

TOWN OF TAMWORTH

NEW HAMPSHIRE

CAPITAL IMPROVEMENT PROGRAM REPORT

2024 to 2029

Public Hearing held on Wednesday, September 13, 2023 by the
Capital Improvement Program Committee

To be presented on Wednesday, September 27, 2023 to the
Tamworth Planning Board

To be submitted on Thursday, October 5, 2023 to the
Tamworth Select Board

To be submitted on Thursday, October 19, 2023 to the
Tamworth School Board

Section 1.0 - INTRODUCTION AND SUMMARY

1.1 Introduction

Last year, the Tamworth Capital Improvement Program (CIP) Committee significantly altered the Committee's Annual Report, in hopes of making the report more accessible to the average Tamworth resident. The report is more concise, but still contains the same numbers, tables and graphs which convey the essential information that the Board of Selectmen need to assist them in making the final budgeting decisions for the Town in Fiscal Year 2024 and the subsequent five years.

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.

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

1.2 CIP Committee Members 2023

Kathi Padgett	Chair, School Board Member
Jack Waldron	School Board Member
John Wheeler	Cemetery Trustee Member
Emery Roberts	Select Board Member
Kyle Ball	Community Member
Greg Hufford	Planning Board Member
Ian Haskell	Planning Board Member
Nicholas Grant	Planning Board Member
Eleanor Aparicio	Community Member
Melissa Donaldson	Clerk

Capital Improvement Program 2024-2029

1.3 Recommended Warrant Articles for 2024

The CIP committee recommends the following items be included on the 2024 Town and School Meeting warrants, to implement this Capital Improvement Program. Department initials and line numbers refer to Table 1 – Expense Detail by Department.

Total CIP Budgets:			
TOWN			(1,577,635)
SCHOOL			(400,000)
TOWN GOVERNMENT			
TG	2	Property Revaluation	(50,000)
FIRE DEPARTMENT			
FD	4	Fire Truck Capital Reserve	(375,000)
HIGHWAY DEPARTMENT			
HW	7	Articulating Loader w/ Attachment	(250,000)
HW	11	Road Reconstruction & Paving	(250,000)
HW	23	Bridge Capital Reserve	(250,000)
HW	24	F-350 Pickup Truck	(35,000)
TRANSFER STATION			
TS	15	Trash Compactor 445HD	(40,175)
TS	21	Capital Reserve Fund/TS Improvements	(274,460)
COOK MEMORIAL LIBRARY			
CL	1	Painting Exterior	(10,000)
CL	4	Rooftop Solar Installation	(43,000)
SCHOOL DISTRICT			
SD	5	HVAC/Upgrades	(400,000)

Capital Improvement Program 2024-2029

1.4 Appropriations by Department

Figure 1 – CIP Appropriations by Department, 2024 shows capital appropriations, summed by department for the 2024 budget year. See Table 1 – Expense Detail by Department for specifics. Total CIP appropriations for 2024 are \$1,977,635.

