

TOWN OF TAMWORTH
NEW HAMPSHIRE

CAPITAL IMPROVEMENT PROGRAM
REPORT

2019 to 2024

Public Hearing held on September 18, 2018 by the
Capital Improvement Program Committee

Presented on September 26, 2018 to the
Tamworth Planning Board

Submitted on October 4, 2018 to the
Tamworth Board of Selectmen

Submitted on October 18, 2018 to the
Tamworth School Board

Table of Contents

Table of Contents.....	2
1.0 SUMMARY.....	3
1.1 Report Organization.....	3
1.2 Recommended Warrant Articles for 2019.....	3
1.3 Conclusions.....	5
2.0 PROJECT DESCRIPTIONS.....	6
3.0 EXPENSE DETAIL BY DEPARTMENT.....	9
4.0 FINANCIAL SUMMARY.....	11
4.1 Capital Appropriations.....	11
4.2 Capital Reserves & Other Sources of Funds.....	12
4.3 Funds To Be Raised By Taxes.....	13
4.4 Estimated Tax Rate Impact.....	13
4.5 Historical Comparison Chart.....	14
5.0 PROCESS.....	15
5.1 Acknowledgements.....	15
5.2 CIP Committee 2018.....	15
5.3 Steps.....	15
5.4 Progress.....	16
5.5 Next Steps.....	16
5.6 Changes To Plan this year.....	16
5.7 Other Observations.....	17
5.8 CIP vs. Budget vs. Approved.....	18
6.0 REFERENCE.....	19
6.1 Capital Improvement Definition.....	19
6.2 Report Time Frame.....	19
6.3 Authorization.....	19
6.4 Purpose.....	19
6.5 Departments/Boards/Commissions.....	20
6.6 Items Not Included.....	20
6.7 Financial Tables.....	21
6.8 Credits & Debits.....	22
6.9 Line Number References.....	22
6.10 Rating & Priority.....	22
6.11 Financing Methods.....	23
7.0 ROADS AND BRIDGES.....	25
7.1 Roads.....	25
7.2 Bridges.....	26

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 2019-2024.

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 of the town’s capital improvement projects for the next six years, as detailed in Section 3.0, 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.

1.2 Recommended Warrant Articles for 2019

The CIP committee recommends the following items be included on the 2019 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 3.0 Expense Detail by Department.

The items listed below total:

Town Budget	\$1,147,749
School Budget	\$240,076

Town Government		
TG.2	(50,000)	Scheduled revaluation, used for tax rate equalization.
TG.8	(8,000)	Replace windows and further moisture and mold repairs.
Police Department		
PD.7	(50,000)	4WD Cruiser - Unit 2 Vehicle to be acquired in 2019.

