

City of Claremont 2010-2015 CAPITAL IMPROVEMENTS PLAN

Overview

A CIP is an advisory document that can serve a number of purposes, among them to:

- (a) Guide the City Manager and the Finance Department in the annual budgeting process;
- (b) Contribute to stabilizing the City's property tax rate;
- (c) Aid the prioritization, coordination, and sequencing of various municipal improvements;
- (d) Inform residents, business owners, and developers of planned improvements;

It must be emphasized that the CIP is purely advisory in nature. Ultimate funding decisions are subject to the budgeting process and passage of the yearly budget. Inclusion of any given project in the CIP does not constitute an endorsement by the Capital Improvements Committee (CIC).

It is a principal goal of the CIP to increase the predictability and regularity of the City's budget by planning for routine or anticipated major purchases of capital equipment and determining appropriate methods for meeting the City's capital facility needs. Possible financing mechanisms and estimated bonding schedules are found at the end of this report. This financial information is intended to assist decision makers in the budget process.

Although this Capital Improvements Plan includes a six-year period, the CIP will be updated every year to reflect changing demands, new needs, and regular assessment of priorities. This document contains those elements required by law to be included in a Capital Improvements Plan.

Capital Projects – Strategic Areas of Focus

The development of the City's Six-Year Capital Plan is guided by four distinct areas of focus: Community and Economic Development, General Government, Public Health & Safety and Transportation. Descriptions of these areas are detailed below:

Community and Economic Development: Claremont is motivated to preserving and enhancing the tax base, increasing employment opportunities, and helping the City attract and revitalize commerce. Claremont has available land, an available and motivated labor force and an outstanding quality of life. It utilizes these factors to promote business growth. The City also realizes that providing quality, effective and efficient services is an essential part of enhancing our ability to foster economic activity. Attracting tourism is also central to fostering economic activity. The City is continually promoting and enhancing our natural resources, local ecology, and numerous City parks and recreational opportunities that already attract thousands of visitors each year.

Public Health and Safety: Claremont takes public health and safety very seriously. The City strives to provide extensive health and human services to our residents that meet their evolving needs while respecting their dignity, individuality, diversity, and confidentiality.

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General Government: The mission of Claremont is to provide its citizens with responsive government and quality, efficient services in a fiscally responsible manner through innovation, leadership and dedication. The Claremont Council and every City Department make significant strides every year to plan for the future infrastructure and organizational needs of our great City. The City continually strives to balance capital wants and needs with our citizens' ability to pay. The City prides itself on sound financial management practices, accountability, and its rich heritage.

Transportation: Claremont seeks to meet the transportation needs of its residents and commuting populations. Not only does the City strive to maintain safe and convenient highways, but also the necessary infrastructure and equipment for operations. Currently, the City is working to make transportation services more cost effective while finding ways to better serve and promote the economic and community development that relies on the City's vital transportation assets.

Methods of Financing Capital Improvement Projects

- **With General Obligation Bonds**, the taxing power of the jurisdiction is pledged to pay interest and retire the debt. General Obligation Bonds can be sold to finance permanent types of improvements such as municipal buildings, parks and recreation facilities.
- **Certificates of Obligations** are issued with limited revenues pledged by the water and sewer systems.
- **Donations** are periodically received by the City from individuals, businesses, foundations and non-profit organizations.
- **Earmarked Funds** - monies are accumulated in advance or set aside for capital construction or purchase. The accumulation may result from surplus of earmarked operational revenues, collection of impact fees or sale of capital assets.
- **Enterprise Funds** are established from the delivery of specific services – where the money paid to administer the services and the expenses (as a result of providing services) are accounted for separately from the general fund budget of the City.
- **General Fund** is the financing of improvements from revenues such as general taxation, fees or service charges.
- **Revenue Bonds** are frequently sold for projects that produce revenues, such as water and sewer systems.
- **State and Federal Grant-in-Aid programs** are available for financing a number of programs. These may include streets, water and sewer facilities, airport, parks and playgrounds. The cost of funding these facilities may be borne completely by grant funds or a local share may be required.