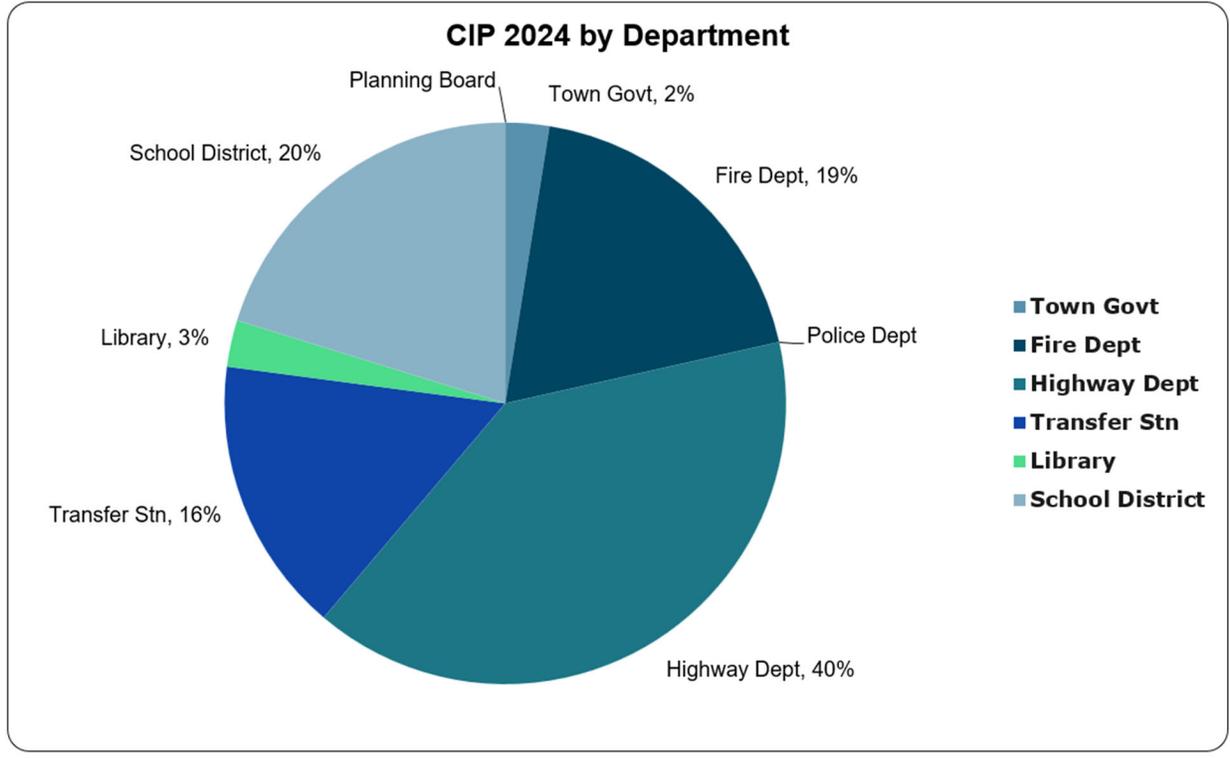


Figure 1 – CIP Appropriations by Department, 2024

Capital Improvement Program 2024-2029

Figure 2 – CIP Appropriations by Department, 2024-2029 shows capital appropriations, summed by department, for the six years included in this report (2024-2029). See Table 1 – Expense Detail by Department for specifics. Total CIP appropriations for the six-year period of this report (2024-2029) are \$8,080,635.