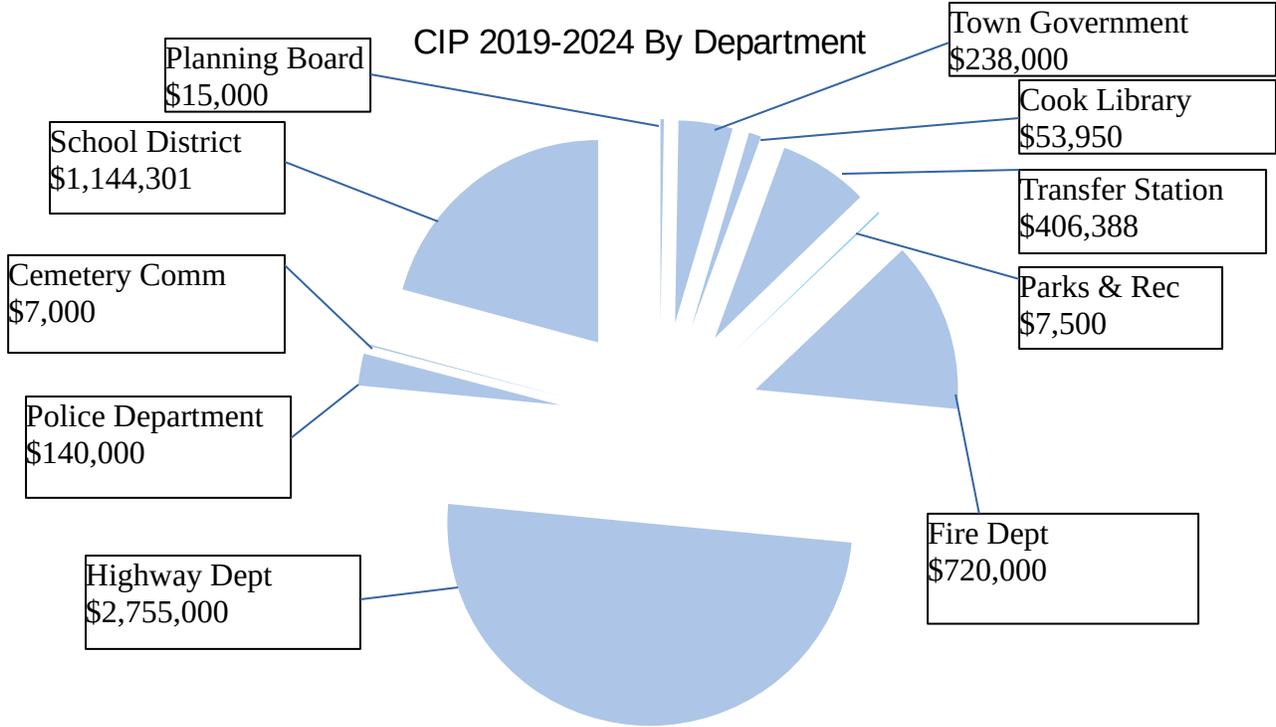
Capital Improvement Program 2019-2024

Highway Department		
HW.11	(250,000)	<u>Road Reconstruction and Paving</u> Capital costs are budgeted and expended annually.
HW.18	(50,000)	<u>3/4-ton pickup</u> Replacement of HW Department vehicle purchased 2013, used for lower-cost department transportation and for lighter duty plow/sand and patch/seal maintenance projects.
HW.22	(625,000)	Repairs including substantial abutment work on this wood-decked, "functionally obsolete" bridge. New bridge estimate from Engineering Firm. Currently \$338,856 in Capital Reserve Fund
Transfer Station		
TS.1	(62,399)	Payment for <u>Landfill Closure Bond</u> .
TS.17	(23,000)	Roof Extension over Main Compacter collection unit to prevent continued erosion of concrete platform
Cook	Library	
CL.1	(29,350)	<u>Carpeting</u> was scheduled for 2018, based on the warranty expiration date of the carpeting (2011). The estimate includes cost of carpeting, tile replacement where necessary, removal and replacement of all shelved materials by professional library movers, and installation.
School District		
SD.1	(190,076)	Payment on School Bond
SD.4	(50,000)	Include \$50,000 for <u>Roof Repairs</u> .

Capital Improvement Program 2019-2024

1.3 Conclusions

Chart 1.1 shows capital appropriation, summed by department, for the six years included in this report (2019-2024). See Table 3.0 Expense Detail By Department for specifics.



Total 6 Year Capital Spending = \$5,487,139

Chart 1.1 CIP Appropriations by Department

Total CIP appropriations for the six-year period of this report (2019-2024) is \$5,487,139. This represents an increase of \$379,715 from the prior report, or 7.4%. This is primarily due to the \$300,000 increase in the estimate to replace the Bunker Hill Bridge.

There are extreme variations in expenses by year, with the highest value being 2.5 times the lowest amount. This is due to a number of factors. (1) There's inevitably more focus on plans for the next few years than years five or six. (2) There are a number of expenses which appear in each report, but always get postponed before becoming real. They tend to reappear in year two or three, rather than in the distant future, distorting total expenses. (3) Final payments for both the School(2022) and the Landfill Reclamation Bonds(2023) occur during this period, so there will be a permanent expense reduction of about \$250,000 per year.

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

2.0 PROJECT DESCRIPTIONS

The following descriptions refer to projects in Table 3.0 Expense Detail by Department:

TG Town Government

1. Town Office Roof: The current roof is in need of replacement, perhaps metal.
2. Property Revaluation: Scheduled revaluation, used for tax rate equalization.
3. Tax Map Revisions: Modify tax maps to reflect the size and shape of each parcel and accurately reflect spatial locations, so they may be used in conjunction with other GIS maps.
5. Software Upgrade: Projected cost of upgrading to improved assessing/tax collector/town clerk software, including conversion of all properties from current to new program, provided by new program vendor.
6. Municipal Safety Building Planning: Including funding for needs assessment; property requirements, suitability, locations identification; planning; preliminary architectural and engineering models; community input.
7. Municipal Safety Building: Land acquisition and construction costs for the proposed Municipal Safety Building, under study.
8. Townhouse: Replace windows and further moisture and mold repairs.

FD Fire Department

1. SUV A replacement for the Fire Chief's SUV acquired in 2013.
2. Pumper 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, and which can pump 1,250 gallons per minute.
3. Maintenance to Chocorua Fire Station includes repairing or replacing the front door, building siding, and windows.
5. Rescue Truck: This will be the primary vehicle for the Rescue Squad, well-equipped electrically and electronically, with the ability to provide for patient care and transport from Tamworth to advanced care/emergency care facilities.

PD Police Department

3. 4WD Cruiser - Unit 3 Vehicle is to replace the 2013 Chevy Tahoe.
4. 4WD Cruiser - Unit 1 Vehicle is to replace the 2011 Chevy Tahoe.
7. 4WD Cruiser - Unit 2 Vehicle to be acquired in 2019.
10. Building Improvement: Create space for an Evidence Room

HW Highway Department

4. Single Axle 6 Wheeler Plow/Sander (replace Unit #2) to be purchased at a cost estimated at \$180,000 to replace existing unit #2, based on the life expectancy of unit #2. There may be some offset from the sale of unit #2. Plate # G20993 VIN# 1HTWDDAARX9J101204.
7. Articulating Loader replacement estimated year/cost of replacement equipment (11-12 years of service) Plate# G20659 VIN#002165.
9. Accessory building (7200 sq. ft. estimated requirement) to be erected in 2024 at a cost estimated at \$100,000 to store salt and sand material and to house various equipment currently kept outside. The intent is to comply with environmental requirements and to protect investment in equipment.

