

Town of Hampton Falls
Capital Improvements Program
2023-2028

Prepared by:
Hampton Falls CIP Committee
for
Hampton Falls Board of Selectmen
October 19, 2022



Acknowledgements

The Capital Improvement Committee (CIP) prepared this document on behalf of the Hampton Falls Planning Board and the Board of Selectmen.

Members of the CIP Committee are as follows:

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Jon Ringel, Representing the Planning Board
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Members of the Hampton Falls Planning Board are as follows:

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CAPITAL IMPROVEMENT PROGRAM HAMPTON FALLS, NEW HAMPSHIRE

The town officials in Hampton Falls, like their counterparts in other New Hampshire communities expend a great deal of effort each year establishing a municipal budget. This budget must realistically balance the ever-increasing needs and costs of delivering services to their taxpayers while at the same time staying within the financial constraints of available tax revenues. In recognition of the importance of preventing wide fluctuations in the tax rate, the State authorized the use of a CIP to aid town officials in scheduling the investment of town resources.

RSA 764:5-7 provides legal guidance as to authorization, purpose, description and preparation of the CIP. Undertaking a CIP can only be done after authorization to do so is granted by the local legislative body. This was done by vote of the residents of Hampton Falls at the Annual Town Meeting of March, 1998.

To amend Zoning Article XI by adding a new Section 7, Capital Improvement Program to read: Pursuant to the authority granted under New Hampshire RSA Chapter 674:5 as may be amended, the Town of Hampton Falls hereby authorizes the Planning Board to prepare and amend a recommended program of municipal capital improvement projects projected over a period of at least six years.

The Capital Improvement Plan is an advisory document for the Board of Selectmen and the town's taxpayers when considering major capital projects and expenditures.

HAMPTON FALLS CAPITAL IMPROVEMENT PROGRAM

The Hampton Falls Capital Improvements Program is a budgetary document that schedules all anticipated major Town expenditures for a period of six years. For each expenditure scheduled, the document includes a fiscal analysis that aids in prioritizing that project. The program, when adopted and fully utilized, serves to ensure that the services and facilities necessary to meet the community's needs are provided in accordance with the financial capabilities of Hampton Falls.

For the purpose of this document, the Hampton Falls Planning Board determined that a capital improvement is defined as outside the normal operations and maintenance costs of departmental budgets, with the following characteristics:

- a cost of at least \$5,000;
- a useful life of at least three years;
- is non-recurring (not an annual budget item);
- any project requiring bond financing.

Examples:

- The purchase of land for public purposes
- The purchase, construction, or rehabilitation of a municipal building or facility;
- The construction of roads, drainage facilities, or similar projects;
- The preparation of studies or architectural/engineering plans relative to the above;
- The purchase of vehicles

Advantages of a Capital Improvement Program

The adoption and implementation of a CIP offers many advantages:

1. **Stabilizes year to year variations in capital outlays.** By examining projected operating expenditures and revenues over the six-year period, available funding can be evaluated and capital projects prioritized and scheduled to temper tax impacts.
2. **Substantiates the need for development impact fees.** The costs of providing municipal services and infrastructure to new developments which would otherwise not have required Town expenditures can be reasonably passed on to developers as development impact fees.
4. **Supports growth control and impact fee ordinances.** A current Master Plan and CIP are statutory prerequisites for these regulations.
5. **Facilitates implementation of the Master Plan.** Prioritizing and scheduling of proposed projects over time can eliminate duplication and a random approach to expenditures.
6. **Provides a total picture of Hampton Falls's major needs.** Large expenditures will be viewed in the context of other projects, rather than isolated instances as the needs arise. In this way, activities of municipal departments can be coordinated and piecemeal expenditures discouraged.
7. **Establishes a rational and defensible project schedule.** Needs are evaluated and prioritized in light of anticipated revenues.
8. **Serves as a public information tool.** The CIP is prepared in a public forum and provides sound information on the Town's plans for major expenditures.

In a cooperative effort, the Planning Board and Board of Selectmen review the CIP and make desired revisions prior to adoption. After a public hearing is held, the Planning Board adopts the CIP as the guide for capital projects over a six-year period.

Once the program has been adopted, it is reviewed and updated annually by the Planning Board in conjunction with a committee made up of representatives of the Planning Board, the Board of Selectmen and taxpayers. The CIP recommendations for the upcoming year's budget are presented to the Selectmen. Each annual update adds an additional year to the schedule so that a six-year program period is maintained.