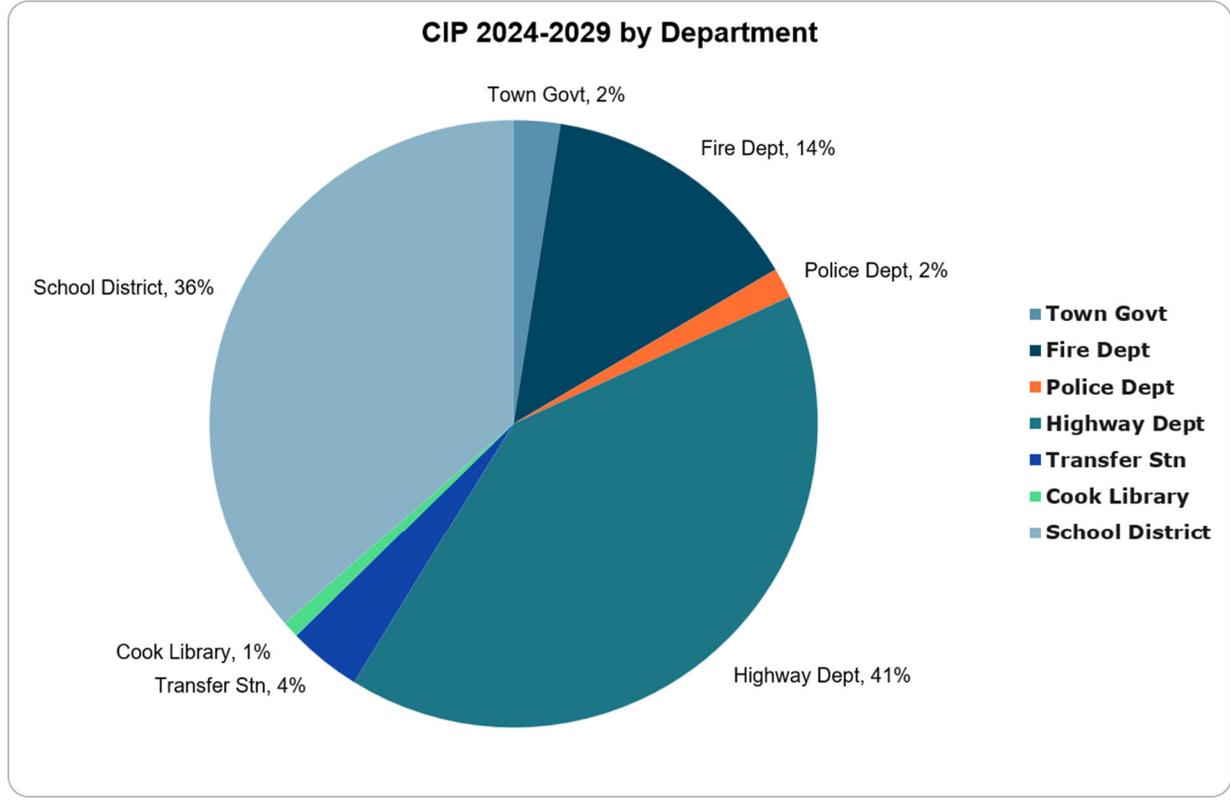


Figure 2 – CIP Appropriations by Department, 2024-2029

The budget forecast for the near term is always higher than for the later years (e.g., \$1,977,635 in 2024 versus \$1,267,000 in 2029), due mainly to the following: departmental needs become more apparent as time goes by; equipment sometimes wears out sooner than anticipated; materials (for paving, bridge repairs, roofing, etc.) become more expensive than initially estimated; and estimates are sometimes made as much as five years in advance of actual purchases. Also, department and agency heads inevitably focus more on plans for the next few years than for later years.

Final payments for both the school and the landfill reclamation bonds were made in 2023. However, the school is facing the need to extensively upgrade its HVAC system over the next few years, which is going to cost somewhere in the neighborhood of \$3,500,000.

The CIP Committee uses the techniques described in [4.2 Next Steps](#) to shift the timing of some expenses. This smooths out the tax rate impact to the greatest extent possible.

Capital Improvement Program 2024-2029

Section 2.0 - EXPENSE DETAIL BY DEPARTMENT

<u>Department</u>	<u>RT</u>	<u>PR</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>TOTALS</u>	<u>2030-2032</u>	
TOWN GOVERNMENT											
2	Property Revaluation	A	1	(50,000)	(25,000)	(25,000)	(25,000)	(25,000)	(50,000)	(200,000)	(75,000)
FIRE DEPARTMENT											
4	Fire Truck Capital Reserve	B	1	(375,000)	(152,000)	(152,000)	(152,000)	(152,000)	(152,000)	(1,135,000)	(510,000)
POLICE DEPARTMENT											
3	4WD Cruiser - Unit 3	B	3							0	(65,000)
4	4WD Cruiser - Unit 1	B	2					(65,000)		(65,000)	
7	4WD Cruiser - Unit 2	B	1		(65,000)					(65,000)	
10	Building Improvements/Addition	C	1							0	(200,000)
HIGHWAY DEPARTMENT											
7	Articulating Loader w/ Attachment	B	2	(250,000)						(250,000)	
9	Accessory Building	C	1							0	(100,000)
11	Road Reconstruction & Paving	B	3	(250,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(1,750,000)	(900,000)
23	Bridge Capital Reserve	B	1	(250,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(1,250,000)	(600,000)
24	F-350 Pickup Truck	B	4	(35,000)						(35,000)	
TRANSFER STATION											
13	Recycle/Storage container open top	B	2							0	(5,207)
15	Trash Compactor 445HD	B	1	(40,175)						(40,175)	
20	Commingle Container 2451P	D	1							0	(18,000)
21	Capital Reserve Fund/TS Improvements	C	1	(274,460)						(274,460)	
COOK MEMORIAL LIBRARY											
3	Furnaces	B	3		(9,000)		(9,000)			(18,000)	
1	Painting Exterior	B	1	(10,000)						(10,000)	
4	Rooftop Solar Installation	B	2	(43,000)						(43,000)	
PLANNING BOARD											
1	Build Out Analysis	C	1							0	
SCHOOL DISTRICT											
4	Roof Repairs (Completed 2021)	B	3							0	(50,000)
15	NFPA 13 Sprinkler system (p. 46)	D	2							0	(200,000)
17	Glass Blocks in Gym wall (p. 35)	D	1							0	(10,000)
21	Seal Coat Parking area	B	2				(30,000)			(30,000)	
20	Flooring	B	1			(15,000)				(15,000)	
5	HVAC/Upgrades	A	1	(400,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(2,900,000)	(500,000)
Total				(1,977,635)	(1,186,000)	(1,257,000)	(1,216,000)	(1,177,000)	(1,267,000)	(8,080,635)	(3,233,207)

