

Capital Improvement Plan

2014-2015

CIP Committee Goals

- Develop a 10-year plan for meeting the town's long-term capital improvement needs
- Recommend the most cost-effective method for funding capital expenses
- Lower and stabilize the tax rate over time
- Provide recommendations to the Board of Selectmen and the the Budget Committee to aid in
 - Budget preparation
 - Strategic planning
 - Economic development

Approach

- Identify the town's long-term capital needs
- Identify most cost-effective approach for funding capital improvements given the current financial situation
 - Capital Needs - \$4.6m over 10 years
 - Capital Reserves - \$350k
- Combine all expenses and funding approaches in a single plan that spreads costs over time
 - Short term - use leases/bonds to reduce yearly payments
 - Long term - build capital reserves to reduce total costs

Capital Improvement Cost Summary

2015 -2024

- Total Cost 2015-2024 = \$4.6m
- 2015 Cost = \$444k
- 2015 Effective Tax Impact = .9 mil (\$90 per \$100,000)

Summary of Capital Expenses 2015-2024											
Dept.	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
Police	\$45,650	\$45,650	\$59,188	\$71,893	\$57,147	\$57,147	\$43,608	\$30,903	\$30,903	\$30,903	\$472,992
Fire	\$111,279	\$111,279	\$111,279	\$111,279	\$111,279	\$111,279	\$111,279	\$111,279	\$111,279	\$111,279	\$1,112,795
DPW	\$101,918	\$169,070	\$175,255	\$186,368	\$168,481	\$106,563	\$39,412	\$33,226	\$22,113	\$0	\$1,002,407
Roads	\$185,000	\$205,808	\$205,808	\$205,808	\$205,808	\$205,808	\$205,808	\$205,808	\$205,808	\$150,726	\$1,982,192
Total	\$443,847	\$531,807	\$551,531	\$575,349	\$542,716	\$480,798	\$400,108	\$381,217	\$370,104	\$292,908	\$4,570,385

Police Department - Overview

- Three Vehicles (Ford Interceptor, SUV, Utility Interceptor)
- 5-year replacement cycle
- 5-year replacement can save outfitting costs (see table)
- No capital reserves

Vehicle	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
F Interecept	\$53,560					\$31,818					\$85,378
Suv			\$49,173					\$38,003			\$87,176
Util				\$46,146					\$29,000		\$75,146
Total	\$53,560	\$0	\$49,173	\$46,146	\$0	\$31,818	\$0	\$38,003	\$29,000	\$0	\$247,700

Police Department - Analysis

- Building capital reserves
 - Lowers yearly payments
 - Stabilizes tax rate
 - Lowers total cost

Total Cost of Leasing vs. Capital Reserve						
	1	2	3	4	5	Total
3-yr Lease	\$19,291	\$19,291	\$19,291			\$57,873
4-yr Lease	\$14,747	\$14,747	\$14,747	\$14,747		\$58,986
Cap Res	\$10,712	\$10,712	\$10,712	\$10,712	\$10,712	\$53,560

Police Department – Analysis (cont.)

- Transitioning from leasing to capital reserves

4-Year Lease Combined with Capital Reserve for 3 Police Vehicles

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Ford Interceptor	\$14,746.55	\$14,746.55	\$14,746.55	\$14,746.55						
Ford SUV			\$13,538.61	\$13,538.61	\$13,538.61	\$13,538.61				
Utility Interceptor				\$12,705.24	\$12,705.24	\$12,705.24	\$12,705.24			
Total Cap Reserve	\$30,903	\$30,903	\$30,903	\$30,903	\$30,903	\$30,903	\$30,903	\$30,903	\$30,903	\$30,903
Total	\$45,649.37	\$45,649.37	\$59,187.98	\$71,893.22	\$57,146.66	\$57,146.66	\$43,608.05	\$30,902.81	\$30,902.81	\$30,902.81

Police Department - Recommendations

- 2015
 - Ford Interceptor – 4-year lease*
 - Establish \$31,000 capital reserve
- 2017
 - SUV – 4-year lease
 - Continue \$31,000 capital reserve
- 2018
 - Utility Interceptor – 4-year lease
 - Continue \$31,000 capital reserve
- 2016 – 2024
 - Continue build capital reserve - \$31,000 per year
 - Monitor outfitting costs and reduce reserves when applicable

* If budget cuts are necessary, move the vehicle purchase to 2016

Fire Department- Overview

- Engines 1 and 2 need to be replaced
- Engine 1 requires engine overhaul
- Ambulance replacement 2025
- Ladder Truck replacement 2035

Fire Department - Analysis

- Purchasing 2 engines saves \$41,604 over 10 years
- Stabilizes the tax rate
- Reduces maintenance costs

Cost Comparison of Purchasing Fire Engines										
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Engine 1					Engine 2					
\$70,056	\$70,056	\$70,056	\$70,056	\$70,056	\$115,824	\$115,824	\$115,824	\$115,824	\$115,824	\$929,398
Engines 1 and 2										
\$88,779	\$88,779	\$88,779	\$88,779	\$88,779	\$88,779	\$88,779	\$88,779	\$88,779	\$88,779	\$887,795
Savings										\$41,604

