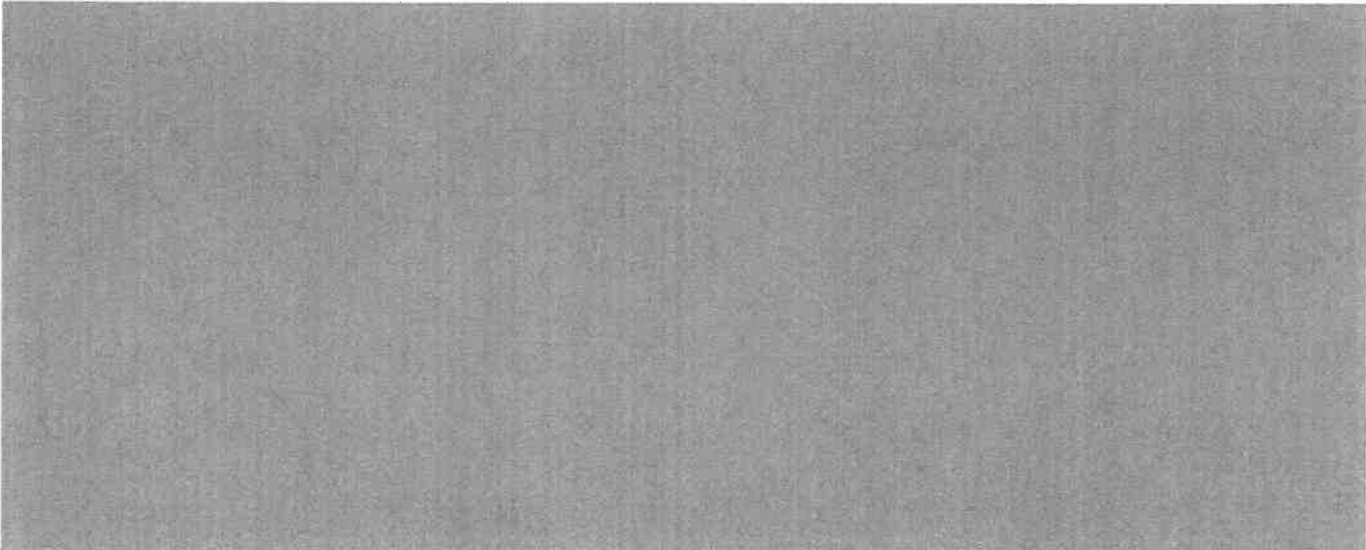


TOWN OF FREMONT, NH

CAPITAL IMPROVEMENTS PROGRAM

2016- 2021

Prepared by the Fremont CIP Committee on behalf of the
Fremont Planning Board, Budget Committee and Select Board
with assistance from Rockingham Planning Commission



**CAPITAL IMPROVEMENTS PROGRAM
FREMONT, NEW HAMPSHIRE
2016-2021**

I. INTRODUCTION

The Town officials in Fremont, like their counterparts in other communities in New Hampshire, 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 constituents while at the same time staying within the financial constraints mandated by available tax revenues. In an acknowledgment of the precariousness of the annual budgetary process, the General Court authorized the use of a Capital Improvements Program (CIP) to aid town officials in scheduling the investment of Town resources.

New Hampshire RSA 674:5-7 provide 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 a vote of the residents of Fremont at the annual Town Meeting of 1987.

674:5 Authorization. – In a municipality where the planning board has adopted a master plan, the local legislative body may authorize the planning board to prepare and amend a recommended program of municipal capital improvement projects projected over a period of at least 6 years. As an alternative, the legislative body may authorize the governing body of a municipality to appoint a capital improvement program committee, which shall include at least one member of the planning board and may include but not be limited to other members of the planning board, the budget committee, or the town or city governing body, to prepare and amend a recommended program of municipal capital improvement projects projected over a period of at least 6 years. The capital improvements program may encompass major projects being currently undertaken or future projects to be undertaken with federal, state, county and other public funds. The sole purpose and effect of the capital improvements program shall be to aid the mayor or selectmen and the budget committee in their consideration of the annual budget.

Although this document must have the authorization of the local legislative body, its use, once completed, is entirely advisory. The document is structured to provide a multi-year (at least six) recommended program of major capital projects and expenditures.

II. FREMONT CAPITAL IMPROVEMENT PROGRAM

The Fremont 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 Fremont.

For the purpose of this document, the Fremont Planning Board determined that a capital improvement is to be defined as: a major, generally non-recurring, expense of \$10,000 or more which falls into one of the following categories:

- The purchase of land for public purposes;
- The purchase, construction, or rehabilitation of a municipal building or facility;
- The construction or repair of roads, drainage facilities, or similar projects;
- The preparation of studies or architectural/engineering plans relative to the above;
- The purchase of vehicles; and
- The purchase of equipment with a life expectancy of over five years.

