

## **Acknowledgements**

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

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# 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.

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 fire department is discussed in the community facilities chapter of the Master Plan. Reasons for constructing this improvement are offered as

long-term planning goals for the Fire Department. 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 out-right 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 Account*") 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. The townspeople have voted one time to utilize monies from this fund to be used for building the new Community Library in March 2011. The Infrastructure Fund currently (December, 2017) has \$4,786,901.34.

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 for several projects. Any utilization of the original investment would require Town meeting action and as noted this has happened only one time for building the Kingston Community Library which the townspeople supported. 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**

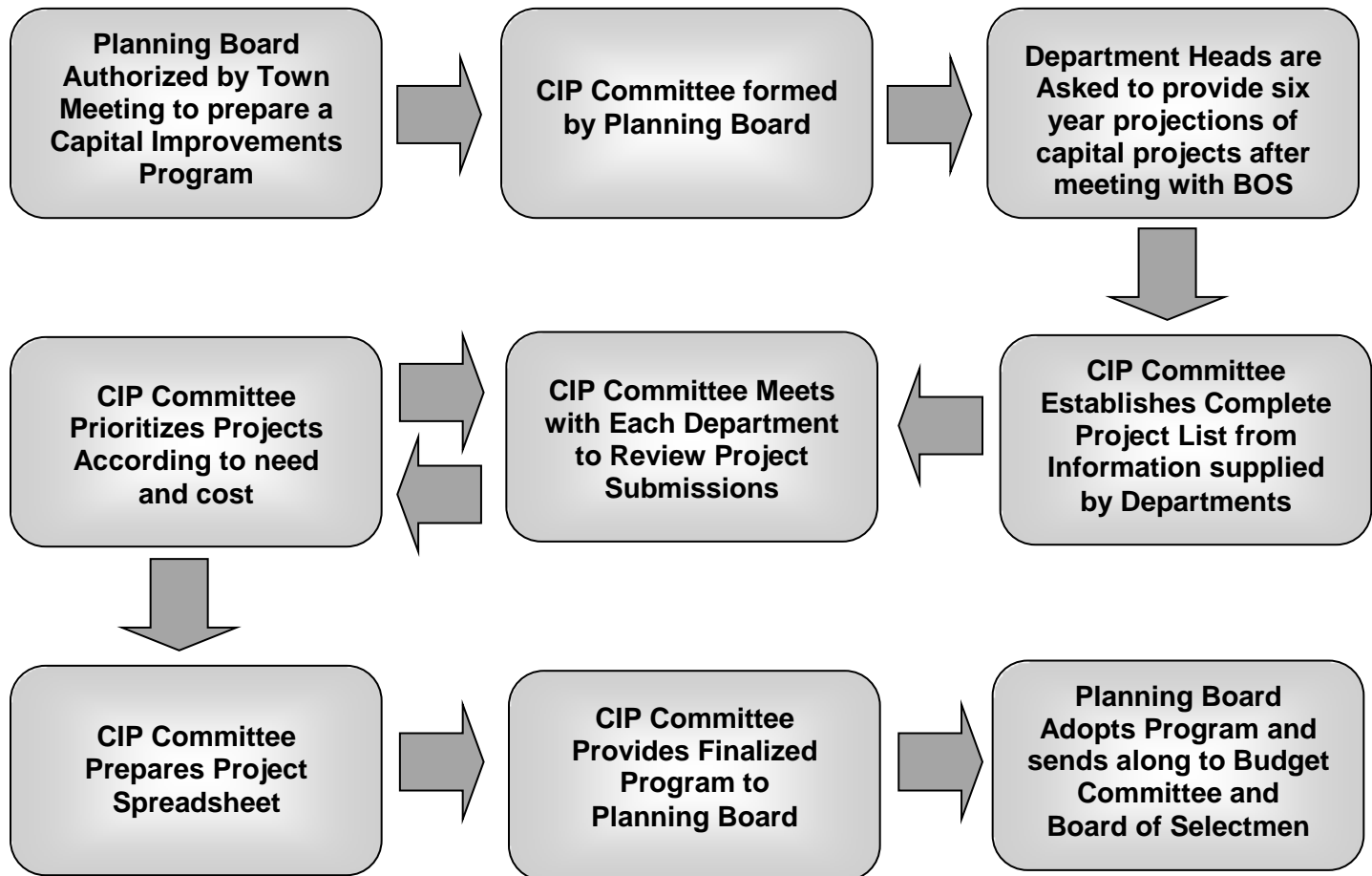
The primary goal of the Capital Improvements Program is to schedule the expenditures so that the peaks and valleys in the Town's annual tax rate are eliminated. The largest of expenditures are anticipated and scheduled, and smaller expenditures are worked in around them to create a steady or gradually 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 2018 - 2023** 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.** 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