Table 1 – Expense Detail by Department

Final Version

Capital Improvement Program 2024-2029

Section 3.0 - FINANCIAL SUMMARY

3.1 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	2024	2025	2026	2027	2028	2029	Totals	2030-2032
Town Government	(50,000)	(25,000)	(25,000)	(25,000)	(25,000)	(50,000)	(200,000)	(75,000)
Fire Department	(375,000)	(152,000)	(152,000)	(152,000)	(152,000)	(152,000)	(1,135,000)	(510,000)
Police Department	0	0	(65,000)	0	0	(65,000)	(130,000)	(265,000)
Highway Department	(785,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(3,285,000)	(1,600,000)
Transfer Station	(314,635)	0	0	0	0	0	(314,635)	(23,207)
Cook Memorial Library	(53,000)	(9,000)	0	(9,000)	0	0	(71,000)	0
School District	(400,000)	(500,000)	(515,000)	(530,000)	(500,000)	(500,000)	(2,945,000)	(760,000)
Planning Board	0	0	0	0	0	0	0	0
Totals	(1,977,635)	(1,186,000)	(1,257,000)	(1,216,000)	(1,177,000)	(1,267,000)	(8,080,635)	(3,233,207)

Table 2 – Capital Appropriations

Capital Improvement Program 2024-2029

3.2 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. Figures for Capital Reserves Funds are as of 6/30/2023.

<u>Capital Reserve Funds</u>	Balance as of	Anticipated Changes								
	6/30/2023	6/30/2023 12/31/2023	2024	2025	2026	2027	2028	2029	Funds Remaining	
Highway- Bridge CR	364,445.28									
Added		50,000	250,000	200,000	200,000	200,000	200,000	200,000		
Expended										
Balance Remaining			664,445	864,445	1,064,445	1,264,445	1,464,445	1,664,445	\$1,664,445	
Cemetery - Cemetery Maintenance Fund	48,406.04									
Added			0	0	0	0	0	0		
Expended				0						
Balance Remaining			48,406	48,406	48,406	48,406	48,406	48,406	\$48,406	
Fire Department - Rescue Vehicle CR	335,533.75									
Added			0	0	0	0	0	0		
Expended										
Balance Remaining			335,534	335,534	335,534	335,534	335,534	335,534	\$335,534	
Fire Department - Firetruck CR	50,559.96									
Added		225,000	375,000	152,000	152,000	152,000	152,000	152,000		
Expended										
Balance Remaining			650,560	802,560	954,560	1,106,560	1,258,560	1,410,560	\$1,410,560	
Sewer CR	34,544.86									
Added		10,000	0	0	0	0	0	0		
Expended										
Balance Remaining			44,545	44,545	44,545	44,545	44,545	44,545	\$44,545	
Transfer Station Improvements	97,204.68									
Added			0	0	0	0	0	0		
Expended (Raised from taxes)										
Balance Remaining			97,205	97,205	97,205	97,205	97,205	97,205	\$97,205	
Transfer Station Improvements Trust	128,199.23									
Added			0	0	0	0	0	0		
Expended (Private funds)										
Balance Remaining			128,199	128,199	128,199	128,199	128,199	128,199	\$128,199	
Town Buildings Repair & Maintenance	50,559.96									
Added			0	0	0	0	0	0		
Expended										
Balance Remaining			50,560	50,560	50,560	50,560	50,560	50,560	\$50,560	
Town Equipment Repair & Maintenance	50,559.96									
Added			0	0	0	0	0	0		
Expended										
Balance Remaining			50,560	50,560	50,560	50,560	50,560	50,560	\$50,560	
Town Infrastructure Repair & Maintenance	50,559.96									
Added			0	0	0	0	0	0		
Expended										
Balance Remaining			50,560	50,560	50,560	50,560	50,560	50,560	\$50,560	
School Reno & Repair CR	107,048.66									
Added			0	0	0	0	0	0		
Expended										
Balance Remaining			107,049	107,049	107,049	107,049	107,049	107,049	\$107,049	
School Special Education	198,871.46									
Added		30,000	0	0	0	0	0	0		
Expended										
Balance Remaining			228,871	228,871	228,871	228,871	228,871	228,871	\$228,871	
Totals	\$1,516,494		\$2,456,494	\$2,808,494	\$3,160,494	\$3,512,494	\$3,864,494	4,216,494	\$4,216,494	

Capital Improvement Program 2024-2029

3.3 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 in 2024 by taxes.

