

Introduction to Developing a Capital Improvements Program (CIP)

Developing or updating a Capital Improvements Program (CIP), which is a Planning Board document and responsibility, generally requires 6-7 meetings but can be accomplished in as little as three months if a CIP Committee can meet weekly or every other week. The ideal time to begin a CIP is in May and the ideal adoption time is prior to December 1 to enable the CIP to be provided to the Board of Selectmen and/or Budget Committee in time for consideration of deciding Department budgets and the writing of warrant articles for the annual Town meeting.

This **Introduction to Developing a Capital Improvements Program** “quick guide” provides an overview of the rationale for developing a Capital Improvements Program, a discussion of the general development process, and some of a CIP’s basic content. Highlights of particular sections of a CIP document, such as [Demographics](#), [Summary of Proposed Projects](#), [Schedules of Capital Expenditures](#), [Financial Analysis](#), and [Road Management Plan](#), are summarized. Lastly, a listing of many of the NH Revised Statutes Annotated (RSAs) referenced which empower CIP content are provided as well as RSA 674:5-8 which authorizes and legislates a CIP.

1. CIP BASICS AND PURPOSE

In a municipality where the planning board has adopted a master plan, RSA 674:5 enables the local legislative body to 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." An example of a six-year time span is the budget years of 2016-2021.

What is a CIP?

A capital improvements program is, at its simplest, a spreadsheet of Departments’ capital expenditure projects which are displayed over a six year time span to keep the calculated overall impact to the municipal tax rate per \$1,000 of net valuation at steady levels.

A capital expenditure project could be an addition to the Town Office, purchasing a Fire Department vehicle, a Zoning Ordinance rewrite, a Town Cemetery plan, or acquiring land for a new Library. Most CIPs include Chapters of supporting information that validate the need for the projects and determine whether the Town can afford them.

The CIP is beneficial to the [Planning Board](#):

In addition, RSA 674:22 requires **adoption of a CIP prior to the adoption of a growth management ordinance. The CIP is also required to adopt impact fees**, in RSA 674:21. In this context, the CIP is a document that provides the schedule of improvements needed in a municipality to accommodate growth. The CIP states the intention of the community to provide a particular service or improvement.

Similarly, the CIP **can help to determine whether a subdivision is premature** due to the lack of available services.

The introductory section of the CIP needs to define what the community considers a “capital expenditure.” This definition will vary depending on the size, budget, and needs of the community. The purchase of a police cruiser has more effect on the municipal budget of a small town than it would on a large city. **An example capital expenditure criteria definition used by some New Hampshire small communities is:**

The capital expenditure project or purchase must:

- 1) **Must have a gross cost of at least \$10,000;**
- 2) **Must have a useful life of at least 3 years;**
- 3) **Is not typically included in the operating budget;**
- 4) **Is any project or purchase requiring bond financing or lease-purchase.**

Some guidance regarding the description of a CIP is given in RSA 674:6: "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."

The Planning Board can opt to include any Department, Board, or agency within their CIP development process per RSA 674:7. Not only does this include all municipal Departments, Boards, Committees, any School Boards or Districts of which the community is a part can also be solicited for capital expenditure projects. **Under the RSA, anyone who is requested by the Planning Board to provide their planned capital expenditures shall provide a list to the Board.** This is a powerful law that strongly encourages all municipal Departments and Schools to work together to benefit the community taxpayers.

Projects are prioritized according to the urgency and need for realization, and their estimated costs and probable funding sources. In determining priorities for the six-year period, some projects may not be included in the CIP. Additionally, priorities may change over time. **The CIP should be updated annually** to remove completed projects, reevaluate the status of pending projects, and add new projects.

Although **the CIP does not have the force of law**, RSA 674:8 requires the Planning Board to submit its prioritized recommendations for the current year to the mayor (Board of Selectmen) and the Budget Committee for consideration as part of the annual budget.

The CIP is beneficial to the community and other Departments:

The CIP **analyzes the public facility needs of each town and school department, and schedules improvements over time to effectively manage capital expenditures.**

It is a policy document that makes recommendations to municipal officials regarding capital expenditures. When implemented, the CIP can **eliminate major fluctuations in municipal expenditures** while meeting the demands placed on municipal services by anticipated growth.

