



2019 Annual Town Meeting – Overview of Capital Improvement Program and Related Warrant Articles (Articles 7, 8, & 15)

March 16, 2019



Capital Improvement Program (CIP)

Year 8
(initiated in 2012)



CIP Overview

- Initiated in 2012
- Develop and maintain a strategic 6-year rolling Capital Improvement Plan
- Develop an affordable funding strategy to cover our short-term and long-term capital needs
- To smooth out the tax impact through timing purchases and methods of financing
- Identify funding sources



CIP Overview

- Initiated
- Develop Capital
- Develop short-te
- To smo purchas
- Identify

Capital Improvement Plan 2019-2024



Developed by:
Capital Improvement
Program Committee

Town of Enfield
New Hampshire

rolling

to cover our

ning



Capital Item Funding Sources

- Capital Reserves (CIP, Water, Sewer, etc.)
- Trust Funds (Huse Park, Lakeside Park, Employee & Retiree Benefits, Fuel Assistance, etc.)
- Tax Increment Finance (TIF) District Fund
- Municipal Taxes and User Fees
- Undesignated Fund Balance
- Grants (often requires some % of municipal match)
- Donations (tax deductible)



Capital Item Purchasing Methods

- Cash Purchase (Lump Sum, Interest Free)
- Borrowing (Principal & Interest)
 - Bank/Government Loans
 - Bonds
 - Commercial Leases



Operating Procedures

- The CIP Committee is striving to grow the value of the reserves over the long-run to increase the amount of projects, vehicles and equipment that are purchased with cash (as opposed to being financed)
- Consideration is given to an item's gross cost as well as interest expenses and indirect costs that will be accrued to provide true out of pocket costs (full cost accounting)
- The Town Manager requires departments to obtain competitive pricing information for items before requests are advanced to the CIP Committee for inclusion in the CIP Plan and presented to Town Meeting voters for funding approval (in the case of items being financed)
- The Town Manager and CIP Committee actively search for the most cost-effective options for items being financed (i.e., multi-year vehicle leases, bank loans, etc)



2018 Capital Projects, Vehicles & Equipment Upgrades - COMPLETED

	<u>Budgeted Amounts</u>
Crystal Lake Road Improvements (Resurfacing & Drainage)	\$180,000*
10-Wheel Dump Truck	\$170,000
Police Cruiser (Marked Sedan)	\$32,000
Water/Sewer Service Truck	\$45,000
Municipal Facilities Optimization Study	\$25,000
Emergency/Unplanned Equip. Replacement (Police Station Server, Well Pump, LSV Pump Station Gen.)	\$32,400

*Approximately \$122,000 of this project was funded from a supplemental Highway Block Grant (which was fully expended in 2018), leaving up to \$58,000 in funding from the CIP-CRF (which will be used as needed in 2019 to finish remaining drainage improvement work)



2018 Capital Projects & Vehicle Replacements



DPW Water/Sewer Service Truck



DPW 10-wheel Dump Truck



Crystal Lake Rd Improvements



Police Cruiser



Current Capital Reserve Balances (as of December 31, 2018)

Capital Reserve Fund	Value
CRF-Town Municipal Facilities & Equip	\$13,999.59
CRF-Reappraisal	\$2,185.65
CRF-Ambulance	\$3,029.09
CRF-Municipal Water System	\$175,195.57
CRF-Fire Vehicles & Equipment	\$48,246.38
CRF-Cemetery	\$3,826.14
CRF-Water Meter/Back Flow Preventer	\$13,729.65
CRF-Municipal Sewer System	\$86,577.44
CRF-Land Acquisition	\$125,705.19
CRF-Library Technology	\$2,165.61
CRF-Sidewalk Construction	\$16,414.32
CRF-Bridge Construction	\$2,073.57
CRF-Salt/Sand Facility	\$151.66
CRF-Library Building	\$293,047.43
CRF-Capital Improvement Program (CIP)	\$1,124,245.66
TOTAL CAPITAL RESERVE FUNDS	\$1,910,592.95



2018 Capital Projects - DEFERRED

	<u>Budgeted Amounts</u>
Huse Park Basketball Court	\$15,000
Whitney Hall Parking Lot	\$15,000
Transfer Station Office Trailer Repl.	\$6,500
Community Building Security/Locks	\$3,000*

*The anticipated total cost of this project is \$6,000 with 50% of the cost being covered by partnering community nonprofit organizations



2019 CIP-CRF Balance Sheet

(Reflects Year End Balance)

	2016	2017	2018	2019 (est.)
CIP-CRF Available Balance	\$822,351	\$1,019,223	\$1,124,245	\$1,178,439
CIP-CRF Liabilities (<i>cumulative for all debt service</i>)	\$1,032,890	\$1,150,865	\$1,363,503	\$1,688,827

The sizable increase in CIP-CRF cumulative liabilities estimated in 2019 is attributable to the additions of the proposed replacement vehicles (DPW and FD) and the George Hill Road reconstruction project.



