

TOWN OF TAMWORTH

NEW HAMPSHIRE

CAPITAL IMPROVEMENT PROGRAM REPORT

2022 to 2027

Public Hearing held on Wednesday, September 15, 2021 by the
Capital Improvement Program Committee

Presented on Wednesday, September 22, 2021 to the
Tamworth Planning Board

Submitted on Thursday, September 30, 2021 to the
Tamworth Board of Selectmen

Submitted on Thursday, October 21, 2021 to the
Tamworth School Board

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Section 1.0 - SUMMARY

1.1 Report Organization

The original Tamworth Capital Improvement Program (CIP) was accepted by the Planning Board on February 26, 2009. This report is an interim update, for the period 2022-2027.

Section 1.0 - SUMMARY contains a list of recommended warrant articles for this year's Town Meeting and the report's conclusions.

Section 2.0 - PROJECT DESCRIPTIONS is a listing of all the town's capital improvement projects for the next six years, as detailed in Section 3.0 - EXPENSE DETAIL BY DEPARTMENT, with brief descriptions.

Section 3.0 - EXPENSE DETAIL BY DEPARTMENT is a complete schedule of all proposed capital expenses, allowing the town's elected officials to do comparative analysis, prioritize, coordinate, and sequence the various municipal and school improvements which impact the tax rate.

Section 4.0 - FINANCIAL SUMMARY contains summary tables of expenditures, sources of income, funds to be raised through taxes, and the tax rate impact of planned expenditures.

Section 5.0 - PROCESS contains an overview of the process and assorted comments about this year's report.

Section 6.0 - REFERENCE has background information on Capital Improvement Programs in general, and the methods and definitions used in this report.

Section 7.0 - ROADS AND BRIDGES contains detailed information on plans for road reconstruction and bridge maintenance for Tamworth.

Capital Improvement Program 2022-2027

1.2 Recommended Warrant Articles for 2022

The CIP committee recommends the following items be included on the 2022 Town and School Meeting warrants, to implement this Capital Improvement Program. Department initials and line numbers refer to Section 2.0 - PROJECT DESCRIPTIONS and Table 1 - Expense Detail by Department.

Total Budgets:

TOWN (1,618,517)
SCHOOL (229,092)

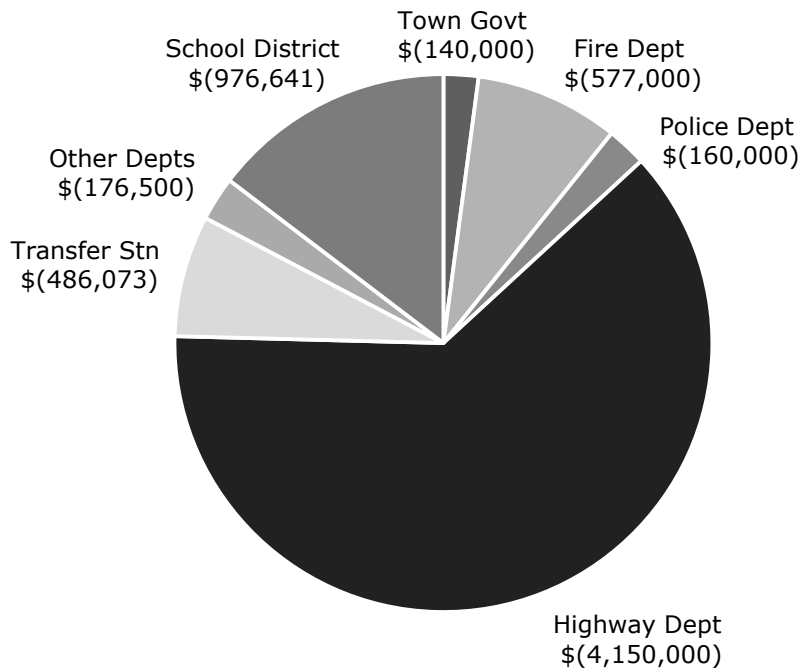
Town Government		
TG.2	(25,000)	Property Revaluation
TG.11	(40,000)	Town Office Vault Storage System
TG.12	(50,000)	Municipal Software Replacement
Fire Department		
FD.2	(52,000)	SUV Command Vehicle
FD.3	(175,000)	Next Fire Truck
Police Department		
PD.9	(10,000)	Building Improvements Drawings
Highway Department		
HW.4	(200,000)	Single Axle 6 Wheeler Plow/Sand (Unit 2)
HW.11	(250,000)	Road Reconstruction & Paving
HW.20	(250,000)	Mountain Road Bridge
HW.23	(200,000)	Bridge Capital Reserve
HW.24	(100,000)	F550 Vehicle (4-yard dump truck)
Parks & Recreation		
PR.1	(10,000)	Fields/Park Maintenance Equipment
Transfer Station		
TS.1	(56,517)	Payment for Landfill Closure Bond
TS.21	(200,000)	Capital Reserve Funds/TS Improvements
School District		
SD.1	(174,092)	Payment on School Bond
SD.21	(25,000)	Seal Coat Parking Area
SD.23	(30,000)	Science Lab and Bathroom Renovations

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1.3 Conclusions

Figure 1 – CIP Appropriations by Department shows capital appropriations, summed by department, for the six years included in this report (2022-2027). See Table 1 – Expense Detail by Department for specifics.

CIP 2022-2027 by Department



Total 6-Year Capital Spending: (\$6,666,214)

Figure 1 – CIP Appropriations by Department

Total CIP appropriations for the six-year period of this report (2022-2027) are \$6,666,214. This represents an increase of \$2,089,522 from the prior report, or 45.7%. While this appears to be an inordinately large year-over-year increase, it is due primarily to the CIP Committee's decision to begin allocating \$200,000 a year to the Bridge Capital Reserve Fund. That decision is based upon the vote taken at the 2021 Town Meeting to add \$150,000 to the Fund, and the recommendation of the Tamworth Road Agent to continue to make annual contributions, based upon his judgment that the town's bridges are going to continue to deteriorate and need repairs. Additionally, there were increases in the purchase prices of some highway equipment above original estimates. (Estimates are sometimes made as much as five years in advance of actual purchases.)

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The budget forecast for the near term is always higher than for the later years (e.g., \$1,847,609 in 2022 versus \$509,000 in 2027), due mainly to the fact that departmental needs become more apparent as time goes by, that equipment sometimes wears out sooner than anticipated, or materials (for paving, bridge repairs, roofing, etc.) become more expensive than initially estimated. Also, department and agency heads inevitably focus more on plans for the next few years than for years five or six.