Capital items identified in the CIP are used **to write warrant articles. Departments can use the CIP as a management tool to help plan future expenditures for their Department.**

A close relationship with the School District can result. If the **School District is aware of the Town's scheduling for capital expenses, it may expend its items on off-years** to alleviate heavy tax burdens on residents.

2. PROCESS TO DEVELOP OR UPDATE A CIP

The Planning Board and/or the CIP Committee should use the following process as guidance for the development of a Capital Improvements Program (CIP).

The **Planning Board appoints a Capital Improvements Program Committee**, comprised of the following positions, at its earliest regular business meeting (some Committee members could represent dual Boards/Departments):

- 1 Town Staff Coordinator (who is typically one of the below positions)
- 1-2 Planning Board members
- 1 Town Planner or Land Use Department Staff (or equivalent)
- 1 Town Administration
- 1 *each* Department Head Project Applicant (1 Police, 1 Fire, 1 Rescue, 1 Highway, 1 Emergency Management, etc.)
- 1 Selectperson
- 1 Budget Committee member (if not Selectmen)
- 1 *each* Potential Project Applicants (1 Library, 1 Conservation Commission, 1 Recreation, 1 Zoning Board, 1 Agricultural Commission, etc.)
- 1 School Board representative (School District must be conferred with per State statutes)
- 1 Citizen

A CIP Committee should not exceed about 10 people for ease of meeting and agenda completion ability. It is recommended the Planning Board appoints Department/Board *seats* (such as 1 Trustee from the Library) instead of *individuals* so the Departments/Boards can choose their own representative to the CIP Committee.

Approval of 20XX Master Plan

- The Planning Board **completes a 20XX Master Plan**, adopted on [date] after conducting properly noticed public hearings. The Master Plan should be updated every 5 to 10 years as indicated by NH RSA 674:3 (II), or after a decennial census is released.

Authorization from Annual Meeting

- The Planning Board previously sought and **obtained approval from the [date] Town Meeting** to create a Capital Improvements Program in accordance with NH RSA 674:5-8.

Appointment of CIP Committee

- The **Planning Board appoints a Capital Improvements Program (CIP) Committee** consisting of members from the Planning Board, School Board, Board of Selectmen, Town Departments, Budget Committee, Administrative Staff, Planner, and citizens. This vote occurred on [date].

Definition of Capital Expenditure to Qualify Projects

- The CIP Committee **defines “capital expenditure criteria.”** The definition is multi-part. Other definitions have variations on this example. See the example on [Page 2](#).

Solicitation of Projects from All Municipal Departments/Boards and School District

- The Committee **sends information and application materials to all Town Department heads, Board/Commission Chairs, and the School Board.** Departments and Boards submit project or purchase requests with department priority (High, Medium, Low), estimated costs, and identification of how each project/purchase is to be funded.
- The Committee **collects the requests and conducts a preliminary annual financial impact** assessment of the requests by developing a spreadsheet showing the projects and years of funding, known as the Municipal (or School) Improvements Schedule.

Development and Adoption of Prioritization Scale

- **A project prioritization scale is developed and then adopted** by the Capital Improvements Program (CIP) Committee.

Prioritization of Project Requests

- The CIP Committee **holds an interview** with each submitter to discuss requests. After testimonies are completed, each member of the CIP Committee considers each request based on their understanding of prioritization scale and municipal priorities.
- Adjustments in scheduling over the six-year time period (20XX-20XX) are negotiated within the Committee in order to minimize increases in the tax rate.
- The CIP Committee **develops a final recommended list of projects to fund** as displayed in the Municipal Improvements Schedule.

Document Development

- The **chapters of the CIP are written or updated.** These include Introduction, Demographics, Capital Improvements Project Prioritization, Summary of Projects, Financial Analysis, Road Management Plan, and the Appendix. The tables and figures are developed. The information supports the need for the projects requested and provides a basis for the ability of the community to afford the projects.
- The **CIP document, with its included Improvements Schedules of projects to fund, is submitted** to the Planning Board for adoption.

Planning Board Review and Adoption

- The Planning Board receives the recommended CIP from the CIP Committee. The Planning Board may, at their discretion, meet with the CIP Committee prior to the public hearing to discuss the document.

