

Capital Improvement Plan



Fiscal Years 2026-2027 through 2031-2032

Capital Improvement Plan

City of Munising

Adopted: June 2026



City Commission

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Jordan Prunick – Mayor Pro-tem

Bob Wilkinson – Commissioner

Brice Burge – Commissioner

Rod DesJardins – Commissioner

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1. Purpose

A capital improvement plan is the result of the preparation and updating of a plan listing all new major public facilities to be built, substantially remodeled, or purchased in a community within the foreseeable future. A CIP establishes a schedule, or program, for each capital improvement project according to its priority in the community. The program also includes cost estimates and the sources of financing for each project. A six-year programming period is the most widely utilized, although the CIP must be updated annually to reflect changing priorities and financial resources in the community.

A Capital Improvement is a project or cost that generally meets the following criteria:

1. Has a useful life of at least three (3) years.
2. Costs \$5,000 or more (IT projects are additive).
3. The cost does not recur annually unless it is an end-of-life cycle replacement for an existing item of like nature (for example, a patrol car replacing a patrol car).
4. Any and all expenses being financed or to be financed by long-term debt with long-term being defined as a loan or bond agreement with a payment term exceeding five (5) years.
5. It is not an operating expense related to the maintenance of capital equipment or capital improvements.

The FY 2026-27 through 2031-32 City of Munising (City) Capital Improvement Plan (CIP) will serve as a tool by which our City Commission, Planning Commission, DDA Board, and City Administration will translate our community's vision into improvements. This document lends narrative to spreadsheets and 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. The CIP itself provides a benchmark for citizens and the administration to aim for, but it is not set in stone. Based on funding, need, and reprioritization, some projects can be advanced or even shifted down the list as the organization sees fit. In essence, the CIP is a fluid document intended to aid in short-term planning and long-range visioning for both expenditures and revenues.

The City has a storied history as the population epicenter of Alger County. Socio-economic factors and regional demographic trends have shown negative growth within the region



throughout the last 5 decades. Due to this trend, it is noted that the majority of the CIP is devoted to maintaining and upgrading existing facilities rather than expanding services or developing new infrastructure.

2. Funding Sources

The CIP is only as good as the plan to finance the proposed projects and account for the revenue needed to cover the expenditures. Financing of capital improvements can be accomplished in a variety of ways. The City of Munising examines potential financing options at the onset of the CIP planning process. This examination is initially focused on what can be financed using existing City resources. However, the financial demands of most major improvements will preclude the possibility of using current operating revenue for large outlays. Directly or indirectly, the City must be prepared to obtain financing in various ways. Both fiscal necessity and fairness among generations of users and taxpayers require this. Therefore, one focus on the financing of traditional public capital improvements is through the tax-exempt securities market, but due to the City's own debt limitations, other funding sources such as operating revenues, grants, and dedicated capital outlay sources must be considered as well. Below you will find a brief description of the recommended funding sources of the CIP:

Capital Improvement/General Obligation Bonds – This form of General Obligation Limited Tax (GOLT) Bond financing can be used for any capital improvement, is subject to a referendum, and shall not legally exceed 10% of the State Equalized Value (SEV) of the property assessed in the City.

Installment Purchase Contracts (IPC) – The City is able to finance equipment purchases through IPC loans. IPC purchases have historically been used to purchase replacement vehicles for City operations. The City can legally borrow up to 1.25% of the SEV and taxable value (TV) of the City.

DDA/TIF Financing – The Downtown Development Authority (DDA) is a component of the City funded by Tax Increment Financing (TIF) revenue. The DDA/TIF district captures tax revenue from the increased taxable value of the district since the DDA's incorporation. The DDA was reauthorized for an additional 20 years in 2022, but this CIP does not include any planned capital improvement items utilizing TIF funds.



General Fund Appropriation – This represents a direct contribution from the City’s General Fund. This appropriation is made up of City operating revenue from property taxes, state shared revenue, permits and fees, etc; as well as appropriations of prior years’ fund balance. This funding is only available if the current revenue and available fund balance are sufficient to cover the increased related capital expenditures.

