

MADISON CAPITAL IMPROVEMENT PROGRAM

2010 – 2015

Prepared by the Town of Madison Capital Improvement Program Committee:

Michael Brooks, CIP Chairman Board of Selectmen Representative

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Background

The Capital Improvement Program report is compiled from inputs received from the town departments based upon their vision of future needs. The report is a tool for looking ahead at large project expenditures. This future exposure provides the town officials with time to plan for the big items far in advance, and to hopefully avoid surprises and spikes in spending from year to year. A sub-committee of the Planning Board is mobilized in September to review the project requests submitted by the department heads which require a total of \$10,000 or more (excluding personnel). By looking at the sum total of projects for each year in which this level of spending is requested, the sub-committee can visually see in which years there may be a spike in the amount of money needed to cover the requests and make recommendations for adjustments. These recommendations and adjustments are taken into consideration long before the department request becomes an "emergency". In other words, by taking the time to anticipate and compile the needs well into the future for all of the town's requests, the risk for "surprises" for spending and the need to absorb a large tax increase in a given year can be greatly reduced.

This is the 5th continuous year that the Capital Improvement Program (CIP) committee has formed to evaluate the six-year plan. Two public committee meetings were held, one in December 2008 and one in January 2009. The resulting CIP report presented here was approved in public session by the Planning Board on January 14, 2009, and presented to the Selectmen in the following weeks.

The following is the CIP committee report.

Project Comparison for 2009

Preparation for the 2009 town budget started in September. The town's department heads were asked to submit their 2009 operating budget requests and updates for their department's capital projects for 2009 and for the years 2010-2015. The CIP committee met with Selectmen Brooks to review the projects on the 2009 worksheet from last year so they could compare this to their current needs along with any project changes and economic constraints. It should be noted that the CIP committee took very seriously the current economic uncertainty and downturn during its review of current and future spending requests. In addition, it should be noted that departments did their best to not overburden the town with capital requests in 2009, and instead moved many 2009 spending requests into 2010 and beyond. The highlights of the changes for 2009 as of January 14, 2009 are outlined below (please note that further changes to warrant articles for 2009 can be made right up until the time of voting at town annual meeting):

- **General Government** – Due to the economic uncertainty, the selectmen will not be submitting a request for capital reserve for the town office renovation. The Historical Society stated they have sufficient donations to accomplish the minimum building renovations to prevent further deterioration to the building in 2009, and have asked to push their request for additional capital reserve into future years.
- **Emergency Management** – The Madison School is the designated local shelter for disasters, and the electric generator will be required. It is an anticipated article for capital reserve in 2009.

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- **Fire Department (1)** – It was determined that the purchase of the Primary Attack pumper can be pushed out to 2016. The amount is reduced for this year’s capital reserve, but the committee bumped up the future years based on the newer updated cost of \$400,000. (New) The Parking Pad costing about \$30,000 is not really new request, as this was originally planned for 2008 but not submitted due to budgetary constraints. It will possibly be submitted for this year’s town warrant, as the petroleum costs are coming down and the town may not want to wait any longer for this much needed replacement.
- **Police Department – (2)** An SUV is scheduled for replacement in 2009. Although the worksheet states lease-purchase starting with \$12,345 in the first year, as of this report, Chief Mullen is looking into outright purchase due to reduced auto prices and incentives. (4) Computer upgrades were pushed out to 2010.
- **Highway Dept (1-6)** The spending request for 2009 will be around \$70,000, even though the town does not know for sure the exact amount of the state’s transportation grant until the end of the summer. The Selectmen have decided to place the \$70,000 of the transportation block grant into an expendable trust which can be drawn on by them when needed. Michael Brooks noted that the Selectmen have incorporated the meadows Drive repair into the highway operations budget as a line item because it had been delayed for some time.
- **Highway Dept. Equipment (7)** – An article is anticipated this year to purchase the 1-ton truck with sander as a lease-purchase.
- **Public Works Garage (11)** – the start of capital reserve for the renovation/construction of a public works garage was pushed out to 2010.
- **Parks & Recreation (1)** – The request for capital reserve for the Ward Parcel Pavilion was moved out to start in 2010. (2) Lighting at \$20,000 for Burke field is expected to be presented as an article in 2009, as the installation of lighting can improve use of the field and this can lead to increased opportunity to fund raise to offset costs of the planned pavilion.
- **Library (1)** – There will be no request for patch and seal because the library board funded this project through donations in 2008.
- **Conservation Commission (1)** - Due to the economic uncertainty, the commission will not be submitting a request for capital reserve to fund future land easements and purchases.
- **School Board (3-8)** – At the time of the committee meetings, the information available was that these requests would not be forth coming for 2009. Please refer to the Madison School District Voter Information for more details of 2009 articles.