- The Planning Board **may adjust scheduling and/or estimated cost of projects, or remove projects from the document and Improvements Schedules.**
- The Planning Board **conducts a properly noticed public hearing for adoption of the CIP.** Planning Board either votes to adopt the CIP as posted, or amends it.
- Once adopted, the **CIP is filed with the Town Clerk, and copies are provided** to all Town Departments, Budget Committee, Board of Selectmen, and the School Board.

Annual Budget and Warrant Article Consideration

- The Board of Selectmen and/or Budget Committee review the proposed projects in the CIP for the forthcoming budget year. Warrant articles are drafted and budgets are formed.
- Departments and Boards prepare to champion their projects and inform the public about their necessity. Written articles should appear in local newsletters and on websites, displays can be set up in Town Hall, or other methods can be used to inform voters why the projects are necessary. When voters understand why Departments require the requested projects and have knowledge about planned capital expenditures in advance, they can be more prepared at Town Meeting to vote affirmatively.
- Warrant articles for projects, capital reserve funds, and bonds are brought before voters. Voters have the final determination whether a project listed within the CIP will obtain funding.

Annual Update

- Following the annual Town Meeting, the **CIP process is repeated.** Projects are re-evaluated and re-prioritized according to prioritization scale of project necessity approved by the CIP Committee.

3. DEMOGRAPHICS

Capital Improvements Programs are the prerequisite for developing growth management ordinances and impact fees. Although the Town may not currently have either of these land use tools nor have the future need to develop and adopt them, collecting information on demographics will set a benchmark for the population and housing trends in the Town. **This demographic growth data will help Departments to determine whether current capital expenditure capacities (vehicles, facilities, land, assets) are adequately meeting the needs of the community.**

Being familiar with the number of people and housing units in Town and understanding their growth patterns **will assist the Town with determining what types and sizes of facilities and equipment are necessary to maintain the quality of life for residents.** This can assist with developing capital projects to meet the needs of the population.

Population and housing units are collected from the decennial Censuses and displayed to calculate growth trends over time. Population density shows how many people live in Town per square mile. The number of new residential building permit applications is tracked over at least a six- year period. **This data will indicate whether a growth management ordinance might be considered in the future.**

The information from each Department or Board about **existing and future facilities needs collected in the project applications will complement the population and housing data, also helping to determine whether impact fees need to be developed** in order to accommodate the need for new facilities.

If the Town has an adopted growth management ordinance or an impact fee ordinance to collect impact fees, the demographics chapter will contain information to help support the necessity for the innovative land use technique.

4. SUMMARY OF PROPOSED PROJECTS

To identify needed capital projects, **Department heads and Board Chairs are provided with digital PDF Capital Expenditure Application Forms.** Information requested includes: project description, estimated cost, proposed financing (bond, user fees, general fund, capital reserve, etc.), schedule (start and finish of construction), and priority of the project within the department requesting it. **Projects must meet the definition of a capital expenditure for eligibility into the CIP.**

Department Self-Prioritization

Each project/purchase is assigned a priority by the submitting Department on a High, Medium, or Low expenditure for the preferred spending year(s). Each application assigns desired Year(s) of Expenditure and lists the funding sources. A Department's self-prioritization is particularly helpful when they submit more than one application for a Year of Expenditure since the Committee can better understand which application is more important to the Department that Year, aiding the CIP Committee prioritization process.

CIP Committee Prioritization of Projects

The Committee requests those **Departments which submitted applications to appear before the Committee and present their proposals**. The interview permits applicants to provide greater detail on aspects of their proposed project and the Committee can ask questions of projects not previously made clear, including anticipated funding methods and why the capital project is required.

The **Committee agrees how they will prioritize the projects**. Prioritizing projects is somewhat subjective until a prioritization scale is adopted. Then, project prioritization becomes a more measurable, objective, and defensible method to screen and classify the necessity of projects. Prioritization of projects is handled by communities by similar methods. Examples are provided below, but may vary distinctly from community to community.

