

Capital Improvements Program (CIP)

2012 to 2021

Town of Hebron, New Hampshire

Which the

Capital Improvements Program Committee

Prepared for

The Town of Hebron

Submitted: March 13, 2012

1. Introduction

Recognizing the precariousness of the annual budgetary process, state law authorizes the use of a Capital Improvements Program (CIP) to aid town officials in scheduling capital outlays. New Hampshire RSA 674:5-8 provides the legislative authorization, purpose, description and preparation of the CIP. See Attachment 3 below for these statutes.

Undertaking a CIP can be done only after authorization is granted by the local legislative body. This was done by a vote of Hebron's residents at Town Meeting in March 2004.

The CIP Committee, which is a subcommittee of the Planning Board, has structured this document to provide a recommended 10-year program of major capital projects and expenditures. The next cycle will commence this summer, with a public hearing to precede the presentation of the CIP to the Board of Selectmen in October, prior to the beginning of the 2013 budget season.

For the 2012-2021 CIP, the Committee asked department heads to roll forward the prior year's requests by one year, unless there were changes. After meeting with them to validate and evaluate their data, the Committee incorporated the information in the CIP update with its funding/calendaring recommendations. It then held a public hearing at the end of September and, subsequently, briefed the Selectmen prior to their budgeting cycle.

2. Questions about the Capital Improvements Program

Q. What are the purposes of the Hebron CIP?

The Hebron CIP is an advisory document. It is intended to serve a number of purposes, including an attempt to plan all anticipated major expenditures for a 10-year period. In addition, it:

- I. Provides the Town of Hebron with a guide to be used by the Board of Selectmen for its annual budgeting process, pursuant to RSA 674:5-8.
- II. Provides a forward-looking planning tool for the purpose of contributing to a stable property tax rate.
- III. Aids the Town's elected officials, appointed committees, department heads and voters in the prioritization, coordination and planning for future growth and in the sequencing of various expenses.
- IV. Informs residents, seasonal homeowners, potential residents, business owners, potential business owners, and developers of needed and planned improvements.

For purposes of this document, a capital improvement is an item or project for the public use that costs more than \$5,000, has a useful life of five years or more and is considered to be beyond the scope of normal annual operating expenses. Examples of capital improvements include:

- I. Land acquisition for a public purpose.
- II. Vehicles.
- II. Buildings.
- IV. Equipment and machinery.
- V. Major building or facility renovations and repairs.
- VI. Road renovations, bridge renovations or bridge replacement resulting in long-term improvement in road capacity or condition.
- VII. Special studies, such as resource assessments, facility studies or master plans.

Q: Why a CIP for Hebron?

A CIP assists the Selectmen in stabilizing the tax rate by linking the planning for major expenditures to the Town budget. Specifically, it:

- I. Establishes a method for departments to anticipate and communicate future needs.
- II. Provides a process for identified needs to be discussed and prioritized.
- III. Encourages evaluation of timing and financing options.
- IV. Stabilizes annual expenditures for capital outlays to minimize tax impact.
- V. Makes preemptive acquisitions (for example, land acquired for Town use such as municipal space, land preservation and recreation) more feasible and defensible.
- VI. Reduces interest payments (through use of capital reserve funds).
- VII. Supports planned growth.
- VIII. Facilitates implementation of the Master Plan by scheduling projects over a period of time and eliminating multiple expenses in any one fiscal year.
- IX. Furnishes a total picture of the Town's major needs, thereby discouraging piecemeal expenditures and promoting coordination of the activities of various departments.
- X. Establishes priorities for projects on the basis of needs and costs in light anticipated revenues and expenditures.
- XI. Serves as an information resource for Hebron residents by describing the Town's plans for major expenditures.

Q. Who were the members of the 2012 CIP Committee?

The Committee embodied a wide range of experiences and viewpoints. It was composed of Chairperson Mitch Manseau and members Mark Coulson, Dan Merritt, Ileana Saros and Dian West.

