

**TOWN OF NEW LONDON  
NEW HAMPSHIRE**

**CAPITAL IMPROVEMENTS PROGRAM  
FY2014 (7/1/13) – FY2023 (6/30/22)**



**CIP Committee:**

Tom Cottrill, Planning Board Chair  
Michele Holton, Planning Board  
Jeff Hollinger, Planning Board  
Jim Wheeler, Budget Committee  
Doug Homan, Budget Committee

**Staff:**

Kim A. Hallquist, Town Administrator  
Wendy W. Johnson, Finance Officer  
Lucy A. St. John, Planning and Zoning Administrator

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## **A. INTRODUCTION**

The capital improvement program (CIP) planning process is authorized under the provisions of RSA 674:5-8, as may be amended. The primary purpose is to aid the Board of Selectmen and the Budget Committee in their consideration of the annual budget. In the Town of New London, the Planning Board is given this responsibility to coordinate and develop the CIP document. The CIP is an advisory document to guide the Town in addressing long range improvements. The time frame shall be at least six (6) years. The New London CIP document is for a period of ten years. The Planning Board's knowledge and role in addressing and managing growth and development is outlined in the recently adopted Master Plan (December 27, 2011). The Master Plan serves as resource document and template of ideas of how the town can address long-range planning issues.

### **Important facts about the CIP document and process include:**

- It is only an advisory document. Funding decisions are subject to review by the Budget Committee, Board of Selectmen and ultimately the Town Meeting process.
- The CIP is not a funding source, but rather an advisory document.
- The CIP projects represent only estimated cost. It is a multi-year schedule of anticipated projects and their associated costs.
- The CIP document is an evolving document, meaning priorities may change from year to year.
- The CIP may encompass major projects currently undertaken or future projects to be undertaken with federal, state, county and other public funds.
- Town Departments, the School District and the Water Precinct long range needs, priorities and goals should be reflected in the document.
- The information is presented showing a shift from a calendar year to a fiscal year.

## **B. AUTHORIZATION**

At the 1985 Town Meeting, the Town voted to authorize the Planning Board to prepare a Capital Improvements Program as provided for by NH RSA 674:5-8.

## **C. RELATIONSHIP TO THE MASTER PLAN**

Following adoption of the New London Master Plan on December 1, 1987, the New London Planning Board initiated preparation of a Capital Improvements Program for the period from 1988 through 1997, which was accepted by the New London Planning Board on March 3, 1988. The July 28, 1998 Master Plan was recently updated by the adoption of the December 27, 2011 Master Plan. Recommendations included in the Master Plan and more specifically the Community Facilities Chapter (VII) and Utilities Chapter (XI) discuss the CIP document. RSA 674:7 states, "... and shall review the recommendations of the master plan in relation to the proposed capital improvement program".

**D. ANNUAL CIP UPDATE**

The CIP Committee begins the process by inviting all municipal departments, the school district and water precinct to provide a statement of all capital projects it proposes to undertake during the term of the program, see RSA 674:7, II. Based upon the tables included in the previous CIP, each entity is asked to provide changes they would like incorporated in the next CIP document. This information is conveyed to the CIP committee via a presentation and question and answer session. The CIP committee prepares a draft document, which is then submitted to the Planning Board for a formal recommendation to be provided to the Board of Selectmen and Budget Committee in their consideration of the annual budget, per RSA 674:8.