Examples of Common Project Prioritization Methods

Numeric 1-6 Project necessity scale with descriptions and allocation of CIP years:

- 1 Urgent: Cannot be delayed; needed immediately for public health and safety. *Years 1-2*
- 2 Necessary: Needed to maintain basic level of community services. *Years 3-4*
- 3 Desirable: Needed to improve quality or level of services. *Years 5-6*
- 4 Deferrable: Can be placed on hold until after 6 year period. *After 6 year CIP time span*
- 5 Premature: Needs more research, time, planning, or coordination.
- 6 Inconsistent: Contrary to land use planning or community development goals or is not funded by the Town or does not meet project criteria.

Simpler 1-5 Project necessity scale with allocation of CIP years:

- 1 Urgent *Years 1-2*
- 2 Needed soon *Years 3-4*
- 3 Necessary *Years 5-6*
- 4 Can wait *After 6 Years*
- 5 Unnecessary

By identifying the priority (1 Urgent) and attaching a year span (*Years 1-2* in the CIP) to the prioritization method, the project will be placed into the CIP accordingly. Different methods can be determined depending on the community's needs. The key to prioritization is to be consistent year after year as the CIP is updated regardless of the prioritization method used.

After reviewing all of the applications submitted by Departments and then interviewing the applicants, the CIP Committee prioritizes the applications based upon current Town needs and priorities. Each application is compared to other applications within the same calendar year, and then modifications are made where necessary by placing each project into the appropriate year based upon budgetary considerations, funding methods, and need for the project by designating the project's priority (**2 Necessary Years 3-4**, for instance).

Data also collected from the application submitted by Departments heads and Boards - **information on the current staffing, adequacy and needs of their facilities and equipment, and identification of future needs for expansion, improvements, and additions.** Not only does this document the existing square footage and staffing as a benchmark, it also serves to develop capital projects to meet the future needs of the community.

The Town's prioritized project information will then be placed into the **Municipal Improvements Schedule (MIS) which gauges the potential impact to the tax rate.**

5. SCHEDULES OF CAPITAL EXPENDITURES - MUNICIPAL IMPROVEMENTS SCHEDULE AND SCHOOL IMPROVEMENTS SCHEDULE

With the requested project data collected, the Committee can proceed to **develop the Municipal Improvements Schedule (MIS) of capital expenditures** over the six-year time period based on municipal priorities. Each year's capital spending should be affordable and proportionate to capital spending during previous years. The schedule should avoid large yearly fluctuations in capital spending. The cumulative effect of expenditures on the tax rate should be analyzed. Once viewed in the draft MIS, the **project expenditure years can be adjusted or negotiated to other years as needed, to those years that have too high or too low net impact to the tax rate.**

A School Improvements Schedule is similarly developed for projects submitted by the School District, but these projects are not prioritized since the annual School District meetings are responsible for their own expenditures. Having two separate Improvements Schedules cooperatively benefits both the community and the School District. Each knows what large capital projects are planned for which years. The CIP Committee can then reduce capital expenditures in those "balloon" years where both the Town and School have placed projects in order to reduce the annual impact of taxation. This is accomplished by moving select Town projects into different CIP years, thereby evening out the overall combined tax rate impact for the former balloon year.

Example of a Municipal Improvements Schedule (MIS)

The **Municipal Improvements Schedule** (MIS) is the culmination of the CIP process and is the main product for moving forward. All projects or purchases which met the capital expenditure criteria are included and are placed within the six-year time span of the CIP in the years in which the expenditure would be made.

The MIS appears as a balance sheet with projects, existing bond payments, and desired capital reserve fund (CRF) deposits as the **Costs** over the CIP term.

The **Reimbursements** appear in red and help offset the cost of expenditures. They could take the form of CRFs already collected, user fees, state and federal grants, donations, and fund balance allocation. The **Net Impact on the Town Tax Rate** is represented as a cost of \$X.XX dollars per \$1,000 of net property valuation.