As the result of these adjustments, the Net Impact on the 2009 Tax Rate was decreased. The total Net Capital Expenditures comes to about \$112,345. Using the Projected Assessed Valuation of \$487,725,484 (as it is projected for 2009), the revised Net Impact on Tax Rate of Capital Projects for 2009 is \$.23 per assessed \$1,000.00 property value.

$$\frac{\$112,345}{\$487,725,484} \times \$1,000 = \$.23$$

This is compared to the published calculated projection of \$.64 per assessed \$1,000.00 in property value in the 2009-2014 CIP report.

Capital Projects Update for 2010-2015

General:

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1. Carry-over expenditures are reflected on the CIP spreadsheet. These are expenditures for which the town is obligated through prior years town vote, and which the Selectmen do not want to lose sight of relative to when they end, such as the Madison Elementary School Bond. These carry over items are not factored into the Net impact on Tax Rate of Capital Projects, however, the total can be viewed for additional analysis.

2. The Projected Annual Growth for our town was recalculated after adding in the 2008 new building permits. The new annual growth rate used for the 2010-2015 Projected Assessed Valuation is 2.43%, down from 2.55% calculated for the 2009-2014 CIP spreadsheet. The calculation also took into account the change in dwelling permits for 2007 from the 28 estimated at the time the CIP report was being drafted, down to the 22 actual for that year.

ISSUED BUILDING PERMITS BY YEAR

YEAR	NUMBER OF ISSUED PERMITS FOR DWELLING UNITS	Projected Growth Rate used for CIP
2000	24	
2001	36	
2002	42	
2003	56	
2004	60	3.30%
2005	41	2.96%
2006	28	2.65%
2007	28 (estimate) 22 (revised 12/10/08)	2.55%
2008	28	2.43%

3. Assessed Valuation for Madison property (from the 2008 MS-1 Summary Inventory of Valuation form) is \$475,597,742.00. This figure has been incorporated into the 2010-2015 CIP spreadsheet, and inflated each year to reflect the anticipated continuing annual growth rate at 2.43%.
4. Inflation factor - The website for the Bureau of Labor statistics on November 2008 reports that the Consumer Price Index rose 3.8% in the preceding 12 months.

Highlights regarding the 2010-2015 department project requests:

- **General Government** – the town office space renovation and the historical society funding requests for capital reserve were all pushed out from 2009 by one year.
- **Emergency Management** – This item remained unchanged. This item includes the second year request for funding as a warrant article. To purchase the generator and install wiring in 2010.
- **Fire Department** – The purchase of the primary attack pumper was pushed out to 2016, with a capital reserve of \$50,000 to be requested for each of the years 2010 through 2015 to get to the \$400,000 anticipated purchase price. Michael Brooks stated that the town has ambulance service and that the town fire department ambulance has many more years left on it with an upgrade (currently the rescue truck has 18,000 miles). After discussion, the committee decided to push out the estimated total cost of \$194,480 lease purchase (over 5 years) to start with a capital reserve article for half the amount of the first year lease purchase amount in 2016, and the other half in 2017 (when the warrant article would be submitted to begin the

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lease purchase). This was a big change from last year, when the lease purchase was expected to start in 2011.

