

CAPITAL IMPROVEMENTS PROGRAM
2008-2014
TOWN OF NEWFIELDS, NEW HAMPSHIRE

Prepared by:
The Newfields Planning Board



November, 2008

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CAPITAL IMPROVEMENTS PROGRAM NEWFIELDS, NEW HAMPSHIRE

I. INTRODUCTION

The Town officials in Newfields, 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 provides 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 Newfields at the annual Town Meeting of 1985.

NH RSA 674:5--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 six 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 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. NEWFIELDS CAPITAL IMPROVEMENT PROGRAM

The Newfields 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 Newfields.

For the purpose of this document, the Newfields Planning Board determined at a meeting in the summer of 2008 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, school 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 ten-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 Newfields' 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.

Once the program has been adopted, it is reviewed and can be updated as often as annually by the Planning Board in conjunction with the 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 ten-year program period is maintained.

The CIP provides Newfields 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 Newfields' 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 also that 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 Newfields 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 Capital Improvement Program and Capital Budget, Growth Management must be related to such a 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 Master Plan.

While Newfields 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 the impact of growth.

III. GROWTH IN NEWFIELDS AND THE REGION

A. Population

As has been the case with most communities in Southern New Hampshire, Newfields has experienced consistent and stable population growth over the last decade. Table III-1 presents a comparison of the population histories for Newfields and the five surrounding communities. In addition, population information is given for Rockingham County and the region as a whole.

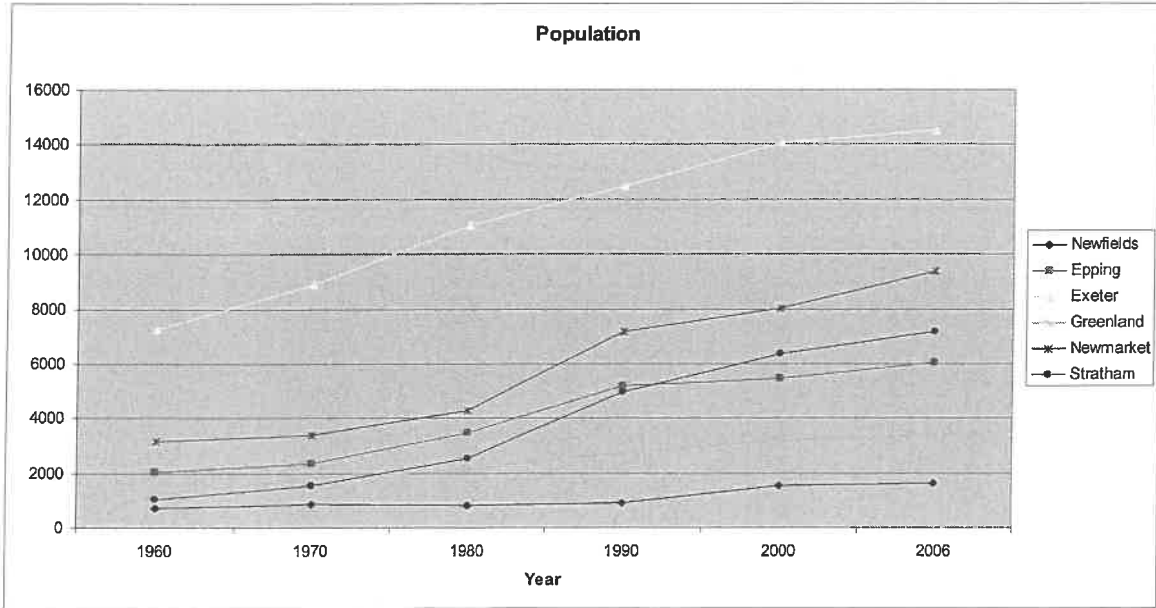
Table III-1 presents the overall growth rates for the Region and County from 1960 to 2006. This places the growth of Newfields in context with the surrounding communities, the region and the county. It is presented here for informational purposes to properly frame the historical population growth. Figure III-1 provides a visual representation of what the experienced growth has looked like for each community.

Table III-1

| Population History | | | | | | |
|--------------------|---------|---------|---------|-----------|-----------|-----------|
| Town | 1960 | 1970 | 1980 | 1990 | 2000 | 2006 |
| Newfields | 737 | 843 | 817 | 888 | 1,551 | 1,634 |
| Epping | 2,006 | 2,356 | 3,460 | 5,162 | 5,476 | 6,052 |
| Exeter | 7,243 | 8,892 | 11,024 | 12,481 | 14,058 | 14,535 |
| Greenland | 1,196 | 1,784 | 2,129 | 2,768 | 3,208 | 3,383 |
| Newmarket | 3,153 | 3,361 | 4,290 | 7,157 | 8,027 | 9,357 |
| Stratham | 1,033 | 1,512 | 2,507 | 4,955 | 6,355 | 7,180 |
| 6 Town Total | 15368 | 18748 | 24227 | 33411 | 38675 | 42141 |
| Rock Co. Total | 99,029 | 138,951 | 190,345 | 245,845 | 277,359 | 296,565 |
| State Total | 474,517 | 481,043 | 487,134 | 1,109,117 | 1,235,550 | 1,315,000 |

