Town of Kingston

Capital Improvements Program

2010-2015

Prepared by:
The Kingston Capital Improvements Committee for
the Kingston Planning Board
July, 2010

Acknowledgements

The Capital Improvements Committee (CIP) prepared this document on behalf of the Kingston Planning Board, the Board of Selectmen and the Budget Committee.

Members of the CIP Committee are as follows:
Glenn Coppelman, Chairman, representing the Planning Board
Ernest J. Landry, representing the Planning Board
Richard Wilson, representing the Planning Board
Lynn Gainty, representing the Budget Committee
Ellen Faulconer, Vice-chair, representing the Budget Committee
Debra F. Powers, representing the Budget Committee
Peter V. Broderick, representing the Board of Selectmen
Ronald Conant, Alternate, representing the Budget Committee

Members of the Kingston Planning Board:
Norman Hurley, Chairman
Richard Wilson, Vice Chairman
Glenn Coppelman
Jay Alberts
Ernest J. Landry
Charles Hart, Board of Selectmen's representative
Richard D. St Hilaire (alternate)
Marilyn B. Bartlett (alternate)

CAPITAL IMPROVEMENTS PROGRAM
KINGSTON, NEW HAMPSHIRE

I. INTRODUCTION

The Town officials in Kingston, 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 Kingston at the annual Town Meeting of 1985.

> ***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. KINGSTON CAPITAL IMPROVEMENT PROGRAM

The Kingston 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 Kingston.

For the purpose of this document, the Kingston 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 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 Kingston'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, the first year of the program is envisioned as a trial run for the 2009 capital budget which, when combined with the operating budget, is the total municipal budget for the year.

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 Kingston 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 Kingston'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 Kingston 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 Kingston 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 $2,500, 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. A sixth revenue source, the Infrastructure Development Fund is particular to the Town of Kingston and is described below as well.

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.

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 Public Works and Highways, 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.

6. **Infrastructure Development, Improvement and Maintenance Fund:** On March 13, 2007, the Town of Kingston voted to rescind the provisions of RSA 31:95c that had been previously adopted to restrict 100% of the revenues generated from the operation of the Kingston Landfill ("*Landfill Accoun*t") for expenditures for the operation and future closing of the

Kingston Landfill due to its closure in 2004. The Town also voted to restrict $1,400,000 (One million, four hundred thousand dollars) from that fund to a Capital Reserve Fund, under the provisions of RSA 35:1, for the purpose of satisfying the municipality's obligation to monitor and maintain the closure of the Kingston Landfill as required by the State of New Hampshire.

The third action taken on that same date was to establish a general trust fund, under RSA 31:19-a II, to be known as the *"Town of Kingston Infrastructure Development, Improvement and Maintenance Fund"* for the purpose of building, expanding, improving and maintaining Town-owned structures and improvements; the intent of this vote was to establish a Revocable Trust. At that time, $6,000,000 (Six million dollars) was placed into that account from the remainder of the funds in the Landfill Account. The Town authorized the Board of Selectmen as agents to expend those funds for the purposes listed, but only those monies earned through investment, including interest and dividends; the original investment of $6,000,000 was not able to be expended without additional vote of the Town.

During the Capital Improvement Plan process, the possibility of utilizing a portion of the original investment of $6,000,000 for the capital building projects has been discussed as a funding option. Any utilization of the original investment would require Town meeting action. There has also been discussion of utilizing the earned investment (either yearly or by saving up the investment earned for multiple years) to help fund the proposed building projects in the Capital Improvement Plan; this option would require Board of Selectmen approval to expend those funds for that purpose. A third option was the possibility of using the yearly earned investment funds to eliminate the tax impact of a bond for the building projects; this proposal would also require Town meeting action.