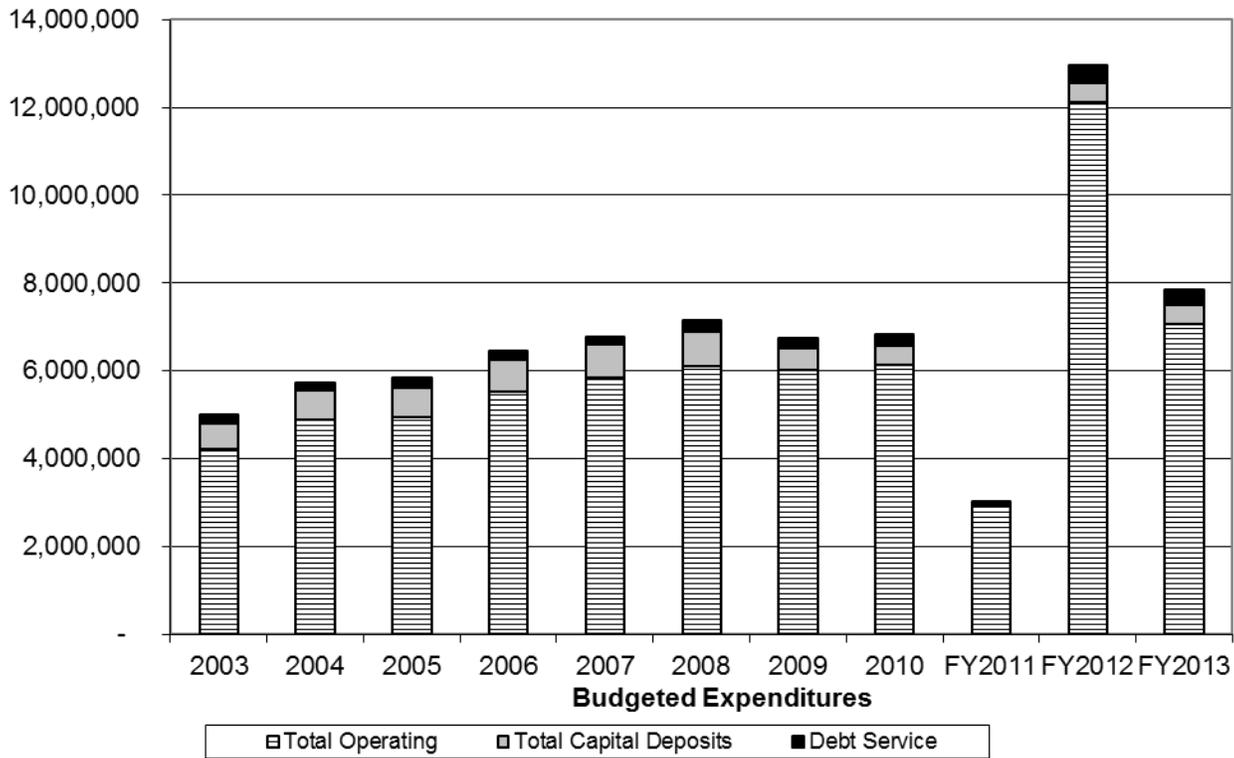
**E. PAST FINANCIAL TRENDS**

Past financial trends were examined in order to understand New London's budget characteristics and to make projections for the future. In this analysis, only town (excluding school, water precinct and county) expenses and revenues are considered.