Restricted Revenue Sources – The City of Munising has a very small number of restricted revenue sources that can be spent on a narrow width of expenses. An example of this is our Tourist Park Site Surcharge, which is charged and committed to capital investments at the campground.

Grants – This aspect of the CIP is feasible when an outside entity pledges cash funds for assistance with capital improvement projects. If grant funding is not received for the project, then the project would become unfunded. It is recommended that if grants become available for unfunded Projects, then those Projects be moved up to the relevant year of grant funding.

Major/Local Street Fund Revenue (State Gas & Weight Tax Revenue) – Road funding in the City of Munising is made up of the State Gas and Weight Taxes as distributed through Public Act 51 of 1951. Funds from the state are split between our two internal funds

Special Assessment Bonds/Financing (SAP) – SAP financing is typically used to fund localized improvements within a community. Examples of projects that are typically financed through SAP are sidewalks, streets, and lighting improvements. To utilize SAP financing, the City obtains capital by spreading the repayment cost upon the parcels within the SAP district. Historically, the City has minimized the use of SAP financing and currently has no outstanding SAP bonds.

Revenue Backed/Utility Bonds – Working Capital is typically evaluated prior to issuing bonds to determine if any of the replacements can be paid with cash. Utility user fees are used as the backing of revenue-backed bonds, as it is the utility user’s revenue that will facilitate the payback of an accompanying bond issue.



User Fees – User-based fees create the majority of the funding mechanism for the City's enterprise funds, which include Water, Sewer, and Marina activities. The fees typically cover the operating cost of their enterprise fund and are sometimes allocated for smaller capital improvement purchases.

3. Methodology

This CIP is divided into two sections, Public Infrastructure and Departmental Upgrades, which are developed on separate but parallel tracks. Both sections begin with an evaluation of the City's progress in meeting the previous year's stated goals and cost estimates. The process then diverges in the following manner:

Departmental Upgrades

The City Administration meets with department heads and staff to lay out a “wish list” of various initiatives that may require the purchase of capital items or upgrades to existing equipment that exceed a spending threshold of \$5,000. These upgrades are discussed with the City Commission prior to their approval to ensure they are consistent with the City of Munising's Master Plan.

Public Infrastructure

The City Administration has utilized in-house knowledge of capital assets to prioritize a list of improvements based on funding availability and the expected useful life of an asset. In future years, it is recommended that members of the Planning Commission meet with City Administration and the City's engineering and planning firms to evaluate the community's infrastructure maintenance needs. Once the proposed improvements have been consolidated, prioritized, and a funding source is recommended, the plan is presented to the City Commission for final evaluation and approval.

4. Departmental Upgrades

Each department is asked to take a long-term look at future initiatives or improvements that may require capital purchases in order to be fully implemented. As each department works to improve the manner by which the City delivers services to its residents and stakeholders, “wish lists” are developed based on research and discussions with similar communities. The majority of the capital purchases in these categories are funded through the general fund,



however, thorough knowledge and research of our future planned costs allows for the pursuit of grant and other outside funding sources to meet our policy goals. The following sections discuss the City's various needs and proposed funding sources by department.

4.1 Administration

The City's Administrative departments include the office of the City Manager, Treasurer, City Clerk, and the City's Boards and Commissions. This category also includes general inter-departmental needs such as shared servers, furniture, and other office equipment.

2026-2027

City Hall Computers – Four City Hall computers and the firewall are scheduled for replacement, as they are currently too old to receive updates. The cost of these upgrades will be charged to the Municipal Buildings account, per normal operations.

4.2 Public Safety

Public Safety within the City of Munising consists of a full-service police department and a paid/on-call fire department. Purchases pertaining to Public Safety include equipment purchases primarily for the Police Department, as well as upgrades in body-worn equipment.