An example MIS from the Town of Dunbarton adopted for the 2015-2020 (6 years) follows:

Figure 1
Town of Dunbarton Municipal Improvements Schedule

1/21/2015 PLANNING BOARD ADOPTED				Cost per Year						
Application Number	PROJECTS: DEPARTMENT CAPITAL PURCHASES / EXPENDITURES	Anticipated Cost	Method(s) of Financing / Notes	2015	2016	2017	2018	2019	2020	TOTAL 2015 - 2020
Costs										
CT CEMETERY										
1-CT-2015	Cemetery Fences (2017)	\$17,000	ETT 17k 2017			\$17,000				\$17,000
2-CT-2015	East Cemetery Erosion Control (2018)	\$20,000	ETF \$20k 2018				\$20,000			\$20,000
3-CT-2015	Gravestone Repair at All Cemeteries (2015)	\$20,000	Warrant Article 2015	\$20,000						\$20,000
4-CT-2015	Pages Corner Cemetery Roads (2015-20)	\$32,800	War Art/2 yrs. ETF \$10k 2019 & 20					\$15,000	\$17,800	\$32,800
5-CT-2015	Center Cemetery Expansion and Roads (2016)	\$26,700	ETF \$26,700 2016		\$26,700					\$26,700
	Cemetery Subtotal	\$116,500			\$26,700	\$17,000	\$20,000	\$15,000	\$17,800	\$116,500
PD POLICE DEPARTMENT										
6-PD-2015	Replace 2008 Marked Police Vehicle (2016)	\$41,000	Warr Art & CRF \$20k 2016		\$41,000					\$41,000
7-PD-2015	Replace 2008 Unmarked Police Vehicle (2017)	\$41,000	CRF \$40k 2017/\$1k other PD funds			\$41,000				\$41,000
8-PD-2015	Replace 2013 Marked Police Vehicle (2018)	\$41,000	Warr Art & CRF \$20k 2018				\$41,000			\$41,000
9-PD-2015	Replace 2013 Marked Police Vehicle (2019)	\$41,000	Warr Art & CRF \$20k 2019					\$41,000		\$41,000
9A-PD-2015	Police Vehicle and Equipment CRF Deposits (2015-20)	\$120,000	*NEW 2015* See CRF Deposits below							
	Police Department Subtotal	\$284,000			\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$164,000
HD HIGHWAY DEPARTMENT										
10-HD-2015	Highway Capital Reserve Fund CRF Deposits (2015-20)	\$150,000	See CRF Deposits below							\$0
11-HD-2015	Highway Vehicle Replacement (2017)	\$175,000	Warr Art & Bal of CRF 2017				\$175,000			\$175,000
	Highway Department Subtotal	\$325,000								\$175,000
FD FIRE DEPARTMENT										
12-FD-2015	Replace Command Vehicle (2015)	\$22,500	Warrant Article 2015	\$22,500						\$22,500
13-FD-2015	Fire Department Emergency Vehicle CRF Deposits (2015)	\$400,000	See CRF Deposits below							\$0
14-FD-2015	Self-Contained Breathing Apparatus Safety Gear (2017-20)	\$100,000	Warr Art \$100k (best \$20k/FEMA grant \$80k)			\$50,000	\$50,000			\$100,000
	Fire Department Subtotal	\$522,500		\$22,500		\$50,000	\$50,000			\$122,500
BA BOARD OF ASSESSORS										
15-BA-2015	Partial Property Revaluation (2015)	\$120,000	CRF \$40k 2015	\$40,000						\$40,000
15A-BA-2015	Property Revaluation CRF Deposits (2015-20)	\$90,000	See CRF Deposits below							\$0
15B-BA-2015	Full Property Revaluation (2020)	\$80,000	See CRF Deposits below							\$80,000
	Board of Assessors Subtotal	\$290,000		\$40,000						\$120,000
TA TOWN ADMINISTRATION										
16-TA-2015	Computer Equipment (2015)	\$20,200	Warrant Article 2015	\$20,200						\$20,200
	Town Administration Subtotal	\$20,200		\$20,200						\$20,200
TH TOWN HALL TOWN THEATRE										
17-TR-2015	Town Hall Town Theatre Restoration (2016-25)	\$1,100,000	see BOND Payments below							\$0