Fire Department – Tax Impact

- Effective tax impact of purchasing 2 fire engines in 2015 and establishing a \$22.5k capital reserve for an ambulance is ½ cent per \$100k
 - 2014 Budget - \$110k for fire equipment
 - Final \$60k payment for the ladder truck
 - \$50k capital reserve for fire vehicles
 - 2015/2024 – Engines + Ambulance = \$111k

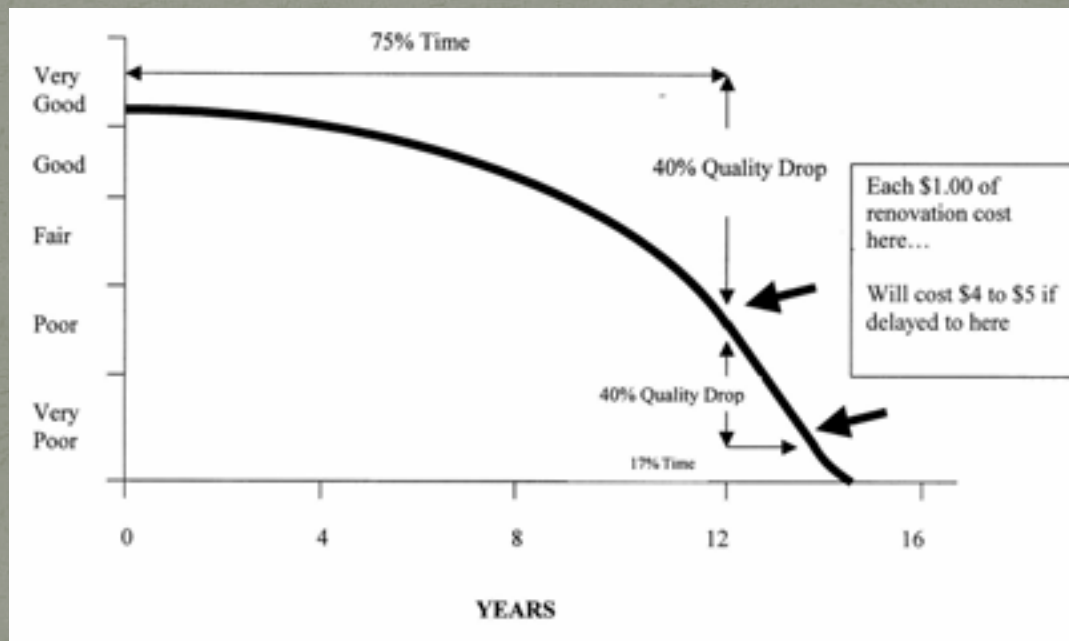
Fire Department - Recommendations

- 2015
 - Purchase engines 1 and 2 in 2015*
 - Establish \$22,500 capital reserve for the ambulance
- 2025
 - Purchase ambulance
 - Establish \$100k capital reserve for the ladder truck

* Explore options for warrant article to allow the purchase of at least one engine.

DPW Roads - Overview

- Resurfacing roads every 10 to 12 years is the most cost-effective method of keeping roads in good repair
- 14 roads will need repair by 2024
- 7 require major reconstruction



Road Service Life

DPW Roads - Overview

- 2015-2020 Cost = \$1,804,843
- 2021-2024 Cost = \$440,660
- Total Cost = \$2,245,503 (not including interest)

Year	Street	Cost
2015	Sidewalks	\$60,000
2016	Thomson Street, Smith Hill Road	\$732,021
2017	Mechanic Street, Mill Pond Lane, Avery St., Mountain View, Libby Lane	\$161,137
2018	River Street	\$478,341
2019	Hillside Avenue	\$92,742
2020	Partridge Road, Peppercorn Road, Valley Road	\$280,602
2021		\$0
2022		\$0
2023	Howe Street	\$114,467
2024	Hicks Hill Road	\$326,193
Total		\$2,245,503

Road Reconstruction and Resurfacing

DPW Roads - Analysis

- Building a capital reserve for roads is the most cost-effective method of funding road reconstruction over the next 6 years.
- Effective tax increase – 0.43 mil (\$43 per \$100,000)
 - 2014 budget - \$125k capital reserve for roads
 - 2016 budget – effective increase of \$176k

Option	CR Down	Initial Cost	Initial Cost-CR	Payment	Final Cost	Interest	Tax Impact
Capital Reserve	\$300,000	\$1,804,843	\$1,504,843	\$300,969	\$1,504,843	\$0	\$77.87
5-yr Bond	\$300,000	\$1,804,843	\$1,504,843	\$316,478	\$1,582,392	\$77,548	\$84.73
10-yr Bond	\$300,000	\$1,804,843	\$1,504,843	\$171,853	\$1,718,527	\$213,684	\$42.74