2026-2027

Technology Upgrades - The Police Department needs updated Body-Worn Cameras and interview room equipment. This equipment is budgeted for purchase from the general fund. The upfront cost is approximately \$14,000 with an annual fee of \$4,500 for years 2 through 5 and \$3,000 for years 6 through 10. Radar systems for patrol cars are needed; \$6,000 for two radars has been budgeted.

4.3 Recreation

The recreation department includes upgrades to City Parks, Marina, and Arena Facilities

2026-2027

Boat Launch Phase II - There is approximately \$300,000 in grant funding remaining for the Boat Launch Rehabilitation Phase II. Phase II is for improvements to the boat ramp portion of the facility. Working on a plan for these funds will be a priority for the City as it moves into FY 2026-2027.



5. Public Infrastructure

Investment in our infrastructure delivers clean water to our homes, removes waste from our homes, ensures that our community is not overrun by floodwaters, and enables us to travel to and from our destinations with ease. The CIP not only serves as a promise to our residents to invest in maintenance but also, long-term, identifies the need for new infrastructure to accommodate the type of developments outlined in our Community Master Plan. In the past decade, the City has made significant improvements to the overall condition of our public infrastructure. Major underground projects in 2008, 2009, and 2013 have replaced most of the water, storm, sanitary, and transportation infrastructure within the City.

The largest new capital expense in the 2026-2027 budget is the reconstruction of the Washington Street corridor. This project will consist of roughly \$6.4 million in USDA-RD Loan/Grant dollars and be performed over the next two fiscal years. The funding consists of a \$2 million congressional spending directive to cover the street and nonmotorized path improvements, while the remaining dollars will be made up of USDA-RD Utility loans.

5.1 Local Road Network

Revenues for the Local Street Fund are based on a distribution formula established by the State of Michigan under the provisions of Act 51 of the Public Acts of 1951, as amended. The source of the revenues that the State receives under this Act comes from specific taxes on motor vehicles and motor vehicle fuels. Revenue awarded to the City is calculated based on the number of designated local street miles and population. Each year, the City Public Works department performs a number of preventive maintenance tasks throughout the road system to increase the longevity of both major and local streets.

2026-2027

Prospect Street Repaving – The City will contribute approximately \$35,000 to repaving Prospect Street. This project will be in concert with the Lead Service Line Replacement (LSLR) project that is slated to replace many of the water service lines along the street. The LSLR project will not cover the full repaving of the Street.

Washington Street Repaving - This project consists of paving approximately 2,800 linear feet of Washington Street. The project will be done in conjunction with the Washington St water and sewer replacement. The project will also add a bike path along the east side of Washington Street. The project will be funded with \$2 million in



Congressionally Directed Spending funds, which is rare to receive and shows support for the project from the State of Michigan. There is potential that only a portion of the repaving funds will be used in FY 2026-2027,

Used Loader Purchase – To assist with winter maintenance, road clearing, and DPW activities, the City will work toward purchasing a used loader. The City has approximately \$200,000 set aside from the Motor Pool for the purchase of a used loader.

5.2 Sanitary Sewer Collection System (Sewer System)

The Sanitary Sewer Collection System was constructed in the early 1900's, originally as a combined sewer system until the 1950's at which time the City converted it to a dedicated sanitary sewer system. It is believed that all residents and businesses within the core of the City are connected to the sanitary sewer and there are no active septic systems in this area. The City of Munising's sewer system is a separated system (meaning that storm water and sanitary water are not permitted to mix), but is still considered "wet" due to the presence of footing drains. The City's upgrades and maintenance over the past 10 years have been aimed primarily at "drying out" or removing ground and storm water from the system.

The vast majority of the City is served via sanitary sewer; however, the infrastructure is in place for expansion to the East, West, and North along Sand Point Road. The City operates a portion of its sanitary collection system outside its corporate boundaries by providing service to the Munising Industrial Park and Alger Correctional Facility. Due to the age and the vast network of sanitary collection mains within the City, it has become a priority to maintain existing infrastructure rather than expand the system.