Q. What process did the CIP Committee use?

Since September of last year, the Committee met on several occasions to discuss the approach to preparing the CIP and to meet with Selectmen and department and commission heads to discuss their capital expenditure plans. The Committee's work was organized as follows:

I. Education and Planning

After reviewing the prior CIP, the Committee decided to follow the same process to build upon townspeople's familiarity with it. To give each department a method for collecting required information and to promote consistency across departments, it used a submittal form for anticipated future needs (including desired acquisition date, anticipated life span, method(s) of financing, cost and priority of need)

II. Meetings with Departments

The Committee provided instructions to each department head and commissioner to refresh the process and asked them to submit their capital expenditure requests.

III. Analysis

The Committee entered all of the information into a computer spreadsheet, to assess the impact of different acquisition dates and financing approaches for all projects. See attachment 1.

IV. Plan Development and Recommendations

During the course of several meetings, the Committee followed up with each department to clarify needs and discuss Town priorities, alternative approaches and acquisition timing. The Committee then developed relatively flat annual expense projections across the entire 10-year period in order to avoid a significant impact on the tax rate in any one year and forwarded them to the department heads for their concurrence.

Q. What are Hebron's options for financing major capital needs?

Following are summaries of the different ways the Town has financed, and can continue to finance, major capital expenses.

More than one approach may be used at one time.

- I. The one-year appropriation is most common. Proposed projects are funded by the property tax revenues within a single fiscal year, i.e. expense in one year and pay cash, concentrating the tax impact on that year.
- II. The capital reserve (savings) method requires appropriations over multiple years. The capital reserve approach spreads the tax impact across several fiscal years in advance of the actual expenditure. Historically, Hebron has used this approach for purchasing heavy equipment. The CIP Committee used it extensively in the current plan to achieve level funding and to avoid borrowing.
- III. Bonds are generally used only for the most expensive capital projects, such as major building and additions, new construction of buildings or infrastructure or purchase of land. Bonds permit major capital requests to be met immediately while spreading out the cost – the impact on the tax rate – over many years in the future. Hebron's current bonds include its share of the incinerator upgrade (2018), and the town beach addition (2017) and the Town Forest (2026).

Q. What are the financial projections resulting from Hebron's CIP process?

Attachment 2 summarizes the anticipated capital expenses and their impact upon the Town's budget for the 2012-2021 period.

Q. What happened next to the CIP Plan?

The CIP Committee presented a draft of the proposed plan to the Board of Selectmen prior to its budget deliberations for review and possible modification. Thereafter, it conducted a public hearing on the proposed plan. The plan was then finalized and printed for distribution to residents at Town Meeting, where the Town Offices Project CIP is being presented in support of Warrant Article 15..

3. Conclusions

Every year, the Committee will review the CIP plan and modify it based on changing needs and priorities, and then present it to the Board of Selectmen prior to budget deliberations. Each annual update will include an additional year to the schedule so that a 10-year program period is maintained. While outlying years' data are less certain, this is not reason to not plan, and annual updates assure currency.