Final payments for both the school and the landfill reclamation bonds occur in 2023.

The CIP Committee uses the techniques described in 5.3 Steps to shift the timing of some expenses. This smooths out the tax rate impact to the greatest extent possible.

Section 2.0 - PROJECT DESCRIPTIONS

The following descriptions refer to projects in Table 1 – Expense Detail by Department:

TG Town Government

2. Property Revaluation: Scheduled revaluation, used for tax rate equalization.
11. Town Office Vault Storage System: The Office requires additional and updated storage space for important town documents.
12. Municipal Software Replacement: The software of the Tax Assessor's office and the Town Administrator's office are incompatible, requiring the upgrading of the system used to make them compatible and thus more efficient.

FD Fire Department

2. SUV Command Vehicle: A replacement for the Fire Chief's SUV acquired in 2013.
3. Next Fire Truck: This will replace Engine 3, a pumper, which is currently housed in the Wonalancet Fire Station (see "6 Engine 3" at <http://www.tamworthfd.org/apparatus.shtml#>). This is a 1995 Freightliner FL70 Luverne with a 1,000-gallon tank, which can pump 1,250 gallons per minute.

PD Police Department

3. 4WD Cruiser – Unit 3: Vehicle approved in 2021 to replace 2013 Chevy Tahoe.
4. 4WD Cruiser – Unit 1: 2021 Dodge Durango to replace the 2011 Chevy Tahoe.
7. 4WD Cruiser – Unit 2: 2020 Chevy Tahoe to replace 2012 Chevy Tahoe.
9. Building Improvements/Drawings: Design needed for Evidence Room, etc.
10. Building Improvements/Addition: Evidence room, storage, etc.
11. Fire Blocking: Interior safety renovations.

HW Highway Department

4. Single Axle 6-Wheeler Plow/Sand Spreader: To be purchased at a cost estimated at \$200,000 to replace existing unit #2, based on the life expectancy of unit #2. (There may be some offset from the sale of that unit.)
7. Articulating Loader w/Attachment: \$200,000 estimated cost of replacement.
9. Accessory Building: (Estimated 7200 sq. ft. requirement) To be erected in 2025 (or later) at a previously estimated cost of \$100,000, to store salt and sand material and to house various equipment currently kept outside; intent is to comply with environmental requirements and to protect investment in equipment.
11. Road Reconstruction and Paving: Capital costs are budgeted and expended annually (approx. \$250,000/yr).
20. Mountain Road Bridge: \$250,000 Work to include attention to supporting beams, safety/security upgrades.

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21. Scott Road Bridge over Chocorua R.: \$600,000 Galvanized culvert needs to be replaced.
23. Bridge Capital Reserve: To set aside funds to replace red-listed bridges (\$200,000 to be allocated annually).
24. F550 Ford 4-Yard Dump Truck

EM Emergency Management

No capital projects planned at this time.

PR Parks and Recreation Department

1. Recreational Fields/Park Maintenance Equipment: Purchase of lawn mower and trailer in 2022.
2. Recreational Fields Septic/Bathroom/Water: To provide running water and bathrooms at Durrell Road Recreational Fields. [Note: \$100,000 has been awarded to the town from the American Rescue Plan Act of 2021, enabling the town to avoid raising taxes for this purpose. It is a one-time grant.]

TS Transfer Station

1. Landfill Closure Bond: The landfill closure cost \$1,051,905 and was funded by a 20 year bond with a 3.72% interest rate. Bond payments run through 2023.
13. Recycle/Storage container open top (Metals-30 yard): Replacement for current metals recycling container.
15. Trash Compactor: Replace main compactor (Wastequip Model 445HD).
16. Well/Septic/Plumbing/Bathroom: Planning for drilled well and septic, and construction/plumbing/installation of bathroom. [Note: \$150,000 has been awarded to the town from the American Rescue Plan Act of 2021, enabling the town to avoid raising taxes for this purpose. It is a one-time grant.]
20. Commingle Container 2451P: Recycling compactor.
21. Capital Reserve Fund: To set aside funds for future Transfer Station improvements/recycling expansion. (Approved at 2021 Annual Meeting)

CM Cemetery Trustees

No capital projects planned at this time.

CL Cook Memorial Library

3. Furnaces: Replacement, tentatively scheduled for 2022 (funding allocated in 2021), 2025 and 2027 (one unit per year) based on the normal life span of current units, of which there are two.
4. Air Conditioning Unit: Replacement, tentatively scheduled for 2023, based on a 20-year life span of the current unit.
5. Painting Exterior: Work to be done in 2024 or later.

SD School District

Page numbers listed parenthetically after project titles refer to the Turner Report, the School District's comprehensive capital improvement assessment and report.

[Note: School Board capital projects are listed in the calendar year in which funds are appropriated at the Annual School District Meeting. The fiscal year in which the projects will be initiated begins approximately 3-½ months later (July 1).]

1. School Bond Payments: The school addition cost \$3.2 million, and was financed by a 20-year bond with a 4.87% interest rate. Bond payments run through FY23.

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15. NFPA 13 Sprinkler System (p.46): Install a water supply tank, fire pump, and full NFPA 13 Sprinkler to the entire building (this is a desire, not a need, current system meets code requirements).
16. Ventilation, Noise, and Energy Efficiency (p.45): Replace some of the unit vent heaters with central units equipped with demand control, ventilation, heat recovery, and design for low noise classrooms. [Note: The School Board is applying for funding of this project from the federal CARES Act (ESSER funds). If awarded, taxes will not need to be raised for this project.]
17. Glass Blocks in Gym Wall (p.35): Replace with alternative day lighting with a higher R-value.
21. Seal Coat Parking area: Maintain paved area surrounding school.
20. Flooring: Replace classroom floors according to plan.
22. Boiler: It's estimated the boiler will need to be replaced in the next 6-10 years.
23. Science Lab and Bathroom renovations: Perform needed renovations, including emergency wash station in Science Lab (chemical spills, etc.).
2. Window Replacement: Various windows within the Brett School have rusted shut and cannot be opened to allow for ventilation. [Note: The School Board is applying for funding of this project from the federal CARES Act (ESSER funds). If awarded, taxes will not need to be raised for this project.]
5. HVAC/Engineering Study: A complete and thorough examination of the present systems and recommendations for upgrade/improvements to consider air flow, etc. [Note: The School Board is applying for funding of this project from the federal CARES Act (ESSER funds). If awarded, taxes will not need to be raised for this project.]
3. LED Lighting: To upgrade lighting throughout the Brett School to LED fixtures/bulbs, for future savings on replacement bulbs and electricity usage/costs.