2026-2027

Washington Street Sewer – This project consists of the replacement of approximately 2,800 linear feet of sewer main along Washington Street. The sewer main in this area is failing. The project is anticipated to begin in late summer 2026 and continue into the following construction season/fiscal year. The project will be combined with the replacement of the water main in the vicinity and the repaving of Washington Street. The project will be funded through USDA bonding in the amount of \$2.709 million. It is anticipated that approximately \$500,000 of the funds will be used in FY 2026-2027, with the remainder spent in FY 2027-2028.



Sewer Truck – A new sewer pickup truck with a plow will be purchased to support the operation and maintenance of the sewer utility. The anticipated \$75,000 cost will be paid for with leachate funds.

5.3 Wastewater Treatment Plant (WWTP)

Sewage is moved throughout the City utilizing both gravity sewer mains and lift station/force main aspects. The collection system itself culminates at the City of Munising Waste Water Treatment Plant (WWTP). The plant in service is designed to handle a sustained capacity of up to 1.7 million gallons a day. During major flood or rain events, the plant has been able to handle a flow rate of almost 3 million gallons per day for short periods. The City of Munising WWTP is considered an “Activated Sludge” style plant in which the majority of the treatment process relies on bacteria to treat the influent. The WWTP is a highly technical structure that utilizes a series of mechanical and biological steps to turn raw sewage into clean effluent. Due to the complex demands of this process, the WWTP has an amazing amount of both mechanical and motorized parts that must be maintained and replaced in order to operate as efficiently as possible.

2026-2027

WWTP Ultraviolet (UV) Rehab - The final step in the wastewater treatment process is the UV disinfection room. The UV system was built by Trojan UV, installed in 2008-09, and has been in service since. The existing Trojan UV system requires upgrades and expansion in order to effectively treat wastewater. To support these improvements, \$350,000 has been budgeted from the Sewer Fund and Reserve/Repair/Improve fund.

Preliminary Engineering Report – A major portion of the WWTP equipment is near, at, or past its design life. An assessment, in the form of a Preliminary Engineering Report, of the WWTP is needed to assess the existing conditions, identify needs, and prioritize projects to map out the path forward for WWTP. The Preliminary Engineering Report will generate a list of projects and costs to be included in next year’s CIP. Funding the amount of \$100,000 as been set aside in FY 2026-2027 for this project.

Variable Frequency Drive (VFD) Blower Replacement – A Variable Frequency Drive (VFD) Blower is used in the aeration process of wastewater treatment. It provides the



air to the clarification tanks, and the VFD controls the blower speed. The blower is estimated to cost \$16,000 and will be paid for out of the sewer and leachate funds.

5.4 Water Distribution System

The oldest sections of the City's water distribution system were installed over 130 years ago, however, the majority of the system is less than 50 years old. Due the large USDA funded 2008, 2009, 2013, and 2020 projects the system performs very well. The City experiences a low number of water main breaks annually but lacks the significant clustering to warrant near term replacement of City mains. Starting in 2019 we have aligned main replacement projects with our road repaving projects to prevent newly re-paved streets from damage caused by water main repairs. New road over old water main is costly and inefficient.

To supply the water within the system, the City utilizes three well houses with six wells that supply three in-ground tanks. The wells' capacities range from roughly 500 gallons per minute (GPM) to 640 GPM, and we can store up to 600,000 gallons of water at any time. The City is also unique in that it operates two completely separate water systems. The Munising Industrial Park system is a self-contained system consisting of one well house and an elevated tank. This system feeds the 8 small commercial facilities as well as the City's largest consumer in the Alger Correctional Facility.

2026-2027

Washington Street Water - This project consists of replacing approximately 2,800 linear feet of water main along Washington Street. The water main in this area is estimated to be nearly 100 years old, has galvanized service lines and lead welds, and is not sized to properly for fire flows. The project will be funded through USDA bonding in the amount of \$1.719 million. The project is anticipated to begin in late summer 2026 and continue into the following construction season. The project will be combined with the replacement of the sewer main in the vicinity and the repaving of Washington Street.