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.
3. **Make pre-emptive acquisitions more feasible and defensible.** Anticipating and scheduling land purchases for municipal use, recreation, preservation, etc. will help ensure that opportunities are taken if they arise.
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 Fremont's major needs.** Large expenditures will be viewed in the context of other projects, rather than in 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, Board of Selectmen and Budget Committee 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, Budget Committee, and the Board of Selectmen. This is especially important when the voters at Town Meeting do not fund all proposed capital projects. The CIP recommendations for the upcoming year's budget are presented to the Selectmen and Budget Committee. Each annual update adds an additional year to the schedule so that a six-year program period is maintained.

The CIP provides Fremont with an opportunity to schedule future capital expenditures necessary to support the existing and forecasted population. At the same time the Capital Program Budget process is a means of providing input into the Budget Committee Hearings process and Town Meetings, effectively implementing the Master Plan. A Capital Improvement Program and Budget is utilized to realistically measure public expenditure needs to implement programs provided for in the Master Plan and relate them to the Town's growth, then provide for the scheduling for such improvement.

The Capital Budgeting process affords the ability to stabilize the tax rate by spacing programs and payments gradually over a period of time, thus 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.

A CIP can assist Fremont's measurement of capital expenditures required by proposed developments (even though in conformance with the Zoning Ordinances and Subdivision Regulations) against the Town's ability to provide means necessary to support such new developments. It is through this process that a Planning Board may require off-site improvements in support of development rather than placing burdens of public improvements on the general public. This is especially true when the only beneficiary will be the developer who is proposing the development and those ultimately living in such development.

It is this process that also makes the Town realize that Capital expenditures necessary for new development and expansions of old ones are creating a burden on the public funding process. New developments can be reasonably assessed for their fair share of capital facility needs.

For Fremont to provide services without unduly burdening its financial capability, the Town should use a managed growth process. State Statutes require that a community, before exercising growth management, adopt a Master Plan and a Capital Improvement Program. The CIP must not merely indicate a community's inability to provide for rapid growth, but also indicate how financial planning can meet needs arising from future community growth.

Once the Planning Board has adopted a Capital Improvement Program and outlined a capital budget for the Town to consider, efforts toward community growth management must be related to the CIP process. The Planning Board measures new and proposed development, determining its inappropriateness in a schedule of timing, or its appropriateness in keeping with the community's ability to provide services, as well as its relationship to growing physical development.

It is through these means that the Planning Board can measure the need for off-site improvements such as road and traffic safety, can assess the impact of a proposed development, and can provide for orderly development of the community and implementation of the community's Master Plan.

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. The major facility upgrades programmed in the CIP for the library, fire department and highway department are all discussed in the community facilities chapter of the Master Plan. Reasons for constructing these improvements are offered as long term planning goals for each of these departments. The CIP serves as a mechanism to help bring about these community improvements in a financially responsible way.

While Fremont has demonstrated a commitment to wise land-use planning through the implementation of its Master Plans and resulting regulations, the Planning Board must continue its effort to manage its rate of growth. The CIP helps to do this in a structured manner.

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 five ways that are explained below: 1) current revenue, 2) general obligation bonds, 3) revenue bonds, 4) 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. **Revenue Bonds:** These bonds are issued to finance revenue-producing facilities, such as water and sewer services. Revenue bonds differ from general obligation bonds in that, while the town secures them, they are paid for out of revenues generated by the improvement being financed. Thus, a water distribution system improvement, funded through revenue bonds, would be paid for by revenue received from water users. User fees, with no local tax money involved therefore pay for the floating of these bonds. The use of such bonds in Fremont would be limited due to the lack of municipal water or sewer services.
4. **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 NH Dept. of Transportation, the Environmental Protection Agency for sewer projects, the Dept. of Housing and Urban Development for community development projects, 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.

III. 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 of 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 Fremont's case, the department heads prioritized the projects. The following table, titled **Fremont Capital Improvement Plan 2016 - 2021** shows anticipated capital projects for the next six years. The projects have been scheduled as submitted by the assorted departments. For future CIPs, the CIP Committee should work with department heads to prioritize projects and possibly shift the timing of some projects 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.