*Source - US Census

Figure III-1



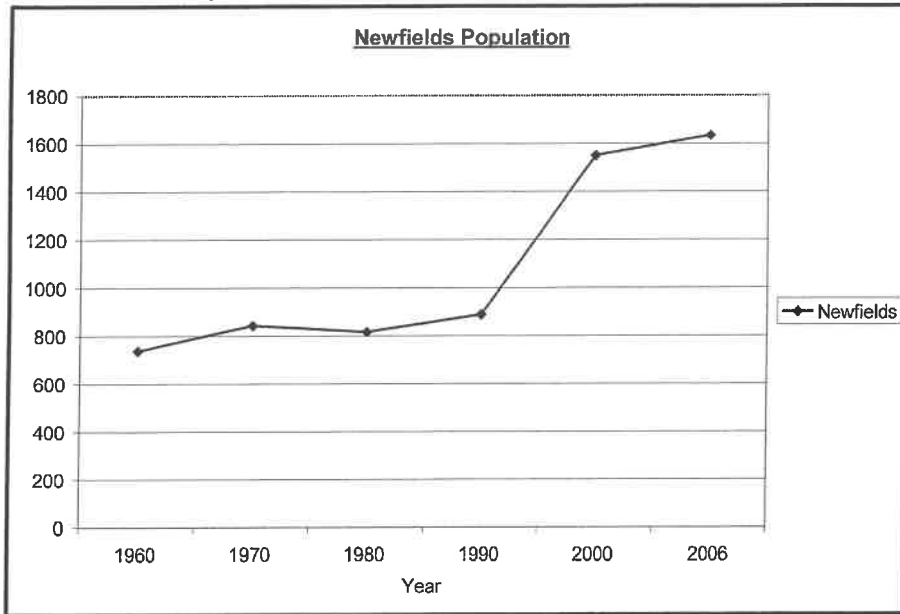
The table shows a comparison of growth rates between 1960-2000, 1990-2000, 2000-2006, and finally 1960-20006. This comparison shows that every town abutting Newfields, with the exception of Stratham had between a 2.1-4.4 percent increase over the last 46 years. Stratham has clearly witnessed the largest amount of growth over that timeframe, but we find that during the 1990's Newfields grew at a tremendous average annual rate of 5.74% which far outpaced any of the surrounding communities or the county and state averages. This represents nearly a 75% total increase in population over the previous decade, with a slight reduce in the rate between 2000 and 2006.

Figure III-2 depicts the increase in population for Newfields for the past 46 years and clearly depicts the significant population increase witnessed during the 1990's.

Table III – 2: Regional Average Annual Growth Rate

| Town | Avg Annual Growth Rate | | | |
|----------------|------------------------|-----------|-----------|-----------|
| | 1960-2000 | 1990-2000 | 2000-2006 | 1960-2006 |
| Newfields | 2.761194 | 7.466216 | 0.891898 | 2.645862 |
| Epping | 4.324526 | 0.608291 | 1.753104 | 4.384672 |
| Exeter | 2.352271 | 1.263521 | 0.565514 | 2.18862 |
| Greenland | 4.205686 | 1.589595 | 0.909185 | 3.975207 |
| Newmarket | 3.864573 | 1.215593 | 2.761513 | 4.2775 |
| Stratham | 12.87996 | 2.825429 | 2.163651 | 12.93615 |
| 6 Town Total | 3.791482 | 1.575529 | 1.493644 | 3.787232 |
| Rock Co. Total | 4.501964 | 1.281865 | 1.1541 | 4.336367 |
| State Total | 4.009514 | 1.139943 | 1.071722 | 3.850519 |

Figure III – 2: Newfields Population Change between 1960-2006



Estimates and Projections.

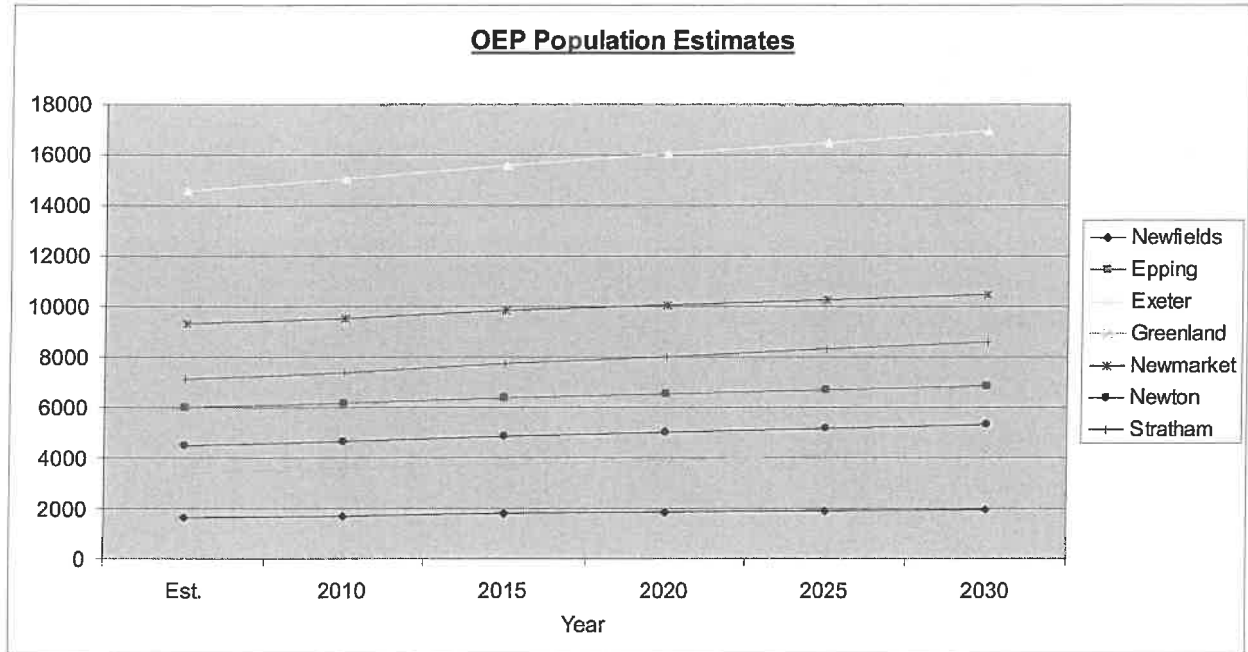
The only data available for review from 2000 to the present day is based upon the New Hampshire Office of Energy and Planning (OEP) data estimates. Additional data on population projections is also available from this office. The same regional comparison for this data is presented in Tables III-3 and III-4:

Table III-3: Regional Population Growth Estimates and Projections from 2005 - 2030

| NH Office of Energy & Planning | | | | | | | | | | | January 2007 |
|--------------------------------|--------|-------------|--------|--------|--------|--------|-------------|-------|-------|-------|--------------|
| Municipality | 2005 | Projections | | | | | Differences | | | | |
| | Est. | 2010 | 2015 | 2020 | 2025 | 2030 | 05-10 | 10-15 | 15-20 | 20-25 | 25-30 |
| Newfields | 1630 | 1690 | 1770 | 1830 | 1890 | 1940 | 60 | 70 | 60 | 60 | 60 |
| Epping | 5980 | 6150 | 6350 | 6520 | 6690 | 6850 | 170 | 210 | 170 | 170 | 160 |
| Exeter | 14560 | 15070 | 15580 | 16040 | 16500 | 16930 | 500 | 510 | 460 | 460 | 430 |
| Greenland | 3390 | 3560 | 3720 | 3880 | 4080 | 4240 | 170 | 160 | 150 | 200 | 150 |
| Newmarket | 9310 | 9530 | 9820 | 10050 | 10280 | 10500 | 230 | 290 | 230 | 230 | 220 |
| Newton | 4480 | 4650 | 4850 | 5020 | 5180 | 5340 | 160 | 200 | 160 | 170 | 160 |
| Stratham | 7130 | 7390 | 7730 | 8020 | 8310 | 8580 | 260 | 340 | 290 | 290 | 270 |
| Rockingham Co. | 296740 | 308220 | 320490 | 331190 | 341850 | 351660 | 11480 | 12280 | 10700 | 10660 | 9810 |

Source: NHOEP

Figure III-3: OEP Population Estimates

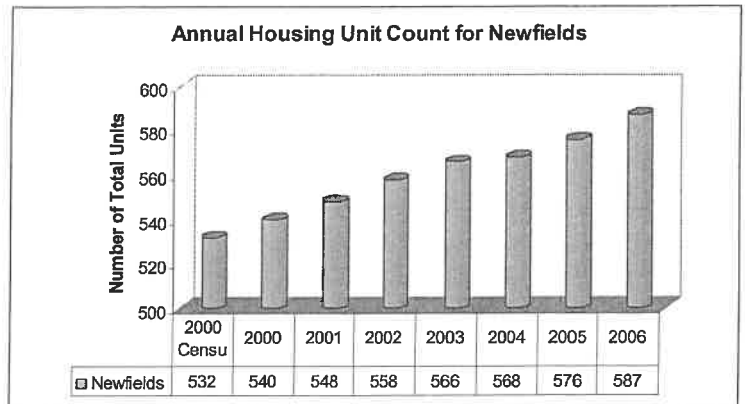


The projections for Newfields show a steady population increase over the next twenty-five years of roughly 3-4%. These projections are fairly consistent with the projected regional population growth estimates, along with the projection of a leveling off of population growth between 2015 and 2030.

B. Housing

The growth of Newfields's housing stock is also an important consideration. Figure III-4 shows that Newfields's total number of housing units per year has been steadily increasing from 2000 to 2006. Figure III-5 compares Newfields's total housing growth with the surrounding communities for the years 1990, 2000, and 2006 and shows that this steady upward trend has been realized in the surrounding towns. This chart also shows

Figure III-4



the discrepancy between towns relative to total housing stock. Newfields has less than half the number of total housing units than the next smallest community. This is an important point that . While Newfields total housing units may be significantly smaller than surrounding towns, the impact that the growth, even if numerically smaller, may be significantly larger in regards to the town's ability to provide services.

Figure III-5:

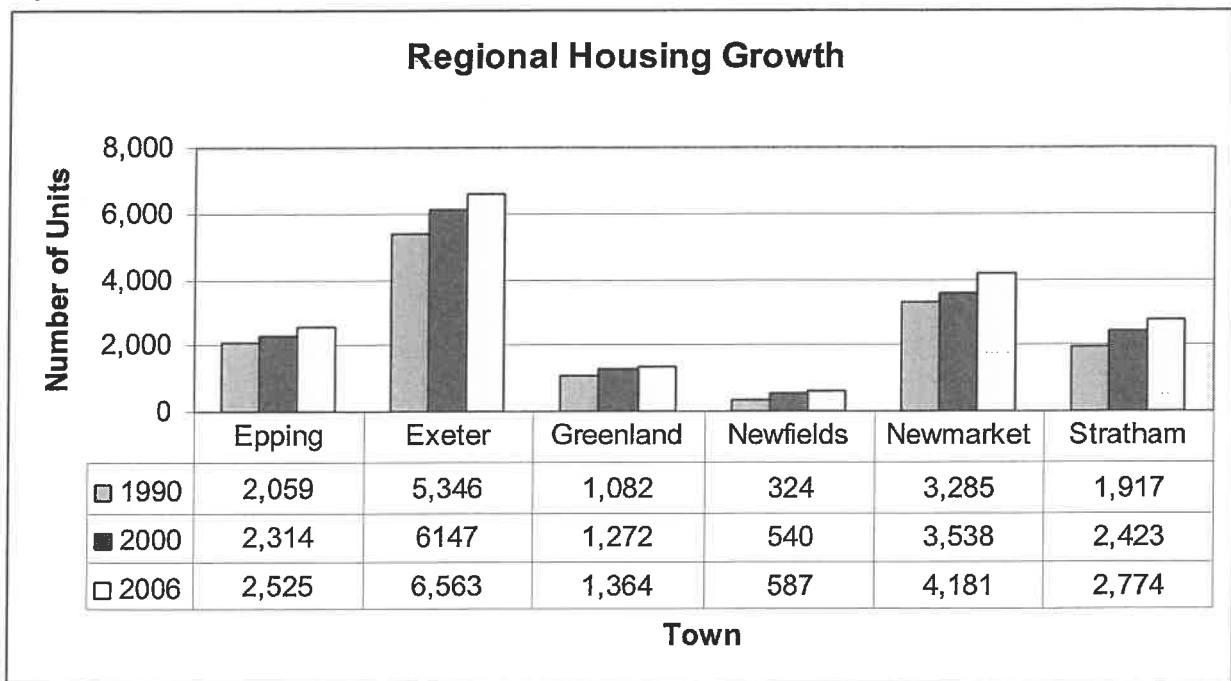


Table III-4 displays the average annual growth in housing units experienced by Newfields and surrounding towns, as well as similar figures for Rockingham County and the State. Total housing units in Newfields increased by 81.17% from 1990 to 2006. Housing growth in Newfields far outstripped other towns during this period.