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Financing Identified in this Plan

In the project summaries below, there are five different funding methods used. The first four methods require appropriations:

- 1-Year Appropriation - funded by property tax revenues within a single fiscal year.
- Capital Reserve - requires appropriations over more than one year, with the actual project being accomplished only when the total appropriations meet the project cost.
- Lease/Purchase – typically used by departments for the purchase of vehicles.
- Bonds - generally limited to the most expensive capital projects, such as major renovations, additions, or municipal buildings or facilities, and allow capital facilities needs to be met immediately while spreading the cost over many years.
- Grants and Donation – Grants and Donations awarded/dedicated to a particular project.

Capital Improvement Program Items

Capital Improvements are expenditures for the purchase, construction, rehabilitation, replacement or expansion of the physical assets of the community when the project is relatively large in size, expensive, long-term and permanent. Some common examples include new buildings or additions, land purchases, studies, substantial road improvements and purchases of major vehicles and equipment, libraries, tennis courts, fire stations, and water and sewer lines. For purposes of the CIP, a capital project is defined as a tangible project or asset having a cost of at least \$5,000 and a useful life of at least three years.

Eligible items Projects with a value under \$5,000, or equipment with a useful life less than three years, are programmed in the operating budget of the corresponding department.

Expenditures for maintenance or repair, operating expenditures for personnel, and other general costs are not included. A summary of each of the projects included in the CIP is provided in the following section. Starting dates are not provided for deferred projects. Typically projects rated as “deferred” are not placed on the six year schedule because: 1) based on information available, the Committee has resolved that there is not a demonstrated need for a project in the next six years; or 2) there is insufficient information to determine the relative need for a capital improvement and additional research may be required before the Committee would consider allocating the project within the CIP schedule.

Identification of Capital Needs

The Capital Improvement Committee (CIC) uses worksheets that are filled out and submitted by department heads to identify potential capital needs and explain project requests. These worksheets are designed to generate information that defines the relative need and urgency for projects. The CIP worksheet includes: a project description, the departmental priority if more than one project is submitted, the facility service area, the rationale, a cost estimate, and potential sources of funding. The CIP worksheet is included in *Appendix A*.

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Priority System

The Committee uses an established system to assess the relative priority of projects requested by the various departments, boards, and committees. Each proposed project is individually considered by the Committee and voted a priority rank based on the descriptions below:

RATING DESCRIPTION OF RATING
<i>Urgent</i> -- Cannot be delayed. A project needed for public health or safety or to prevent a serious detrimental effect on a critical community service if not funded.
<i>Necessary</i> -- Needed to maintain the basic level and quality of community services.
<i>Desirable</i> -- Needed to improve the quality or level of services.
<i>Deferrable</i> -- Can be placed on hold until after the 6-year period, but supports community development goals.
<i>Research</i> -- Pending results of ongoing research, planning, and coordination.
<i>Inconsistent</i> -- Conflicts with an alternative project/solution recommended by the CIP. Contrary to land use planning or community development goals.

The enclosed is a six-year plan reflecting the programming and prioritization of capital improvement needs beginning in year 2010. This document is a plan, not a budget. Each year the City undertakes a number of capital projects in buildings, facility maintenance, capital infrastructure improvements, technology upgrades, and equipment and vehicle investments.

This plan incorporates projects and proposals that may, in final analysis, not receive funding or be programmed for a future year. It also reflects a multi-year approach to planning, allowing adequate review over time.

Capital projects for future years demonstrate the policies and priorities of the City government. However, the City operates on an annual basis, and this plan shall be revised annually to reflect updated priorities and available funding. As such, the projects may be changed in future years or rescheduled prior to their adoption in a future budget rather than how they appear in this plan.

Regardless, this plan is important to demonstrate an organized set of principles and their application to project planning.

Finally, this plan details a recommended funding source for each project. Should the project be approved in a future year's budget, the recommended funding source will be set. As such, it is subject to change as City Council adjusts spending limits going forward. The enclosed project list has been preliminarily prioritized by City staff. The Planning Board or City Council can amend or edit the list prior to adoption of the Plan.

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Legal Basis for Capital Programming

The 2010-2015 CIP is prepared pursuant to RSA Chapter 674:5 - 674:8 which in summary grants to the City Council, as the City's legislative body, the authority to authorize the Planning Board to prepare and amend a recommended Capital Improvements Program for submission to the City Council to assist in its consideration of the annual budget.