Capital Improvement Program 2019-2024

11. Road Reconstruction and Paving Capital costs are budgeted and expended annually.
18. 3/4-ton pickup Replacement of HW Department vehicle purchased 2013, used for lower-cost department transportation and for lighter duty plow/sand and patch/seal maintenance projects.
20. Mountain Road Bridge Work to include attention to supporting beams, safety/security upgrades.
21. Scott Rd Bridge over Chocorua River Galvanized culvert needs to be replaced.
22. Bunker Hill Bridge: Repairs including substantial abutment work on this wood-decked, "functionally obsolete" bridge. To replace functionally obsolete bridge.

EM Emergency Management

No capital projects planned at this time.

PR Parks and Recreation Department

5. Riding Mower The replacement of the 1999 John Deere GT235 ride-on mower with a current model or similar. This mower has a 54" deck, three blades, with an 18 hp Briggs & Stratton engine.

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.
2. Grade and pave gravel drive south and east of dumpster pad to improve traffic flow, increase recycling, and avoid current equipment/trucking impacts to pavement, pad, and drainage berm.
13. Recycle/Storage container open top (Metals-30 yard) Replacement for current metals recycling container.
14. Recycle Compactor #2 Replace comingle compactor machine (Wastequip Model 2451P). Repairs have extended the life of the machine and attached container.
15. Trash Compactor Replace main compactor (Wastequip Model 445HD).
16. Drilled Well and Septic: Provide running water to TS.
17. Roof Extension: Over Main Compactor collection unit to prevent continued erosion of concrete platform. Replace current eroding concrete floor.
18. Bucket Baler: (International Model Titan-6-CV) If Town adopts Single Stream.

CM Cemetery Trustees

1. Fence Repairs: Placing chains between granite posts at Riverside Cemetery and replacing granite posts and putting chains between them at Pease Hill Cemetery. Money for these purchases might come from plot purchases put into a separate capital reserve fund approved in 2018. There is approximately \$6,700 in the fund to date.

CL Cook Memorial Library

1. Carpeting was scheduled for 2018, based on the warranty expiration date of the carpeting (2011). The estimate includes cost of carpeting, tile replacement where necessary, removal and replacement of all shelved materials by professional library movers, and installation.
3. Furnaces (2 remaining) replacement, tentatively scheduled for 2022 and 2023 (one unit per year) based on the normal life span of current units.
4. Air Conditioning Unit replacement, tentatively scheduled for 2022, based on a 20-year life span of the current unit.

SD School District

Capital Improvement Program 2019-2024

Page numbers listed here and in Section 4.0 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 school 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.
4. Roof Repairs (p. 33) This includes replacement of roof over SAU and Cafeteria as well as needed repairs over entire roof.
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 designed for low noise classrooms.
17. Glass Blocks in Gym Wall (p.35) Replace with alternative day lighting with a higher R-value.
20. Flooring: Replace classroom floors according to plan.
21. Seal Coat Parking area: maintain paved area surrounding school.
22. Boiler: It's estimated the boiler will need to be replaced in the next 6-10 years.

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.

Capital Improvement Program 2019-2024

3.0 EXPENSE DETAIL BY DEPARTMENT

		Department	R T	P R	2019	2020	2021	2022	2023	2024	2025-28*	Totals
		Project or Equipment Description										
		TOWN GOVERNMENT										
TG	1	Town Office Roof	D	2		(80,000)						(80,000)
TG	2	Property Revaluation	A	2	(50,000)							(50,000)
TG	3	Tax Map Revisions	B	2			(50,000)					(50,000)
TG	5	Software Upgrade	B	2			(40,000)					(40,000)
TG	6	Municipal Safety Building planning	D	2		(10,000)						(10,000)
TG	7	Future Municipal Safety Building Land & Construction	D	4							(1,000,000)	(1,000,000)
TG	8	Townhouse	B	2	(8,000)							(8,000)
		FIRE DEPARTMENT										
FD	2	SUV (2020)	B	3		(42,000)						(42,000)
FD	3	Next Fire Truck (2021)	B	1				(165,000)	(335,000)			(500,000)
FD	4	Station Maintenance	B	2		(18,000)						(18,000)
FD	6	Rescue Truck	B	1		(160,000)						(160,000)
		POLICE DEPARTMENT										
PD	3	4WD Cruiser - Unit 3, 2013 Tahoe	B	1		(45,000)					(45,000)	(90,000)
PD	4	4WD Cruiser - Unit 1, 2011 Tahoe	B	1			(45,000)				(45,000)	(90,000)
PD	7	4WD Cruiser - Unit 2, 2019 Purchase	B	1	(50,000)						(45,000)	(95,000)
PD	9	Building Improvement(evidence Room)	D	3							(50,000)	(50,000)
		HIGHWAY DEPARTMENT										
HW	4	Single Axle 6 Wheeler Plow/Sand (Unit 2)	B	1			(180,000)					(180,000)
HW	7	Articulating Loader w/ Attachment	B	1							(175,000)	(175,000)
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)	(1,000,000)	(2,500,000)
HW	18	Pickup Truck	B	1	(50,000)							(50,000)
HW	20	Mountain Road Bridge	B	1			(100,000)					(100,000)
HW	21	Scott Rd Bridge over Chocorua River	B	1				(200,000)				(200,000)
HW	22	Bunker Hill Bridge	A	1	(625,000)							(625,000)
		EMERGENCY MANAGEMENT										
EM		None Planned										
		PARKS & RECREATION										
PR	5	Riding Mower	B	3		(7,500)						(7,500)

