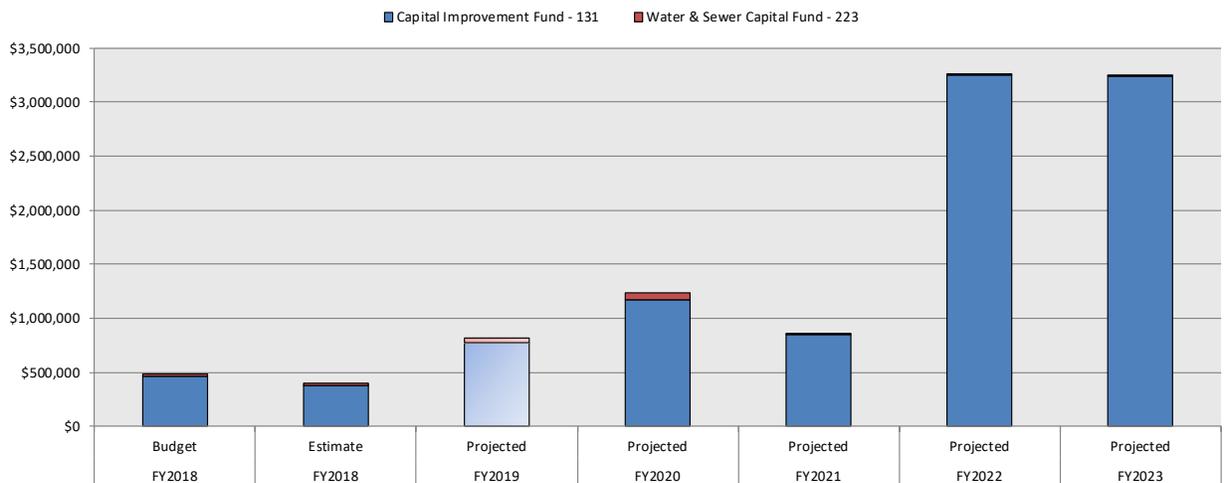
Improvements in functionality of existing facilities and larger preventative maintenance items are expected to be the focus of capital investment in facilities. Many preventative maintenance line items for facilities are built into the operating budgets but larger expense that can be capitalized such as mechanical systems, pavement repairs, or roofing are expected to be funded through capital.

Included in FY2019 is the replacement of the Village Hall roof (\$170k) and the Fire Station #1 roof (\$250k). Combined these account for over 50% of the total FY2019 program.

Buildings & Improvements Spending Projections

Buildings & Improvements by Fund				FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
				Budget	Estimate	Projected	Projected	Projected	Projected	Projected
Capital Improvement Fund - 131										
473003 - BUILDING IMPROVEMENTS	13110100 - CapitalAdministration			\$100,000	\$70,000					
	MEP	Village Hall				\$0	\$52,500	\$25,000	\$25,000	\$25,000
	Interior	Village Hall				\$10,000	\$40,000	\$25,000	\$25,000	\$25,000
	Exterior	Village Hall				\$170,000	\$25,000	\$25,000	\$25,000	\$25,000
	Rudd House	Rudd House				\$5,000	\$10,000	\$0	\$10,000	\$0
473003 - BUILDING IMPROVEMENTS	13140100 - CapitalPDAdministration			\$162,850	\$150,000					
	MEP	Police Station				\$125,000	\$105,000	\$50,000	\$50,000	\$50,000
	Interior	Police Station				\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
	Exterior	Police Station				\$60,000	\$50,000	\$100,000	\$50,000	\$50,000
	Grounds	Police Station								
473003 - BUILDING IMPROVEMENTS	13150100 - CapitalFDAdministration			\$80,000	\$25,000					
	MEP	Fire Station #1				\$10,000	\$10,000	\$5,000	\$10,000	\$10,000
	Interior	Fire Station #1				\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
	Exterior	Fire Station #1				\$250,000	\$5,000	\$5,000	\$5,000	\$5,000
	Grounds	Fire Station #1								
	MEP	Fire Station #2				\$10,000	\$10,000	\$5,000	\$10,000	\$10,000
	Interior	Fire Station #2				\$10,000	\$10,000	\$10,000	\$20,000	\$20,000
	Exterior	Fire Station #2				\$5,000	\$5,000	\$5,000	\$10,000	\$10,000
	Grounds	Fire Station #2								
		Fire Station #3					\$750,000	\$500,000	\$2,900,000	\$2,900,000
473003 - BUILDING IMPROVEMENTS	13175100 - CapitalPWAdministration			\$36,500	\$20,000					
	MEP	PW Facility				\$10,000	\$10,000	\$10,000	\$15,000	\$15,000
	Interior	PW Facility				\$10,000	\$10,000	\$10,000	\$15,000	\$15,000
	Exterior	PW Facility				\$10,000	\$10,000	\$10,000	\$15,000	\$15,000
	Grounds	PW Facility								
473003 - BUILDING IMPROVEMENTS	13175150 - CapitalInfrastructure			\$85,000	\$60,000					
473006 - SECURITY IMPROVEMENTS	13175150 - CapitalInfrastructure									
474002 - VILLAGE PLAZA	13175150 - CapitalInfrastructure			\$0	\$56,500	\$25,000	\$0	\$0	\$0	\$0
Total Capital Improvement Fund - 131				\$464,350	\$381,500	\$775,000	\$1,167,500	\$850,000	\$3,250,000	\$3,240,000
Water & Sewer Capital Fund - 223										
473003 - BUILDING IMPROVEMENTS	22375500 - W&SCapitalPublicWorks			\$20,925	\$20,000					
	MEP	PW Facility					\$5,000	\$5,000	\$5,000	\$5,000
	Interior	PW Facility								
	Exterior	PW Facility					\$11,000	\$5,000	\$5,000	\$5,000
	Grounds	PW Facility				\$40,000	\$50,000	\$5,000	\$5,000	\$5,000
Total Water & Sewer Capital Fund - 223				\$20,925	\$20,000	\$40,000	\$66,000	\$15,000	\$15,000	\$15,000
Total Buildings & Improvements - All Funds				\$485,275	\$401,500	\$815,000	\$1,233,500	\$865,000	\$3,265,000	\$3,255,000