**Table 1 -Kingston 2018 Capital Improvements Program**

	2018	2019	2020	2021	2022	2023	Impact Fees	Grants /Reimbursements	CRF
<b>Building and Grounds:</b>									
Replace Dodge Van with Pick-up		\$35,000							
Replace Dodge Pick-up				\$42,000					
Replace the HVAC System at the Police Station	\$40,000								
<b>Fire Department:</b>									
Foresrty 1 Replacement			\$90,000						\$90,000
Ambulance 1 Replacement	\$235,500								\$201,000
Tank 1 Replacement				\$400,000					\$400,000
Design Plans for New Station	\$270,000								\$270,000
Construct New Central Fire Station		\$4,000,000					\$50,556		\$218,922
<b>Highway Department:</b>									
Vehicle Replacement	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400				
Replace Bridge on Main Street						\$850,000		\$600,000	
Replace all the Highway Department portable radios	\$12,000							\$4,000	
<b>Nichols Building:</b>									
Contract for an Historic Building Assessment	\$10,000							\$5,000	
General Masonry repair and repointing	\$35,000								
Replace storm and regular windows	\$25,250								
Repair stained glass windows	\$7,333	\$7,333	\$7,333						
<b>Recreation Department:</b>									
Replace current flooring at the Rec center	\$18,338								
Replace old playground equipment at the Comeau Fields	\$60,000								
Create grassy playing fields, remove trees and install fence	\$14,000								
Create full basketball court and playing area	\$18,000								
<b>Open-Space Preservation:</b>									
Acquire Open Space/Cons. Easements	\$64,719	\$64,719	\$64,719	\$64,719	\$64,719	\$64,719			
<b>Community Library:</b>									
Install solar array (Cost not yet determined)							\$39,371		
Total expenditures:	<b>\$896,540</b>	<b>\$4,193,452</b>	<b>\$248,452</b>	<b>\$593,119</b>	<b>\$151,119</b>	<b>\$914,719</b>			
Minus Grants/CRF/ etc.	\$530,556	\$218,922	\$90,000	\$400,000	\$0	\$600,000			
Minus Capital Projects Funds	\$0	\$0	\$0	\$0	\$0	\$0			
Total Anticipated Revenue:	<b>\$530,556</b>	<b>\$0</b>	<b>\$90,000</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$600,000</b>			
<b>Total needed to be raised by taxation:</b>	<b>\$365,984</b>	<b>\$3,974,530</b>	<b>\$158,452</b>	<b>\$193,119</b>	<b>\$151,119</b>	<b>\$314,719</b>			

## **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.

### **Recreation Department**

The Kingston Recreation Commission submitted two projects for the CIP cycle. The two remaining projects are scheduled for 2018. One project is to create a grassy playing field at the KCRC, remove existing trees and install a 6-foot chain link fence at a cost of \$14,000. The remaining project is to create a full basketball court and additional parking area at the KCRC site at a cost of \$18,000

### **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 \$2.8 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 approximately \$647,190 dollars. Because of the complexity of issues surrounding conservation of open space it is

difficult to project exactly when the goal will be met. For purposes of CIP planning it is estimated that this undertaking will be completed in the next ten years. Due to the inability to forecast when a property will be available for protection the program includes the capital reserve funds broken out over the same ten year period as an offset of \$64,719.