III. **Proposed Capital Projects**

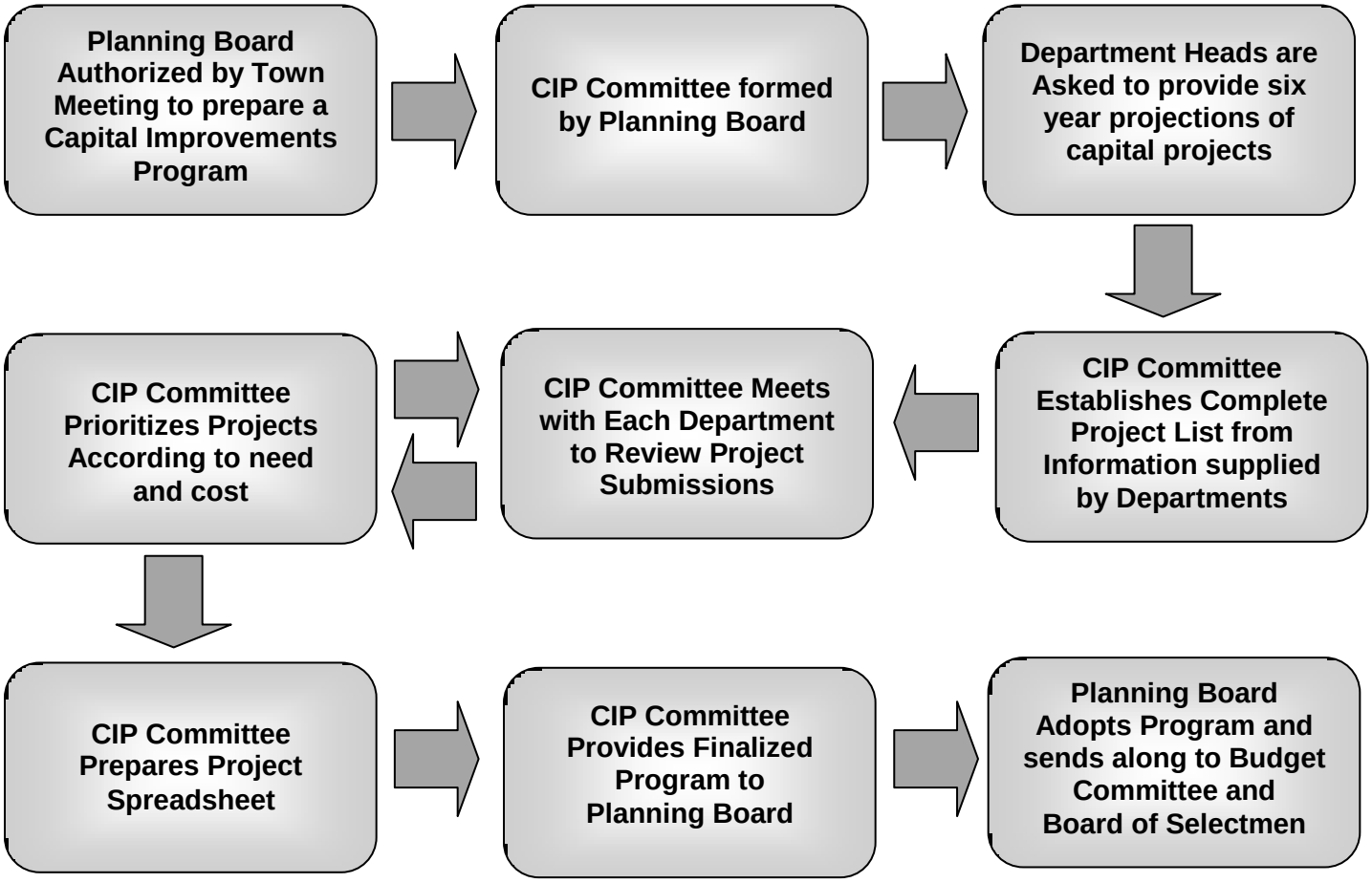
The primary goal of the Capital Improvements Program is to schedule the expenditures so that the peaks and valleys in the Town's annual tax rate are eliminated. The largest of expenditures are anticipated and scheduled, and smaller expenditures are worked in around them to create a steady or gradually 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 Kingston's case, the department heads prioritized the projects; a project indicated as essential was scheduled first. Table 1, titled **Kingston Capital Improvement Plan 2010 - 2015** 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.