	Town Hall Town Theatre Subtotal	\$1,100,000								\$0
TS TRANSFER STATION										
18-TS-2015	Roll-Off Containers (2015)	\$57,000	Warr Art \$6k & CRF (\$51k) 2015	\$57,000						\$57,000
19-TS-2015	Replace Pick Up Truck with Utility Vehicle (2017)	\$40,000	Warrant Article 2017			\$40,000				\$40,000
20-TS-2015	Transfer Station Vehicle or Equip CRF Deposits (2015-20)	\$186,000	see CRF Deposits below							\$0
	Transfer Station Subtotal	\$283,000		\$57,000		\$40,000				\$97,000
BS BOARD OF SELECTMEN										
21-BS-2015	Land Purchase for New Town Office (2019-28)	\$1,210,000	Est \$, see 10-yr BOND Pay, New CRF							\$0
22-BS-2015	New Town Office (2019-28)	\$1,100,000	Est \$, see 10-yr BOND Pay, New CRF							\$0
23-BS-2015	New Public Safety Building (2019-28)	\$1,100,000	Est \$, see 10-yr BOND Pay, New CRF							\$0
	Board of Selectmen Subtotal	\$3,410,000								\$0
	Project Subtotal for 2015-2020	\$6,951,200		\$159,700	\$67,700	\$323,000	\$111,000	\$56,000	\$97,800	\$815,200
	PROJECT IMPACT ON TOWN TAX RATE PER \$1,000 OF VALUATION			\$0.51	\$0.21	\$1.01	\$0.34	\$0.17	\$0.30	
BOND PAYMENTS / CAPITAL RESERVE FUND (CRF) DEPOSITS / EXPENDABLE TRUST (ETF) DEPOSITS FOR CAPITAL EXPENDITURES										
17-TR-2015	Town Hall Town Theatre Rest BOND (2016-25) *NEW	\$1,100,000	*NEW Bond 2015*, 10 yrs, \$1.1m		\$151,500	\$144,650	\$136,950	\$133,100	\$129,250	\$695,450
21-BS-2015	Land Purchase for New Town Office BOND (2019-28)	\$1,210,000	Bond 2015, buy property in 2020							\$165,300
22-BS-2015	New Town Office BOND (2019-28)	\$1,100,000	Estab *NEW 2015* Municipal Facility CRF, bond 2019							\$152,000
23-BS-2015	New Public Safety Building BOND (2019-28)	\$1,100,000	Estab *NEW 2015* Municipal Facility CRF, bond 2019							\$152,000
	Bond Payments Subtotal	\$4,510,000			\$151,500	\$144,650	\$136,950	\$133,100	\$598,550	\$1,164,750
CAPITAL RESERVE FUND (CRF) AND EXPENDABLE TRUST (ETF) DEPOSITS										
10-HD-2015	Highway Capital Reserve Fund CRF Deposits (2015-20)	\$25,487	Vehicles, equip, road maint - \$150	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$150,000
13-FD-2015	Fire Department Emergency Vehicle CRF Deposits (2015)	\$20,000	Vehicles-\$360k/Engine 2021@\$400	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$360,000
15A-BA-2015	Property Revaluation CRF Deposits (2015-20)	\$30,072	Withdrawals 2015 & 2020	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$90,000
20-TS-2015	Transfer Station Vehicle or Equip CRF Deposits (2015-20)	\$20,000	Vehicles or equip through 2022	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$186,000
9A-PD-2015	Police Vehicle and Equipment CRF (2015-2020) *NEW*	\$0	*Establish 2015*	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$120,000
17-TR-2015	Town Hall Theatre Restoration Comm CRF (2015-18)	\$25,000	End 2018	\$20,000	\$20,000	\$20,000	\$15,000	\$0	\$0	\$75,000
1-5-CT-2015	Cemetery Fund ETF (2016-2020)	\$56,014	Legal transfer fr Common, Cemetery & Sargent Funds	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
21-BS-2015	Land Purchase CRF (2015-2020)	\$553,909	Bond 2015, buy property in 2020	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$120,000