### **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. Currently there are 3 vehicles scheduled for replacement at a total cost of \$691,000. The earliest replacement is Ambulance 1 scheduled in 2018. At a cost of \$235,000, a capital reserve fund exists for this acquisition. In 2020 The Forestry 1 vehicle is planned for replacement at a cost of \$90,000 and in 2021 Tank 1 is proposed for replacement at a cost of \$400,000.



The second project of note for the Fire Department is design and construction of a new fire station. The cost of this project is estimated to be \$4,000,000 and is currently scheduled on the CIP for 2019. There is approximately \$330,000 in a capital reserve account for this project. In 2018 design plans will be prepared at a cost of \$270,000. A Town –wide committee has been established to investigate the best way to accomplish this necessary improvement. The eventual payment structure for this proposed project is likely to be a multi-year bond with future CIP’s showing both principle and interest payments annually.

### **Highway Department**

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 \$86,400 and among others the following vehicles will be replaced:

1. Replace all the highway Department portable radios so that Fire, Police and Highway all use compatible communication information. The cost of this project is \$32,000 of which half the cost will be covered by an application for a New Hampshire Emergency Management Program Grant.

**The CIP proposes funding for the following bridge repair projects:**

1. Replace Bridge on Main Street for \$850,000 in 2023.

### **Town Buildings**

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

1. Replace Dodge van with pick-up \$35,000 in 2019
2. Replace Dodge pick-up, \$42,000 in 2021
3. Replace the HVAC system at the Police Station that run inefficiently. The cost of this project is \$40,000, will come from the Building Maintenance Capital Reserve Fund and is scheduled for 2018.

## **Kingston Community Library**

The Kingston Community Library is investigating the installation of a solar array on the property just behind the building. Formerly used as gardens this area will house an array of solar panels that will replace the need to pay for electricity at the facility. A project cost has not been established, but the goal is to determine the cost and enter into an arrangement with a company to install the array at no up-front cost to the Town. Re-payment will occur within a contracted payment schedule to be developed in 2018. There are currently impact fee funds available to the Community Library totaling \$39,371. These funds will be utilized for this project.

## **Nichols Building**

In 2015 the Town and the Trustees of the Kingston Community Library agreed that the Nichols facility will be handed over to the community and overseen by the Heritage Commission. In 2016 all legal issues associated with this hand-over were finalized and now the Nichols building is under the umbrella of the Town of Kingston. The community will be responsible for maintenance and repair of the structure in the future. Six projects regarding the Nichols building were submitted by the Heritage Commission for this CIP they are as follows:

1. Accomplish an Historic Building Assessment for the Nichols building at a cost of \$10,000 in 2018. The town will apply to the NH Division of Historical Resources to cover half of this cost as a Certified Local Government.
2. Masonry repair and repointing of the Nichols building in 2018. This project will cost \$35,000 and will be funded through the Building and Maintenance Capital Reserve Fund.
3. Replace storm and regular windows at the Nichols building. This project will cost \$25,250 and is expected to be accomplished in 2018.
4. Window restoration for 11 stained glass windows at the Nichols building. This is a project expected to be programed over 3 years, 2018, 2019 and 2020 at a cost of \$7,333 each year.
5. The final project proposal is for determining how to make the basement of the Nichols building more useable. The full scope of this project has not been determined so an estimate of the project cost cannot be provided. As a result the project is discussed in this narrative section of the CIP but the project does not appear on the CIP project spreadsheet.

## **Police Department**

The Police Department has no projects on the current CIP.

## **Recreation Department**

There are two Recreation Department projects submitted this CIP cycle. They are described below:

1. Replace the current flooring at the Recreation Center at a cost of \$18,338 and scheduled for 2018.

2. Replace old playground equipment at Comeau Fields at a cost of \$60,000 and an expected completion date of 2018.
3. Create grassy playing fields, remove trees and install fence, \$14,000, 2018.
4. Create full basketball court and playing area. \$18,000, 2018