Kingston CIP Process



This diagram illustrates the CIP process undertaken by the Planning Board in 2009. The final document is an advisory tool to help the Board of Selectmen and Budget Committee 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 steps.

TABLE 1
Kingston Capital Improvement Plan 2010-2015

	2010	2011	2012	2013	2014	2015	Donations	Grants/ Reimbursements	Capital Reserve Fund
Recreation Commission:									
Rehab existing building and property at former YMCA camp on Main Street.	$45000*						$5000		$40000
**$40000 approved at 2010 Town Meeting; $40000 withdrawn from Capital Reserve Fund*									
Highway Department:									
New Highway Garage with Office Space	$450000								$450000
Rebuild Great Pond Road and install box culvert	$165,000							$132,000	$33,000
Vehicle Replacement	$107,000*	$75,000	$75,000	$75,000	$75,000	$75,000			
** $50000 approved at 2010 Town Meeting to be added to CRF.*									
Ball Road Bridge and Two Culverts	$375000							$300000	$75000
North Road culvert replacement			$85000						
Mill Road culvert replacement				$65000					
Replace Country Pond outlet bridge (50/50 split with Newton)					$106250	$106250			
Purchase New Farm Tractor			*request removed*						
Buildings and Grounds:									
Replace Dodge van with pick-up truck	*request removed*								

TABLE 1
Kingston Capital Improvement Plan 2010-2015.

	2010	2011	2012	2013	2014	2015	Donations	Grants/ Reimbursements	Capital Reserve Fund
Buildings/Grounds, cont.:									
Replace Dodge pick-up		$42000							
New Lawn Mower, 60" zero turn				$14000					
Replace Police Station roof			$16000						$16000
Install new Ball Fields at Fairgrounds				$50000	$50000	$50000			
Generator for Town Hall	$28000							$28000	
Library:									
CRF for Library Building	$40000*								
** $40000 approved at 2010 Town Meeting to be added to the CRF*									
Construct new Library building on land owned by the Town		$3200000							<3000000> $200000
Police:									
Replace bullet-proof vests for all officers (need to be replaced every 5 years)					$14000				
Open Space Preservation:									
Acquire open space or conservation easements on approximately 1,650 acres of land.	$107000*	$107000	$107000	$107000	$107000	$107000			
**$28000 approved at 2010 Town Meeting to be added to CRF*									

TABLE 1
Kingston Capital Improvement Plan 2010-2015

	2010	2011	2012	2013	2014	2015	Donations	Grants/ Reimbursements	Capital Reserve Fund
Fire Department									
Fire Vehicle Replacement	$160000*	$160000	$160000	$160000	$160000	$160000			
**Article to fund CRF failed at 2010 Town Meeting.*									
Replacement of Ambulance #2				$170000					$170000
Fire Station Expansion – plans	$9500*								$9500
**Article to fund this proposal failed at 2010 Town Meeting.*									
Fire Station Expansion – architectural drawings		$25000							$25000
Fire Station Expansion				$1700000					<$1424133> $275867
Welfare:									
Expand Food Pantry	*request removed*								
Historic District Commission:									
Put HDI and HDII in the National Register of Historic Places	$25000						$15000		

TABLE 1
Kingston Capital Improvement Plan 2010-2015

	2010	2011	2012	2013	2014	2015	Donations	Grants/ Reimbursements	Capital Reserve Fund
Sub-Total:	$1,511,500	$3,609,000	$443,000	$2,341,000	$512,250	$498,250	$20,000	$460,000	<$4,424,133> $1,124,367
Minus Grants/Reimbursements/ Donations/Capital Reserve Funds	$1,072,500	$225,000	$16,000	$445,867	$0	$0			
Minus <Bonds/"Landfill" Funds>		<$3,000,000>		<$1,424,133>					
Total amount to be raised by direct taxation:	**$439,000**	**$384,000**	**$427,000**	**$471,000**	**$512,250**	**$498,250**			

VI. Project Narratives

Requests for capital projects were solicited from each of Kingston'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.