CIP Committee Approved Projects & Equipment Upgrades - 2019

	Cash	Financed
PD Base Radio System	5,000.00	
PD Building Renovations	11,000.00	
ETO Physical Application Server	11,500.00	
Municipal Facilities Planning (additional)	20,000.00	
Crystal Lake Road		58,000.00
Huse Park Basketball Court		15,000.00
Police Cruiser	30,000.00	
Cat Grader Overhaul	25,000.00	
DPW Pickup (Highway Supervisor Truck)		35,000.00
Ford 550 (with plow/wing/sander)		95,000.00
TS Zero-sort Compactor	20,000.00	
George Hill Road Reconstruction		250,000.00
CB Security/Locks		3,000.00
Depot Street Station (Various Improvements)	10,000.00	
Fire Support Vehicle		40,000.00
Firefighter Air Cylinders	30,000.00	

Items deferred from 2018 to 2019



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Depot Street Station (Various Improvements)	10,000.00	
Fire Support Vehicle		40,000.00
\$15,000 Firefighter Air Cylinders	30,000.00	



2019 Town Meeting CIP-Related Warrant Articles



Article 7 (Vehicle Replacements)

*(Lease without Escape Clause) To see if the Town will vote to authorize the Board of Selectmen to enter into a long-term lease/purchase agreement in the amount of **\$170,000** payable over a term of seven (7) years for the purpose of leasing two DPW pickup trucks and associated plowing and sanding equipment (\$130,000) and one Fire Department support vehicle (\$40,000). The first payment will be due in 2020. The Capital Improvement Program Capital Reserve Fund, which the Board of Selectmen is named agent to expend, will be used for the annual principal and interest payments for the life of the lease.*



Article 7 (Vehicle Replacements)

	<u>Funding Source</u>	<u>Purchase Method</u>	<u>Principal</u>
DPW F-550 Plow Truck	CIP-CRF	Lease- Purchase	\$95,000
DPW Hwy Super Pickup Truck	CIP-CRF	Lease- Purchase	\$35,000
FD Support Vehicle	CIP-CRF	Lease- Purchase	\$40,000
Total			\$170,000

All three vehicles will replace existing vehicles that are approaching (or have exceeded) their useful life

No impact on 2019 tax rate - funds have already been raised from prior year appropriations to the CIP-CRF



2009 Ford F-550 Truck w/ Plow, Wing & Sander

**In Service Roughly 10 Years
~45,000 Miles/~4,600 Engine Hours
Used to Plow Enfield Village
Greater Need of Repairs, Corrosion**



**2009 GMC 3/4 Ton Pickup
(Highway Supervisor Vehicle)
>110,000 Miles**

**In Service Roughly 10 Years
Motor Problems and Corrosion**



2003 Ford F-250 Pickup Truck (“Car 1”)

~40,000 Miles

Responds to FD Calls That Don’t Necessitate a Larger Apparatus





Article 7 – Additional Information

- The three vehicles will likely be combined into a single capital lease-purchase package
- Anticipated that the lease-purchase will be for a 7-year period
- Interest rate is anticipated to be 4.0-4.5% based on current market conditions
- The two “surplus” DPW vehicles will be sold via competitive bidding process (i.e., online auction)
- The FD support vehicle being replaced will either be traded in to reduce the purchase price of the new support vehicle or sold via competitive bidding process
- The Budget Committee supports replacing the two DPW vehicles, as proposed. A majority of Budget Committee members voted to not recommend replacing the Fire Department pickup truck at this time.