Capital Improvement Program 2019-2024

		Department	RT	P R	2019	2020	2021	2022	2023	2024	2025-28*	Totals
		Project or Equipment Description										
		TRANSFER STATION										
TS	1	Landfill: Closure Bond	A	1	(62,399)	(60,438)	(58,478)	(56,517)	(54,556)			(292,388)
TS	2	Grade/Pave gravel drive	C	2					(11,000)			(11,000)
TS	13	Recycle/Storage container open top (Metals-30 yard)	B	2							(5,207)	(5,207)
TS	14	Recycle Compactor #2	B	2			(19,000)					(19,000)
TS	15	Trash Compactor	B	2					(25,000)			(25,000)
TS	16	Drilled Well and Septic	A	1		(36,000)						(36,000)
TS	17	Roof Extension and Floor	B	1	(23,000)							(23,000)
TS	18	Bucket Baler(Single Steam)	D	4							(92,000)	(92,000)
		CEMETERY TRUSTEES										
CM	1	Fence Repairs	C	3		(7,000)						(7,000)
		COOK MEMORIAL LIBRARY										
CL	1	Carpeting Replacement	B	2	(29,350)							(29,350)
CL	3	Furnaces	B	2				(7,300)	(7,300)			(14,600)
CL	4	Air Conditioning Unit	B	2				(10,000)				(10,000)
		SCHOOL DISTRICT										
SD	1	School Bond	A	1	(190,076)	(182,084)	(174,092)	(84,049)				(630,301)
SD	4	Roof Repairs (p. 33)	B	2	(50,000)	(20,000)						(70,000)
SD	15	NFPA 13 Sprinkler system (p. 46)	D	4							(200,000)	(200,000)
SD	16	Ventilation, Noise, Energy Efficiency (p. 45)	D	4		(50,000)		(150,000)	(150,000)	(50,000)	(50,000)	(450,000)
SD	17	Glass Blocks in Gym wall (p. 35)	D	4							(10,000)	(10,000)
SD	21	Seal Coat Parking area	B	2			(14,000)					(14,000)
SD	20	Flooring	B	2		(15,000)		(15,000)				(30,000)
SD	22	Boiler	B	2							(200,000)	(200,000)
		CONSERVATION COMMISSION										
CC	1	None Planned										
		PLANNING BOARD										
PB	1	Build Out Analysis	C	2				(15,000)				(15,000)
		ECONOMIC DEVELOPMENT COMMISSION										
ED	1	None Planned										
		Totals			(1,387,825)	(983,022)	(930,570)	(952,866)	(832,856)	(400,000)	(2,917,207)	(8,404,346)

Capital Improvement Program 2019-2024

4.0 FINANCIAL SUMMARY

4.1 Capital Appropriations

Table 4.1 Capital Appropriations summarizes the spending listed in Table 3.0 Expense Detail by Department, and gives totals by department, by year. It is automatically generated from the detail in Table 3.0. This is the anticipated amount of spending required by the town to implement all of the listed projects. It does not include sources of income or funds added to capital reserves.

Department	2019	2020	2021	2022	2023	2024	2025-28*	Totals
Town Government	(58,000)	(90,000)	(90,000)	0	0	0	(1,000,000)	(1,238,000)
Fire Department	0	(220,000)	0	(165,000)	(335,000)	0	0	(720,000)
Police Department	(50,000)	(45,000)	(45,000)	0	0	0	(185,000)	(325,000)
Highway Department	(925,000)	(250,000)	(530,000)	(450,000)	(250,000)	(350,000)	(1,175,000)	(3,930,000)
Parks & Recreation	0	(7,500)	0	0	0	0	0	(7,500)
Transfer Station	(85,399)	(96,438)	(77,478)	(56,517)	(90,556)	0	(97,207)	(503,595)
Cemetery Trustees	0	(7,000)	0	0	0	0	0	(7,000)
Cook Memorial Library	(29,350)	0	0	(17,300)	(7,300)	0	0	(53,950)
School District	(240,076)	(267,084)	(188,092)	(249,049)	(150,000)	(50,000)	(460,000)	(1,604,301)
Planning Board	0	0	0	(15,000)	0	0	0	(15,000)
Totals	(1,387,825)	(983,022)	(930,570)	(952,866)	(832,856)	(400,000)	(2,917,207)	(8,404,346)