22/23-BS-2015	Municipal Facility CRF (2015-2020) *NEW*	\$0	*Establish 2015*	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$120,000
	CRF and ETF Subtotal	\$930,462		\$211,000	\$236,000	\$236,000	\$221,000	\$396,000	\$396,000	\$1,296,000
	Bond/Fund Deposit Subtotal for 2015-2020			\$211,000	\$377,500	\$370,650	\$357,950	\$339,100	\$804,550	\$2,460,750
	BOND/FUND DEPOSIT IMPACT ON TOWN TAX RATE PER \$1,000 OF VALUATION			\$0.67	\$1.19	\$1.15	\$1.10	\$1.03	\$2.43	
	Preliminary Capital Costs to be Funded by Property Tax			\$370,700	\$445,200	\$693,650	\$468,950	\$395,100	\$902,350	\$3,275,950
	PRELIMINARY CAPITAL COSTS IMPACT ON TOWN TAX RATE PER \$1,000 OF VALUATION			\$1.18	\$1.40	\$2.16	\$1.45	\$1.21	\$2.78	
Reimbursements										
14-FD-2015	FEMA FF Assistance Grant SCBA Gear (TRD 2017-2018)	\$80,000	TRD - ff revd, will reduce \$ 2017-18							\$0
15A-BA-2015	Property Revaluation CRF Deposits (2015-20)	\$30,072	2015- \$40k partial, 2020- \$80k full r	\$40,000						\$80,000
10-HD-2015	Highway Capital Reserve Fund CRF (20k)	\$33,487	TRD, 2017 \$75k (truck sale \$ in bal)			\$75,000				\$75,000
13-FD-2015	Fire Department Emergency Vehicle CRF (2021)	\$20,000	Withdrawal 2021 - Fire Engine \$400k							\$0
20-TS-2015	Transfer Station Vehicle or Equip CRF (2015)	\$20,000	New 2014, 2015 roll-offs	\$51,000						\$51,000
9A-PD-2015	Police Vehicle and Equipment CRF *NEW*	\$0	Establish 2015, remove 2016-2019		\$20,000	\$40,000	\$20,000	\$20,000		\$100,000
17-TR-2015	Town Hall Theatre Restoration Committee CRF (2015-2020)	\$25,000	2015-2018 est to finish bldg - lighth	\$45,000	\$20,000	\$20,000	\$15,000			\$100,000
1/2/4/5-CT-2015	Cemetery Fund ETF (2016-2020)	\$56,014	Legal transfer fr Common, Cemetery & Sargent Fund	\$26,700	\$17,000	\$20,000	\$20,000	\$10,000		\$83,700
21-BS-2015	Land Purchase CRF (2015-2020)	\$553,909	Bond 2015, buy property in 2020						\$150,000	\$150,000
TA/FD/PT	Municipal Facility CRF (2015-2020) *NEW*	\$0	Establish 2015, withdrawal 2021							\$0
HD	NH State Highway Block Grant Aid	\$0	Annual provision, \$84,154 - 2014	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$510,000
	Fund Balance	\$445,000	GFDA- s/hold 2 mos SGF Optexp	\$40,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$240,000
	Total Offsetting Revenues/Reimbursements for Capital Costs			\$261,000	\$251,700	\$337,000	\$140,000	\$115,000	\$325,000	\$1,429,700
	OFFSETTING REVENUES/REIMBURSEMENTS IMPACT ON TOWN TAX RATE PER \$1,000 OF VALUATION			\$0.81	\$0.79	\$1.05	\$0.43	\$0.35	\$0.98	
Net Tax Impact										
	TOTAL CAPITAL COSTS TO BE FUNDED BY PROPERTY TAX 2015-2020			\$109,700	\$193,500	\$356,650	\$328,950	\$280,100	\$577,350	\$1,846,250
	NET IMPACT ON THE TOWN TAX RATE (\$ per \$1,000 of Valuation)			\$0.35	\$0.61	\$1.11	\$1.01	\$0.85	\$1.74	
	NET VALUATION 2014 baseline of \$311,752,307 with estimated annual 1.0% growth starting in 2015			\$314,869,830	\$318,018,528	\$321,198,714	\$324,410,701	\$327,654,808	\$330,931,356	
	Dunbarton Municipal Improvements Schedule 2015-2020			2015	2016	2017	2018	2019	2020	TOTAL 2015 - 2020