CC Tamworth Conservation Commission

No capital projects are planned at this time. The TCC may identify opportunities to conserve land to appear in future CIP reports and, at such time, appropriate funding will be a consideration, noting that privately sourced funding has been customary. Funds from the Land Use Change Tax (LUCT) will continue to be added to the Conservation Fund. In 2017, Town Meeting voted to change the amount to up to \$7,500 each year.

PB Planning Board

1. Build Out Analysis: This analysis assesses buildable lots, projects future population growth by number and area, and provides a basis for municipal services planning (water, wastewater, emergency services, road construction/maintenance, schools, etc.).

ED Economic Development Commission

No capital projects planned at this time.

ZB Zoning Board of Adjustment

No capital projects planned at this time.

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Section 3.0 - EXPENSE DETAIL BY DEPARTMENT

		<u>Department</u>	<u>RT</u>	<u>PR</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028-30*</u>	<u>Totals</u>
		<i>Project or Equipment Description</i>										
TOWN GOVERNMENT												
TG	1	Town Office Roof	B	2								0
TG	2	Property Revaluation	A	2	(25,000)	(25,000)						(50,000)
TG	3	Tax Map Revisions	B	2								0
TG	6	Municipal Safety Building	D	2								0
TG	10	Furnace (replaced in 2018)	B	2								0
TG	11	Town Office Vault Storage System	B	2	(40,000)							(40,000)
TG	12	Municipal Software Replacement	B	1	(50,000)							(50,000)
FIRE DEPARTMENT												
FD	2	SUV Command Vehicle	B	2	(52,000)							(52,000)
FD	3	Next Fire Truck	B	1	(175,000)	(350,000)						(525,000)
POLICE DEPARTMENT												
PD	3	4WD Cruiser - Unit 3, App'd '21 (2013)	B	1								0
PD	4	4WD Cruiser - Unit 1, 2021 Durango ('21)	B	1							(50,000)	(50,000)
PD	7	4WD Cruiser - Unit 2, 2020 Tahoe (2019)	B	1					(50,000)			(50,000)
PD	10	Building Improvements/Addition	B	3							(200,000)	(200,000)
PD	9	Bldg Improvements (Drawings, Etc.)	D	3	(10,000)							(10,000)
PD	11	Fire Blocking	A	1		(100,000)						(100,000)
HIGHWAY DEPARTMENT												
HW	4	Single Axle 6 Wheeler Plow/Sand (Unit 2)	B	1	(200,000)							(200,000)
HW	7	Articulating Loader w/ Attachment	B	1			(200,000)					(200,000)
HW	9	Accessory Building	C	3				(100,000)				(100,000)
HW	11	Road Reconstruction & Paving	B	1	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(750,000)	(2,250,000)
HW	20	Mountain Road Bridge	B	1	(250,000)							(250,000)
HW	21	Scott Rd. Br. over Choc. R.	B	1			(600,000)					(600,000)
HW	23	Bridge Capital Reserve	B	1	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(600,000)	(1,800,000)
HW	24	F550 Vehicle (4yd dump truck)	B	2	(100,000)							(100,000)
EMERGENCY MANAGEMENT												
EM		None Planned										0
PARKS & RECREATION												
PR	1	Fields/Park Maintenance Equipment	B	1	(10,000)							(10,000)
PR	2	Rec. Fields Septic/Bathroom/Water	A	2		(100,000)						(100,000)
TRANSFER STATION												
TS	1	Landfill: Closure Bond	A	1	(56,517)	(54,556)						(111,073)
TS	13	Recycle/Storage container open top (Metals-30 yard)	B	2							(5,207)	(5,207)
TS	15	Trash Compactor	B	2			(25,000)					(25,000)
TS	16	Well/Septic/Plumbing Bathroom	A	1		(150,000)						(150,000)
TS	20	Commingle Container 2451P	D	3							(18,000)	(18,000)
TS	21	Capital Reserve Fund/TS Improvements	A	2	(200,000)							(200,000)

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	<u>Department</u>	<u>RT</u>	<u>PR</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028-30*</u>	<u>Totals</u>
	<i>Project or Equipment Description</i>										
	CEMETERY TRUSTEES										
CM	1										0
	CEMETERY IMPROVEMENTS										
	COOK MEMORIAL LIBRARY										
CL	3	Furnaces	B	2			(9,000)		(9,000)		(18,000)
CL	1	Painting Exterior	B	2		(10,000)					(10,000)
CL	4	Air Conditioning Unit	B	2		(18,500)					(18,500)
	CONSERVATION COMMISSION										
CC	1	None Planned									0
	PLANNING BOARD										
PB	1	Build Out Analysis	C	2		(20,000)					(20,000)
	ECONOMIC DEVELOPMENT COMMISSION										
ED	1	None Planned									0
	SCHOOL DISTRICT										
SD	1	School Bond	A	1	(174,092)	(84,049)					(258,141)
SD	4	Roof Repairs (Completed 2021)	B	2							0
SD	15	NFPA 13 Sprinkler system (p. 46)	D	4						(200,000)	(200,000)
SD	16	Ventilation/Noise/Energy Efficiency	D	2			(150,000)	(150,000)	(80,000)	(50,000)	(430,000)
SD	17	Glass Blocks in Gym wall (p. 35)	D	4						(10,000)	(10,000)
SD	21	Seal Coat Parking area	B	2	(25,000)				(15,000)		(40,000)
SD	20	Flooring	B	2		(15,000)	(15,000)				(30,000)
SD	22	Boiler	B	2						(200,000)	(200,000)
SD	23	Science Lab and Bathrooms	B	2	(30,000)						(30,000)
SD	2	Windows Replacement	B	2		(40,000)	(40,000)	(40,000)	(40,000)		(160,000)
SD	5	HVAC/Engineering Study	A	2		(20,000)					(20,000)
SD	3	LED Lighting	C	3		(8,500)					(8,500)
	Total				(1,847,609)	(1,435,605)	(1,490,000)	(749,000)	(635,000)	(509,000)	(2,033,207)
											(8,699,421)

Table 1 – Expense Detail by Department

Capital Improvement Program 2022-2027

Section 4.0 - FINANCIAL SUMMARY

4.1 Capital Appropriations

Table 2 – Capital Appropriations summarizes the spending listed in Table 1 – Expense Detail by Department, and gives totals by department, by year. It is automatically generated from the detail in Table 1 – Expense Detail by Department. This is the anticipated amount of required appropriations by the town to implement all the listed projects.