- **Police Department** – Cruiser/SUV vehicle replacement remains as planned for every two years. Computer upgrades were moved to 2010 (\$4,000) and 2012 (\$7,000).
- **Highway Department (1-6)** – The Roads Sub-committee, the Road Agent and the Planning Board will determine the schedule of road repairs starting in 2010 using the updated Ned Connell's road inventory. In the meantime, the plan calls for spending at the rate of the expected transportation block grant of \$70,000 each year.
- **Highway Department (11)** - Public Works Garage was decreased to \$30,000 capital reserve per year until more accurate information becomes available.
- **Parks and Recreation (1)** – Request for the Pavilion capital reserve start up was moved out one year by the CIP Committee pending more information on grants and fund raising cost offsets. **(2&3)** Upper and Lower field irrigation remained unchanged.
- **Library** –Madison Residents count on the workstations for computer skills education. The requests for funding for 2010 and 2014 remained unchanged.
- **School Board (4)** - A project worksheet was submitted showing the need for replacement of two (2) boilers within the heating system estimated at \$125,000. The committee placed this into the plan for a 2013 replacement, and entered \$25,000/year capital reserve. The original Heating system update of the 1987 and 1990 wings for \$40,000 requested for in 2009 was replaced with this newer request.
- **School Board (9)** - A project worksheet was a submitted for replacement of the cafeteria tables and benches within 5 years, estimated at \$10,000. The committee has entered this amount for 2013 expenditure.
- All other projects stayed as projected this time last year.

CIP Committee Recommendations:

- After review of all requests and existing projects that were unchanged, the results showed tax rate spikes in 2011 and 2014. The committee decided the tax spikes could be leveled by revising the spending schedule for the Town Office Renovation in 2012 down to \$30,000 (from \$42,500), and adding the \$12,500 onto year 2015.
- The School submitted a project worksheet for the addition of a stage at the far end of the gym, timing to be determined by the school board, and estimated at \$300,000. The committee decided not to enter the request onto the CIP spreadsheet at this time. More discussion of the requirements for this addition in light of the current economy and the potential for using Conway School facilities should be considered.
- The committee noted that 2010 is the final year for the 10-year Elementary School Bond, which will have a positive impact on the over all tax rate starting in 2011.
- The committee discussed changing the definition of "priority". The suggestion from Kevin O'Neil was that we exchange priority number "2" for number "3". This was well received by the committee, but put on hold for next year consideration so we could complete this years process and report.
- The committee recognized the departments who delayed capital reserve requests and projects for 2009 in light of the current budget constraints.

Schedule of Capital Improvement Program Projects 2010-2015

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On the following page, the results of the 2010-2015 Capital Improvement Program are reflected in a report which displays all of the projects accepted for funding consideration. The advantage of this report is to show the years in which the funding will be requested and/or spent, and the net impact to the town's tax rate. All of the projects are forecasts, and subject to revision as we get closer to the years in which they are requested. The CIP spreadsheet is a working tool for the town boards to make decisions when new or emergency expenditures come to their attention.

The report is broken down into departments and their requested projects. For more information regarding a specific project, please contact the selectmen, the planning board or the department.

To read the report, starting from the left hand margin, the project name is listed under the department, and then the total Department Cost. Reading across you will see the year of the expenditure if by warrant article, or the start year of the capital reserve or lease purchase request. To the right, the amounts of the funding are placed under the year impacted. This is sub-totaled for the anticipated Municipal Expenditures and for the School District. Inflation of 3.8% per year is applied each year to specific project purchases. but not for capital reserves or "carry-overs".

The anticipated Total Capital Expenditures includes all new projects and carry over amounts. The Net Total Capital Expenditures excludes "carry-over" items. Once approved, carry-over items become part of the operations budget for the following years.

To calculate the Net Impact on Tax Rate of Capital Projects, the town's Projected Assessed Valuation is first inflated for each year by the projected growth rate of 2.43%. This number is then used in the calculation of the Net Impact on Tax Rate for each year 2010-2015 as follows:

$$\frac{\text{Net Total of Capital Expenditures}}{\text{Projected Assessed Valuation}} \times \$1,000 = \text{Net Impact on Tax Rate}$$

The Net Impact on the Tax rate for each year between 2010 and 2015 ranges from a high of \$.61 to a low of \$.40 per assessed \$1,000 of property value, for an average of \$.54 (the average was \$.50 for 2009-2014 in 2008, \$.47 for 2008-2013 in 2007, and \$.47 for 2007-2012 in 2006).