Table III – 4: Regional Housing Change from 1990-2006

| | 1990 | 2000 | 2006 | % Change 1990-2000 | % Change 2000-2006 | Total % Change 1990-2006 |
|-----------|-------|-------|-------|-----------------------|-----------------------|-----------------------------|
| Epping | 2,059 | 2,314 | 2,525 | 12.38% | 9.11% | 22.63% |
| Exeter | 5,346 | 6,147 | 6,563 | 14.98% | 6.76% | 22.76% |
| Greenland | 1,082 | 1,272 | 1,364 | 17.56% | 7.23% | 26.06% |
| Newfields | 324 | 540 | 587 | 66.66% | 8.70% | 81.17% |
| Newmarket | 3,285 | 3,538 | 4,181 | 7.70% | 18.17% | 27.27% |
| Stratham | 1,917 | 2,423 | 2,774 | 26.39% | 14.48% | 44.70% |

IV FISCAL ANALYSIS

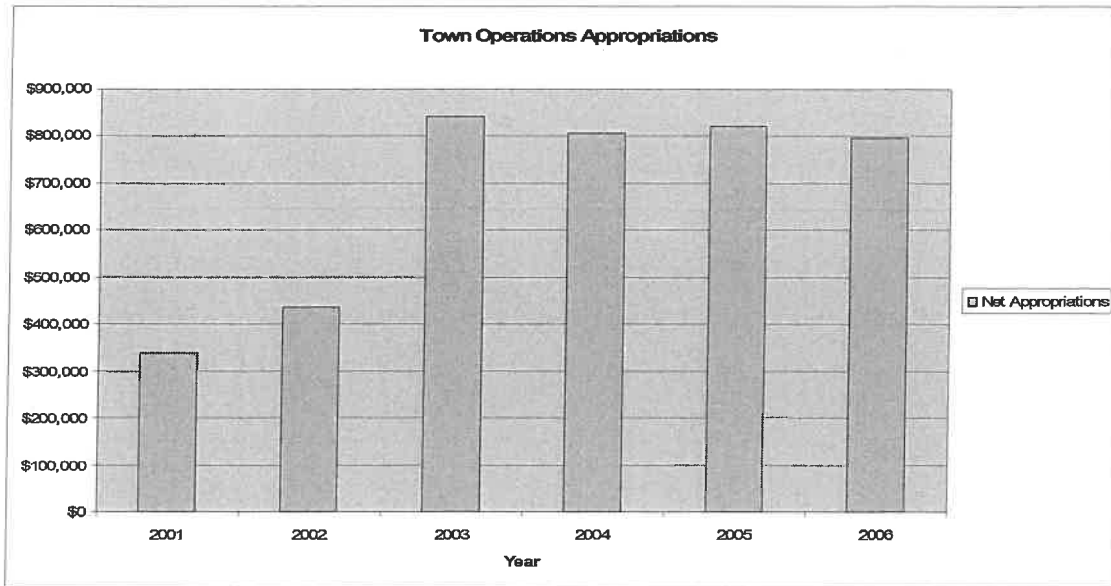
A. Tax Commitment

A summary analysis of Newfields’s tax commitment for the past six years is presented in Table IV-1. This method of comparison shows how the tax commitment has changed over time. This methodology is selected due to the dramatic changes that occurred during this period with respect to education funding and the significant bond issues for open space conservation in town. The changes in the state education funding formula created dramatic differences year to year on the total tax issue. Later analyses in this section show more detailed input on the changes in revenues and budgets. The details of these changes more adequately reflect the actual expenditures and revenues as specific line items for the budgeting process rather than the generalized results in the prior version of the CIP. This format change from the prior CIP is also due to the Town’s stated goal for mapping the school budget as well. As such, the school accounting is reflected, whereas in the previous CIP it was not included. Town appropriations are compared in Chart IV-1.

Table IV-1

| Tax Year | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Town | \$337,928 | \$436,402 | \$841,874 | \$806,879 | \$821,581 | \$795,046 |
| Local School | \$1,402,290 | \$1,439,426 | \$1,776,502 | \$1,728,780 | \$1,861,559 | \$1,928,349 |
| Regional School | \$1,225,927 | \$1,273,389 | \$1,375,053 | \$1,542,034 | \$1,923,089 | \$2,346,199 |
| State Education | \$891,964 | \$916,392 | \$862,748 | \$653,319 | \$575,369 | \$568,665 |
| County | \$216,509 | \$212,185 | \$213,149 | \$202,186 | \$207,037 | \$208,277 |
| Total | \$3,006,290 | \$3,143,994 | \$3,858,995 | \$3,879,534 | \$4,471,738 | \$4,937,743 |