Department	2022	2023	2024	2025	2026	2027	2028-30*	Totals
Town Government	(115,000)	(25,000)	-	-	-	-	-	\$ (140,000)
Fire Department	(227,000)	(350,000)	-	-	-	-	-	\$ (577,000)
Police Department	(10,000)	(100,000)	-	-	(50,000)	-	(250,000)	\$ (410,000)
Highway Department	(1,000,000)	(450,000)	(1,250,000)	(550,000)	(450,000)	(450,000)	(1,350,000)	\$ (5,500,000)
Parks & Recreation	(10,000)	(100,000)	-	-	-	-	-	\$ (110,000)
Transfer Station	(256,517)	(204,556)	(25,000)	-	-	-	(23,207)	\$ (509,280)
Cemetery Trustees	-	-	-	-	-	-	-	\$ -
Cook Memorial Library	-	(18,500)	(10,000)	(9,000)	-	(9,000)	-	\$ (46,500)
School District	(229,092)	(167,549)	(205,000)	(190,000)	(135,000)	(50,000)	(410,000)	\$ (1,386,641)
Planning Board	-	(20,000)	-	-	-	-	-	\$ (20,000)
Totals	\$ (1,847,609)	\$ (1,435,605)	\$ (1,490,000)	\$ (749,000)	\$ (635,000)	\$ (509,000)	\$ (2,033,207)	\$ (8,699,421)

Table 2 – Capital Appropriations

Capital Improvement Program 2022-2027

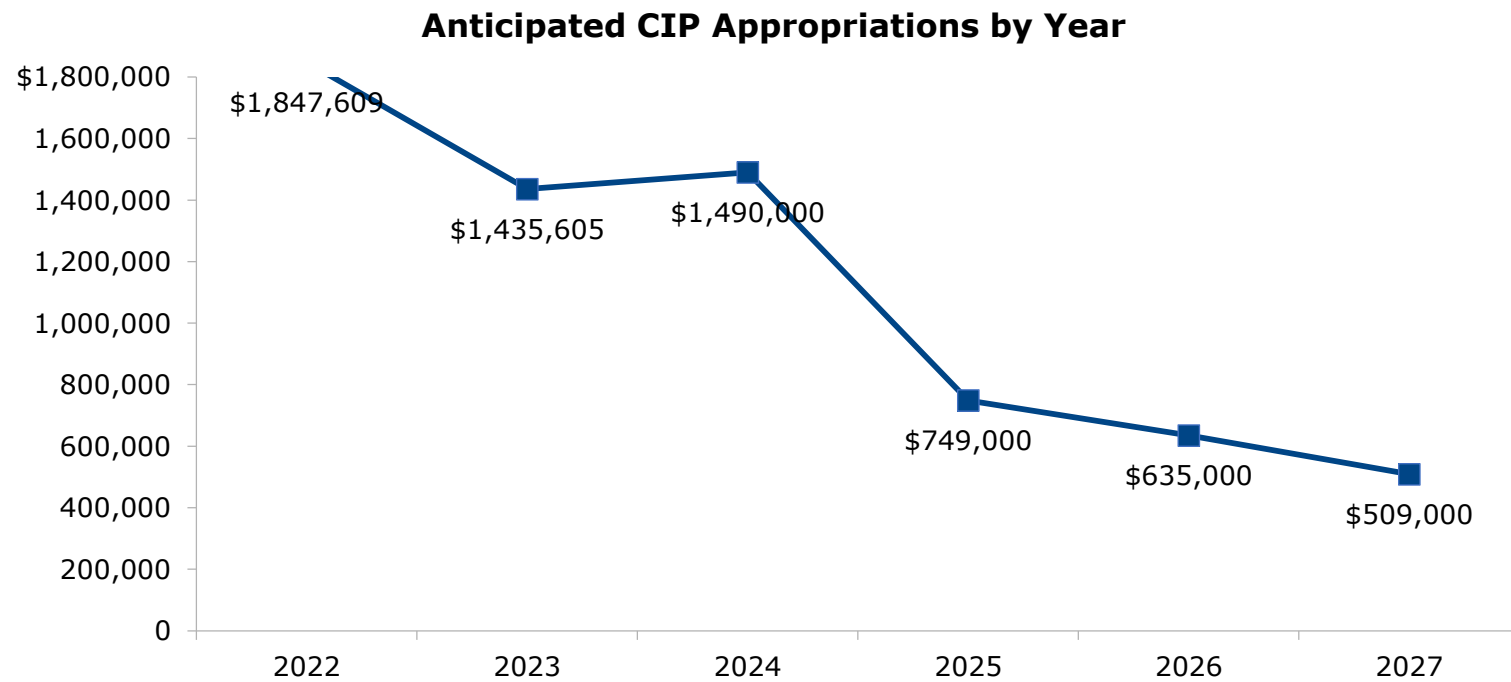


Figure 2 – Anticipated CIP Appropriations by Year

Capital Improvement Program 2022-2027

4.2 Capital Reserves & Other Sources of Funds

Table 3 – Capital Reserves & Other Sources of Funds reconciles funds added to or expended from Capital Reserves, and other grants or donations used to fund capital improvement projects. Please see 6.6 Financial Tables for a full explanation of this table.