Approved by Planning Board Jan. 14, 2009				2010-2015 CAPITAL IMPROVEMENT PROGRAM																
				SCHEDULE OF CAPITAL IMPROVEMENT PROGRAM PROJECTS																
				TOWN OF MADISON, NEW HAMPSHIRE																
Department Description		Department Cost	Purchase or Start Year	Financing Method	Expected Encumb & Capital Reserves	Priority Ranking	Grants	2010	2011	2012	2013	2014	2015	6-Year	6-Year	Total	Balance to be			
Project or Equipment Source of Revenues														Total Cost	Total Revenues	Total Payment	Paid by Town Beyond Year 6			
GENERAL GOVERNMENT																				
1	Town Office Space Renovation (3rd level)	\$160,000	2008	Capital Reserve		4		25,000	17,500	30,000	30,000	30,000	27,500	160,000		160,000	0			
2	Historical Society Museum Renovation	\$114,000	2008	Capital Reserve	35,000	3		11,000	3,000	25,000				39,000						
EMERGENCY MANAGEMENT																				
1	Emergency Generator & Wiring @ School for Emer Shelter	\$40,000	2011	Warrant Article	20,000	1		20,000												
FIRE DEPARTMENT																				
1	Primary Attack Pumper (1993) Replacement (To Cap Res)	\$400,000	2016	Capital Reserve	50,000	2		50,000	50,000	50,000	50,000	50,000	50,000	300,000		350,000	50,000			
2a	Rescue Truck (1994) Replacment (To Cap Res)	\$22,000	2016	Capital Reserve		2								0		0	22,000			
2b	Rescue Truck (1994) Replacment	\$172,480	2017	Lease Purchase		2								0		0	172,480			
POLICE DEPARTMENT																				
1	Cruiser Replacement (4 yr. thru 2010)	\$31,644	2007	Lease Purchase		C/O		6,558												
2	SUV Cruiser Replacement (4yr.thru 2012)	\$32,880	2009	Lease Purchase		2		6,845	6,845	6,845					20,535	20,535	0			
3	Cruiser Replacement (4yr. thru 2014)	\$34,320	2011	Lease Purchase		2			12,705	7,205	7,205	7,205			34,320	34,320	0			
4	Computer Upgrades	\$11,000	2010/2011	Warrant Article		2		4,000		7,000					11,000	11,000	0			
5	SUV Cruiser Replacement (4yr.thru 2016)	\$32,880	2013	Lease Purchase		2					12,345	6,845	6,845	26,035	26,035	6,845				
6	Cruiser Replacement (4yr. thru 2018)	\$34,320	2015	Lease Purchase		2						12,345	12,345	12,345	12,345	12,345	21,975			
HIGHWAY DEPARTMENT																				
1-6	Exact roads 6-year plan to be determined by the Roads Sub-Committee, Planning Board, BOS and Road Agent as determined from Ned Connell's road inventory	70,000 Annually	2010	Warrant Article		2		70,000	70,000	70,000	70,000	70,000	70,000	420,000		420,000				
NH Department of Transportation Block Grant																				
7	1-Ton Truck w/ Sander & Plow (replace 1998) 3 yr thru 2011	\$45,000	2009	Lease Purchase		C/O	(420,000)	70,000	70,000	(70,000)	(70,000)	(70,000)	(70,000)		30,000	30,000	0			
8	Peterbilt Dump Truck (replace 1997 Truck) 4yrs thru 2012	\$135,960	2008	Lease Purchase		C/O		15,000	15,000						67,980	67,980	0			
9a	Backhoe 1996 Replacement (to Capital ReserveFund)	\$12,500	2013	Capital Reserve		2					12,500			12,500	12,500	0				
9b	Backhoe 1996 Replacement - (4yr thru 2017)	\$87,500	2014	Lease Purchase		2						12,500	25,000	37,500	37,500	37,500	0			
10	1-Ton Truck w/Plow only (replacement) 3yr.thru 2013	\$48,000	2011	Lease Purchase		2			16,000	16,000	16,000			48,000	48,000	0				
11	Public Works Garage Expansion	\$200,000	2010	Capital Reserve		4		30,000	30,000	30,000	30,000	30,000	30,000	180,000	180,000	20,000				
PARKS & RECREATION																				
1	Pavillon - Capital Reserve (Expect fund raising and grants to reduce Pavillion cost to the town)	\$144,000	2010	Capital Reserve		3		48,000	48,000	48,000				144,000	144,000	0				