Buildings & Improvements Spending





SECTION VIII – APPENDIX

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Appendix A – Fixed Asset Policy



The Village of
Gurnee

Fixed Asset Policy

Kristina M. Kovarik, Mayor
Andy Harris, Clerk

Jeanne Balmes
Greg Garner
Michael Jacobs

David Ohanian
Cheryl Ross
Hank Schwarz

Trustees

James Hayner
Village Administrator

Tina Smigielski
Finance Director

Adopted by the Village Board
June 4, 2007

STATEMENT OF PURPOSE

The purpose of this policy is to establish procedures governing the Fixed Asset Systems of the Village of Gurnee. The policy is meant to ensure compliance with various accounting and financial reporting standards including generally accepted accounting principles (GAAP), Governmental Accounting, Auditing and Financial Reporting (GAAFR), Governmental Accounting Standards Board (GASB), and applicable State and Federal capital asset regulatory and reporting requirements related to property. An accurate inventory provides for the valuation of assets for financial statements and insurance purposes. It also enhances the ability to safeguard fixed assets.

SCOPE

This policy provides for the inventory and capitalization of all Village owned or leased assets with a value equal to or in excess of those listed on schedule-page 3 & 4 and having a useful life of more than one year. Those assets that meet the schedule –page 3 & 4, will be recorded and depreciated, if applicable, by the Director of Finance in the Fixed Asset System.

GENERAL POLICY

Responsibility for control of assets will rest with the department wherein the asset is located. When acquiring, transferring, or disposing of a Village owned asset, review the asset categories to determine if the asset is to be included in the Finance Department's Fixed Asset System and prepare the correct documentation to be returned to the Finance Department for the recording of the asset.

INVENTORY, VALUING, CAPITALIZING, AND DEPRECIATION

Inventoried Asset

All assets or groups of assets (such as furniture or tools) with a value greater than \$1,000 and a useful life in excess of one year may be considered an inventoried asset. Each department is responsible for maintaining a listing of inventoried assets. Upon the acquisition or disposal of an asset in this category, the department acquiring or disposing of such asset may update their listing of inventoried assets. Some samples of inventoried assets are: computer software, tools, weed trimmers, computers, weapons and radios.

Fixed Assets

Valuing Fixed Assets

Fixed assets should be valued at cost or historical costs, plus those costs necessary to place the asset in its location (i.e. freight, installation charges.) In the absence of historical costs

information, a realistic estimate will be used. Donated assets will be recorded at the estimated current fair market value.

Capitalizing

When to Capitalize Assets:

Assets are capitalized at the time of acquisition. To be considered a capital asset for financial reporting purposes an item must be at or above the capitalization threshold (see schedule-page 3 & 4) and have a useful life of at least one year.

Assets not Capitalized:

Capital assets below the capitalization threshold (see schedule-page 3 & 4) on a unit basis but warranting “control” shall be inventoried at the department level and an appropriate list will be maintained.

Capital Assets should be capitalized if they meet the following criteria:

- Tangible
- Useful life of more than one year (benefit more than a single fiscal period)
- Cost exceeds designated threshold (see schedule-page 3 & 4)

Fixed assets include land & land improvements, building & building improvements, vehicles, machinery and equipment, and infrastructure. This type of asset should be charged to a Capital account in the Fund that paid for the asset.