Appendix 1 Proposal	Action in FY	Yrs Till Action	Est Price	Est Price Action Yr	Annual Investment	Cash Purchases	To Cap Reserve	From Cap Reserve	CR Balance	Comments
Proj End-2011 Capital Reserve Balance, not including half-2011 interest					LEVEL FUND				\$66,000	CR is "Capital Equipment"
2012										
BUTTERNUT RIDGE ROAD	12	1	\$70,000	\$73,500		\$73,500				re-pave install under drains (w/a)
Buy full sized 6 wheel plow truck	12	1	\$65,000	\$68,250		\$68,250				New plow truck / price after tri-axle trade-in
Ttl 2012			\$135,000	\$141,750	\$75,000	\$141,750		(\$750)	(\$750)	
2013										
BEECHWOOD ROAD	13	2	\$30,000	\$33,000		\$33,000				deferred from 2011
Ttl 2013			\$30,000	\$33,000	\$75,000	\$33,000	\$42,000		\$41,250	
2014										
BUY USED BACKHOE	13	3	\$50,000	\$57,500		\$57,500				Add to CR until necessary to replace old unit
Ttl 2014			\$50,000	\$57,500	\$75,000	\$57,500	\$17,500		\$58,750	
2015										
Ttl 2015					\$75,000		\$75,000		\$133,750	
2016										
BEAR MTN RD & PANORAMA LANE	14	5	\$150,000	\$187,500		\$187,500				
Ttl 2016			\$110,000	\$143,000	\$75,000	\$143,000		(\$68,000)	\$65,750	
2017										
INDIAN POINT ROAD	16	6	\$30,000	\$39,000		\$39,000				deferred from 2011
COOPER RD CULVERT AT STONEYBROOK	16	6	\$15,000	\$19,500		\$19,500				deferred from 2011
F-550 EQUIVALENT truck	15	6	\$65,000	\$84,500		\$84,500				up from 2020/current truck not very good
Ttl 2017			\$110,000	\$143,000	\$75,000	\$143,000		(\$68,000)	(\$2,250)	
2018										
CRESCENT (PAVE INITIAL 1,000 FEET)	18	7	\$45,000							
Ttl 2018			\$45,000	\$0	\$75,000	\$0	\$75,000		\$72,750	necessary work?
2019										
BUY USED GRADER	19	8	\$75,000	\$105,000		\$105,000				REPL 1970 MODEL when necessary
Ttl 2019			\$75,000	\$105,000	\$75,000	\$105,000		(\$30,000)	\$42,750	
2020										
Ttl 2020					\$75,000				\$42,750	
2021										
Ttl 2021				\$0	\$75,000				\$117,750	a/o Mar 12 12
						\$623,250				

Fire Department												
Proposal	Dept	Year of	Action	Yrs Till	Est	Est Price	Annual	Cash	To Cap	From Cap	CR	Comments
	Priority	Replaced	in FY	Action	Price	Action Yr	Investment	Purchases	Reserve	Reserve	Balance	
Proj End-2011 Capital Reserve Balance, not including half-2011 interest											\$281,159	includes "Fire" and "Ambulance"
							LEVEL FUND				\$197,079	Fire
2012											\$84,080	Ambulance
New Protective Clothing	high		12	1	\$35,000	\$36,750		\$36,750				one set meets current standard/incl NFPA washer
Ttl 2012					\$35,000	\$36,750	\$63,000	\$36,750	\$26,250		\$307,409	
2013												
OHRV	high	new require	13	2	\$17,000	\$18,700		\$18,700				NEW REQUIREMENT FOR RESCUE/FIRE SUPPRESSION
New Pumper-Tanker	high	1978	13	2	\$350,000	\$385,000						incr H2O capacity w/69 Mack & 78 Ford gone/ FEMA grant submitted; will re-visit next year Some pumper needed some time
Ttl 2013					\$367,000	\$403,700	\$63,000	\$18,700	\$44,300		\$351,709	
2014												
4 door 4x4 pickup truck	high	1977		3	\$45,000	\$51,750		\$51,750				REPLACE CURRENT 1977 DODGE
					\$45,000	\$51,750	\$63,000	\$51,750	\$11,250		\$362,959	
2015												
Command Vehicle	high	new need	15	4	\$40,000	\$48,000		\$48,000				estimated future requirement
Hydraulic Rescue tool	med	old	15	4	\$20,000	\$24,000		\$24,000				repl ex-Woburn FD unit; Bristol has a newer one
Ttl 2015					\$40,000	\$48,000	\$63,000	\$72,000		(\$9,000)	\$353,959	
2016												
Ambulance Defibrillator	high	2006	16	5	\$25,000	\$31,250		\$31,250				current one will be obsolete
Ttl 2016					\$25,000	\$31,250	\$63,000	\$31,250	\$31,750		\$385,709	
2017							\$63,000		\$63,000		\$448,709	
2018												
Ambulance	med	2009	18	7	\$180,000	\$243,000		\$243,000				8-10 yr replacement cycle
Diesel exhaust Mitigation	med		18	7	\$20,000	\$27,000		\$27,000				Potential future NFPA standard
New SCBA	high		18	7	\$75,000	\$101,250		\$101,250				Current SCBA will no longer meet standards,deferred from 2018
Ttl 2018					\$275,000	\$371,250	\$63,000	\$371,250		(\$308,250)	\$140,459	
2019												
4TH BAY	medium			8	\$100,000	\$140,000						Public Safety Bldg/deferred pending need
Ttl 2019					\$100,000	\$140,000	\$63,000	\$0	\$63,000		\$203,459	
2020							\$63,000		\$63,000		\$266,459	
2021							\$63,000		\$63,000		\$329,459	
						Total	\$630,000	\$581,700		Total CIP		a/o Mar 12 12