The Budgeting process affords the ability to stabilize the tax rate by spacing programs and payments gradually over a period of time, avoiding peaks and valleys in the appropriations necessary, thus stabilizing the tax rate. It is becoming increasingly important, particularly as state and federal funding programs become less and less available to local communities, that alternate sources of funding are sought and utilized.

The CIP is a stand-alone planning document, the use of which is voluntary by the Town. However, it is important to note that it is complementary to the Town's Master Plan.

Financial Capacity and Method of Financing

Town expenditures can be grouped into two broad categories -- operating and capital. Operating expenses include such items as salaries, utilities, insurance, rent, equipment purchases under \$5,000, etc. Capital expenses are restricted to land, vehicles, buildings, equipment that lasts more than 5 years, building renovations and repairs, and road projects which result in long term improvements.

Capital improvements are generally funded in several ways that are explained below: 1) current revenue, 2) general obligation bonds, 3) capital reserve funds and 5) special revenue sources.

1. **Current Revenue:** The most commonly used method of financing capital projects is through the use of current revenues. Current revenue is the money raised by the local property tax for a given year. When a project is funded with current revenues, its entire cost is paid off within one year. Projects funded with current revenues are customarily lower in cost than those funded by bonds. If the town has the financial capacity to pay for a project in a given year, the cost to the taxpayer will be less than if bonded because there are no interest payments to be made. However, making capital acquisitions with current revenues does have the effect of scheduling an expenditure into one-year resulting in higher taxes for the year of purchase.
2. **General Obligation Bonds:** These bonds are used to finance major capital projects. They are issued for a period of time ranging from five years to twenty years, during which time principal and interest payments are made. They are secured by the government's power to tax and are paid for by property taxes. Time payments have the advantage of allowing the capital expenditures to be amortized over the life of the project and of avoiding the property tax peaks that result from capital purchases made from current revenues. On the other hand, they do commit resources over a long period of time, decreasing the flexibility of how yearly revenue can be utilized.
3. **Capital Reserve Fund:** Since many capital projects involve very considerable expenditures, it is often advantageous to set aside current revenue over a period of years in order to make a purchase. The resulting capital reserve fund can be for general purposes, with its use determined at a later date, or specific, with its purpose set out initially. One obvious advantage of a capital reserve fund is that the major acquisition can be made without the need to go into the bond market and without making interest payments. With capital reserve funds, monies are "removed" from the town's budget in the year in which the money is appropriated, not in the year in which the purchase is actually made.
5. **Special Revenue Sources:** This category includes projects financed by user fees, intergovernmental transfers, grants and gift/donations. Intergovernmental transfers, so-called, are highway aid from the State and the Dept. of the Treasury for general revenue sharing funds. These programs either provide an outright grant or provide matching funds to go with locally raised funds.