674:5 Authorization. - *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 6 years. As an alternative, the legislative body may authorize the governing body of a municipality to appoint a capital improvement program committee, which shall include at least one member of the planning board and may include but not be limited to other members of the planning board, the budget committee, or the City or city governing body, to prepare and amend a recommended program of municipal capital improvement projects projected over a Period of at least 6 years. The capital improvements program may encompass major projects being currently undertaken or future projects to be undertaken with federal, state, City and other public funds. The sole purpose and effect of the capital improvements program shall be to aid the mayor or City Manager and the budget committee in their consideration of the annual budget.*

a) *Source.* 1983, 447:1. 2002, 90:1, eff. July 2, 2002

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

a) *Source.* 1983, 447:1, eff Jan. 1, 1984.

674:7 Preparation. -

I. In preparing the capital improvements program, the planning board or the capital improvement program committee shall confer, in a manner deemed appropriate by the board or the committee, with the mayor or the board of Selectmen (City Manager), or the chief fiscal officer, the budget committee, other municipal officials and agencies, the school board or boards, and shall review the recommendations of the master plan in relation to the proposed capital improvements program.

II. Whenever the planning board or the capital improvement program committee is authorized and directed to prepare a capital improvements program, every municipal department, authority or agency, and department or agency, and every affected school district board (depending on local charters related to the school-city relationship), shall, upon request of the planning board

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or the capital improvement program committee, transmit to the board or committee a statement of all capital projects it proposes to undertake during the term of the program. The planning board or the capital improvement program committee shall study each proposed capital project, and shall advise and make recommendations to the department, authority, agency, or school district board, department or agency, concerning the relation of its project to the capital improvements program being prepared.

a) **Source.** 1983, 447:1. 1995, 43:1. 2002, 90:2, eff July 2, 2002.

674:8 Consideration by Mayor and Budget Committee. - *Whenever the planning board or the capital improvement program committee has prepared a capital improvements program under RSA 674: 7, it shall submit its recommendations for the current year to the mayor or City Manager, for consideration as part of the annual budget.*

a) **Source.** 1983, 447:1. 2002, 90:3, eff. July 2, 2002.

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Appendix A

CITY OF CLAREMONT CAPITAL IMPROVEMENT PROGRAM Capital Project Worksheet and Submission Form	
Department: _____	Year Requested: _____
Type of Project: (Check one)	Primary effect of project is to: <input type="checkbox"/> Replace or repair existing facilities or equipment <input type="checkbox"/> Improve quality of existing facilities or equipment <input type="checkbox"/> Expand capacity of existing service level/facility <input type="checkbox"/> Comply with law or regulation <input type="checkbox"/> Provide new facility or service capacity
<u>Project description:</u>	
Rationale for Project: (Check those that apply; elaborate below)	<input type="checkbox"/> Removes imminent threat to public health or safety <input type="checkbox"/> Alleviates substandard conditions or deficiencies <input type="checkbox"/> Responds to federal or state requirements to implement <input type="checkbox"/> Improves quality/efficiency of existing services <input type="checkbox"/> Provides additional capacity to serve growth <input type="checkbox"/> Reduces long term operating costs <input type="checkbox"/> Provides incentive for economic development <input type="checkbox"/> Consistent with Claremont's Master Plan <input type="checkbox"/> Eligible for matching funds
<u>Narrative Justification:</u>	

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<p>Cost Estimate:</p> <p>Impact on Operating & Maintenance</p> <p>\$ _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Total Project cost</p>	<p>Capital costs</p> <p>Planning/feasibility analysis</p> <p>Architecture & engineering fees</p> <p>Real estate acquisition</p> <p>Site preparation</p> <p>Construction</p> <p>Furnishings & equipment</p> <p>Vehicle & capital equipment</p>	<p>Impact on Operating & Maintenance</p> <p>Costs or personnel needs</p> <p><input type="checkbox"/> Add personnel</p> <p><input type="checkbox"/> Increase O & M Costs</p> <p><input type="checkbox"/> Reduce personnel</p> <p><input type="checkbox"/> Decrease O & M costs</p> <p>Dollar Cost of Impact if Known:</p> <p>(+) \$ _____ annually</p> <p>(-) \$ _____ annually</p>
<p>Sources of Funding:</p> <p>Grant from: _____ \$ _____</p> <p>Loan from: _____</p> <p>Donations/private: _____</p> <p>Capital reserve withdraw: _____</p> <p>Current revenue: _____</p> <p>General obligation bond _____</p> <p>Special assessment: _____</p> <p>Total project cost \$ _____</p>	<p>Form prepared by:</p> <p>_____</p> <p style="text-align: center;">(Name)</p> <p>_____</p> <p style="text-align: center;">Dept/Agency</p> <p>_____</p> <p style="text-align: center;">Date prepared</p>	