Does not fund requirement for new pumper/tanker or Fire Station fourth bay

Police									
Proposal	Yrs Till	Est Current	Est Price	Annual	Cash	To Cap	From Cap	CR	Comments
	Action	Price	Action Yr	Investment	Pur-chases	Reserve	Reserve	Balance	
Proj End-2011 Capital Reserve Balance, not including half-2011 interest								\$24,747	
				LEVEL FUND					
2012				\$6,000		\$6,000		\$30,747	
2013									
Cruiser SUV	2	\$25,000	\$27,500		\$27,500		(\$21,500)		
Ttl 2013				\$6,000	\$27,500	\$6,000		\$9,247	
2014				\$6,000		\$6,000		\$15,247	
2015				\$6,000		\$6,000		\$21,247	
2016				\$6,000		\$6,000		\$27,247	
2017									
Cruiser Sedan	6	\$25,000	\$32,500		\$32,500				
Ttl 2017				\$6,000	\$32,500		(\$26,500)	\$747	
2018				\$6,000		\$6,000		\$6,747	
2019				\$6,000		\$6,000		\$12,747	
2020				\$6,000		\$6,000		\$18,747	
2021				\$6,000		\$6,000		\$24,747	
				Ttl	\$60,000	\$54,000			
			Total CIP	\$60,000					a/o Mar 12 12
Sales of used cruiser should offset 2017 CR deficit. 2021 or 2022 new cruiser will require additional annual investment.									

Other CIP								
Proposal	Est Price	Est Price	Total	Cash	To Cap	From Cap	CR	Comments
	2011 dollars	Action Yr	Investment	Purchases	Reserve	Reserve	Balance	
Proj End-2011 Capital Reserve Balance, not including half-2011 interest							\$46,902	Gov't Bldgs Repair CR
			LEVEL FUND					
2012								TOP = Town Offices Project
TOP Phase I				\$100,000				
Total 2012			\$143,000	\$100,000	\$43,000		\$89,902	Investment includes \$83K annually
								in trash savings going forward
2013			\$143,000		\$143,000		\$232,902	plus \$60 K in capital from taxes
								Phase I = Develop a plan
2014								
TOP Phase II	\$350,000	\$402,500		\$402,500				Phase II = Build Academy annex
Total 2014	\$350,000	\$402,500	\$143,000	\$402,500		\$232,902	(\$26,598)	
2015			\$143,000		\$143,000		\$116,402	
2016			\$143,000		\$143,000		\$259,402	
								Phase III = Move Academy occupants
2017								to annex/Refurbish Academy
TOP Phase III	\$350,000	\$455,000		\$455,000				Investment includes savings from paid
Total 2017	\$350,000	\$455,000	\$179,000	\$455,000		\$276,000	(\$16,598)	Town Beach bond going forward
								(6 months)
2018								Phase IV = Finalize BoS office/move Clerk
TOP Phase IV	\$125,000	\$168,750		\$168,750				& Tax Collector/refurbish their bldg
Total 2018	\$125,000	\$168,750	\$208,000	\$168,750	\$39,250		\$22,652	Investment includes savings from
								paid Town Beach bond going forward
2019								(full year)
New cemetery	\$33,000	\$46,200		\$46,200				Investment includes savings from paid
Total 2019	\$33,000	\$46,200	\$270,000	\$46,200	\$223,800		\$246,452	incinerator bond going forward
								Phase V = Refurbish Library & finish TOP
2020								awaiting more information
George Road relocation	\$363,000	\$526,350		\$526,350				Pending landowner approvals
Total 2020	\$363,000	\$526,350	\$270,000	\$526,350		\$256,350	(\$9,898)	
2021			\$270,000		\$270,000		\$260,102	
Projects Total		Total CIP	\$1,912,000				\$260,102	a/o Mar 12 12