Table 4.1 Capital Appropriations

CIP Appropriations by Year

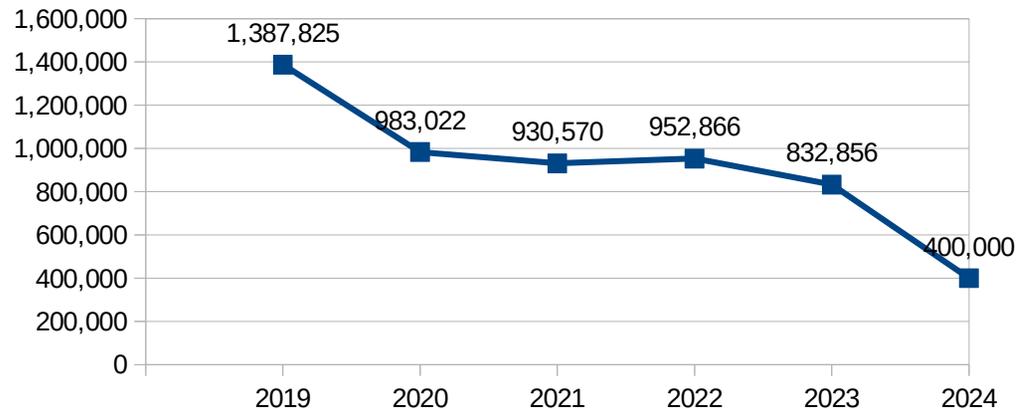


Chart 4.2 CIP Appropriations by Year shows a graph of the appropriation totals by year, for the six-year period 2019-2024.

Chart 4.2 CIP Appropriations by Year 2019-2024

Capital Improvement Program 2019-2024

4.2 Capital Reserves & Other Sources of Funds

Table 4.3 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 Section 6.7 for a full explanation of this table.

Capital Reserve Funds	Balance 6/30/2018	2019	2020	2021	2022	2023	2024	2025 -28*	Funds Remaining
Highway - Bridge CR	338,294								
New Funds Created									
Expended		338,294							
Balance Remaining									0
Rescue Squad - Ambulance CR	51,058								
Expended								(51,058)	
Balance Remaining									0
School -Reno. & Emerg. CR	87,181								
Balance Remaining									87,181
School - Special Education	199,035								
Balance Remaining									199,035
Totals	675,568	0	0	0	0	0	0	(51,058)	286,216

Table 4.3 Capital Reserves & Other Sources of Funds

Capital Improvement Program 2019-2024

4.3 Funds To Be Raised By Taxes

Table 4.4 Funds To Be Raised By Taxes combines the expenses in Table 4.1 Capital Appropriations with the Table 4.3 Capital Reserves & Other Sources of Funds to give the net funds with must be raised each year by taxes.

	2019	2020	2021	2022	2023	2024	2025-28*	Totals
Town Government	(58,000)	(90,000)	(90,000)	0	0	0	(1,000,000)	(1,238,000)
Fire Department	0	(220,000)	(165,000)	(365,000)	0	0	(240,000)	(990,000)
Police Department	(50,000)	(45,000)	(45,000)	0	0	0	(185,000)	(325,000)
Highway Department	(586,706)	(250,000)	(530,000)	(450,000)	(250,000)	(350,000)	(1,175,000)	(3,930,000)
Parks & Recreation	0	(7,500)	0	0	0	0	0	(7,500)
Transfer Station	(85,399)	(96,438)	(77,478)	(56,517)	(79,556)	0	(108,207)	(503,595)
Cemetery Trustees	0	(7000)	0	0	0	0	0	(7000)
Cook Memorial Library	(29,350)	0	0	(17,300)	(7,300)	0	0	(53,950)
School District	(240,076)	(267,084)	(188,092)	(249,049)	(150,000)	(50,000)	(460,000)	(1,604,301)
Planning Board	0	0	0	(15,000)	0	0	0	(15,000)
Total Raised by Taxes	(1,049,531)	(983,022)	(930,570)	(952,866)	(832,856)	(400,000)	(2,917,207)	(8,066,052)

Table 4.4 Funds To Be Raised By Taxes

4.4 Estimated Tax Rate Impact

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

2017 Total assessed valuation
 with utilities: \$345,733,099
 without utilities: \$329,834,999

Assessed valuation with utilities is used for this calculation. The estimated tax rate impact presented here is not an actual tax rate, and is for comparison purposes only. Please see Section 6.7 for a full explanation of the calculation, and Section 5.7 for an explanation on the use of 2017 valuation figures.

