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September 1, 2006

Report from the Ad Hoc CIP Committee to the Planning Board

Dear Planning Board Members,

The committee would like to thank you for giving us the opportunity to take on the challenging task of drafting the town's first Capital Improvements Program for your consideration. Provided that the planning board makes its amendments and adopts the program in a timely fashion, the committee can provide a finalized document within a one-week time period (for use during the current budget season).

The committee began with information provided by the town manager, assessed what additional information was needed, developed forms for both collecting and uniformly cataloging department requests, gathered additional data, analyzed data and discussed suggestions to be offered to the planning board. We believe we have completed a draft document that the town can be proud of and that will be both easy to use and beneficial to the selectmen and the budget committee with regard to long-term planning. The committee has done its best to review all data included in this draft report for accuracy. We apologize in advance for any inadvertent errors or omissions that may be discovered. One of our goals was to provide information in a format that was at the same time efficient, comprehensive and easy to understand. We believe we have done so.

No requests for infrastructure enhancements were identified as inconsistent with the town's existing Master Plan. All qualified requests have been retained and are to be left to the discretion of the planning board for inclusion. Details about non-qualifying omitted requests are found in Tables 2-A through 2-L. The individual narratives accompanying itemized department requests reflect the advisory opinions of the committee and provide other information that may be relevant in assessing both the merits and time frames of individual requests. Inclusion of specific items in the draft plan does not constitute committee support. Original department requests and supporting documentation, as collected, are being provided to you in a separate binder. The town manager chose to amend some department requests, in which cases the committee used his amended data. The "Town Manager Perspective" has been included in the plan for your review.

Although we got off to a slow start in obtaining the data we needed to get the job done, I am proud of a committee that has met its very aggressive deadline. I would like to thank all the employees and officials who cooperated in the development of this draft document. I would also like to thank committee members, Dawn Lincoln, James Ammann, Brian Moser and Rich Kelton, who worked diligently to pull the project together. I would especially like to thank Dawn for the tremendous amount of work she did in composing and typing the text portion.

We look forward to the board's input for the final product.

Sincerely,

Susan M. Newell, Selectman  
Chairman, Ad Hoc Capital Improvements Program Committee

## **I. STATUTORY AUTHORITY**

In a municipality where the planning board has adopted a master plan, the planning board may prepare a recommended program of municipal capital improvement projects projected over a period of at least 6 years. The purpose of the capital improvements program is to aid the selectmen and the budget committee in their consideration of the annual budget. (RSA 674:5)

The CIP classifies projects according to their urgency, recommends a time sequence for their implementation and is based on information submitted by the town departments. (RSA 674:6)

## **II. CAPITAL IMPROVEMENTS PROGRAM COMMITTEE**

The planning board assigned Susan Newell, selectmen's representative to the planning board, to be the chair of this committee. The planning board also assigned James Ammann. Volunteer members, appointed by the committee chair, are Richard Kelton (budget committee), Dawn Lincoln (budget committee) and Brian Moser (school board).

## **III. MISSION STATEMENT**

In addition to the purpose of the capital improvements program committee as defined in RSA 674:6 below, the committee has adopted the following definitions, goals and principles:

- (1) to define "capital improvement" as any expenditure of \$5,000 or more for a product or service that has a useful life of five or more years;
- (2) to analyze and prioritize needed capital improvements and recommend appropriate means to provide delivery of services to citizens in a planned, cost-efficient manner;
- (3) to develop a program that spreads capital expenditures over relevant time periods in order to avoid large, unanticipated expenditures;
- (4) to recommend funding plans to avoid the use of bonding (and therefore interest payments) whenever possible;
- (5) to convey precise, concise and relevant information to the planning board, selectmen and budget committee;
- (6) to set September 1, 2006 as the target date for completion; and
- (7) to encourage the annual review and revision of the capital improvements program.

**RSA 674:6 Purpose and Description.** – The capital improvements program shall classify projects according to the urgency and need for realization and shall recommend a time sequence for their implementation. The program may also contain the estimated cost of each project and indicate probable operating and maintenance costs and probable revenues, if any, as well as existing sources of funds or the need for additional sources of funds for the implementation and operation of each project. The program shall be based on information submitted by the departments and agencies of the municipality and shall take into account public facility needs indicated by the prospective development shown in the master plan of the municipality or as permitted by other municipal land use controls. **Source.** 1983, 447:1, eff. Jan. 1, 1984.

#### **IV. INCLUSION IN THE CIP**

To be included in the CIP, the following definition must be met: any expenditure of \$5,000 or more for a product or service that has a useful life of five or more years. The costs for the daily operation of town services and for private entities are not included in a CIP.

