

THE MILTON 2021-2026 CIP RECOMMENDATION REPORT

On behalf of the Planning Board, it is our pleasure to submit our proposed Capital Improvements Program Report for Fiscal Years 2021-2026 for your consideration. The sum total of all projects SUBMITTED is \$4,332,316.86 for the six-year program (capital spending year plus five planning years) with **\$304,432.16** of this potentially programmed for **2021**. This is a **decrease** of **61.4%** from 2020. Please note that the annual state highway block grant amount, other grants and offsets, such as the school projects amount, Police vehicle lease purchase (paid out of detail fund), and roll-off truck purchase (paid out of Transfer Station fees), have been subtracted from these totals.

In our fifth year, the process was brought to a standstill by two factors: 1. the Board had to wait until the Town Meeting results of the warrant asking that a Capital Improvements Program Committee be created (it failed), and 2. the COVID pandemic that stopped regular physical meetings for months resulting in this late presentation of our recommendations to you in this report, CIP spreadsheet, and the most important document, the Rating-Ranking-Recommendation Matrix.

We thank all the Department Heads for the presentations on their needs. Without their full cooperation, we could not have completed this document.

In many New Hampshire communities, the Planning Board has the responsibility for the preparation of the capital improvement program. The Planning Board must follow the statute RSA 674:5 through 674:8. The program is simply a recommended plan for capital spending in the upcoming budget year and a changeable plan for capital budgeting over the next five years. This is an advisory document. It is advice, carefully reviewed by the Board under its charge from the Town voters and state statutes. The key of course, is that the Board does not decide how capital projects move forward or are funded, its task is to simply submit a well-considered plan (the CIP) as a tool for the Board of Selectmen and the Budget Committee to use in crafting spending proposals that go to the voters. Only those two entities have the authority to approve sending warrants seeking approval for spending monies on capital projects to the voters.

The Capital Improvements Program must also be responsive to the uncertainties that are inherent in all aspects of community development. It is important that the program be reviewed on an annual basis to remain both proactive and practical.

We held our first meeting this year in July to review the 25 project submittals for capital year 2021. The Board held remote Zoom meetings and transmitted documents electronically. Over the course of developing this Capital Improvements Program, we heard presentations or received correspondence from Department Heads on their current facilities and equipment and perceived needs.

We reviewed financial reports. We reviewed project requests and, at times, requested additional information. The Master Plan was reviewed to see if each of the project submittals tied-in to it. The Board believes that all 25 projects reviewed have a general tie-in with Milton's Master Plan Chapters.

The Planning Board reviewed and discussed each project and classified them in one of the following categories:

- Class 1= Urgent Need-immediately for health & safety needs
- Class 2= Justified Need-to maintain basic level & quality services
- Class 3= Desirable-to improve quality & level of service
- Class 4= Unprogrammed-not enough info provided to evaluate need
- Class 5= Prior Approved Expense
- Class 6= Not Considered
- Class 7= Not Recommended

These classifications may be found in the Class & Rank column on the 2021-2026 CIP Spreadsheet.

The Board then reviewed and discussed each 2021 (capital spending year) project submittal and using an agreed-upon criteria form, rated each project. The rating totals then formed the basis for our ranking that is our recommended prioritization for approving funding for them. Finally, we will present our Draft Capital Improvements Program Report at a public hearing to be held on October 20, 2020 and may revise and finalize the report for submission to the Board of Selectmen, School Board and Budget Committee. A second public hearing will be held if required by changes resulting from comments from the public.

Integral parts of this report are the CIP Six Year Spreadsheet (reflects submitted projects with the recommendations of the Planning Board), the 2021 Project Rating-Ranking-Recommendation Matrix, and the CIP Charge and Policy document, all attached to this report.

RECOMMENDATIONS

The Planning Board's most important recommendation is that all parties in Town government continue to plan and develop a cohesive Capital Improvement Program that results in balanced spending on projects that address our highest needs.