Tax Rate Impact of CIP

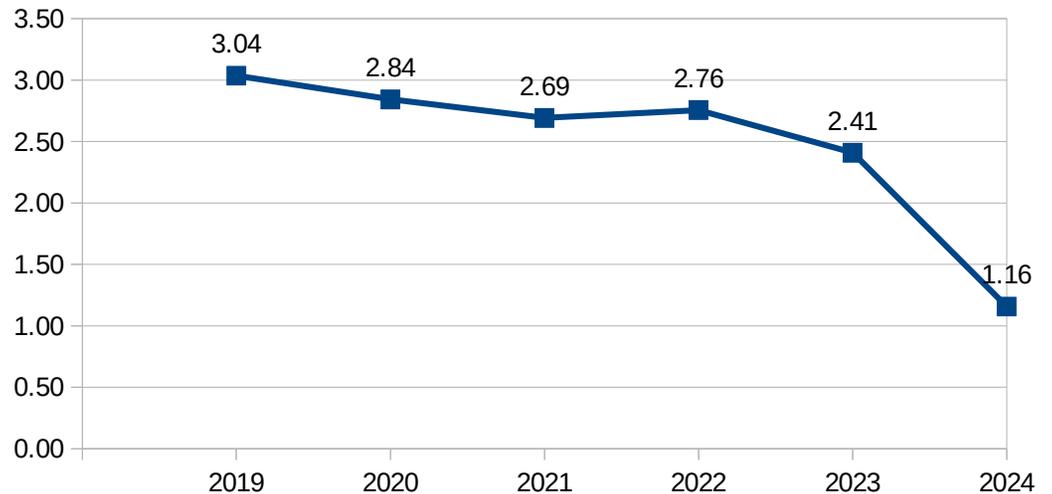


Chart 4.5 Tax Rate Impact of CIP

4.5 Historical Comparison Chart

Chart 4.6 is a line graph showing the history of total spending included in each of the last eight CIP reports. Each entry is the total of spending for the six years covered in that report. The labels refer to the year when the report was approved.

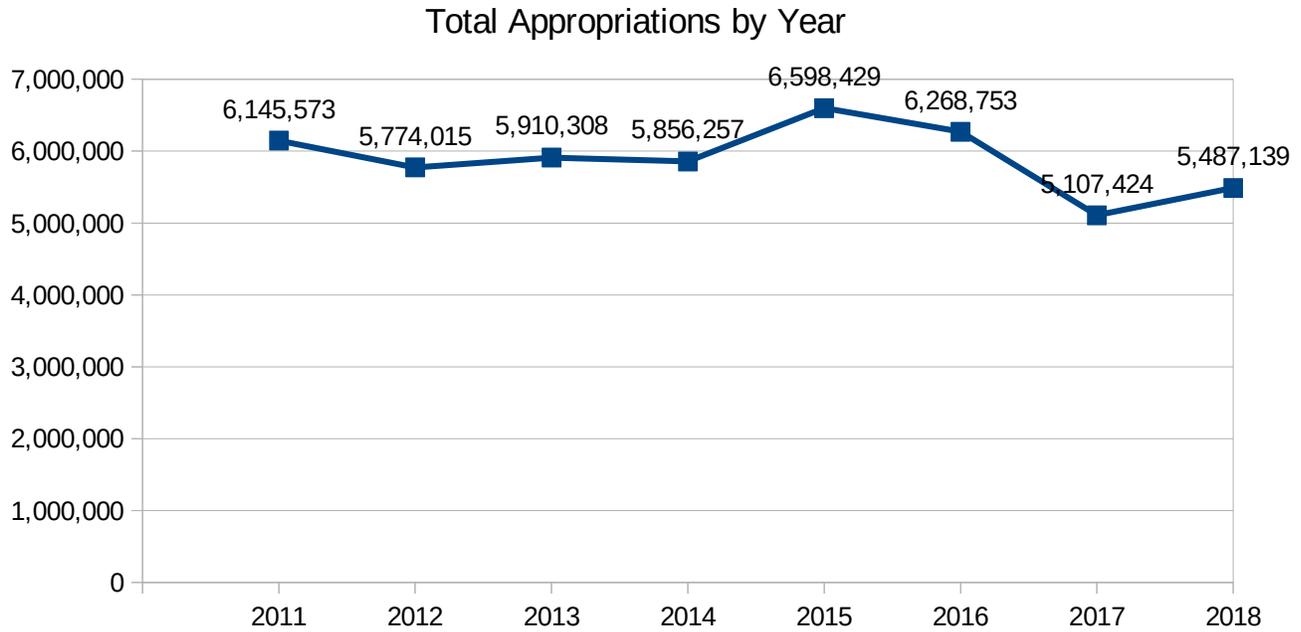


Chart 4.6 Total of Appropriation by Year

5.0 PROCESS

5.1 Acknowledgements

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

5.2 CIP Committee 2018

Jack Waldron	Chair, School Board Member
Kathi Padgett	Planning Board Member
Susan Ticehurst	Citizen
Sheldon Perry	Planning Board Member
Suzanne Morgan	Citizen
Becky Mason	Select Board Member
John Wheeler	Trustee of Trust Funds Member
Melissa Donaldson	Clerk

5.3 Steps

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

2018 CIP Committee appointed by Planning Board	April, May
CIP Public Hearing	09/18/18
CIP Report presented to the Planning Board	09/26/18
CIP Report submitted to Board of Selectmen	10/04/18
CIP Report submitted to School Board	10/18/18

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)
- Use of capital reserves and other sources of income (Section 4.2)
- Estimated tax rate impact (Section 4.4)
- Recommended warrant articles for 2019 (Section 1.2)

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

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

First, the CIP Committee gathered information on planned capital improvement projects, through interviews, attendance at Department/Committee meetings, and solicitation of

Capital Improvement Program 2019-2024

information from Town administrative and volunteer personnel. As noted, the departments, boards, commissions, trustees, and committees were most cooperative and helpful.

Initially, there were significant fluctuations in annual spending totals. The CIP Committee suggested a number of timing changes, to even out spending levels by year.

Next, the CIP Committee utilized 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 further flatten out the tax rate impact graph. (Compare Chart 4.2 to Chart 4.5.)