Capital Reserve Funds	Balance as of 7/31/21	2021	2022	2023	2024	2025	2026	2027	Funds Remaining
<u>Highway- Bridge CR</u>	102,681								
Added		150,000	200,000	200,000	200,000	200,000	200,000	200,000	
Expended*			(250,000)		(600,000)				
Balance Remaining		252,681	202,681	402,681	2,681	202,681	402,681	602,681	\$602,681
<u>Rescue Squad - Rescue Vehicle CR</u>	153,300								
Added		100,000							
Expended									
Balance Remaining		253,300	253,300	253,300	253,300	253,300	253,300	253,300	\$253,300
<u>Sewer CR</u>	13,240								
Added									
Expended									
Balance Remaining		13,240	13,240	13,240	13,240	13,240	13,240	13,240	\$13,240
<u>Parks & Recreation</u>									
Added**				100,000					
Expended				(100,000)					
Balance Remaining		-	-	-	-	-	-	-	\$0
<u>Transfer Station</u>	64,002								
Added***		36,000	200,000	150,000					
Expended				(150,000)					
Balance Remaining		100,002	300,002	300,002	300,002	300,002	300,002	300,002	\$300,002
<u>School Reno & Repair CR</u>	72,809								
Added		30,000							
Expended									
Balance Remaining		102,809	102,809	102,809	102,809	102,809	102,809	102,809	\$102,809
<u>School Special Education</u>	131,271								
Added									
Expended									
Balance Remaining		131,271	131,271	131,271	131,271	131,271	131,271	131,271	\$131,271
Totals	\$ 537,303	\$ 853,303	\$1,003,303	\$1,203,303	\$ 803,303	\$1,003,303	\$1,203,303	\$1,403,303	\$1,403,303

* \$250,000 in 2022 for the Mountain Road Bridge and \$600,000 in 2024 for Scott Road Bridge.

** \$100,000 in 2023 to be funded by the American Rescue Act.

*** \$150,000 in 2023 to be funded by the American Rescue Act.

Table 3 – Capital Reserves & Other Sources of Funds

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4.3 Funds To Be Raised By Taxes

Table 4 - Funds to Be Raised by Taxes combines the expenses in Table 2 – Capital Appropriations with the Table 3 – Capital Reserves & Other Sources of Funds to give the net funds which must be raised each year by taxes.

	2022	2023	2024	2025	2026	2027	2028-30*	Totals
Town Government	(115,000)	(25,000)	-	-	-	-	-	\$ (140,000)
Fire Department	(227,000)	(350,000)	-	-	-	-	-	\$ (577,000)
Police Department	(10,000)	(100,000)	-	-	(50,000)	-	(250,000)	\$ (410,000)
Highway Department	(750,000)	(450,000)	(650,000)	(550,000)	(450,000)	(450,000)	(1,350,000)	\$ (4,650,000)
Parks & Recreation	(10,000)	-	-	-	-	-	-	\$ (10,000)
Transfer Station	(256,517)	(54,556)	(25,000)	-	-	-	(23,207)	\$ (359,280)
Cemetery Trustees	-	-	-	-	-	-	-	\$ -
Cook Memorial Library	-	(18,500)	(10,000)	(9,000)	-	(9,000)	-	\$ (46,500)
School District	(229,092)	(167,549)	(205,000)	(190,000)	(135,000)	(50,000)	(410,000)	\$ (1,386,641)
Planning Board	-	(20,000)	-	-	-	-	-	\$ (20,000)
Total Raised by Taxes	\$ (1,597,609)	\$ (1,185,605)	\$ (890,000)	\$ (749,000)	\$ (635,000)	\$ (509,000)	\$ (2,033,207)	\$ (7,599,421)

Table 4 - Funds to Be Raised by Taxes

4.4 Estimated Tax Rate Impact

Tax Rate Impact = $\frac{\text{Funds Raised by Taxes} \times 1,000}{\text{Total Assessed Valuation}}$

2020 Total assessed valuation: \$402,694,551

The Tax Rate Impact is a calculation of the relative impact of capital improvement projects on real estate taxes. This is merely an estimate of one part of the local property taxes, and should not be interpreted as an actual tax rate. There are a number of factors involved which cannot be predicted: the town's income, the assessed value in each future year, etc. The school tax does not include the assessed value of utilities, while the town tax does. Assessed valuation with utilities is used for this calculation. The estimated tax rate impact presented here is not an actual tax rate; it is presented here for comparison purposes only. Please see [6.6 Financial Tables](#) for a full explanation of the calculation, and [5.7 Other Observations](#) for an explanation of the use of 2020 valuation figures rather than 2021.

2022 Estimated Tax Rate Impact

Tax Rate Impact is calculated by multiplying Funds Raised by Taxes by 1,000 and dividing by Total Assessed Valuation. The estimated tax rate impact for Fiscal Year 2022 is 3.97 (\$1,597,609 X 1,000 / 402,694,551).

Capital Improvement Program 2022-2027

4.5 Historical Comparison Chart

Figure 3 – Total Appropriations by Year is a line graph showing the history of total spending included in each of the last ten CIP reports. Each entry is the total of spending for the six years covered in that report. The labels refer to the year of the appropriation.