6. City-Owned Facilities

City-owned facilities include all structures and land improvements (not included in other categories) used to provide services to the community. For the purposes of this analysis, these facilities can be broadly grouped as buildings and property and parking lots. Our



municipal facilities are combined in an internal service fund that pays for the day-to-day operational expenses, such as utility bills, but also serves as the tool to finance larger capital improvement projects. Every year, the administration projects the operational and capital improvement costs of each facility and then budgets that within the department as building rental. Each year, the breakdown of the rental rates changes due to differing planned expenses.

6.1 Buildings and Property

Operational facilities are the “bricks and mortar” from which the City of Munising provides services to its residents and businesses. Increasingly, operational facilities also include the systems that facilitate service delivery in the information age. Projects include the construction of new facilities, as well as the maintenance, rehabilitation, renovation, and expansion of existing facilities. Operational facilities projects are funded from a variety of different sources, depending on the use of the facility. Sources mainly are tied to the General Fund and leveraged funds.

6.2 Parking Lots

In addition to the “bricks and mortar” at the various operating facilities within the City of Munising, there are a number of parking lots. The City maintains the lots through annual budget appropriations but replacement and/or improvement of the lots fall under the capital improvement program. The parking lots include all those at public services facilities, police and fire station, recreational facilities, and City Hall.

City of Munising 7 -year Capital Improvement Plan (Current Year Plus 6 Years Out)									
2026-27 Fiscal Year									
Section	Project	Funding Source	Current Year Projects	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
			25-26	26-27	27-28	28-29	29-30	30-31	30-31
Sewer & WWTP									
Sewer Treat/Coll.	Air Conditioning at WWTP	Sewer Fund/Leachate				\$25,000			
Sewer Treat	Anna River Lift Station Upgrades	Leachate Fund	\$50,000						
Sewer Treat	Clarifier Domes	Sewer Fund/Leachate							\$350,000
Sewer Treat	Digester Rehabilitation	Sewer Fund/Leachate					\$230,000		
Sewer Treat/Coll.	Fence Repairs	Sewer Fund/Leachate			\$15,000				
Sewer Collection	Lift Station Pumps	Sewer Fund/Leachate				\$24,000			
Sewer Treat	Preliminary Engineering Report	Leachate Fund	\$40,000	\$100,000					
Sewer Treat/Coll.	Sewer Truck	Sewer Fund/Leachate		\$75,000					
Sewer Collection	USDA-RD Sewer Project (Washington)	USDA-RD/CDS Grant		\$500,000	\$2,209,000				
Sewer Treat/Coll.	Variable Frequency Blower	Sewer Fund/RRI		\$16,000					
Sewer Treat	WWTP UV Rehab.	Sewer Fund/RRI		\$350,000					
Water									
Water	Bayshore Wellhouse Replacement	Leachate/RRI	\$300,000						
Water	Fire Hydrants (4 count)	Water Fund				\$34,800			
Water	Industrial Park Tank Maintenance	USDA-RD Loan						\$180,000	
Water	In-Ground Roof Replacements	USDA-RD Loan							
Water	Meter/Endpoints	Water Fund				\$10,000			
Water	Varnum St. Wellhouse - Driveway Paving	Utility User Fee					\$27,000		
Water	Varnum Wellhouse Improvements	Water Fund				\$25,000			
Water	Washington St. Utility Replacements	USDA-RD/CDS		\$200,000	\$1,519,000				
Water	Lead Service Line Replacements	USDA-RD/CDS		\$2,770,000					
Water	Water Main Valves	Water Fund			\$12,000				
Water	Water Truck	Reserves				\$75,000			
Road/Street Projects									
Major Street	Anna River Bridge	MDOT Rural Bridge Funding	\$495,000						
Major Street	Cedar St. - 100 Block	Major Streets					\$45,000		
Major Street	Cemetery Hill	Major Streets	\$200,000						
Local Street	Cherry St./Legion Alley	General Fund/DDA					\$125,000		
Major Street	East Onota St., 300 Block	Major Streets					\$75,000		
Local Street	Grand St.	Local Street Fund	\$67,000						
Local Street	Pave Prospect St.	Major Streets					\$35,000		
Local Street	Prospect St.	Major Streets		\$35,000					
Major Street	Sand Point Rd - PM (Chip/seal)	Major Street/MDOT LAP					\$160,000		
Major Street	Sidewalk Repairs/Improvements	SRTS Grant			\$200,000	\$1,570,000			
Major Street	Superior St. (300/500 Block PM)	Major Streets	\$98,000						
Major Street	Washington St.	USDA-RD/CDS		\$200,000	\$1,800,000				
Municipal Buildings & Grounds									
City Hall	City Hall Lot Rehab & PM	Municipal Buildings					\$80,000		
City Hall	City Hall Computers	Municipal Buildings		\$8,000					
City Hall	Exterior Care	Municipal Buildings			\$17,000				
DPW	Lot Paving	General Fund				\$80,000			