DPW Roads - Recommendations

- 2015
 - \$185k capital reserve for complete streets
 - Engineering evaluation of Thompson St. and Smith Hill Road to determine exact costs for 2016 budget
- 2016
 - Reevaluate funding options for Thompson St. and Smith Hill Road
 - Develop plan for remaining roads
 - Update CIP to reflect the plan

DPW Equipment - Overview

- 9 pieces of equipment need replacement in 6 years
- Total cost of \$931,829 (interest not included)
- No capital reserves

Equipment	2015	2016	2017	2018	2019	Total
Backhoe		\$132,613				\$132,613
85 Pickup	\$35,020					\$35,020
86 Pickup			\$37,153			\$37,153
Ford 550 Plow				\$78,786		\$78,786
2005 DumpTruck	\$175,000					\$175,000
2009 Dump Truck					\$197,077	\$197,077
Loader/Plow		\$212,180				\$212,180
Mini Loader	\$49,000					\$49,000
Baler		\$15,000				\$15,000
Totals	\$259,020	\$359,793	\$37,153	\$78,786	\$197,077	\$931,829

DPW Equipment - Analysis

- Most cost-effective options is to lease and build short-term capital reserves to reduce the cost of leasing
- Savings = \$43.5k (over 9 years)
- The tax increase in 2015 would be approximately .42 mil (\$42 per \$100,000).

Equipment	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Backhoe	\$10,000	\$27,930	\$27,930	\$27,930	\$27,930	\$27,930				\$149,651
85 Pick up	\$7,977	\$7,977	\$7,977	\$7,977	\$7,977					\$39,886
86 Pickup	\$10,000	\$10,000	\$3,907	\$3,907	\$3,907	\$3,907	\$3,907			\$39,537
Ford 550 Plow	\$5,000	\$10,000	\$10,000	\$11,113	\$11,113	\$11,113	\$11,113	\$11,113		\$80,565
2005 Dump Truck	\$39,864	\$39,864	\$39,864	\$39,864	\$39,864					\$199,318
2009 Dump Truck	\$5,000	\$20,000	\$30,000	\$40,000	\$23,252	\$23,252	\$23,252	\$23,252	\$23,252	\$211,261
Loader/Plow	\$10,000	\$42,638	\$42,638	\$42,638	\$42,638	\$42,638				\$223,190
Mini Loader	\$11,162	\$11,162	\$11,162	\$11,162	\$11,162					\$55,809
Baler	\$5,000	\$2,278	\$2,898	\$2,757	\$2,789	\$2,782				\$18,503
Equip Total	\$59,003	\$131,849	\$136,376	\$147,348	\$170,632	\$111,622	\$38,273	\$34,365	\$23,252	\$1,017,721
Cap Reserve Total	\$40,000	\$40,000	\$40,000	\$40,000	\$0	\$0	\$0	\$0	\$0	\$160,000
Total Cost	\$99,003	\$171,849	\$176,376	\$187,348	\$170,632	\$111,622	\$38,273	\$34,365	\$23,252	\$1,012,721

Leasing and Capital Reserves

DPW Equipment - Recommendations

- 2015
 - \$40,000 capital reserve
 - 5 –year lease 1985 Pick-up Truck replacement - \$7,977
 - 5 –year lease 2005 Dump Truck replacement - \$39,864
 - 5 –year lease Mini-loader (skid steer and fork lift replacement) - \$11,027
- 2016-2018
 - See table on previous page

Summary of Recommendations

Department	Lease/Bond	Cap Reserve	Total
Police Department	\$14,747	\$30,903	\$45,650
Fire Department	\$88,779	\$22,500	\$111,279
DPW	\$61,918	\$40,000	\$101,918
Highways		\$185,000	\$185,000
Total	\$165,444	\$278,403	\$443,847

- Final figures for warrant articles and capital reserves should be based on current estimates
- CIP Committee can provide updated information on Select Board and Budget Committee decisions

Grants - Overview

- Grants help fund necessary improvements and equipment
- Grants reduce yearly and long term operational and capital costs
 - A 20% grant for a fire engine reduces the total cost of a 5-year lease by \$80,834 and the yearly payment by \$16,167
 - An 80% grant for a \$300,000 sidewalk project reduces the cost to \$60,000
- Readiness is the key to getting grants

Grant Recommendations

- Develop a coordinated grant writing effort
- Develop grant administration capability
- Develop state and federal contacts and supporters
- Establish priorities and apply for grants in high priority areas
- Develop shovel-ready projects to improve infrastructure and promote economic development
- Establish a track record of outstanding grant performance
- Establish reserves for matching grants

Cost of Postponing Expenditures for Capital Improvements

- Factors that increase costs over time
 - Inflation (average 3%/year)

	2015	2016	2017	2018	2019
Engine 1	\$375,000	\$386,250	\$397,838	\$409,773	\$422,066
Increase	0	\$11,250	\$11,588	\$11,935	\$12,293

- Interest rates
- Maintenance costs
- Credit rating
- Borrowing options
- Ability to obtain grants