Appendix 2

2012-2021 Overall Town Capital Spending (excl bond repayment)										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Highway	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Fire	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000
less ambulance fees	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)
from taxes	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000
Police	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Ttl Departments	\$124,000	\$124,000	\$124,000	\$124,000	\$124,000	\$124,000	\$124,000	\$124,000	\$124,000	\$124,000
Other	\$143,000	\$143,000	\$143,000	\$143,000	\$143,000	\$179,000	\$208,000	\$270,000	\$270,000	\$270,000
From annual savings										
in current spending	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000	\$119,000	\$148,000	\$210,000	\$210,000	\$210,000
From annual taxes	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Ttl new annual taxes	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000
“Other” capital includes \$60K annually from new taxation plus: \$83K annually that we save on trash disposal; \$29K in 2017 and \$65K annually afterward from the Town Beach bond, repaid halfway through 2017; and \$62K annually with repayment of the Incinerator Improvement bond after 2018.										
										a/o Mar 12 12

TITLE LXIV

PLANNING AND ZONING

CHAPTER 674

LOCAL LAND USE PLANNING AND REGULATORY POWERS

Capital Improvements Program

Section 674:5

674:5 Authorization. – In a municipality where the planning board has adopted a master plan, the local legislative body may authorize the planning board to prepare and amend a recommended program of municipal capital improvement projects projected over a period of at least 6 years. As an alternative, the legislative body may authorize the governing body of a municipality to appoint a capital improvement program committee, which shall include at least one member of the planning board and may include but not be limited to other members of the planning board, the budget committee, or the town or city governing body, to prepare and amend a recommended program of municipal capital improvement projects projected over a period of at least 6 years. The capital improvements program may encompass major projects being currently undertaken or future projects to be undertaken with federal, state, county and other public funds. The sole purpose and effect of the capital improvements program shall be to aid the mayor or selectmen and the budget committee in their consideration of the annual budget.

Source. 1983, 447:1. 2002, 90:1, eff. July 2, 2002.

Section 674:6

674:6 Purpose and Description. – The capital improvements program shall classify projects according to the urgency and need for realization and shall recommend a time sequence for their implementation. The program may also contain the estimated cost of each project and indicate probable operating and maintenance costs and probable revenues, if any, as well as existing sources of funds or the need for additional sources of funds for the implementation and operation of each project. The program shall be based on information submitted by the departments and agencies of the municipality and shall take into account public facility needs indicated by the prospective development shown in the master plan of the municipality or as permitted by other municipal land use controls.

Source. 1983, 447:1, eff. Jan. 1, 1984.

Section 674:7

674:7 Preparation. –

I. In preparing the capital improvements program, the planning board or the capital improvement program committee shall confer, in a manner deemed appropriate by the board or the committee, with the mayor or the board of selectmen, or the chief fiscal officer, the budget committee, other municipal officials and agencies, the school board or boards, and shall review the recommendations of the master plan in relation to the proposed capital improvements program.

II. Whenever the planning board or the capital improvement program committee is authorized and directed to prepare a capital improvements program, every municipal department, authority or agency, and every affected school district board, department or agency, shall, upon request of the planning board or the capital improvement program committee, transmit to the board or committee a statement of all capital projects it proposes to undertake during the term of the program. The planning board or the capital improvement program committee shall study each proposed capital project, and shall advise and make recommendations to the department, authority, agency, or school district board, department or agency, concerning the relation of its project to the capital improvements program being prepared.

Source. 1983, 447:1. 1995, 43:1. 2002, 90:2, eff. July 2, 2002.

Section 674:8

674:8 Consideration by Mayor and Budget Committee. – Whenever the planning board or the capital improvement program committee has prepared a capital improvements program under RSA 674:7, it shall submit its recommendations for the current year to the mayor or selectmen and the budget committee, if one exists, for consideration as part of the annual budget.

Source. 1983, 447:1. 2002, 90:3, eff. July 2, 2002.