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Appendix B Vehicle Replacement Guide

PURPOSE

This report presents a vehicle replacement guide for the Capital Improvements Plan (CIP) for the City of Claremont. The practice of replacing vehicles varies dramatically between communities, from no planning on the one hand where replacements are made unsystematically usually following a major repair or breakdown, to a complex planning model that is designed to minimize the cost of fleet operations over the service life of vehicles and equipment. Prior to 2003, Claremont relied on an ad hoc approach of replacing vehicles and, as a result, had experienced erratic repair costs and breakdowns causing occasional interruption of services. The City also owned and operated some vehicles that are functionally obsolete or simply were not designed to perform the necessary tasks.

Fleet planning is typically based on either age or usage (mileage for vehicles, use hours for equipment) or a combination of both. Which of those factors is used for replacement planning depends on the community; usage-based replacement planning is appropriate when vehicles accumulate high mileage and equipment receives heavy use. Age-based standards are effective when vehicles and equipment receive light use and become outdated and unreliable over time. The latter is true in Claremont. In developing replacement standards appropriate to our municipality, age-based standards typical in the industry were used as a starting point, but were further modified to reflect the exceptionally heavy or light usage that vehicles and equipment receive in Claremont. The standards recommended to the City as part of this Guide are: 4 – 7 years for light duty equipment, 10 - 15 years for heavy duty equipment, 9 - 12 years for heavy-duty vehicles, 20 – 30 years for heavy duty fire vehicles, and seven years for light-duty vehicles.

REPLACEMENT STANDARDS

The practices used for vehicle replacement planning vary considerably among communities and range from a reliance on complex formulas designed to optimize performance and minimize costs, to no planning at all, where items are replaced on an ad hoc basis, usually after a major breakdown. The problem with complex formula-based approaches is that they require considerable expertise to design and data on many aspects of vehicles. For example, to determine the total cost of owning a particular vehicle, operating costs, maintenance costs, and depreciation for that vehicle must be tracked. Each cost component requires many different pieces of information. Operating costs comprise the cost for fuel, training, materials, insurance, operator salary, and downtime. Typically, complex formula-based systems are most appropriate for large communities with fleets of several hundred or more vehicles and pieces of equipment. Waiting until something breaks before considering replacement has problems associated with it as well. Most importantly, operating without a replacement plan means that costs are incurred as a lump sum in a single year, usually after a vehicle experiences a major breakdown, rather than being spread over the expected life cycle of the vehicle. Another problem associated with a lack of replacement planning is that when vehicles are kept in service beyond their useful life, breakdowns may become more frequent, causing service interruptions and unanticipated costs in the form of manpower charges and repair costs. A simple and effective way to plan for vehicle replacements is to base

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replacement decisions on either age or wage (e.g., mileage for vehicles and use hours for equipment) or a combination of the two factors. A survey of several cities showed that communities successfully use this approach because it is easy to design and to understand.

A survey of Cities throughout the country conducted by the American Public Works Association reported the following replacement standards:

FINANCING AND PLANNING

The Vehicle Replacement Guide is a plan and not a budget. When adopted by City Council in appendix to the Capital Improvement Plan, the Guide establishes priorities and goals. The Guide does not commit the City's resources to any particular acquisitions. The commitment of funds is made as a part of the City's budget cycle. Funding sources vary. In Claremont we have historically used cash-on-hand in the form of Capital Reserves or leasing or fund balance from operating accounts. In addition, debt is available and advisable for some types of acquisition. The Guide refers to proposed funding sources only. This was done for planning purposes. As City Council authorizes vehicle acquisition, it will set the funding source.