The Board recommends the incremental accumulation of required capital reserves to purchase equipment and vehicles using annual contributions that serves to smooth and level out the total capital amount coming from the tax levy year on year. The annual recommended contribution (ARC) for the capital funding required can be determined by using the Fire, Police and DPW Fleet Schedules that show the useful life of the vehicle or equipment. The future replacement cost is then divided by the number of years of useful life to calculate the ARC. The Planning Board continues to recommend this level funding process.

A thorough study of the status and accounting of the Town's reserve and trust funds happened last year and was a first step towards instituting this policy. Warrant language still needs to be crafted that fulfills these recommendations regarding CRFs. Additionally, since the Board of Selectmen will most likely not utilize much or any of the previous year's unassigned fund balance to offset general fund spending on capital projects, the Planning Board had previously established a total funding cap of approximately \$500,000 for CIP project spending. Given the potential for municipal revenue shortfalls this year and next, the Board arrived at a much lower total for 2021. After rating and ranking the 25 project submissions and totaling the cost from the highest ranked down the list, the Board recommended

funding for the first ten ranked projects. For the next 14 projects, they recommend beginning (or beginning again for ARC projects) in 2022. Although the European Naiad Eradication project was ranked last, the Planning Board recommends funding it at a reduced amount. The Board also recommends a reduction in funding for the Road Projects. These recommendations are reflected in the 2021 CIP Rating-Ranking-Recommendation Matrix.

The Planning Board is therefore recommending the following changes to the 2021 submittals contained on the CIP Spreadsheet:

- Recommend reducing funding the DPW Road Projects this year from \$350,000 to \$300,000.
- Recommend funding the GIS Mapping additional datasets project at \$2500.
- Recommend funding for the Maine-NH Bridges Fund 2026 this year at \$25,000.
- Use the State Education Windfall funds to pay for the 2021 Installation of the new fire alarm systems in Nute and MES.
- Recommend funding the requested \$16,500 for the Police Taser X2 & Axon camera project.
- Recommend funding the incremental \$50,000 for the CRF for future engineering costs of a new DPW Garage.
- Recommend funding \$5,000 for the Boat Ramp Repair and Reconstruction project. The Recreation Director presented the project request at \$10,000 to the Board but later withdrew it because of concerns over the total Capital Program amount being requested.
- Recommend the Final Phase of the Library Renovation Project at \$20,000.
- Recommend funding the requested \$1500 for the Town Technology project.
- Recommend funding the Police cruiser replacement of car 1 at \$50,000 because the funding does not come from the tax levy, it comes from the Police Detail CRF.
- Strongly recommend the Beach Restoration project but begin funding incremental amounts of \$3,000 annually next year.
- Recommend funding the requested \$7,400 incremental amount for the future purchase of a roll-off truck because the funding does not come from the tax levy, it comes from Transfer Station fees saved into a CRF.
- Put off the incremental \$1,667 for the CRF for future purchase of the DPW Ford 5000 Tractor with boom mower until next year.
- Put off the incremental \$6,250 for the CRF for future purchase of the DPW Excavator until next year.
- Put off the \$40,000 (into a CRF) for the leased replacement of Fire Engine 4 (Tanker) until 2022, which will require recalculating the lease payments that would now begin in 2023. The temporary tanker purchased in 2019 should be sufficient until then.
- Put off the requested \$20,000 (into a CRF) for the 2025 purchase of the Fire Engine 2-Pumper until next year.
- Put off the requested \$5,000 (into a CRF) for the future purchase of a DPW one-ton pickup with plow and sander until next year.
- Put off the requested \$1,800 (into a CRF) for the future purchase of a DPW Skid Steer with attachments until next year.

- Put off the incremental \$8,266.67 for the CRF for future purchase of the DPW Payloader with forks until next year.
- Put off the incremental \$667 for the CRF for future purchase of the DPW Bandit Woodchipper until next year.
- Put off the incremental \$400 for the CRF for future purchase of the DPW 3 Ton Trailer until next year.
- Put off the incremental \$1,000 for the CRF for future purchase of the DPW 10 Ton Trailer until next year.
- Put off the incremental \$12,000 (\$4K, \$4K plus \$4K) for the CRF for future purchase of the DPW 2027, 2028, and 2029 Ford F-250 pickups with plows until next year.
- Reduce the \$15,000 funding requested by the TPPA for the European Naiad Eradication Project to \$5,000.