Chart IV-1

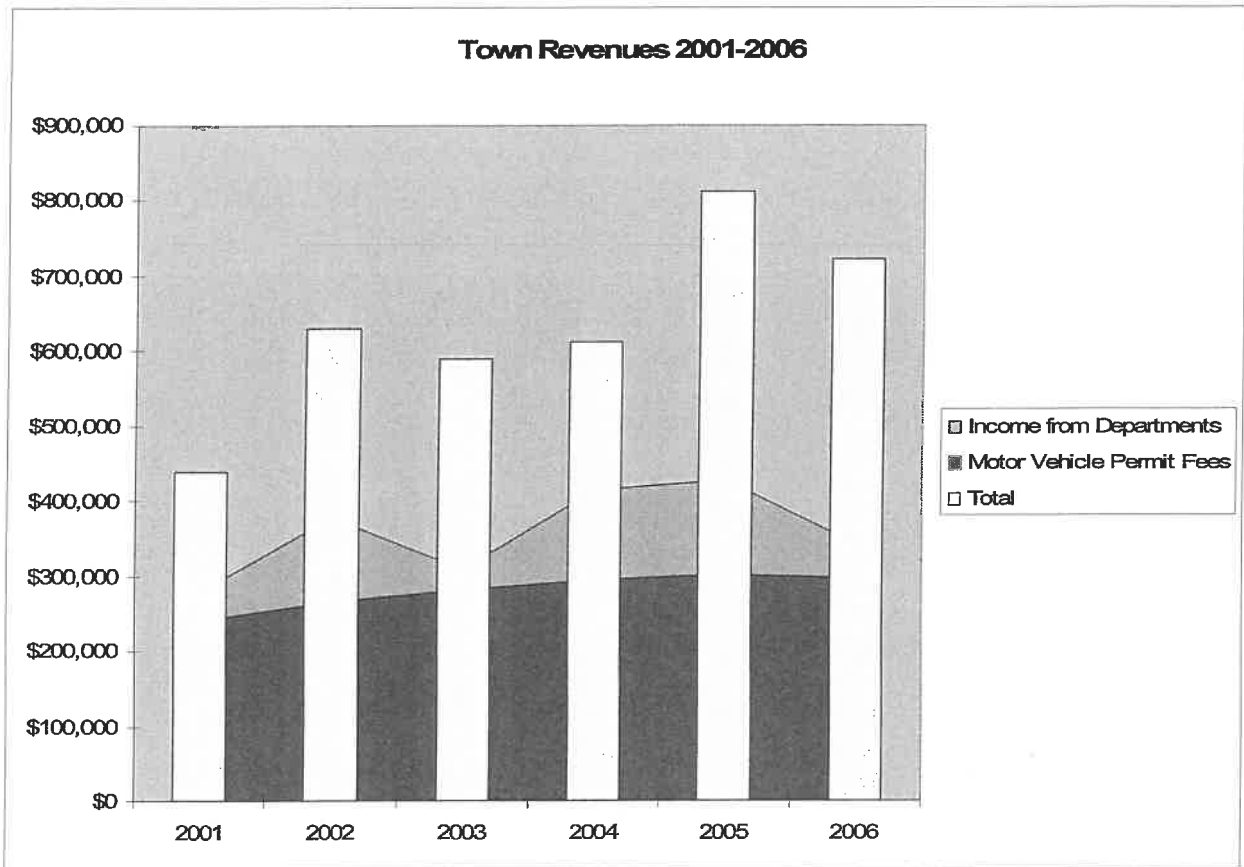


B. Non-tax Revenues

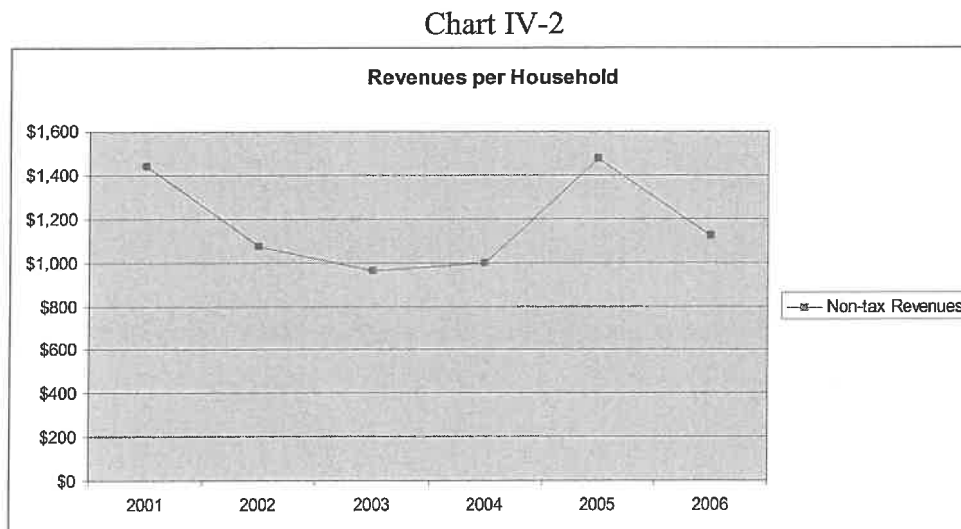
As shown in Table IV-2, the non-tax revenue for Newfields has fluctuated, yet has shown a general trend toward stability over the past six years. This places an increasing burden on taxes as the commitment rises.

Table IV-2 Town Revenue

| <i>Revenue Source</i> | <i>2001</i> | <i>2002</i> | <i>2003</i> | <i>2004</i> | <i>2005</i> | <i>2006</i> | <i>Average Annual Growth Rate</i> |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------------------|
| Motor Vehicle Permit Fees | \$239,841 | \$265,564 | \$282,313 | \$295,866 | \$301,831 | \$297,524 | 4.40 |
| Income from Departments | \$39,000 | \$112,285 | \$26,483 | \$117,303 | \$126,452 | \$44,398 | 2.63 |
| Total | \$438,963 | \$629,696 | \$589,521 | \$611,903 | \$812,169 | \$722,150 | 10.47 |



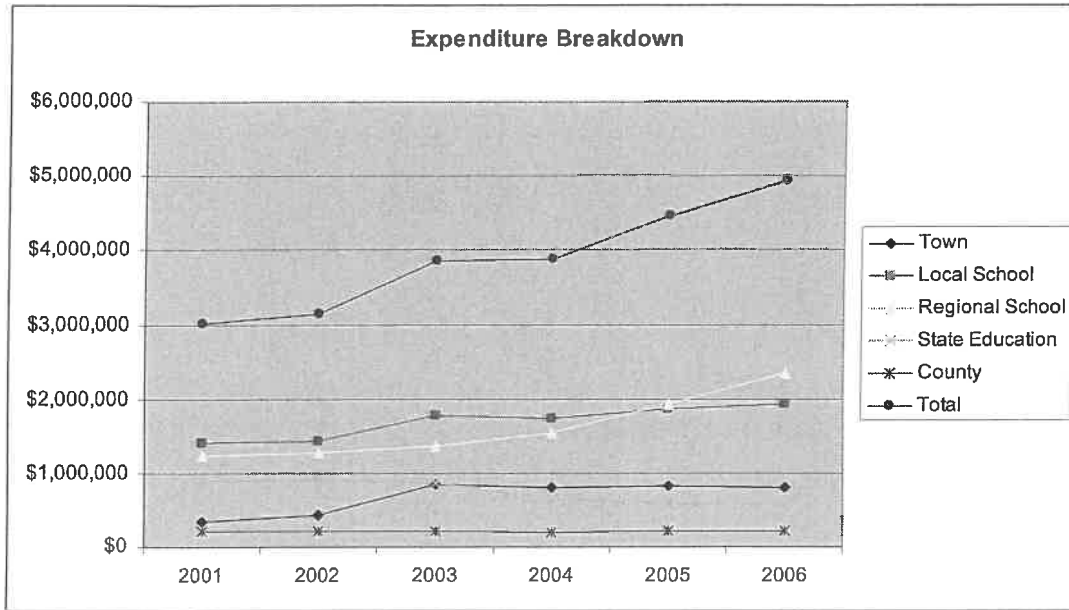
Revenues are displayed, per household, for the study period in Chart IV-2.