Submitted expenses not meeting this definition were not included in the CIP. This lack of inclusion is not due to any judgment on the merit of the proposed project. It is suggested that Town department heads maintain an ongoing list of non-capital improvement projects to also stabilize the operating budget for their departments. This program includes only items for budget years 2007-2008 through 2012-2013.

#### **V. USES OF A CIP**

- ◆ **Stability in Tax Rates and Budgets**

The CIP should help to stabilize town budgets, and therefore the tax rate, by planning for large capital expenditures well in advance. Proper use of the CIP will eliminate wide fluctuations in the budget from year to year.

The CIP format, of bringing the capital expenditures of all departments together in one document, brings added perspective to the budgetary process. It is easy to see the big, long-term picture in this format. This allows for the adjustment of annual expenditures to ensure they are more manageable and stable.

One method to stabilize the tax rate is to set a specified percentage of the overall budget that may be allocated to capital spending; another method is to limit capital spending to a certain percentage of the total local tax burden.

- ◆ **Use by Selectmen and Budget Committee**

The CIP is to be used as an aid in consideration of the annual budget. Ongoing revision is necessary to keep these figures up-to-date and useful.

- ◆ **Use by Planning Board**

When a CIP is properly adopted by the Town, the planning board is enabled to charge impact fees upon developers. It may also be helpful in other planning board functions.

- ◆ **Guide to Growth**

The CIP can help guide growth by helping citizens and developers know when certain services and/or improvements are scheduled to occur. Being aware of historic population figures, as well as estimates for future population, can also be an aid to growth.

**Actual Population:**

Year	Population	10 year change	Percent change
2000	4,144	106	2.6%
1990	4,038	573	16.5%
1980	3,465	596	20.7%
1970	2,869		

Source: U.S. Census Bureau ([www.census.gov](http://www.census.gov))

Over the 30 year period from 1970–2000, Winchester's actual population increased by a total of 1275. This is an annual average of 43. In the 20 year period from 1980–2000, actual population increased by 679. This is an annual average of 34. For the most recent 10 year period from 1990–2000, actual population increased by only 106 for an annual average of 11. In this 30 year period, actual rates of population increase have been steadily declining.

**Estimated Population:**

Year	Estimated #	# Change	Annual Average Change	Actual Population
2005*	4,281	41	20.5	
2005	4,314	74	37	
2003	4,240	-30	-7.5	
1999	4,270	-34	-3.4	2000: 4,144
1989	4,304	900	90	1990: 4,038
1979	3,404			1980: 3,465

\*Source: U.S. Census Bureau Source for other figures: NH Office of Energy and Planning (<http://nh.gov/oep>)

**Projected Population:**

Year	Projected #	# Change	Annual Average Change
2025	5,220	210	42
2020	5,010	230	46
2015	4,780	260	52
2010	4,520	200	40
2005	4,320		

Source: NH Office of Energy and Planning (<http://nh.gov/oep>)

It appears that the population estimates provided by the NH Office of Energy and Planning are generally a little on the high side. Compare its estimate of 1989 for 4,304 with the actual census data of 1990 for 4,038. Without correcting for the one-year variance, this is an overestimate of 266, or about 6.6%. Also, its estimate for 1999 for 4,270 is higher than the actual 2000 population of 4,144. This is an overestimate of 126 or about 3%. While these differences are not huge, it certainly does highlight the fact that estimates are not an exact science and should be carefully considered.

There are a number of factors that may contribute to the actual changes in Winchester's population in the future. Increased property tax rates may make Winchester less affordable and could slow, or even decrease, our population. They may also lead to a depressed housing market if enough homeowners can not afford high property tax bills. Restrictions on developers may slow new development and therefore population. With documented trends towards an "aging" population, Winchester may see a downward trend in overall population (or at least in the rate of population increase), as more homes become occupied by older couples without children.

Future Capital Improvements Programs may want to delve further into statistical analysis of population and demographics with regard to their impact on growth projections and capital needs of the town.

## **VI. USE OF CAPITAL RESERVE AND REVOLVING FUNDS**

The use of capital reserve funds is an essential part of responsible budgeting. Setting some money aside each year in anticipation of large expenditures will help stabilize the tax rate. Winchester already has a number of capital reserve accounts that should be fully utilized in conjunction with the CIP.