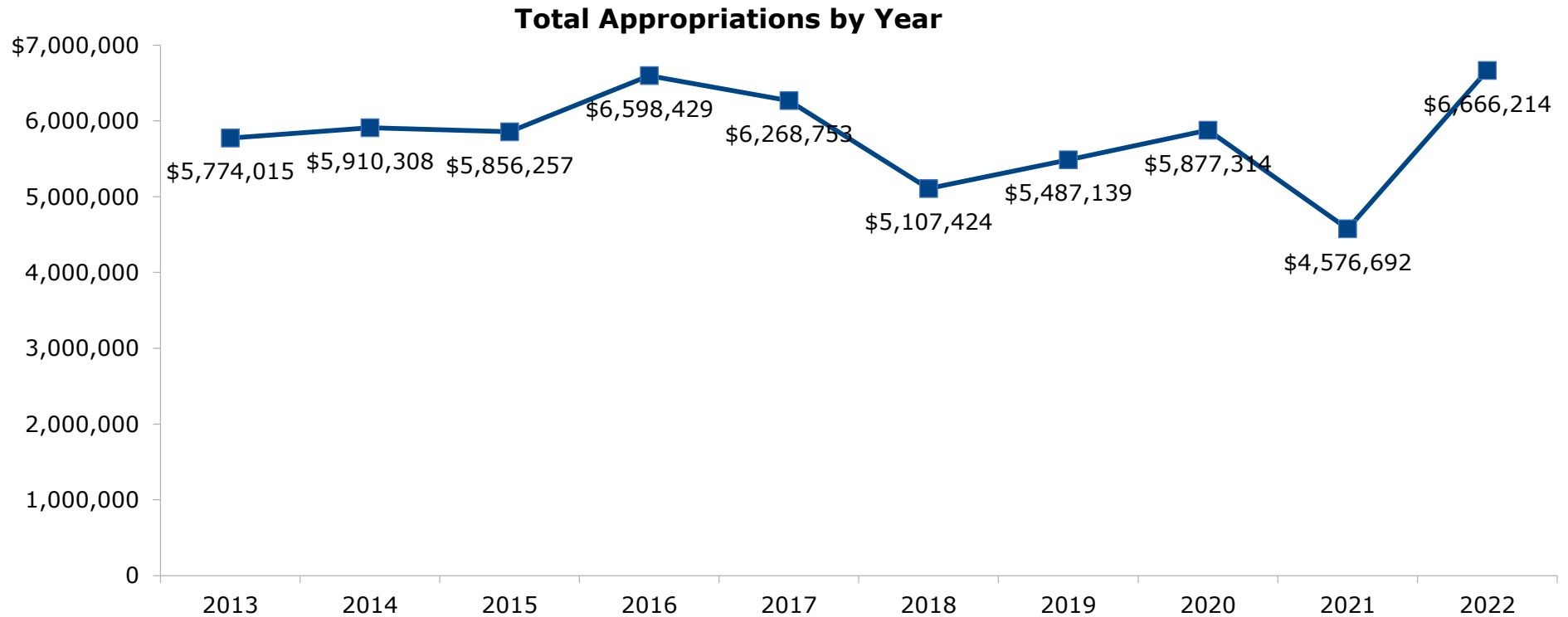


Figure 3 – Total Appropriations by Year

Section 5.0 - PROCESS

5.1 Acknowledgements

The Tamworth Capital Improvements Program (CIP) Committee wishes to acknowledge and thank all the Department Heads, Committees, Commissions, Board Chairs, the Trustees of Trust Funds, and Town Administrator/Finance Officer, all of whom have readily and effectively provided assistance.

5.2 CIP Committee 2021

Kathi Padgett	Chair, School Board Member
Sheldon Perry	Planning Board Member
John Wheeler	Cemetery Trustee Member
Becky Mason	Select Board Member
Kyle Ball	Community Member
Jack Waldron	School Board Member
Melissa Donaldson	Clerk

5.3 Steps

The timeline of activities for this year's CIP committee was:

2021 CIP Committee appointed by Planning Board	April, May
CIP Public Hearing	09/15/21
CIP Report presented to the Planning Board	09/22/21
CIP Report submitted to Board of Selectmen	09/30/21
CIP Report submitted to School Board	10/21/21

The CIP Committee's immediate goal was to update Tamworth's previous Capital Improvements Program by gathering, adjusting, and reporting information on:

- Current/planned/proposed capital improvement projects ([Section 3.0 - EXPENSE DETAIL BY DEPARTMENT](#))
- Use of capital reserves and other sources of income ([4.2 Capital Reserves & Other Sources of Funds](#))
- Estimated tax rate impact ([4.4 Estimated Tax Rate Impact](#))
- Recommended warrant articles for 2022 ([1.2 Recommended Warrant Articles for 2022](#))

And, as time and adequacy of information allowed, to:

- Review individual projects in detail, with departments and committees.

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First, the CIP Committee gathers information on planned capital improvement projects, through interviews, attendance at Department/Committee meetings, and solicitation of information from Town administration and volunteer personnel. As noted, the departments, boards, commissions, trustees, and committees to date have been cooperative and helpful.

Initially, there were significant fluctuations in annual spending totals. The CIP Committee suggested a number of timing changes, with an eye to leveling out spending by year. At this point in time, the system is working as planned, and spending is more uniform each year.

Next, the CIP Committee utilizes techniques of both RSA 32:7-a and capital reserve funds to shift funding, either before or after the year of the actual spending, to smooth out spending over the six-year period. Finally, the CIP Committee categorizes the projects and expenses listed in Section 3.0, assigning ratings and priorities, as defined in Section 6.9. It should be noted that further revisions to spending plans likely will alter both planned appropriations and the projected tax rates in future reports. (See Figure 2 – Anticipated CIP Appropriations by Year and 4.4 Estimated Tax Rate Impact.)

All the changes made by the CIP Committee are listed in 5.6 Changes To Departmental Requests This Year. [Note: No changes were made in 2022.]

5.4 Progress

Implementing the Capital Improvement Program is a work in progress. A review of last year's goals shows the following steps were accomplished this year:

- 1. Continue Annual Review & Update** The CIP Committee, with the help of all town departments, completed the annual update of this report in time for the beginning of the annual budget season.
- 2. Implementation of Requested Changes** The CIP Committee has prepared a report that reflects the town's vote in May, 2021 to create a new Capital Reserve Fund for the Transfer Station (Transfer Station Improvements Capital Reserve Fund), to be maintained alongside the already existing funds.

5.5 Next Steps

- 1. Continue Annual Review & Update** The CIP Committee should continue to annually review the Capital Improvement Program, and update this report.

5.6 Changes To Departmental Requests This Year

The CIP Committee recommends no changes or additions to data submitted by the various town departments for the 2022 CIP Report.

5.7 Other Observations

***Tax Rate Impact Figures**

The Tax Rate Impact Figures included in this report were calculated using 2020 total assessment values, because 2021 values were not available by the time of the public hearing and are not expected to be complete by the time the report is scheduled to be provided to the Board of Selectmen in September, 2021. The Tax Rate Impact figures are for comparison only. A 1% change in the valuation figure would yield a 1% change in the Tax Rate Impact estimate. There are no plans to revise this report when 2021 assessed values are available.

5.8 CIP vs. Budget vs. Approved

CIP is a planning tool. The following table shows figures from the 2021 CIP report vs. those actually budgeted vs. funds approved by voters at the 2021 Town Meeting and Annual School Meeting. Variations are expected between the CIP planned amounts, budgeted amounts, and totals approved by voters. The CIP report is advisory only.

The purpose of this exercise is so the CIP Committee, budget makers, and departments can use comparison information annually, to review the process, and apply knowledge gained to future plans. Over time, this type of review should improve planning and prevent capital expenses from causing wide fluctuations in the town tax rates.