B. Town Expenditures

Generally speaking, Newfields's expenditures have been steadily rising since 1994 (see previous CIP). The same escalation has increased during this project period. This is expected to continue due to increased growth, costs, and general inflation. Chart IV-3 shows that there has been a general increasing trend over the past six (6) years.

Chart IV-3



As previously indicated by revenue trends, Newfields will most likely have to rely more on local funding in the future. Sound fiscal planning insures that expected increases from growth and operating expenditures may proceed without negatively impacting the tax rate through dramatic unplanned capital expenditures related to growth impacts.

Table IV-3 shows that over the past six years, Newfields has shown an increase in almost all categories of expenditure.

Table IV-3

| <i>Expenditures per Household</i> | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Town | \$645 | \$820 | \$1,556 | \$1,470 | \$1,491 | \$1,422 |
| Local School | \$2,676 | \$2,706 | \$3,284 | \$3,149 | \$3,379 | \$3,450 |
| Regional School | \$2,340 | \$2,394 | \$2,542 | \$2,809 | \$3,490 | \$4,197 |
| State Education | \$1,702 | \$1,723 | \$1,595 | \$1,190 | \$1,044 | \$1,017 |
| County | \$413 | \$399 | \$394 | \$368 | \$376 | \$373 |
| Total | \$5,737 | \$5,910 | \$7,133 | \$7,067 | \$8,116 | \$8,833 |

C. Tax Base and Bonded Debt Limit

The Town of Newfields's tax base for the years 2001-2006 is detailed on Table IV-6. Since 1994, Newfields has seen a steady increase in equalized valuation. Table IV-6 also displays Newfields's *projected* valuations from 2000-2005, which are very important to the CIP process. These projection numbers are used for both *assessed* and *total equalized* valuation columns in Table IV-6. Projection values for equalized valuation were estimated using simple regression analysis of the total equalized valuation for the years 1994-1999 projected out to the year 2005. It is the assessed valuation however, annually established, that is used in determining the tax rate for the community. Assessed valuation projections were also derived by linear trend growth estimates calculations.

Table IV-6 also details the revenues raised by property taxes for the period 1994-1999. In this six-year period, there has been an overall increasing trend in property tax revenues. The largest percentage increases were between 1997 and 1998, at 20.4% and between 1995 and 1996, at 18.1%.

The state of New Hampshire has statutory limits (RSA 33:4a) in place that allow towns to bond specific percentages of their equalized assessed valuations to pay for capital improvements. For municipal purposes, the bonding threshold is 3% of the communities equalized assessed valuation. There is a limit of 7% of a town's equalized assessed valuation for the bonding of school related capital improvements. Table IV-4 displays the actual statutory limits for municipal bond of capital improvements for the Town of Newfields. Equalized assessed valuation established by the state and used to compare communities is a figure substantially different for assessed valuation which is used by the town and state for purposes of establishing an annual tax rate. Even a limit as low as 3% of the available level of municipal bonding capability in Newfields is significant. Historically the town has never come close to reaching this bonding ceiling.

Table IV - 4
Tax Base and Bonded Debt Limit

| Year | Assessed Valuation for Local Tax Purposes | Total Equalized Valuation | Statutory Limit for Bonded Debt (3% of E.V.) | Revenues Raised by Property Taxes | % Change in Property Tax Revenues From Previous Year |
|-----------|---|---------------------------|--|-----------------------------------|--|
| 2001 | \$112,445,927 | \$175,696,761 | \$5,270,903 | \$3,017,290 | |
| 2002 | \$115,384,994 | \$196,902,720 | \$5,907,082 | \$3,154,794 | 4.56% |
| 2003 | \$202,602,965 | \$202,602,965 | \$6,078,089 | \$3,869,995 | 22.67% |
| 2004 | \$201,692,088 | \$222,864,186 | \$6,685,926 | \$3,890,434 | 0.53% |
| 2005 | \$205,220,613 | \$242,291,161 | \$7,268,735 | \$4,482,238 | 15.21% |
| 2006 | \$209,518,292 | \$261,244,753 | \$7,837,343 | \$4,946,843 | 10.37% |
| Projected | | | | | |
| 2007 | \$249,873,260 | \$275,350,408 | \$8,260,512 | \$5,258,652.60 | 11.91% |
| 2008 | \$271,414,912 | \$292,040,879 | \$8,761,226 | \$5,648,667.91 | 12.33% |
| 2009 | \$292,956,563 | \$308,731,351 | \$9,261,941 | \$6,038,683.23 | 12.75% |
| 2010 | \$314,498,215 | \$325,421,822 | \$9,762,655 | \$6,428,698.54 | 13.16% |
| 2011 | \$336,039,867 | \$342,112,294 | \$10,263,369 | \$6,818,713.86 | 13.58% |
| 2012 | \$357,581,518 | \$358,802,765 | \$10,764,083 | \$7,208,729.17 | 13.99% |

E. Impact on the Town's Tax Rate

Table IV-5 shows the change in the Town of Newfields tax rate over the study period.

| Year | Tax Rate | | | | | Total |
|------|----------|--------------|--------------|--------|--|---------|
| | Town | Local School | State School | County | | |
| 2001 | \$3.00 | \$13.97 | \$7.98 | \$1.93 | | \$26.88 |
| 2002 | \$3.78 | \$13.78 | \$7.98 | \$1.84 | | \$27.38 |
| 2003 | \$4.15 | \$9.64 | \$4.28 | \$1.05 | | \$19.12 |
| 2004 | \$4.00 | \$11.05 | \$3.25 | \$1.00 | | \$19.30 |
| 2005 | \$4.00 | \$14.03 | \$2.81 | \$1.01 | | \$21.85 |
| 2006 | \$3.80 | \$16.11 | \$2.72 | \$0.99 | | \$23.62 |

Table IV-6 shows the capital expenditures by department for the town of Newfields for the years 2001-2007. Totals of capital expenditures range from a low of \$65,000 in 2003 to a high of \$205,600 in 2005.