The foregoing changes, if followed, would result in a reduction from **\$464,482.86** to **\$304,432.19** for **2021 Capital Year project tax levy costs.**

The recommendation bullets above show that there are no “not recommended” projects, however, several projects are recommended for no funding this year, to resume in 2022, predicated on the idea that most if not all of the equipment or vehicles being saved up for replacement in the future can continue useful life for an additional year. Some are recommended for funding reductions in order to achieve what the Board considers a reasonable total capital funding amount given the financial climate in Town and the inability to continue to use unassigned fund balance funds for fiscal health reasons.

The Board continues to recommend that the Town work with the UNH Technology Center to gather the necessary data and purchase the software for the RSMS (road surface management system) that will enable the DPW to prepare an annual Road Improvement Program. The program will prioritize roads in need of repair, rehabilitation or reconstruction and create an annual priority list of projects in Town.

PROGRAM FINANCE

As mentioned previously, the CIP forecasts major capital projects within a flexible framework designed to distribute the tax burden attributable to capital expenditures over time. Towards this end, the Board recommends a six-year program that fits within reasonable, fiscal constraints. Although a fiscally constrained CIP is not a statutory requirement, the Board feels that it is a very important element of a balanced program.

One of the goals of the CIP is to recommend a stable program of improvements in terms of the associated tax rate impact. Although capital improvements represent a relatively small portion of Town appropriations, they can be easily targeted for budget reduction purposes. It is important that public officials consider needed capital expenditures within the context of the bigger spending picture. To the extent this process is accomplished reasonably, tax rate stability can be achieved while decreasing the likelihood that action on needed capital improvements will be deferred. This stability can be accomplished by rating and ranking the project submittals, then recommending only those projects by ranked priority that fall within the Town’s recommended funding total for capital spending in that year. Additionally, by determining equipment or facility life, an annual recommended contribution (ARC) to

an established capital reserve fund may be calculated to incrementally save money each year until the capital asset is required. These are the best methods to smooth out the tax levy amount and still pay for justified or urgent capital needs for the benefit of the Town's citizens.

Project Financing. Financing mechanisms will vary by project and circumstances including general fund revenues, special assessments, grant funding, private donations, Capital Reserve funding, lease/purchases, and short and long-term borrowing. The funding mechanisms chosen for individual capital projects are not within the purview of the Planning Board, nor are these funding mechanisms part of our recommendation to the Board of Selectmen and Budget Committee.

Non-Property Tax Revenue Offsets. Non-property tax revenues such as federal and state grants are identified in relation to specific projects. These projected revenue offsets are applied to project costs in the aggregate at the bottom of the CIP Spreadsheet.

Expendable Trust and Capital Reserve Funds. The making of an annual recommended contribution (ARC) to an expendable trust or capital reserve fund for future withdrawal can be a useful tool to "smooth" out the property tax levy. The Town began to undertake a complete review of its funds as to when it should establish one, how to establish, and how much to annually contribute. The Planning Board continues to recommend annual contributions to the capital reserve accounts and a percentage ceiling for capping the total capital year expenditures on an on-going basis.

FINAL THOUGHTS ON 2021-2026 CAPITAL IMPROVEMENTS PROGRAM REPORT

We want to thank everyone who worked through the process and the myriad of requests, questions and discussions. We also thank those in the Milton Community who have shown interest and taken the time to ask questions which has helped to make a better recommended Plan.

The Planning Board recommends approving this recommended program that provides annual appropriations for needed Capital expenses that is based on the need for individual projects and equipment balanced with a prudent assessment of the total cost of the yearly program and its effect on the Town's financial health.

Considering our goal to keep year on year increases below 3%, looking backward four years while planning forward five years should be a key component of the program work annually. These recommendations are less than the requested total amount from the previous year, but not less than the actual capital funding approved at Town Meeting last year.