Proposed Capital Projects

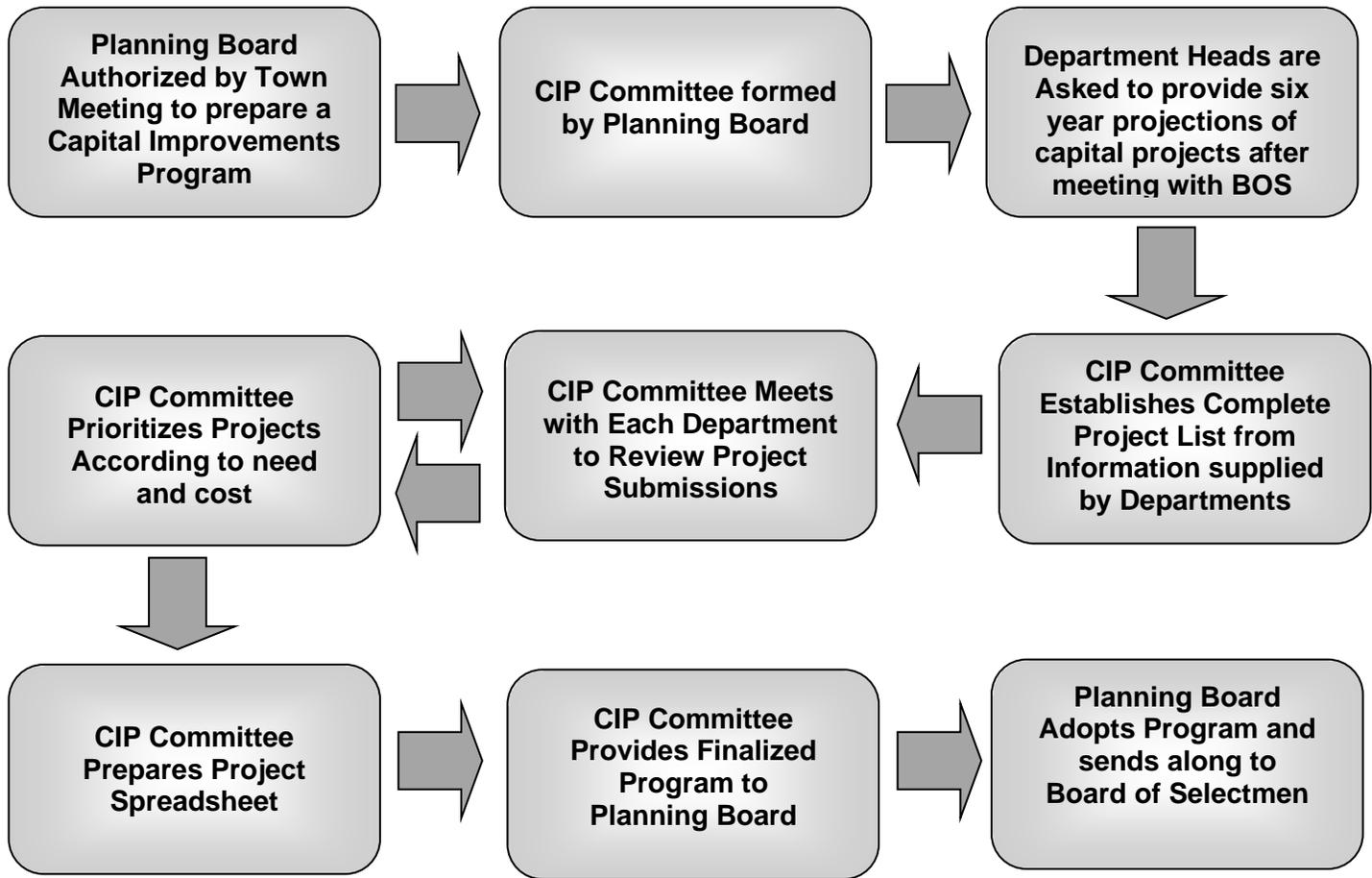
The primary goal of the Capital Improvements Program is to schedule the expenditures so that the peaks and valleys in the Town's annual tax rate are eliminated. The largest expenditures are anticipated and scheduled, and smaller expenditures are worked in around them to create a steady or gradually increasing tax rate.

A goal or target expenditure level is set for each of the years in the project period. For a community that is growing slowly without substantial increases in its tax base from year to year, the sum of the cost of all the projects can be divided by the number of years in the plan to yield a flat expenditure rate. In this case, dividing the expenditures equally over the period would result in a higher tax burden in the earlier years of the plan and a lower burden in later years, as the taxable property increases.

In Hampton Falls' case, the department heads prioritized the projects; a project indicated as Urgent or Priority was scheduled first. Table 1, titled **Hampton Falls Capital Improvement Plan 2023 - 2028** shows anticipated capital projects for the next six years. The projects have been scheduled as submitted by the assorted departments with minimal adjustments made by the CIP committee in an effort to equalize capital expenditures over the six-year plan period.

Copies of the project request forms submitted by department heads that were used in the preparation of this document are on file in the Planning Board office. In order to better understand the projects, a brief description of each is presented below. Unless otherwise indicated, the projects were submitted as being funded with current revenues as described in the financing section above.

Hampton Falls CIP Process



This diagram illustrates the CIP process undertaken by the Planning Board. The final document is an advisory tool to help the Board of Selectmen determine how to allocate Town resources to efficiently and effectively fund the capital requests of the various municipal departments. Aside from authorizing the creation of the CIP and establishing the CIP Committee (steps one and two above) annual updates of the CIP will include each of these.