Table IV - 6
Newfields Capital Expenditures 2001-2006

| Department | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|----------------------|-----------------|------------------|-----------------|------------------|------------------|-----------------|-----------------|
| Fire | \$25,000 | \$25,000 | \$35,000 | \$35,000 | \$45,000 | \$50,000 | \$50,000 |
| Police | | \$10,000 | | \$12,000 | \$10,600 | \$13,000 | |
| Highway | \$25,000 | \$40,000 | \$15,000 | \$10,000 | \$15,000 | | |
| Solid Waste | | | | | | | |
| Town Hall | | | \$15,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Recreation | | | | \$45,000 | | | |
| Conservation | \$25,000 | \$25,000 | | | | | |
| Post Office Purchase | | | | | \$130,000 | | |
| Emergency Management | | | | | | | \$15,700 |
| Total | \$75,000 | \$100,000 | \$65,000 | \$107,000 | \$205,600 | \$68,000 | \$70,700 |

The last table (IV-7) provides the status and projected payment for the open space bond.

Table IV -7

| Open Space Bond | |
|-----------------|-----------|
| 2001 | \$0 |
| 2002 | \$0 |
| 2003 | \$277,400 |
| 2004 | \$266,000 |
| 2005 | \$254,000 |
| 2006 | \$254,000 |
| 2007 | \$378,587 |
| Projected | |
| 2008 | \$365,000 |
| 2009 | \$355,000 |
| 2010 | \$345,000 |
| 2011 | \$340,000 |
| 2012 | \$335,000 |
| 2013 | \$75,000 |

V. CAPITAL PROJECTS

This section identifies the capital expenditures anticipated over the next six years. Within this time frame (2009-2014), other projects will be identified which will be of high priority and warrant immediate inclusion in the Town's capital spending plan. It is highly unlikely that all such expenditures can be readily identified six years in advance. Thus, spending priorities identified in this plan for the year 2014 may not remain the same ten years into the future, although every effort should be made to adhere to the plan.

Likewise, the plan has been designed to be as realistic, practical and feasible as possible. The CIP should not, and does not, constitute a "wish list" of desirable but unlikely spending and improvements. In preparing and accepting this document the Planning Board accepts the responsibility and obligation of making all good faith efforts to see that the plan is adhered to. It should, however, be recognized that the plan does not have the force of law and cannot commit or bind future administrations or officials of the Town of Newfields to the long range spending plans of their predecessors.

A. Financial Capacity and Method of Financing

Town expenditures can be grouped into two broad categories -- operating and capital. Operating expenses, as previously noted, include such items as salaries, utilities, insurance, rent, equipment purchases under \$10,000, 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.

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. Appendix Table 1 has four tables which detail current Bond Schedules for Newfields in the amounts of \$500,000, \$750,000, \$1,000,000, or \$1,200,000.
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 outright grant or provide matching funds to go with locally raised funds.

B. 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 Newfields's case, the department heads prioritized the projects; a project indicated as "*essential*" was scheduled first. Table V-1, titled CAPITAL IMPROVEMENTS SCHEDULE 2009-2014 shows anticipated capital projects for the next six years. The projects have been scheduled as submitted by the various departments with adjustments made by the Newfields Planning Board in an effort to equalize capital expenditures over the ten-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 an effort 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 Section A above. Additionally, some projects that are outlined below are not included in Table V-1 because a funding source was previously established for the project and therefore not impact to future taxes will be realized.

Requests for capital projects were solicited from each of the Newfields'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.

Public Safety:

Safety Facility/Police Station/Fire Department:

- This project entails the construction of a facility for occupation by the police and the fire department. The post office facility was reviewed with officials regarding the possibility of its use as a police facility and concerns regarding current needs make the investment questionable. The following factors support the conclusion that the Post Office is insufficient for a police facility and that a joint facility is recommended:
 - Joint facilities support interoperability, security and coordinated safety responses for emerging safety issues.
 - The existing facility lacks the space for new response operations and equipment needs.
 - Public parking and access is limited on site despite the community center location.
 - Expansion room is non-existent.
 - Substantial upgrades for equipment would be needed.
 - A complete HVAC system replacement, windows, and electrical system and structural changes would be required for any occupation.
 - The cost for the upgrade is currently projected to be \$200,000.00 for the complete outfitting of the facility for a police station.
 - The existing facility would be attractive to additional development in the Newfields Village.
- The recommended solution is a combined facility, centrally located, that will meet the 35-50 year demand of the Town's projected growth with an initial construction cost estimate of 2.5 million and a projected growth-related expense of 60%. The Town's population rate is projected to double within this 35 year period.
- Under this recommendation, approximately 60% of the cost will be eligible for impact fee consideration for this facility

Police Cruiser: This creates a revolving investment fund for the replacement of fire apparatus versus the current yearly warrant articles that request this money each year. The proposed annual contribution is \$10,000.

Fire Department: This creates a revolving investment fund for the replacement and expansion of fire apparatus (vehicles) versus the current yearly warrant articles that request this money each year. The proposed annual contribution is \$50,000.

Fire Department: This creates a revolving investment fund for the replacement of and expansion of fire equipment (safety equipment: breathing equipment, thermal cameras, radios, etc) versus the current sporadic warrant article funding requests. The proposed annual contribution is \$5,000.

Town Hall Facilities:

Refit Town Hall: Convert the existing police station to expanded office facilities for Town Hall staff. The total cost for this project is projected to be \$25,000.00.

Expansion for Town Boards and Commissions: This follows the recommendations of the Newfields Building & Facilities Advisory Committee Report (032707). The following needs were identified in terms of current needs and needs for projected 10 year growth:

| Department: | Need: | 10-year Growth |
|----------------------------|-------|----------------|
| Building Inspector | 50 | 25 |
| Board of Selectmen | 364 | 50 |
| Conservation Commission | 50 | 20 |
| Planning Board | 170 | 50 |
| Town Clerk | 135 | 50 |
| Treasurer | 135 | 10 |
| Zoning Board of Adjustment | 250 | 20 |
| Meeting Space | 1000 | 100 |

The costs associated with the expansion of this space includes facilities, office furniture, and other necessary expenses.

Land Use/Tax Assessor:

GIS Computer System: The current system relies on outside services and expensive reproduction options for creating and printing geographic data that is available for free. The proposed system would help with Conservation Commission, Planning Board, and the Tax Assessor as well as for other Town Officials that rely on mapping needs for their duties. The proposed system includes ArcGIS software, new PC, large format monitors, public access station, and a 24 inch plotter for map printing. The total cost for this system is \$15,000.