### **Capital Reserve Accounts (Balances as of July 31, 2006)**

Ambulance	\$ 15,697.71
Computers	\$ 672.48
Fire Apparatus	\$ 51,956.48
Fire/Rescue Vehicles	\$ 23,222.36
Highway Equipment	\$ 2,765.96
School Building Imp.	\$230,516.17
Sewer Improvements	\$ 2,638.82
Water Improvements	\$ 1,980.26
Assessing Statistical Update	\$ 28,677 (approved March 2006)
Bridge Reconstruction	\$ 30,000 (approved March 2006)
Police Cruiser	\$ 12,500 (approved March 2006)
Town Hall Upgrades	\$ 25,000 (approved March 2006)

The total balance of capital reserve accounts is \$329,450.24. Total of funds approved, but not yet showing on most recently available financial statements from the fund managers, is \$96,177. Combined total is \$425,627.24.

### **Special Revolving Funds (Balances as of July 1, 2006)**

Ambulance	\$31,910.83
Police Details	\$47,910.26

The total balance of special revolving funds is \$79,821.09.

## VII. USE OF TRUST FUNDS

Winchester has numerous trust funds established for a wide variety of purposes. There may be restrictions on the usage of some of the accounts regarding what the funds can be spent on and whether or not the principle can be used (or only the interest).

### Trust Funds (Balances as of July 31, 2006)

Ashuelot Cemetery	Cemetery	\$ 3,936.37
Common & Evergreen Cemetery	Cemetery	\$671,251.44
Florence Cutler	Cemetery	\$ 13,331.94
Augustave Plozer	Cemetery	\$ 2,192.08
General Maintenance		\$ 7,876.27
Conant Library	Library	\$336,922.51
Katherine Ball Everett	Library	\$ 3,031.47
Harvey Jewell Fund	Library	\$ 10,486.55
Gardner C. Hill Fund	Library	\$ 1,937.35
Phillip A. Plaistrige FD	Library	\$ 61,433.63
Tarbell Fund	Library	\$ 1,670.58
Edith W. Atkins	Library	\$ 2,903.95
Covered Bridge Fund		\$ 3,363.01
Theodore & Elly Van Holm	Scholarship	\$ 15,648.82
Julia B. Thayer Fund	School	\$ 6,328.81
Mary G. Stearns Education	School	\$ 3,497.49
TEW Scholarship Fund	School	\$ 12,885.69
Josh Bradley Scholarship	School	\$ 3,020.87
Philip Pratt Scholarship	School	\$ 249.80
Clarence Staymor Walker	School	\$ 89.30
Gary Wood Scholarship	School	\$ 609.68
Keith Paquette Scholarship	School	\$ 1,528.64
Community Scholarship	School	\$ 205.75
Glenroy W. Scott Fund	Welfare	\$ 57,559.53
Winchester Community Park		\$ 7,475.53
Winchester Town Beach		\$124,331.87

The total balance of all trust funds is \$1,353,768.80.

## **VIII. CAPITAL IMPROVEMENTS REQUESTS**

No response was received from the following departments. Therefore, they could not be included in the CIP:

- ◆ Cemetery
- ◆ Conant Library
- ◆ Thayer Library
- ◆ Winchester School District

Departments not anticipating any capital improvements spending at this time for the next six years:

- ◆ Executive Department
- ◆ Land Use
- ◆ Welfare

Departments submitting requests for projects to be included in the CIP:

- ◆ Emergency Management
- ◆ Financial Administration
- ◆ Fire/Ambulance Division
- ◆ Fire/Fire Division
- ◆ Government Buildings
- ◆ Highway Department
- ◆ Landfill/Transfer Station
- ◆ Police Department
- ◆ Property Records
- ◆ Sewer Department
- ◆ Town Beach
- ◆ Town Clerk/Tax Collector (no qualifying requests)
- ◆ Water Department

## **ATTACHMENTS**

### **Town Manager Perspective:**

Four-page document containing the Town Manager's summarized and amended version of the raw data submitted to him by the department heads. We assumed any changes made were intentional and have used the Town Manager's data in those cases.

### **Table 1 - Total Requested Expenditures:**

Summary of total department/town manager requests, as well as committee additions for existing financial commitments, sub-totaled by department. Requests total \$5,302,242 (including debt service and lease payments) in capital spending in the next six years, with the majority of that (\$4,367,726) over the next four years.

### **Table 2-A through 2-L - Department Requests & Committee Narratives with Charts:**

Tables are in two parts: Department Requests & Committee Narratives and charts which show the distribution of dollars, priorities, sources, etc. as submitted. Also included (added by committee, and so identified in bold numerals) are existing commitments for leases and debt service on notes and bonds.

### **Table 3: Suggested Funding Schedule & Sources for Requests as Submitted:**

Combines all department requests and suggests possible funding sources and cash flow options. This table includes the committee's recommended priorities. Totals for suggested funding sources, by year, have also been calculated.

### **Table 4: Schedule of Vehicles & Mobile Equipment**

## NOTES