Library

The Kingston Library Trustees are proposing the construction of a new facility to be located on Town owned land in northern Kingston. The current proposal is for $3.2 million dollars. The existing facility is undersized and is not ADA compliant. The CIP includes one year of funding a capital reserve fund of $40,000 in 2010 with construction of the new building in 2011.

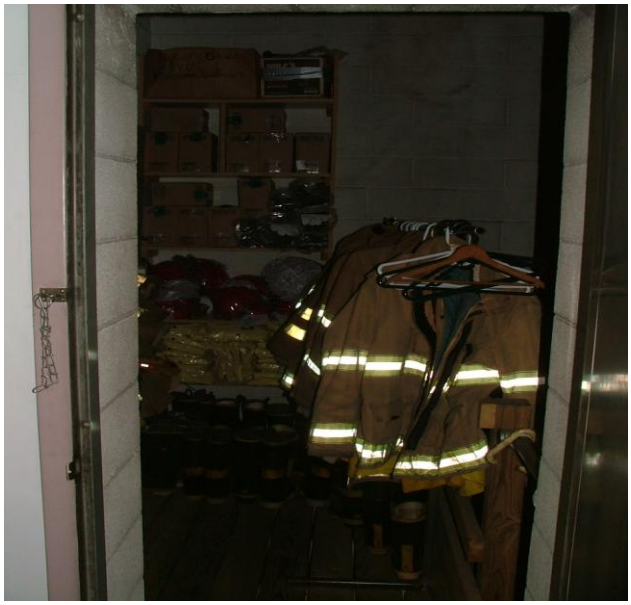
Police Department

The Police Department has only one project proposal for the CIP. It is a project to replace all the existing bullet proof vests for the department's officers. The cost of this project is $14,000 and it is scheduled for funding in 2014.

Open Space Preservation

The Town of Kingston Master Plan has set a goal to conserve 25% to 30% of the total acreage in town as open space. Resources for conserving open space include such things as grants, donations of land, preservation under innovative zoning ordinance and funding appropriated by the town. The anticipated total cost for completing this undertaking is approximately $7.5 million dollars. After factoring in potential grants, land donations and innovative zoning and funds currently in the Land Acquisition Capital Reserve Fund the additional funding needed to be appropriated for this project is just over $2 million dollars. Achieving that level of funding in a 20 year time horizon needs an annual allocation of $107,000 per year.

Fire Department



The Kingston Fire Department has submitted several projects to the CIP. The Department has a vehicle replacement program to insure that emergency vehicles are replaced in a timely manner with appropriate vehicles. On the CIP several of these vehicles have been combined into one line item called "Fire vehicle replacement. This line serves to replace the fire chief's response vehicle, utility vehicle #1 as well as the twenty year replacement of Engine #3. This allocation in the CIP is for $160,000 annually.

The second project of note for the Fire Department is the renovation of the Central Fire Station. This project included design work at $9,500 in 2010 and $25,000 in 2011 and the construction of the renovations in 2013 at a cost of $1,700,000. The department currently has $309,000 in a capital reserve fund for this project.

The Department proposes to replace Ambulance 2 in 2013 at a cost of $170,000 of which $170,000 is held currently in a capital reserve fund.

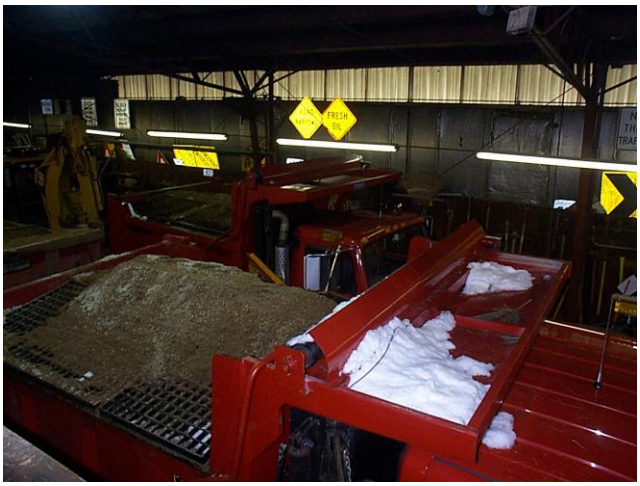
The final project submitted by the Kingston Fire Department is the purchase of 21 self contained breathing apparatus units. The purchase of these units is scheduled for 2014 at a cost of $105,000.