Capital Improvement Program 2022-2027

2021	Project Description	CIP	Budget	Approved
TG.1	Town Offices Roof	(50,000)	(50,000)	(50,000)
TG.2	Property Revaluation	(25,000)	(25,000)	(25,000)
TG.3	Tax Map Revisions	(50,000)	(50,000)	(50,000)
TG.9	Furnace	(15,000)	(15,000)	(15,000)
PD.4	4WD Cruiser - Unit 1 Tahoe	(50,000)	(50,000)	(50,000)
HW.11	Road Reconstruction and Paving	(250,000)	(200,000)	(200,000)
HW.23	Bridge Capital Reserve	(150,000)	(150,000)	(150,000)
FD.4	Rescue Vehicle Capital Reserve	-	(100,000)	(100,000)
TS.1	Payment for Landfill Closure Bond	(58,478)	(58,477)	(58,477)
TS.16	Transfer Station Improvements	(36,000)	(100,000)	(100,000)
CL.3	Furnace	(9,000)	(9,000)	(9,000)
	Town Totals	(\$693,478)	(\$807,477)	(\$807,477)
SD.1	School Bond	(182,084)	(182,084)	(182,084)
SD.2	Roof Repairs	(40,000)	(40,000)	(40,000)
SD.21	Seal Coat Parking area	(15,000)	-	-
SD.23	Bathroom/Science Lab renovation	(30,000)	-	-
	School Totals	(\$267,084)	(\$222,084)	(\$222,084)

Table 5 – 2021 CIP vs. Budget vs. Approval by Voters

Section 6.0 - REFERENCE

6.1 Capital Improvement Definition

For the purposes of this document, a capital improvement is defined as a major expenditure for public property/facilities/equipment with a useful life of five years or more and a gross cost of more than \$5,000, or that is considered beyond the scope of normal annual operating expenses.

6.2 Report Time Frame

The time frame of this report is the six-year period from 2022 through 2027.

[Note: Expenditures during 2028 through 2030 are included only where known, and should not be considered as a complete representation.]

Figures for Capital Reserves Funds are as of 7/31/21, and do not include transactions from the last five months of the year.

6.3 Authorization

New Hampshire Revised Statutes Annotated (RSAs) 674:5 to 674:8 govern the creation and operation of a CIP Committee. The language which authorizes the establishment of a CIP Committee is:

"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."

Tamworth's Capital Improvement Program was authorized at Town Meeting in 2006, when Article #5 (by Petition) was approved:

"To see if the town, having a Master Plan adopted by the Planning Board on March 29, 1995, will vote to authorize the Planning Board to prepare and amend a recommended program of municipal capital improvement projects over a period of at least 6 years, in accordance with RSA 674:5."

6.4 Purpose

The purposes of the Capital Improvement Program are to:

- Provide a summary of proposed capital spending to be used in the preparation and approval of the annual budget.
- Provide consistent, objective evaluation of needs, and enable a dialogue between residents and officials about capital project priorities.
- Encourage departments and committees to think and plan for the future.
- Reduce surprises by informing residents, business owners, and developers of needed and planned improvements.
- Avoid spikes and fluctuations in tax rates.
- Enable a more efficient use of financial resources.
- Minimize the costs of financing.
- Ensure the Master Plan is being implemented.

Capital Improvement Program 2022-2027

- Provide a legal basis for use impact fees and growth management ordinances.

6.5 Items Not Included

Some funds spent on capital improvements are not included in this report because they are not directly controlled by Tamworth taxpayers. They are listed here for completeness.

Tamworth's share of the \$44 million bond for **Kennett High School** is not considered a capital expense for Tamworth, because the payments don't represent an ownership interest. The current tuition agreement with Conway, including bond payments for the high school, was approved by voters at the Annual School District Meeting in 2003. Tamworth's annual payments are embedded in the High School Tuition line of the school budget.

Expenditures from the **Conservation Fund** are not included. RSA 36-A:5 authorizes the Conservation Commission to spend funds from the Conservation Fund. The 2000 Town Meeting voted that each year 100% of the first \$7,000 collected from the Land Use Change Tax be added to the Conservation Fund. That amount was raised to \$7,500 by vote at the 2017 Town Meeting. The present value of the Conservation Fund is \$75,315.08.

6.6 Financial Tables

The core of the CIP report is presented in four related tables in Section 3.0 - EXPENSE DETAIL BY DEPARTMENT, Section 4.0 - FINANCIAL SUMMARY and Section 5.0 - PROCESS. They contain the financial details for planned capital improvement projects and show the way the projects will be financed.

Table 1 – Expense Detail by Department lists all capital projects, with estimated costs, at the lowest level of detail, based on input from the departments, boards, trustees, and commissions. It represents the spending required for each project, but not the source of funds.

Any modifications made by the CIP committee to the material submitted by departments are listed in **Error! Reference source not found.** Note: The CIP Committee made no changes or additions to department recommendations in this year's report.] The CIP committee also assigns a rating and priority to each project, as described in 6.9 Rating & Priority.

Table 2 – Capital Appropriations summarizes Table 1 – Expense Detail by Department by department, by year. Table 2 – Capital Appropriations is automatically generated from the detail in Table 1 – Expense Detail by Department. This is the anticipated amount of spending required by the town to implement all the listed projects. Again, this table doesn't reflect the source of funds.

Table 3 – Capital Reserves & Other Sources of Funds represents any grant, donation, or capital reserve available to fund specific capital improvement projects, in whole or in part. Capital Reserves are limited to a specific purpose, reflected in the name, which can be tied back to the project. They are not available for other uses without a vote at Town Meeting.

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Capital Reserve fund balances are listed as of July 31, 2021. Year-end values will be different. Additional lines are inserted for transactions that affect balances. For this table, funds added to capital reserves are shown as credits (positive) and funds expended from capital reserves are shown as debits (negative). "Balance Remaining" is the sum of the beginning balance and all subsequent transactions for that fund.

Table 4 - Funds to Be Raised by Taxes calculates the amount that needs to be raised by taxes each year to pay for all capital projects, after accounting for capital reserves or other sources of funds. It combines the data from Table 2 – Capital Appropriations with data from Table 3 – Capital Reserves & Other Sources of Funds. The resulting sums will be funded through property taxes.

In this table, appropriations and funds to be added to capital reserves are debits, since those funds must be raised through taxes. Grants, donations, and funds expended from capital reserves are credits, because that money does not need to be raised through taxes.

(*See 5.7 Other Observations for note on assessed valuation figures)

6.7 Credits & Debits

This report summarizes both spending and revenue for the Capital Improvement Program. This may appear redundant, but raising money and spending money are two separate steps. Both require planning. Listing the details and timing of future expenses requires planning by departments for the maintenance of infrastructure, or expansion of services and facilities. Combining sources of funds with spending needs allows a fine-tuned scheduling of the required fund-raising through property taxes, one of the goals of the CIP.