All the changes made by the CIP Committee are listed in Section 5.6.

Finally, the CIP Committee categorized the projects and expenses listed in Table 3.0, assigning ratings and priorities, as defined in Section 6.10.

It should be noted that further revisions to spending plans will likely alter both planned appropriations and the projected tax rates in future reports. (See Chart 4.7 and Chart 4.8.)

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. Municipal Safety Building Plans** A representative from the CIP Committee has participated in the committee investigating a new municipal safety building, working to establish siting criteria, develop cost estimates, and formulate a campaign to build public support.

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 Plan this year

The CIP Committee recommends the following changes and additions to data submitted by various departments, in order to complete the report, and smooth out fluctuations in the expected tax rate impact. Department initials and line numbers refer to Section 2.0 Project Descriptions and Table 3.0 Expense Detail by Department.

- | | |
|------|---|
| TG.1 | Move Town Office Roof to 2020 and increase estimate from \$50,000 to \$80,000 |
| TG.3 | Move Tax Map Revisions to 2021 |
| TG.5 | Move Software Upgrade to 2021. |
| TG.6 | Move \$10,000 of cost for Municipal Safety Building planning to 2020. |
| TG.8 | Add \$8,000 in 2019 for continued work on the Town House |

Capital Improvement Program 2019-2024

FD.3	Move next fire truck from 2021/2022 to 2022/2023, Change the split in costs to \$165,000 in 2022 and \$335,000 in 20223
FD.5	Add \$160,000 to replace Rescue truck in 2020.
PD.3	Change estimated cost for replacement cruiser to \$45,000 from \$50,000.
PD.4	Change estimated cost for replacement cruiser to \$45,000 from \$50,000.
PD.7	Change estimated cost for new cruiser to \$50,000 from \$60,000.
PD.10	Added \$50,000 for possible building addition to house an evidence room.
HW.9	Move \$100,000 for Accessory Building from 2022 to 2024.
HW.20	Move \$100,000 for Mountain Road Bridge from 2020 to 2021.
HW.21	Move \$200,000 for Scott Road Bridge from 2021 to 2022.
HW.22	Increase funding for Bunker Hill Bridge by \$300,000
TS.2	Move \$11,000 for Grade/Pave Drive to 2023
TS.15	Add \$25,000 for Trash Compactor in 2023
TS.16	Add Well and septic to plan at an estimated cost of \$36,000
TS.17	Add Roof extension and concrete floor to plan at an estimated cost of \$23,000.
SD.16	Move \$50,000 in 2019 to 2024 for Ventilation, Noise, Energy Efficiency.
PB.1	Move \$15,000 for Build Out Analysis to 2022.

5.7 Other Observations

***Tax Rate Impact Figures**

The Tax Rate Impact Figures included in this report were calculated using 2017 total assessment values, because 2018 values were not available by the time of the public hearing, and were not expected to be complete by the time the report was scheduled to be provided to the Selectmen. 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 2018 assessed values are available.

Capital Improvement Program 2019-2024

5.8 CIP vs. Budget vs. Approved

CIP is a planning tool. The following table shows figures from the 2017 CIP report vs. those actually budgeted vs. funds approved by voters at the 2018 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.

2017	Project Description	CIP	Budget	Approved
TG.5	Software Upgrade	(10,000)	(10,000)	(10,000)
TG.6	Municipal Safety Building planning	(10,000)	0	0
FD.1	No 1 Hose Truck	(188,000)	0	(188,000)*
FD.4	Maintenance to Chocorua Station	(18,000)	0	0
HW.2	Single Axle 6 Wheeler Plow/Sander	(180,000)	(170,000)	(170,000)
HW.11	Road Reconstruction & Paving	(280,000)	(250,000)	(250,000)
TS.1	Landfill: Closure Bond	(64,360)	(64,360)	(64,360)
TS.2	Grade and Pave gravel drive	(11,000)	0	0
TS.13	Recycle Storage container open top	(5,207)	(5,207)	(5,207)
	Town Totals	(766,567)	(499,567)	(499,567)
SD.1	School Bond	(198,068)	(198,068)	(198,068)
SD.2	Roof Repairs (p. 33)	(60,000)	(60,000)	(60,000)
SD.14	Hot Water Heater Relacement	(11,000)	(11,000)	(11,000)
SD.18	Flooring: Replace Kindergarten and Main Corridor floors.	(10,000)	(10,000)	(10,000)
	School Totals	(279,068)	(279,068)	(279,068)

Table 5.1 2018 CIP vs. Budget vs. Approved by Voters

* FD.1 No 1 Hose Truck approved in 2017 Town Meeting Article 10.

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 facilities with a gross cost of more than \$5,000; and having a useful life of five years or more; or 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 2019 through 2024.

* Note: Expenditures between 2025 and 2028 are included only where known, and should not be considered as a complete representation.

Figures for Capital Reserves Funds are as of 6/30/18, and do not include transactions from the last six months of the year.

6.3 Authorization

New Hampshire Revised Statutes Annotated (RSAs) 674:5 to 674:8 governs 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 project 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.
- Insure the Master Plan is being implemented.
- Provide a legal basis for use impact fees and growth management ordinances.