6. FINANCIAL ANALYSIS

This chapter of the CIP is intended to analyze recent trends in municipal growth and corresponding relationships to public expenditures. Capital expenditures and tax rates should be analyzed for the previous 5-6 years.

Sources of information for this section include annual municipal budget reports, school district reports, town reports, and the NH Department of Revenue Administration (NHDR) reports.

Bonded Indebtedness

State statutes allow municipalities to bond up to 3% of their equalized valuation and school districts up to 7% of their equalized valuation. Towns participating in a cooperative school district can incur bonded indebtedness of up to 10% of its equalized valuation. Total **bonding capacity minus outstanding debt will determine the available bonding** capacity to finance capital expenditures during the CIP period.

Annual Assessments

Trends are studied of the assessments and net valuations in a community which meet the operating budget needs. **County, municipal, local school, and state school assessments are examined. Changes in net valuation** indicate a revaluation, or an increase or decline in property values. These can all indicate whether the capacity to fund capital projects is growing or decreasing.

Tax Rate Trends and Comparisons

Local tax rates and full value tax rates are reviewed over time. They are compared to abutting communities to determine whether the tax rate is perceived to be high or whether it is in line with surrounding communities. This can help a Town decide whether they can afford capital projects.

Financial Impacts of Projects

The **projects displayed in the CIP are analyzed to determine their total annual dollar impact to \$1,000 of valuation**. The projects will increase the municipal tax rate. However, many of these projects would have occurred regardless of the existence of a CIP and now the Town can plan ahead with upcoming anticipated capital expenditures. Although higher taxes are often difficult to sell to residents, increases may be easier to justify if they improve the quality of life, improve safety or correct deficiencies.

7. ROAD MANAGEMENT PLAN

The Road Management Plan lists each of the roads in the Town by classification, length, and condition. Class V Town maintained roads, Class VI Town unmaintained roads, private roads, and state roads will be briefly inventoried by the Road Agent or Public Works Director, or may be determined by the NH Department of Transportation geographic information system (GIS) road database.

Highway budget trends will be examined and compared to Town Operating budgets. State Highway Block Grant Aid will be considered. Many of the Class V roads in Town would be identified by the Road Agent for some type of improvement over the next 6 years, although likely only the most expensive improvements will qualify for insertion into the CIP.

Some of the projects submitted by the Highway Department will be road reconstruction projects. These road projects can often cost the *most* money a Town will spend on a capital expense or project. **The CIP Committee will need to decide whether to place these projects within the six-year capital schedule or whether they should appear only within the Road Management Plan.**

8. NH STATE LAWS RELATED TO CIP DEVELOPMENT

New Hampshire Revised Statutes Annotated (RSAs) legislation is prevalent throughout the structure and process of the CIP. Relevant RSA Titles and Chapters to Capital Improvements Programs are listed below. The text of these laws (only the relevant sections) is available in the back of the CIP as an Appendix for readers' reference. The **RSA 674:5 to 674:8** enabling the development of Capital Improvements Programs is provided.

TITLE III Towns, Cities, Village Districts, and Unincorporated Places

Chapter 32 Municipal Budget Law Section 32:6

Chapter 33 Municipal Finance Act Sections 33:1 to 33:8-f

TITLE III Towns, Cities, Village Districts, and Unincorporated Places

Chapter 35 Capital Reserve Funds of Counties, Towns, Districts, Water Departments

Sections 197:1 to 197:3

Sections 35:1 to 35:18

Chapter 35-A NH Municipal Bond Bank Sections 35-A:1 & 35-A:8

TITLE V Taxation

Chapter 76 Apportionment, Assessment and Abatement of Taxes

Sections 76:1, 76:3 & 76:8

TITLE XV Education

Chapter 195 Cooperative School Districts Section 195:6

Chapter 197 School Meetings Sections 197:1 to 197:3

TITLE LXIV Planning and Zoning

Chapter 674 Capital Improvements Program Section 674:5 to 674:8

TITLE LXIV Planning and Zoning

Chapter 674 Zoning - Impact Fees Section 674:21

Chapter 674 Zoning – Growth Management Ordinance Section 674:22

The entire NH RSAs (except legislation in progress and/or passed legislation not yet incorporated) is available at <http://www.gencourt.state.nh.us/rsa/html/nhtoc.htm>.

CHAPTER 674
LOCAL LAND USE PLANNING AND REGULATORY POWERS

Capital Improvements Program

Sections 674:5 through 674:8

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. 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 and the budget committee in their consideration of the annual budget.**

674:6 Purpose and Description. – The capital improvement 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.

674:7 Preparation. – I. In preparing the capital improvements program, **the planning board shall confer, in a manner deemed appropriate by the board, 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 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, transmit to the board a statement of all capital projects it proposes to undertake during the term of the program.** The planning board 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.

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