Except where noted, the spreadsheets treat revenue as credits (positive) and planned spending as debits (negative).

6.8 Line Number References

The CIP Committee assigns a line number, within each department, to each project in Table 1 – Expense Detail by Department. The line numbers are primarily used to tie a particular project to the descriptions in Section 2.0 - PROJECT DESCRIPTIONS. Line numbers are not reset every year, so they do not always start with "1", and are not necessarily sequential.

6.9 Rating & Priority

The CIP Committee assigns each project a rating and a priority. The values appear in the rows of the table in Section 3.0 - EXPENSE DETAIL BY DEPARTMENT. They can be used for ranking or comparison when decisions need to be made about funding different projects. The rankings are reviewed each year. The values use the following scale:

Rating:

- A = Urgent; Health/safety; Federal/State mandate; Deficient Condition
- B = Needed to Maintain Basic Quality/Level of Service, Existing Infrastructure
- C = Improve Level of Service; Reduce Long-Term Operation Costs
- D = Needs more research, planning, or coordination

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Priority:

1=Highest

2=Second

3=Third

4=Lowest

6.10 Financing Methods

There are six different methods of funding capital improvements used by the town, each with different cost and policy considerations.

Current Revenue

The easiest and cheapest way to finance capital projects is with current revenues (money raised by the local property tax for a given year). This method is typically used for projects with lower costs. When a project is funded with current revenues, the entire cost is paid off in one year, and there are no additional finance charges. Capital spending included within a department's annual budget requires only a majority vote for approval at Town Meeting.

Grants, Donations

Resources from outside town government can be obtained for some projects, in the form of gifts, grants, or donations. This reduces the funds that need to be raised through real estate taxes. Typical examples are: grants obtained from State of New Hampshire Department of Transportation, the Moose Plate Fund, foundation grants, and private donations raised by individual town departments.

Bond Financing

Bonds are used to finance major capital projects over long periods of time (typically 15, 20, or 30 years). They come with a significant cost: Even with modest interest rates, there is a price increase of 40-50%. Bonds commit resources over an extended period, and decrease budget flexibility for the duration. A two-thirds majority vote at Town Meeting is required to pass a warrant article for a bond. Warrant articles for the operating budgets that include bond payments require only a majority vote. Tamworth currently has two bonds: the landfill closure for \$1,459,719.89 expires in 2023, and the Brett School addition for \$4,758,400.04, which expires in 2022 (last payment to be made in 2023).

Lease/Purchase

Lease/purchase agreements can be used for vehicles and major equipment purchases if the seller is willing to finance the purchase at a favorable interest rate. Lease agreements lengths are shorter than bonds (typically 3, 5, 7, or 10 years). For qualifying essential vehicles, payments are tax exempt, resulting in lower interest rates for the town. Entering a lease/purchase requires a separate majority vote the first year, but subsequent payments can be included in an operating budget. Leases typically include a cancellation clause, in case funds are not appropriated in future years. In the past, Tamworth used leases for Highway Department vehicles, but there are no leases at present.

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Capital Reserves

Capital reserve funds allow capital projects to be paid for over time, but before the fact. Current revenue is set aside over a period of years, prior to a purchase. This means a different group of taxpayers pay for the project than use it. One obvious advantage of a capital reserve is that major acquisitions can be made without the need of any interest payments, but capital reserves involve a different sort of premium: funds in a capital reserve earn interest, but at a rate lower than inflation. The result is that the buying power of funds held in capital reserves decreases every year. The decline is cumulative. Actual interest rates and inflation figures vary, but over a period of six years, the cost can exceed 10% of the total appropriation. With capital reserve funds, monies are "removed" from the town's budget in the year in which the money is raised, not in the year in which the actual purchase is made. A warrant article to create or add to a capital reserve requires a majority vote at Town Meeting.

Multi-year Appropriations

Any purchase which can be bonded can also be funded with a multi-year appropriation. This is a relatively new tool, authorized by RSA 32:7-a. It requires an initial two-thirds majority vote, but money can be allocated in the budget in subsequent years without any additional votes. Similar to a capital reserve fund, the money is raised before it is spent. One big advantage is that potential vendors can be assured that no more votes are necessary to raise the whole amount.

Section 7.0 - ROADS AND BRIDGES

7.1 Roads

Road Reconstruction & Paving is consistently the largest single item in the Capital Improvement Project budget. This section provides additional detail on the schedule for road reconstruction.

There are 53 roads maintained by the town, totaling 61.29 miles in length. There are 26.93 miles of paved roads, and 34.36 miles of gravel roads.

Projected maintenance/repairs of Town roads for 2022-2026

2022:	Washington Hill Rd.	Savary Rd. to Rte 16, 2" pavement base
	Washington Hill Rd.	High St. to Savary Rd., 1" topcoat
		Crack sealing of roads
2023:	Washington Hill Rd.	Savary Rd. to Rte 16, 1" topcoat
	Great Hill Rd.	To end of pavement, reclaim and rebuild
		Crack sealing of roads
2024:	Great Hill Rd.	2" base
		Crack sealing of roads
2025:	Great Hill Rd.	1" topcoat
	Depot Rd.	1" shim and 1" topcoat
		Crack sealing of roads
2026:	Mays Way	Shim and topcoat
	Hollow Hill Rd.	Shim and topcoat
		Crack sealing of roads

Table 6 – Projected Maintenance/Repairs of Town Roads for 2022-2026

7.2 Bridges

There are 13 town bridges and 16 state bridges in Tamworth, as well as numerous culverts that don't make the State's official list of bridges.

The New Hampshire DOT performs biennial inspections and rates the status of each bridge. The DOT defines red-listed bridges as those with "known structural deficiencies, poor structural conditions or weight restrictions." Red-listed bridges are still safe for travel, or they would be closed.

Work on the Bunker Hill Road Bridge over Mill Brook was completed in 2021.

This CIP report includes two bridges scheduled for repair: the repair of Mountain Road Bridge over Cold Brook is scheduled to be completed in 2022, and the repair of Scott Road Bridge over the Chocorua River is scheduled for completion in 2024.

The Bryant Road Bridge over Mill Brook is red-listed, but with a National Bridge Inventory Status category of "Not Deficient."