Recreation Commission

The sole project of the Recreation Commission is the rehabilitation of the existing structure and immediate property of

the former YMCA camp located on Main Street. The town has recently acquired this property and these renovations are anticipated to broaden the potential uses of the facility. The cost is anticipated at $45,000 with $40,000 available in an existing capital reserve fund and an additional $5,000 raised in donations. The project is programmed for 2010.

Highway Department



The Highway Department is requesting the replacement of the 30 year old Highway shed which has significantly deteriorated and no longer serves as an adequate base of operations for the Kingston Highway Department. Replacement will alleviate substandard conditions for working and meet the federal and state guidelines for health safety. A new highway garage with office space is required for our growing needs and to house expensive vehicles from the elements of harsh New England weather. The estimated cost would be in the $450,000 range and is programmed for 2010.

The Highway Department has estimated that over the next 6 years they will replace a number of vehicles and the CIP proposes a vehicle replacement line as is done with the Fire Department. The annual funding level is $107,000 and the following vehicles will be replaced:

Truck #4 for $64,000 which replaces the 1999 Ford F450 4x4 dump truck with a plow and sander in 2010.

Truck #5 for $48,000 which replaces the 2002 F350 pick up 4x4 with a plow in 2011.

Truck #2 for $150,000 which replaces a 1996 Ford L8000 dump with plow and sander in 2012.

Back Hoe for $142,000 which replaces the 1999 CAT 426 Extended-A-Hoe with thumb and wrist in 2013.

Rubber Tire Excavator 140-160 HP, with Thumb, Mower, Wrist for $210,000 in 2014.

The CIP proposes funding for the following bridge repair projects:

1. Great Pond Road and install box culvert for $165,000 in 2010, this road services over 100 homes and floods each year, there is only one way in and out of this area.
2. Ball Road Bridge and 2 culverts for $375,000 in 2010
3. North Road culvert replacement for $85,000 in 2012
4. Mill Road culvert replacement for $65,000 in 2013
5. Country Pond Outlet Bridge (50/50 split with Newton) in 2014

The CIP programs the following general Town Buildings & Maintenance projects:

1. Farm Tractor for $38,000 in 2012, this helps us with town property maintenance and will replace the current 1953 farm tractor. (request withdrawn)
2. New pick up truck to replace Dodge Van for $42,000 in 2011
3. New Lawn Mower in 2013 or $14,000
4. Put aside funds for new Ball Field at Kingston (Comeau Park) Fair Grounds starting in 2013 with an annual funding level of $50,000 (total of $275,000).

Historic District Commission

The Kingston Historic District Commission (HDC) is proposing to get Historic Districts 1 and 2 listed on the National Register of Historic Places (NRHP). The NRHP is the official list of the Nation's historic places worthy of preservation, and Historic District 1 has already been determined eligible for inclusion on the Register. National Register status will provide formal recognition of Kingston's Historic Districts' historical, architectural and archeological significance based on national standards. National Register listing will help to encourage preservation of this historic/cultural resource, and make projects within the Districts eligible for federal financial incentives such as planning & rehabilitation grants and investment tax credits.

The process of applying for National Register status is a long and complicated one. As such, a historic preservation consultant will be hired to conduct the required research, write the application and file it with the National Park Service, the federal agency responsible for the NRHP. The funds sought through the CIP will help to pay for this effort. $25,000 is programmed for this project in 2010 with $15,000 in donated services available.