Table 1 - Fremont Capital Improvements Plan

[illegible]

Department and Project Description	2016	2017	2018	2019	2020	2021	Donations / Grants	Warrant Article	Sub Total	Total
Fire Department	\$50,000	\$350,000	\$50,000	\$50,000	\$50,000	\$50,000	\$0	\$0	\$0	\$600,000
<i>Description: Replacement of Tank 4</i>										
	\$0	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000
<i>Description: Annual savings to Capital Reserve Fund.</i>										
	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$0	\$0	\$0	\$300,000
Police Department	\$80,000	\$12,000	\$22,400	\$80,000	\$0	\$0	\$0	\$0	\$0	\$194,400
<i>Description: Cruiser replacement program</i>										
	\$80,000	\$0	\$0	\$80,000	\$0	\$0	\$0	\$0	\$0	\$160,000
<i>Description: Replacement of Base Radio</i>										
	\$0	\$12,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000
<i>Description: Replacement of Portable Radios</i>										
	\$0	\$0	\$22,400	\$0	\$0	\$0	\$0	\$0	\$0	\$22,400
Highway Department	\$355,000	\$355,000	\$355,000	\$545,000	\$355,000	\$355,000	\$0	\$0	\$0	\$2,320,000
<i>Description: Backhoe replacement</i>										
	\$0	\$0	\$0	\$120,000	\$0	\$0	\$0	\$0	\$0	\$120,000
<i>Description: Annual savings to Capital Reserve Fund.</i>										
	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$0	\$0	\$0	\$150,000
<i>Description: Replacement of 2 miles of roadway per year.</i>										
	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$0	\$0	\$0	\$1,980,000
<i>Description: One ton truck replacement</i>										
	\$0	\$0	\$0	\$70,000	\$0	\$0	\$0	\$0	\$0	\$70,000
School District	\$0	\$0	\$1,077,645	\$1,020,992	\$1,000,832	\$960,672	\$0	\$0	\$0	\$4,060,141
<i>Description: Upgrading and rehabilitation of Ellis School. Estimated cost: \$12,737,500. This estimate is very preliminary. The bond for this project is proposed to be on the 2017 Town Warrant. The NH Municipal Bond Bank has provided an estimated debt schedule for the principle and interest costs on a bond of this amount for a 20 year term starting in 2018.</i>										
Total	\$721,976	\$980,190	\$1,686,785	\$1,873,592	\$1,573,442	\$1,529,092	-\$3,000	\$0	\$0	\$8,362,077

VI. Project Narratives

Requests for capital projects were solicited from each of Fremont's 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.

Conservation Commission

- **Land Conservation** - The purchase and conservation of land identified by the Open Space Plan or conservation easements on these land. An original \$1 million bond was approved in 2006; to date only \$65,000 has been used (and paid off). This leaves a total of \$935,000 of the bond authorized, but unissued for conservation land protection.

Library

- **Repair of Library Vent Stacks** – The wood has rotted on both vent stacks and unless the stacks are repaired or replaced soon there the potential to cause additional damage to the facility. The Library Trust Fund currently has \$3,000 earmarked to be used towards this project. The Select Board has discussed utilizing the Town's emergency repair fund to pay for this repair.
- **Library Bond** - The Town took out a twenty year Capital Reserve Bond in order to build the library in 2005. The Bond is expected to be paid off by the year 2025. Over the course of this CIP (2016 – 2021), the town must pay a total of \$350,800 in principle and interest charges.

Selectmen's Office

- **Bridge Replacement** – Two bridges in Fremont, Martin Road Bridge and Sandown Road Bridge, have been identified by NH Department of Transportation as being in need of repair or replacement. The Town will be responsible for covering some of this cost and has set up a Capital Reserve Fund in order to finance these projects and proposes to contribute \$25,000 annually to the fund. Currently, the Martin Road bridge rehabilitation cost from NHDOT 10 Year Plan are estimated to be \$589,824 and it is scheduled for replacement in 2021. NHDOT's local assistance program usually covers 80% of the cost; this would leave Fremont with a cost share of \$117,965. Costs to rehabilitate the Sandown Road Bridge) are not currently available as the project is not part of the NHDOT 10 Year Plan. Based on details on the condition of the Sandown Road Bridge, and its relative size, the project is assumed to be similar to the Martin Road bridge project.
- **Generator replacement and purchase** – The Town Hall and Town Safety Complex are both in need of having their aging generators replaced. The Ellis School currently has no generator but is identified as the Town's emergency shelter and would not be capable of providing adequate accommodations (heat, water, sanitary facilities) for more than a short period.
- **Town Re-evaluation** – The Town is required to conduct a re-evaluation of all properties every five years and proposed to continue contributing \$10,000 annually to a Capital Reserve Fund to pay for this cost.
- **Town Hall Repairs (Floor)** – The Town Hall's floor has not had any maintenance since 1990 and is need of repair.
- **Town Hall Basement Renovations** – The Town has continually been putting funds in to a Capital Reserve Fund in order to continue renovations of the Town Hall basement in order to provide better, more efficient work space, and to provide a better meeting space for public meetings.
- **Safety Complex Repairs** – The Safety Complex is in need of several repairs in order for the facility to be maintained and for it to be utilized during emergency situations. These repairs include need for a new roof, new well, new generator, new furnace, and the parking lot is in need of repaving.
- **Safety Complex Bond** – The twenty year bond to fund the Safety Complex construction was approved in 1998 and will be fully paid off by 2017. During the course of this CIP the principle and interest cost on this bond totals \$97,154.