	2024
Town Government	(50,000)
Fire Department	(375,000)
Police Department	0
Highway Department	(785,000)
Transfer Station	(314,635)
Cook Memorial Library	(53,000)
School District	(400,000)
Planning Board	0
Total Raised by Taxes	(1,977,635)

Table 4 - Funds to Be Raised by Taxes

3.4 Estimated Tax Rate Impact

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

2022 Total assessed valuation: \$401,286,874

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 estimated tax rate impact presented here is not an actual tax rate; it is presented here for comparison purposes only. Please see 4.5 Other Observations for an explanation of the use of 2022 valuation figures rather than 2023.

2024 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 2024 is 4.9 ($\$1,977,635 \times 1,000 / \$401,286,874$).

Capital Improvement Program 2024-2029

3.5 Historical Comparison Chart

Figure 3 – Approved Capital Spending by Year is a line graph comparison showing the history of approved capital spending in each of the last six CIP reports, and the 2024 capital expenditures recommended by the CIP Committee.

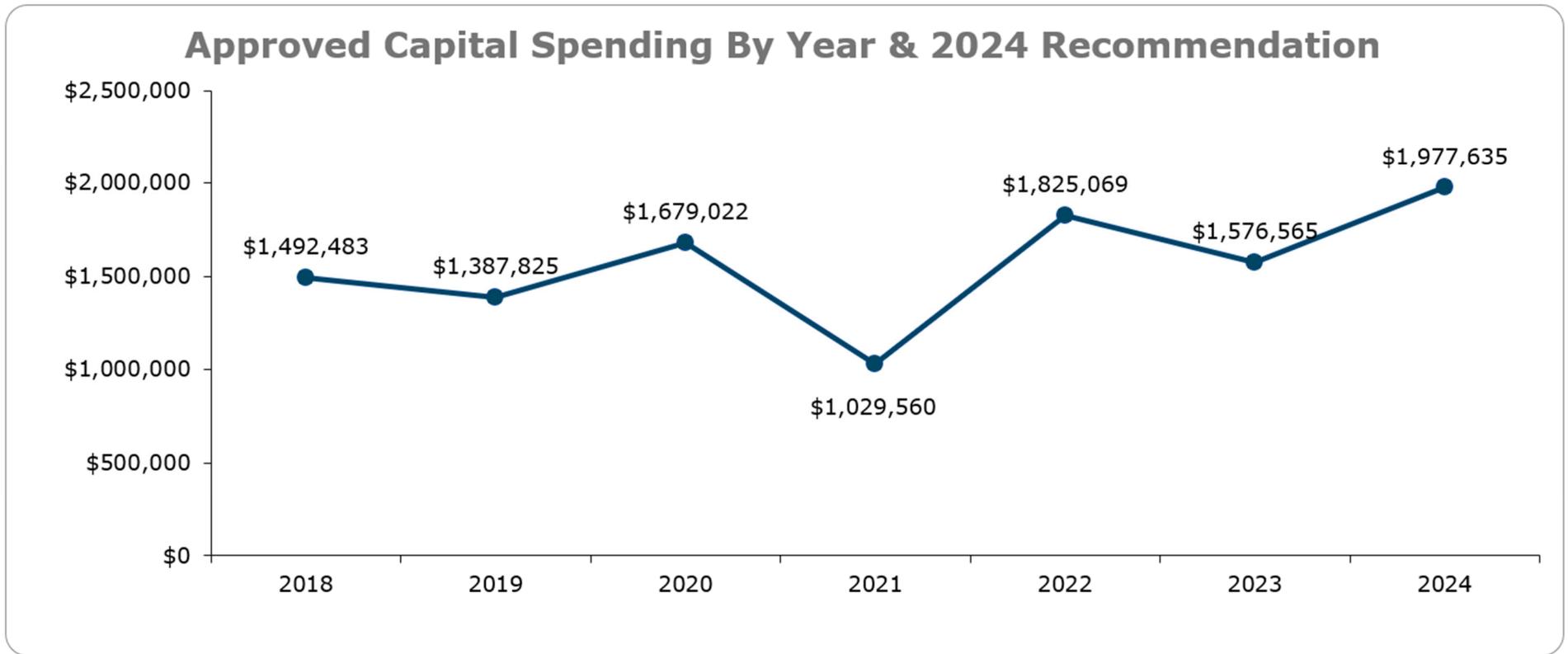


Figure 3 – Approved Capital Spending by Year

Section 4.0 - PROCESS

4.1 Steps

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
- Use of capital reserves and other sources of income
- Estimated tax rate impact
- Recommended warrant articles for 2024

4.2 Next Steps

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. The Committee categorizes the projects and expenses listed in Section 2.0, assigning ratings and priorities. It should be noted that further revisions to spending plans likely will alter both planned appropriations and the projected tax rates in future reports.