2026-27 Fiscal Year									
Section	Project	Funding Source	Current Year Projects	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
			25-26	26-27	27-28	28-29	29-30	30-31	30-31
Police/Fire									
Police	Body Cameras	General Fund/Grant		\$14,500	\$4,500	\$4,500	\$4,500	\$4,500	\$3,000
Police	Patrol Vehicle 3	General Fund						\$78,000	
Police	Radars	General Fund/Grant		\$6,000					
Police	Tasers (used)	General Fund/Grant	\$2,500						
Police	Winter Tires	General Fund				\$4,000			
Fire	Fire Engine	Gen. Fund/Loan/Special Millage			\$1,000,000				
Fire	Fire Engine	Gen. Fund/Loan/Special Millage				\$1,000,000			
Cemetery/Grounds									
Cemetery	Caretaker Shed	General Fund					\$18,000		
Cemetery	Compact Tractor	General Fund			\$50,000				
Cemetery	Fence Replacement	General Fund							
Cemetery	Sign	General Fund			\$5,000				
Cemetery	Survey/Monument Installation	General Fund				\$10,000			
Cemetery	Vault Roof Repairs	General Fund				\$50,000			
Motor Pool									
DPW	1 Ton GMC with Dump	General Fund			\$75,000				
DPW	Double Axel Dump	Leachate/General Fund Trans.						\$210,000	\$210,000
DPW	DPW Truck - 3/4 Ton Dump	General Fund				\$85,000			
DPW	Mid-sized Loader	Motor Pool		\$200,000					
DPW/Streets	Plow Truck	Leachate/General Fund Trans.			\$200,000				
DPW/Streets	Plow Truck	Leachate/General Fund Trans.					\$220,000		
DPW	Trackless Blower	General Fund					\$3,500		
DPW	Triple Axle Dump (Waiting on Delivery)	Leachate				\$134,000			
Marina Fund									
Marina	Fuel/Diesel Pump and Tank Upgrade	Marina Fund					\$65,000		
Marina	Boat Launch Rehab (Phase 2)	Marina Fund/ Grants		\$300,000	\$200,000				
Tourist Park									
Tourist Park	Septic System	General Fund/Tourist Park Imp.				\$15,000	\$200,000		
General Fund	Tourist Park Paving (Phase I)	General Fund/Tourist Park Imp.						\$50,000	
General Fund	Tourist Park Paving (Phase II)	General Fund/Tourist Park Imp.							\$50,000
Tourist Park	Water Treatment	General Fund/Tourist Park Imp.			\$60,000				
		Totals	\$1,287,500	\$4,790,500	\$7,378,500	\$3,146,300	\$1,288,000	\$522,500	\$613,000

Key :

C/H - City Hall
Coll. - Collection
DPW - Department of Public Works

Imp - Improvement
LAP - Local Agency Program
MDOT - Michigan Department of Transportation

PM - Pave & Mill
RRI - Repair, Replace, and Improve
St. - Street