2	Burke Upper Field Irrigation Project	\$10,000	2010	Warrant Article		3		10,000							10,000	10,000	0			
3	Burke Lower Field Irrigation Project	\$12,000	2012	Warrant Article		3				12,000				12,000	12,000	0				
PLANNING BOARD																				
LIBRARY																				
1	Computer Network, Oper System & Workstations Upgrade	\$20,000	2010/14	Warrant Article		3		10,000				10,000		20,000		20,000	0			
CONSERVATION COMMISSION																				
1	Capital Reserve-Conservation Land Easements & Purchases	\$5,000 Annually	2010/2015	Capital Reserve	10,000	3		5,000	5,000	5,000	5,000	5,000	5,000	30,000		30,000	0			
TOTAL MUNICIPAL EXPENDITURES																				
SUBTOTAL MUNICIPAL EXPENDITURES																				
Bur. of Labor Statistics Indx - Projected Infl./yr 3.8%																				
TOTAL MUNICIPAL EXPENDITURES																				
SCHOOL DISTRICT																				
1	Elem. School Renovation Bond (10 yrs thru 2010)	\$2,000,000	2001	Bond		C/O		210,400							210,400	210,400	0			
2	Conway School Bond (20 yrs. Thru 2024)	Conway Bill / Yr.	2004	Bond		C/O											0			
* High School																				
* Vocational School																				
* Middle School																				
3a	School Bus Replacement Capital Reserve	\$104,000	2010	Capital Reserve		2		25,000	25,000		27,000	27,000		104,000	104,000	0				
3b	School Bus Replacement - every 3 years	\$52,000	2011&2014	Warrant Article		2				25,000			27,000	52,000	52,000	0				
4	Heating Systems Update 1987 & 1990 Wings (2 boilers)	\$125,000	2013	Capital Reserve		2		25,000	25,000	25,000	25,000	25,000		125,000	125,000	0				
5	Computer Technology Update (Annually)	\$8,000/Annually	2010	Warrant Article		2		8,000	8,000	8,000	8,000	8,000	8,000	48,000	48,000	0				
6	Replace 25 Yr Old Underground Fuel Storage Tank	\$25,000	2014	Capital Reserve		1				12,500	12,500			25,000	25,000	0				
7	Roof Replacements (1980,1984,1987 Wings/Old Schlhse)	\$50,000	2017	Capital Reserve		2				10,000	10,000	10,000	10,000	50,000	50,000	20,000				
8	Emergency Special Education Capital Reserve Fund	\$5,000/Annually	2009	Capital Reserve		4		5,000	5,000	5,000	5,000	5,000	5,000	30,000	30,000	0				
9	Replace Cafeteria Tables & Benches	\$10,000	2013	Warrant Article		2					10,000			10,000	10,000	0				
TOTAL SCHOOL DISTRICT CAPITAL EXPENDITURES																				
SUBTOTAL SCHOOL DISTRICT EXPENDITURES																				
Bur. of Labor Statistics Indx - Projected Infl./yr 3.8%																				
TOTAL SCHOOL DISTRICT EXPENDITURES																				
TOTAL CAPITAL EXPENDITURES																				
TOTAL MUNICIPAL PLUS SCHOOL DISTRICT EXPENDITURES																				
PROJECTED ASSESSED VALUATION																				
Through 2008 (Projected 2.43% Annual Growth)																				
NET TOTAL CAPITAL EXPENDITURES (LESS CARRY-OVERS)																				
NET IMPACT ON TAX RATE OF CAPITAL PROJECTS																				
PRIORITY RATING LEGEND: 1 = Urgent; Health/safety; federal/state mandate;Deficient Condition 2 = Maintain Existing Capacity 3 = Improve Level of Service; Reduces Long-Term O&M Costs 4 = Research / Speculation																				
Notes: C/O - Carry Over from prior year approved funding; Inflation projections excludes road repairs, conservation capital reserve for land purchase and carry-overs resulting from prior year approved articles.																				
Impact Tax Rate (including carry-over)																				