6.5 Departments/Boards/Commissions

The CIP Committee contacted the heads/chairs of each of the following departments, boards, and commissions in Tamworth, to request that they prepare a listing for capital spending projects planned or contemplated for implementation during the next six years. Initials used to identify departments in the following tables are listed.

TG	Town Government
FD	Fire Department
PD	Police Department
HW	Highway Department
RS	Rescue Squad(Merged into FD)
EM	Emergency Management
PR	Parks & Recreation
TS	Transfer Station
CM	Cemetery Trustees
CL	Cook Memorial Library
SD	School District
CC	Conservation Commission
ED	Economic Development Commission
PB	Planning Board
ZB	Zoning Board of Adjustment

6.6 Items Not Included

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

Tamworth's share of the \$44 million bond for the new **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 new 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 \$7,500 collected from the Land Use Change Tax be added to the Conservation Fund. The value of the Conservation Fund was \$77,768.33 as of 06/30/2018.

The **Atwood Fund** was a gift to the Rescue Squad from Harriet Atwood. The fund is used to buy needed equipment, under the control of the Rescue Squad. The value of the Atwood Fund was \$3,432 as of 6/30/18.

6.7 Financial Tables

The core of the CIP report is presented in five related tables in Sections 3.0 and 4.0. They contain the financial details for planned capital improvement projects and show the way the projects will be financed.

While Table 3.0 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 Section 5.6. The CIP committee also assigns a rating and priority to each project, as described in Section 6.10.

Table 4.1 Capital Appropriations summarizes Table 3.0 by department, by year. Table 4.1 is automatically generated from the detail in Table 3.0 Expense Detail by Department. This is the anticipated amount of spending required by the town to implement all of the listed projects. Again, this table doesn't reflect the source of funds.

Table 4.2 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.

Capital Reserve fund balances are listed as of June 30, 2018. 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 debits (negative). "Balance Remaining" is the sum of the beginning balance and all transactions for that fund.

Table 4.3 Funds 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 4.1 Capital Appropriations with data from Table 4.2 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.

Table 4.4 Estimated Tax Rate Impact is a calculation of the relative impact of capital improvement projects on real estate taxes. This is merely a proxy, or 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. The rate presented here is for comparison purposes only.

Tax Rate Impact is calculated by multiplying Funds Raised by Taxes by 1,000 and dividing by Total Assessed Valuation.

Capital Improvement Program 2019-2024

This report uses 2017 valuation figures. The total assessed valuation with utilities was \$345,733,099; and the total assessed valuation without utilities was \$329,834,999.

The slope of the graph of Tax Rate Impact is different than the graph of CIP Appropriations by Year, because the former includes sources of income not included in Capital Appropriations.

(*See Section 5.7 for note on assessed valuation figures)

6.8 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).

6.9 Line Number References

The CIP Committee assigns a line number, within department, to each project in Table 3.0 - Expense Detail by Department. The line numbers are primarily used to tie a particular project to the descriptions in Section 4.0 Project Descriptions. Line numbers are not reset every year, so they do not always start with "1", and are not necessarily sequential.

6.10 Rating & Priority

The CIP Committee assigns each project a rating and priority. The values appear in the rows of the table in Section 3.0. 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 scales:

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

Priority:

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

6.11 *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.

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 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.

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. Subsequent payments can be included in an operating budget. Leases typically include a canceling clause, if 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 involves 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 purchase is actually made. A warrant article to create or add to a

Capital Improvement Program 2019-2024

capital reserve requires a majority vote. Since the town began this CIP process, 12 of 16 Capital Reserve Funds have been discontinued.

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 2/3rds vote, but money can be raised over a number of 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.

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 of gravel roads.

Projected maintenance/repairs of Town roads for 2019-2023

2019:		
	Washington Hill Rd.	Rebuild and Pave Rt. 16 to Savory Rd. 4,637' x 21'
	Washington Hill Rd	Rt, 113 to Macgregor Rd. Pave 1" shim and 1" top
		Crack sealing of roads
2020:		
	Great Hill Road	Rebuild and Pave Cleveland Hill Rd. to end of pavement
	Tall Pines Rd.	Shim and Topcoat 3700' x 22'
		Crack Sealing of roads
2021:		
	Depot Rd	Rt. 16 for 2 miles x 22' 1" topcoat
		Crack sealing of roads
2022:		
	Hollow Hill Rd.	Shim and top coat 1,142' x 20'
	Mays Way	Shim and top coat 842' x 22'
		Crack sealing of roads
2023		
	Main St Tamworth Village and Parking Lots	
		Crack sealing of roads

Table 7.1 Projected Road Maintenance

7.2 Bridges

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

The New Hampshire DOT performs biannual 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 repair was scheduled for 2017, with an estimated cost of \$225,000. A new engineering company raised the estimated cost to \$625,000. The work is scheduled for 2019.

This CIP report includes three bridges scheduled for repair: The Bunker Hill Road Bridge over Mill Brook, and the Mountain Road Bridge over Cold Brook, and the Scott Road Bridge over Chocorua River. The Bryant Road Bridge over Mill Brook is Red Listed, but with a National Bridge Inventory Status category of "Not Deficient".