Article 8

(George Hill Road Reconstruction)

*To see if the Town will vote to raise and appropriate the sum of **\$250,000** for George Hill Road improvements, to authorize the issuance of not more than \$250,000 of bonds or notes in accordance with the provision of the Municipal Finance Act (RSA 33) and to authorize the municipal officials to issue and negotiate such bonds or notes and to determine the rate of interest thereon. The first interest payment will be due in 2019. The Capital Improvement Program Capital Reserve Fund, which the Board of Selectmen are agents to expend, will be used for the annual principal and interest payments for the life of the loan.*



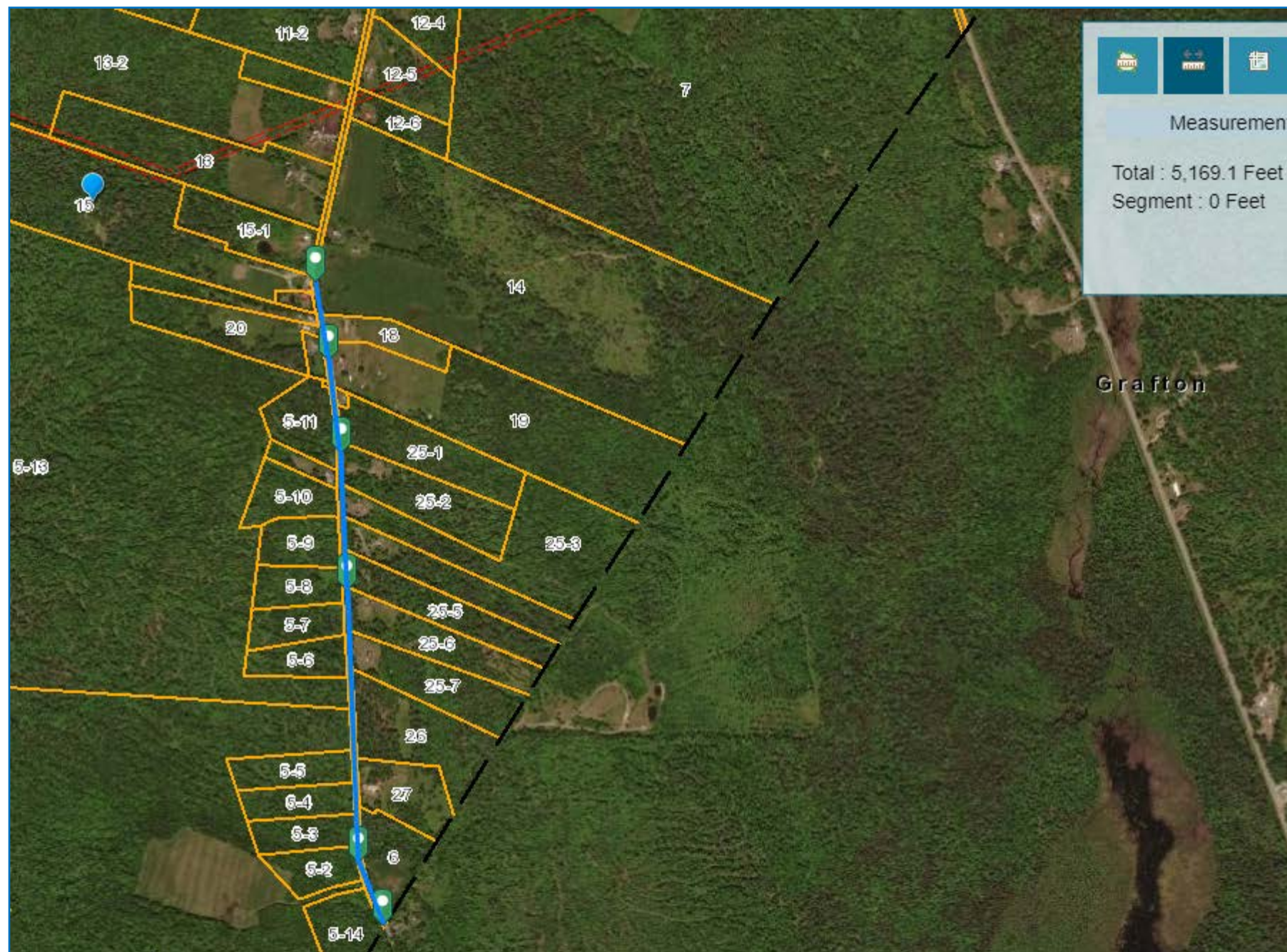
George Hill Road Reconstruction

~1 Mile (#414 to Springfield town line)