Fixed Asset Categories:

Land & Land Improvements - Includes all land purchased or otherwise acquired by the Village. All costs incurred in preparing the land for its intended use should be included in the cost of the land. Land is not a depreciable asset.

Building and Building Improvements - Buildings are valued at the purchase price or cost of construction. The cost should include all charges applicable to the building, including broker’s or architect’s fees. Additions and improvements to buildings, as well as the cost of permanently attached fixtures, should be added to the building account if the cost enhances the buildings functionality or extends the asset’s useful life.

Machinery and Equipment - The machinery and equipment account should consist of property that does not lose its identity when removed from its location and is not changed materially or expended in use. These assets are recorded at cost, including freight, installation and other charges incurred to place the asset in use. Assets included in this category are heavy equipment, traffic equipment, generators, office equipment, phone system, vehicles, and kitchen equipment

Infrastructure – Infrastructure assets are long-lived capital assets that are stationary in nature and normally can be preserved for a significant greater number of years than most capital assets.

Included in this category are roads, bridges, drainage systems, water and sewer systems. These assets are recorded at historical cost and include the costs necessary to place the asset in its location or condition. Additions and improvements will only be capitalized if the cost either enhances the asset's functionality or extends the asset's useful life.

Construction in Progress - This category is used for a building or other capital project that are incomplete at the end of a fiscal year. When the project is completed, the cumulative costs are transferred to an appropriate capital asset category.

RETIREMENT OF ASSETS

Assets are typically retired for three reasons: obsolescence, sale or trade, and theft or loss. In general, the Village's practice is to use an asset until it no longer is useful or serviceable. However, assets may be sold or traded-in when it is the best interest to do so. Property may not be traded-in or disposed of without prior approval of the department head and the Village Administrator.

*Capital assets that are retired before the end of their useful life must be sold by competitive sale, negotiated sale or auction. Any other method of retirement of a capital asset shall be approved by the Village Board prior to disposal. The sale of non-capital assets valued at less than **designated threshold (see schedule-page 3 & 4), may be approved by the Village Administrator.***

MODIFICATIONS OF ASSETS

Modifications to an asset that prolong a fixed asset's economic life or expand its usefulness should also be recorded. Normal repairs that maintain the asset in present condition should be recorded as an expenditure/expense and not capitalized.

PHYSICAL INVENTORY OF ASSETS

A physical inventory, done by an outside appraisal company or the Village's property insurance carrier, of capital assets will be conducted every 7 years. The Village's accounting records will then be adjusted to reflect the current fixed asset inventory list. At the end of every fiscal year, the Finance Department will forward to each department head, a list of his/her department's inventoried and fixed assets listed in Fixed Asset System. It is the responsibility of the departments head to account for all the items on the transaction listing and prepare the necessary reports that have not previously been sent to the Finance Department at the time of acquisition or disposal.

VI. DEPRECIATION

Depreciation is used to reflect the economic loss in the value of an asset. Generally Accepted Accounting Principles (GAAP) requires that the method used to allocate the cost of a capital

asset over its estimated useful life be as equitable as possible to the periods during which services are obtained from the use of the asset.

In most cases, the straight line method of depreciation will be used for all assets

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VII. CAPITAL ASSET CATEGORIES AND USEFUL LIVES

Asset Type	Years	Capitalization Threshold
Land	N/A	\$1
Land Improvements (Exhaustible)		
Parking Lots	20	\$25,000
Fences	20	\$25,000
Pedestrian Bridges	20	\$25,000
Bike Paths	20	\$25,000
Landscaping	30	\$25,000
Buildings	50	\$50,000
Building Improvements		
HVAC	20	\$50,000
Re-Roofing	20	\$50,000
Electrical & Plumbing	30	\$50,000
Carpet Replacement	10	\$50,000
Vehicles		
Police Squads	3	\$25,000
General Vehicles	8	\$25,000
Small Trucks	11	\$25,000
Large Trucks	15	\$25,000
Ambulances	15	\$25,000
Ladder Truck	25	\$25,000
Fire Engines, pumpers	15	\$25,000
Machinery & Equipment		
Fire equipment (ladders, hoses)	10	\$25,000
Police Communications Equipment	10	\$25,000
Heavy equipment (public works)	30	\$25,000
Computers	5	\$25,000
Furniture & Fixtures		
Office Furniture	20	\$25,000
Phone System	10	\$25,000
Kitchen Equipment	10	\$25,000
Infrastructure		
Roads/Streets	50	\$250,000
Water & Sewer Systems		
Lift Stations	40	\$250,000
Wells	40	\$250,000
Pumping Stations	40	\$250,000
Water towers	40	\$250,000
Water/Sewer Mains	40	\$250,000
Stormwater Drainage	40	\$250,000