Table 1 – Hampton Falls Capital Improvements Program 2023-2028

	2023 Ranking	2023	2024	2025	2026	2027	2028	Impact Fees	Grants / Reimbursements
Board of Selectmen									
Revaluation of Properties			15,000	15,000	15,000	15,000	15,000		
Master Plan Update	4-Deferrable	5,000	5,000	5,000	5,000	5,000			
Building and Grounds:									
Restore Windows in Museum	3-Necessary	25,000							Offset by Frying Pan Lane Fund
Restore Windows in Town Hall			25,000						
Conservation Land - Applecrest Bond	C-Committed	130,700	127,981	123,400					
Fire Department:									
Highway Department:									
Road Paving/Culverts	3-Necessary	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000		
Brush Dump Upgrades			\$15,000	\$15,000					
Culvert Replacement– Drinkwater Rd.	3-Necessary	\$140,000							FEMA Grant
Library:									
Police Department:									
Replace Police Cruiser	3-Necessary	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000		
Replace Server for Cameras	2-Priority	\$21,576							Grant Funded
Lincoln Akerman School:									
Bond Payment for Addition	C-Committed	\$273,168	\$271,410	\$271,748	\$274,270	\$271,748	\$270,555	\$271,748	
Bond Payment - 2012	C-Committed	\$91,986	\$90,611						
Asbestos Abatement/Floor Replacement				\$160,000					
Window replacement					\$300,000				

Mechanical Plant Control Upgrade	3-Necessary	\$65,000							
Upgrade Pneumatic Controls			\$125,000						
Repainting Exterior Brick						\$75,000			
Winnacunnet Cooperative District									
Bond Payment	C-Committed	\$157,715	\$158,187						
HVAC	3-Necessary	\$125,000	\$57,000	\$100,000	\$150,000				
Roof Management Plan			\$700,000	\$500,000					
Auditorium Lighting	3-Necessary	\$160,000							
Auditorium Seating				\$225,000					
Replace Chain Link Fence			\$65,000						
Repave Warrior Way					\$90,000				
Field Locker Room, Concessions						\$500,000			
Grandstands for Visitor Football			\$95,000						
Stadium Lights for Football Field	3-Necessary	\$180,000							
Replace Elevator in C Wing						\$100,000			
Replace Silo/Dust Collector						\$40,000			
LED Lighting									
Total expenditures:		\$1,643,145	\$2,023,189	\$1,688,148	\$1,107,270	\$1,279,748			
Minus Grants/CRF/ etc.		\$166,576	\$25,000						
Minus Capital Projects Funds		\$0		\$0		\$0			
Total Anticipated Revenue:		\$85,000	\$85,000	\$85,000	\$70,000	\$70,000			
Total needed to be raised by taxes		\$1,391,569	\$1,913,189	\$1,603,148	\$1,037,270	\$1,209,748			

Project Narratives

Requests for capital projects were solicited from each of Hampton Falls' departments in an effort to determine the level of capital expenditure for the next six years. Each department was asked to provide a narrative description of the capital improvement, an estimated cost and an internal department ranking or priority statement if more than one project was submitted. This information is summarized below to act as supporting documentation of the projects listed on the Capital Improvements Program.

Town Buildings and Grounds and Highway Department

The Highway Department road projects being considered for 2023 are being planned at the same level of expenditure as 2022 and include continued crack sealing of roads, replacement of the culvert on Brown Road, replacement of the cement pad in front of the public safety building and repaving of roads as determined. The major projects will be replacement of the culvert at 70 Drinkwater Road and drainage and paving work on Evergreen Road.

Fencing of the Brush Dump

One of the requirements of a permitted brush dump is that the perimeter be fenced in. The existing chain link fence is in disrepair and is planned to be replaced with a combination of chain link and stockade. The price received for replacing the existing fencing was \$24,000. The project is being reviewed by the Selectmen to determine if plantings along Drinkwater Road would allow the existing fence to remain and funds used to replace the fencing along Parsonage Road.

Town Buildings

Restoration of the old windows at the Town Office and Museum are being considered for 2023 and 2024 (one building per year) at the estimated cost of \$25,000 each. Funds will be allocated from the Frying Pan Lane fund as historic preservation.

Police Department

The cruiser replacement plan is scheduled to be continued. This rotation has worked well for the town and limits the expenses associated with aging vehicles.

The server that is used for storage and control of the cruiser dashboard cameras and the officers body cameras is in need of replacing. At this time the State is offering 50% grant funds for the purpose and it is appropriate that the Town take advantage of that opportunity.

Lincoln Akerman School and Winnacunnet High School

The projects for the Lincoln Akerman School and Winnacunnet High School are not new, they have been re-prioritized and cost estimates updated.