Local School:

Updated Energy System: The existing parking facilities have no room for expansion and are unsafe. The estimated cost for this complete project including access, pavement, and preparation is \$250,000. This project is programmed to provide a 10% expansion capacity. Accordingly, 10% of the cost is attributable to growth.

Athletic Facilities Expansion: The proposed addition of one field for general use is needed for general athletic purposes and is expected to be needed in ten years and is projected to cost 250,000. This project is programmed to provide a 10% expansion capacity for a 10-year period. This rate and percentage reflects the finding that growth will raise the school aged population by 10% over the planning horizon of 10 years. Accordingly, 10% of the cost is attributable to growth.

Technology Expansion: This is a one time expansion and equipment upgrade. The recommendation is to establish a revolving fund similar to the safety facility needs but the current needs are critical. The proposed project cost is \$20,000.

Facilities Upgrade and Maintenance: This creates a revolving investment fund for the upgrade and replacement of existing facility needs. This replaces the need for a yearly warrant article. Such projects include ADA requirements, plumbing, HVAC, windows, etc. The proposed annual contribution is \$10,000.

Regional School:

Cooperative Middle School:

This expansion relates to the creation of the final two “pods” for the middle school. Enrollments support this expansion with the 85% occupancy rate. It is therefore appropriate to program this expansion. This project is programmed as a 100% expansion capacity for a 10-year period. This rate and percentage reflects the finding that growth will raise the school aged population over the planning horizon of 10 years. Accordingly, 100% of the cost is attributable to growth.

The Regional District sets the percentage of assessment for the Town of Newfields at 7%. This provides the proportion for the project attributable to Newfields.

Exeter High School:

The \$54 million project includes growth expansion capacity and a portion of that expansion is attributable to growth in Newfields and therefore reflected in the CIP. This project is programmed to provide a 10% expansion capacity for a 10-year period. This rate and percentage reflects the finding that growth will

raise the school aged population by 10% over the planning horizon of 10 years. Accordingly, 10% of the cost is attributable to growth.

The Regional District sets the percentage of assessment for the Town of Newfields at 7%. This provides the proportion for the project attributable to Newfields.

Capital Improvement Program:

Table V-1 provides a listing of the proposed projects and their current projected reservation to complete the project. Each project is listed with a balanced approach to allocating funds and the projected year for completion.

| Project Description | Total Project Cost | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Town Hall Facilities | | | | | | | |
| Safety Facility | \$2,500,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$150,000 |
| Town Hall Retrofit | \$25,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | |
| Town Hall Facility Expansion | \$21,500 | \$10,000 | \$11,500 | | | | |
| 10 Year Growth Expansion | \$10,000 | | | | \$1,250 | \$1,250 | \$2,500 |
| Town Hall Office Retrofit | \$10,000 | \$5,000 | \$5,000 | | | | |
| Computer System | \$15,000 | \$15,000 | | | | | |
| GIS Computer System | \$15,000 | | \$15,000 | | | | |
| Engine Replacement | \$350,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| Police Cruiser | \$32,500 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| Equipment Upgrade | \$25,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Energy Systems | \$250,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | |
| Facilities Expansion | | | | | | | |
| Facilities Upgrade/Maintenance | | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| Technology Expansion | | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 |
| Academic Expansion | | | | | | | |
| Athletic Facilities Expansion | \$250,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 |
| Facilities Upgrade | \$20,000 | \$10,000 | \$10,000 | | | | |
| | \$3,524,000 | \$297,500 | \$299,000 | \$257,500 | \$258,750 | \$258,750 | \$255,000 |

Tables V 2 and 3 show the historical capital expenditures compared to those projected under the CIP. They show that CIP planning can realize the same projects with a more stable tax related impact.

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Annual Capital Expense | \$298,000 | \$299,000 | \$257,500 | \$259,000 | \$259,000 | \$255,000 |
| Funded by Current Year Property Tax | | | | | | |
| Assessed Valuation | | | | | | |
| On Which Taxes are Raised | \$ 225,000,000 | \$ 231,750,000 | \$ 238,702,500 | \$ 245,863,575 | \$ 253,239,482 | \$ 260,836,667 |
| Tax Rate For Capital Projects | \$1.32 | \$1.29 | \$1.08 | \$1.05 | \$1.02 | \$0.98 |
| Compute: (Net Annual Capital Expense/(Assessed Valuation/\$1,000)) = Tax Rate Impact Per Thousand Valuation | | | | | | |

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|----------------|----------------|----------------|---------------|---------------|------|
| Net Annual Capital Expense | \$198,000 | \$121,000 | \$335,000 | \$75,000 | \$133,000 | |
| Funded by Current Year Property Tax | | | | | | |
| Assessed Valuation | | | | | | |
| On Which Taxes are Raised | \$ 325,640,684 | \$ 350,595,903 | \$ 375,551,122 | \$400,506,341 | \$425,461,560 | |
| Tax Rate For Capital Projects | \$0.61 | \$0.35 | \$0.89 | \$0.19 | \$0.31 | |
| Compute: (Net Annual Capital Expense/(Assessed Valuation/\$1,000)) = Tax Rate Impact Per Thousand Valuation | | | | | | |

The final table (IV-4) is a breakdown of the Regional School District related projects for the CIP. This final table forms the basis for those allocations in the future to meet growth related demands.

| | Total Cost | Project Allocation | Growth % | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------|--------------|--------------------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | | | | | | | |
| 1. Newfields Elementary | | | | | | | | | |
| Parking Lot | \$460,000 | 100 | 10 | \$4,600 | \$4,600 | \$4,600 | \$4,600 | \$4,600 | \$4,600 |
| Athletic Facilities | \$260,000 | 100 | 10 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 |
| 2. Regional CO-OP | | | | | | | | | |
| Middle School | \$5,500,000 | 7 | 100 | \$38,500 | \$38,500 | \$38,500 | \$38,500 | \$38,500 | \$38,500 |
| High School | \$54,000,000 | 7 | 10 | \$37,800 | \$37,800 | \$37,800 | \$37,800 | \$37,800 | \$37,800 |
| Totals | | | | \$83,400 | \$83,400 | \$83,400 | \$83,400 | \$83,400 | \$83,400 |

Together with this program and the tables in Chapter V, the Board has produced the basis for an impact fee methodology as well as planning foundations for the fiscal stability of the Town.