4.3 Changes To Departmental Requests This Year

The CIP Committee recommended reducing the budget for road reconstruction and paving from \$300,000 to \$250,000. This recommendation was intended to lower the overall expenditures for the year, bearing in mind that the price of the trash compactor has increased from the anticipated \$25,000 to the actual cost of \$40,175 and that \$35,000 of the Highway Department's requested new F350 Pickup Truck will be allocated to the FY2024. The Committee also recommended deferring the replacement of some flooring at the Brett School until Fiscal Year 2026.

Capital Improvement Program 2024-2029

4.4 CIP vs. Budget vs. Approved

CIP is a planning tool. The following table shows figures from the 2022 CIP report vs. those actually budgeted by the Select Board vs. funds approved by voters at the 2023 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.

2023	Project Description	CIP	Budget	Approved
TG.2	Property Revaluation	25,000	34,991	34,991
TG.12	Municipal Software Replacement	50,000	51,751	51,751
FD.4	Fire Truck Capital Reserve	275,000	275,000	275,000
HW.11	Road Reconstruction and Paving	300,000	250,000	250,000
HW.21	Scott Rd. Br. over Choc. R.	400,000	389,910	389,910
HW.23	Bridge Capital Reserve	50,000	50,000	50,000
TS.1	Payment for Landfill Closure Bond	54,556	54,556	54,556
TS.21	Cap. Res. TS/Improvements	274,460	174,460	174,460
PB.1	Build Out Analysis	20,000	19,000	19,000
Town Totals		\$1,449,016	\$1,299,668	\$1,299,668
SD.1	School Bond	84,049	84,049	84,049
SD.20	Flooring	15,000	15,000	15,000
SD.24	Exploration/Outdoor Classroom	10,000	-	-
SD.5	HVAC/Engineering Study	10,000	-	-
SD.3	LED Lighting	8,500	-	-
School Totals		\$127,549	\$99,049	\$99,049

Table 5 – 2023 CIP vs. Budget vs. Approval by Voters

4.5 Other Observations

The Tax Rate Impact Figures included in this report were calculated using 2022 total assessment values, because 2023 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, 2023. 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 2023 assessed values are available.

Section 5.0 - REFERENCE

5.1 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."

5.2 Items Not Included

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

5.3 Ratings & Priorities

The CIP Committee assigns each project a rating and a priority. The values appear in the rows of the table in Section 2.0 - 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:

Ratings:

- 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

Priorities:

- 1=Highest
- 2=Second
- 3=Third
- 4=Lowest

5.4 Financing Methods

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

Capital Improvement Program 2024-2029

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 the 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.

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. 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 6.0 - Roads and Bridges

6.1 Roads

Road Reconstruction & Paving consistently is the largest single item in the Capital Improvement Project budget. This section provides additional detail on the planned schedule for road reconstruction. Plans can change based upon current conditions, emergency developments, etc.

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 2024-2028

2024:	Page Hill Rd.	2" pavement base
	Depot Rd.	Grind & 2" pavement base
2025:	Tall Pines Rd.	1 1/2" top coat
	Depot Rd.	Shim and top coat
2026:	Mays Way	1" top coat
	Turkey St.	1" top coat
	Whittier Rd.	1" top coat
2027:	Paving of Tamworth Village & parking lots	
	Bryant Mill Rd.	Top Coat 1 1/2" of pavement
2028:	Washington Hill Rd.	Rebuild Rt. 113 to Macgregor Hill Rd. 2" base and culvert replacement

6.2 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. Work on the Bunker Hill Road Bridge over Mill Brook was completed in 2021. Work on the Scott Road Bridge over the Chocorua River was completed in 2023. The repair of Mountain Road Bridge over Cold Brook is scheduled to be completed in 2024, and this report reflects funds to be used for the repair of Mountain Road Bridge in that year.