Police Department

- **Cruiser Replacement** – The police cruisers are currently on a three and six- year replacement schedule, with primary cruisers being replaced every three years and secondary cruisers being replaced every six years. Over the course of this CIP, two cruisers will need replacement at a cost of \$80,000 each.
- **Radio Replacement** - The police department is in need of replacing both their base and portable radios as their current radios are considered technologically obsolete.

Fire Department

- **Capital Reserve Fund Contributions** –The department proposes to continue to contribute \$50,000 annually towards its Capital Reserve Fund for vehicle replacement.
- **Tanker Truck Replacement** – The Tank 4 truck is the oldest truck with the department and is 26 years old (as of 2015). NFPA standards stipulate truck replacement every 20 years due to changes in technology and apparatus safety. The replacement truck is estimated to cost \$300,000.

Highway Department

- **Backhoe Replacement** – The existing backhoe will be 15 years old at the time of replacement with approximately 9,000 to 10,000 hours of use on it. It is possible that the backhoe may have some trade-in value to help offset the estimated \$120,000 replacement cost.
- **One-ton Truck Replacement** – The current truck is anticipated to have 80,000-100,000 miles on it by 2019 at which time it will be in need of replacement. The estimated replacement cost of \$70,000 may be offset by the trade-in value.
- **Capital Reserve Fund Contributions** – The highway department proposed continuing to contribute \$25,000 annually to the highway equipment capital reserve fund.
- **Replacement of Two Miles of Roadway Annually** – Fremont has approximate 38 miles of roadway and a typical roadway lasts for approximately 20 years. At this rate, the town must replace about two miles of roadway a year in order to maintain all local roads. It is estimate that this annual replacement cost is between \$300,000 and \$330,000 per year. Over the past several years only 0.5 miles of roadway have been replaced annually due to budgetary constraints. The Highway Department is currently developing a road maintenance plan with assistance from the Town Engineer and based on data collected by Rockingham Planning Commission utilized an NH Department of Transportation protocol. (See Appendix A for a preliminary map of road conditions in Fremont.) This maintenance plan is intended to strategically target those roads in need of repair while considering the amount of traffic, road condition, and repair costs.

School District

- **Ellis School Upgrades and Rehabilitation** – The School Board has discussed needed upgrades and rehabilitation of the Ellis School and has received a preliminary estimate of \$12,737,500 for the potential cost of all upgrades being considered. The proposed cost of a twenty-year bond of this amount starting in 2018 would be over \$4 million dollars during the course of this CIP through 2021. Due to the high cost of the proposal, the School Board has withdrawn the proposal at this time.

Cost Estimate:**Capital Costs**

(itemize as necessary Dollar Amount (in current \$))

\$ _____ Planning/feasibility analysis
_____ Architecture/engineering fees
_____ Real estate acquisition
_____ Site preparation
_____ Construction
_____ Furnishing & equipment
_____ Vehicles & capital equipment
_____ Other _____
_____ Unknown
_____ Capital Reserve

\$ _____ **Total project cost**

Impact on Operation & Maintenance Cost or Personal Needs

☐ Add Personnel
☐ Increased O & M Costs
☐ Reduced personnel
☐ Decreased O & M Costs

Dollar Cost of Impacts If Known

+ \$ _____

(-) \$ _____

Sources of Funding:

Grant from: _____ \$ _____
Loan from: _____
Donation/bequest/private _____
User Fees & Charges _____
Capital Reserve Withdrawal _____
Impact Fee Account _____
Current Revenue _____
General Obligation Bond _____
Revenue Bond _____
Special Assessment _____

Total Project Cost \$ _____

Form Prepared By:

(Signature)

(Title)

(Dept./Agency)

(Date prepared)

FREMONT CAPITAL IMPROVEMENTS PROGRAM
Capital Project Worksheet and Submission Form

Department:		Department Priority: _____ of _____ Projects								
*Note: Projects should be estimated to cost \$10,000 or greater and last more than 5 years.										
Type of Project (check one)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> </table>								Primary effect of project is to: 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 The purchase of equipment with a life expectancy of over five years	
Project Description <div style="height: 100px;"></div>										
Rationale for Project: (check those that apply; elaborate below)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> </table>									Removes imminent threat to public health or safety Alleviates substandard conditions or deficiencies Responds to federal or state requirements to implement Improves the quality of existing services Provides added capacity to serve growth Reduces long-term operating costs Provides incentive to economic development Eligible for matching funds available for limited time

Narrative Justification

Please provide cost estimates on reverse side.