Road has not been reconstructed in >30 years

A simple overlay is not a cost-effective solution

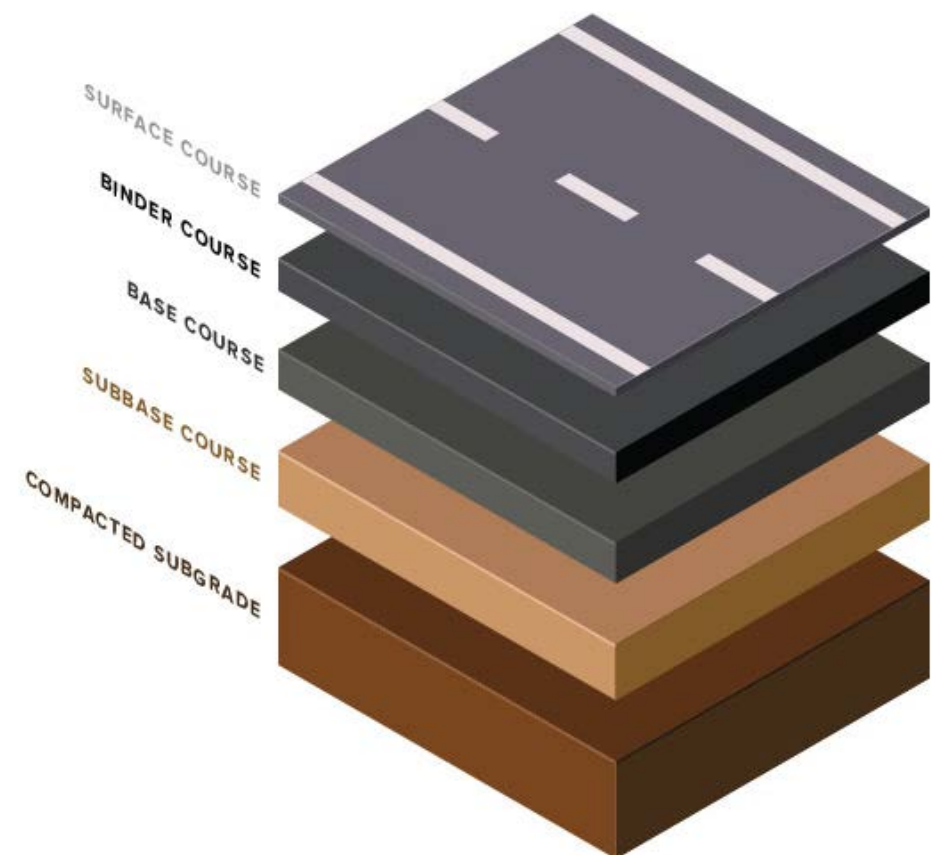
Maintenance needs exceed annual paving budget





Article 8 – Additional Information

- The project will be funded with a bank loan
- Anticipated that the loan will be for a 20-year period
- Interest rate is anticipated to be 3.0-3.5% based on current market conditions
- The Budget Committee voted unanimously to recommend passage of this article





Article 15 (Appropriation to CIP) – Part 1 of 3

*To see if the Town will vote to raise and appropriate the sum of **\$422,168** to be placed in the Capital Improvement Program Capital Reserve Fund.*

The proposed 2019 appropriation represents a **\$26,200 increase** over 2018 appropriation (\$395,968)

Estimated Impact on Municipal Tax Rate =

\$0.77 per \$1,000 in assessed value

(tax impact was roughly \$0.72 per \$1,000 in 2018)



Proposed Future Appropriations to the CIP-CRF (Part 2 of 3)

YEAR	AMOUNT APPROPRIATED
2012	\$210,168
2013	\$264,845
2014	\$291,783
2015	\$317,368
2016	\$343,568
2017	\$369,768
2018	\$395,968
2019	\$422,168
2020	\$448,368
2021	\$474,568
2022	\$500,768
2023	\$526,968
2024	\$553,168
2025	\$579,368
2026	\$605,568

Past

Present

Future

\$26,200
\$26,200
\$26,200
\$26,200
\$26,200
\$26,200
\$26,200
\$26,200
\$26,200
\$26,200



Article 15 (Appropriation to CIP) – Part 3 of 3

Estimated Impact on 2019 Tax Payments

House Assessment	Tax Increase
\$150,000	\$7.50
\$250,000	\$12.50
\$400,000	\$20.00



2018-19 Capital Improvement Program Committee

Bob Cusick

Sam Eaton

Dan Kiley

Ed McLaughlin

Keith Thomas

Holly West

Kate Stewart

Dominic Albanese

Ryan Aylesworth, Town Manager

THANK YOU (the residents) for your ongoing support of the CIP.
This process is critical in maintaining a sound fiscal program.