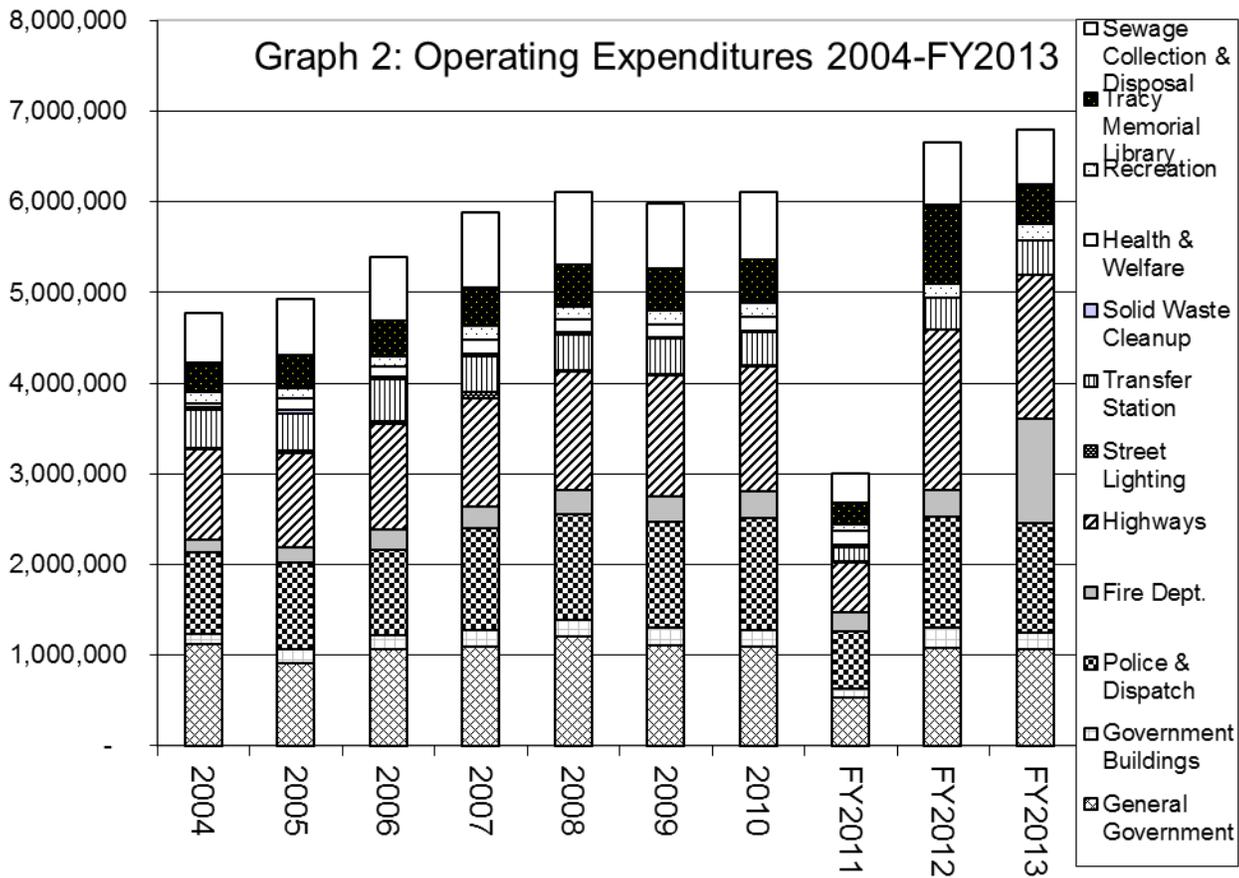
**F. EXPENDITURES**

As outlined in Table 1 and shown on Graph 1, the Town has experienced considerable fluctuations in budgeted town expenditures from 2003 through FY2013. Over the ten and one half-year period, town expenditures have ranged from a low of \$4,988,350 in 2003 to a high of \$7,827,619 in FY2013 (not counting a bond passed in 2011 for \$5.2 million for the upgrade of the Sunapee Wastewater Treatment Plant). Between 2003 and FY2013, the total town expenditures increased by \$2,839,269, resulting in an annual average growth rate of about 5.4% (note that in the previous year's CIP report, the 10-year average increase was 5.3% from 2001 to 2010, for a total change of \$2,359,365).

**Graph 1: Town Expenditures 2003-FY2013**



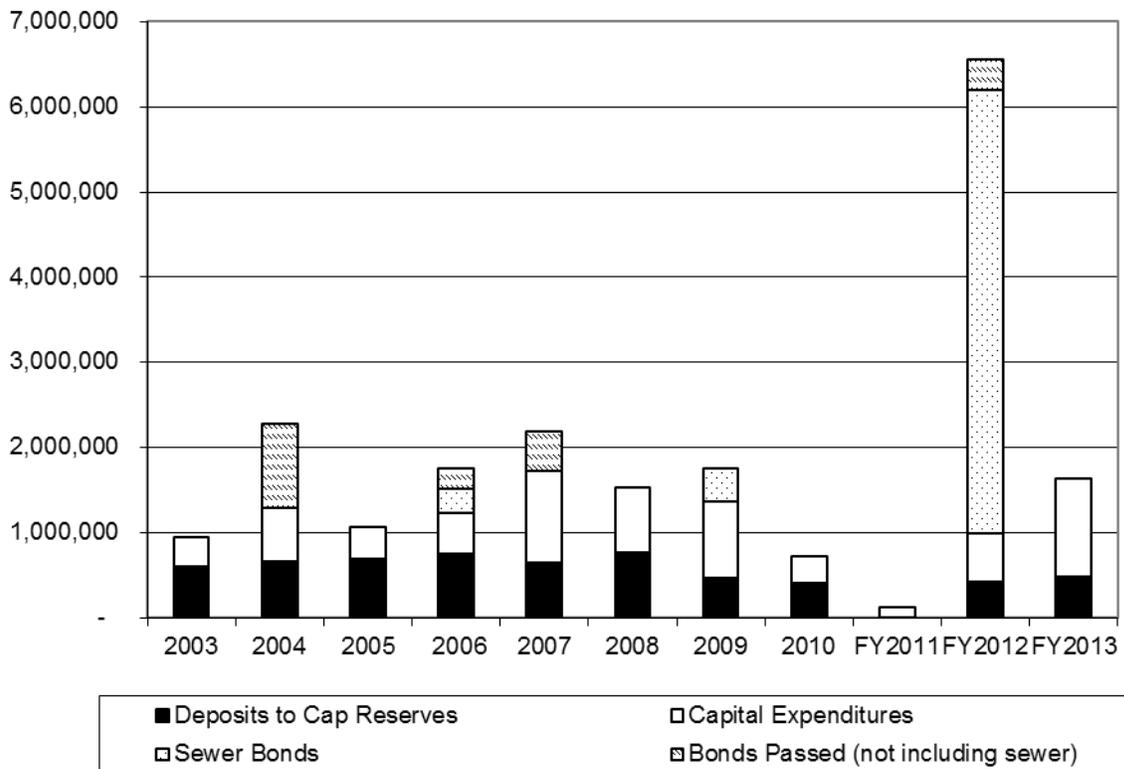
Town operating costs increased from \$4,198,295 in 2003 to \$7,058,271 in FY2013 as reflected in Table 1 and broken down in Graph 2, below. This equates to an annual increase in operating expenditures of 6.5% over the ten and one half-year period. As detailed in Table 1, the most significant operating expenditure increases over the ten and one half-year period occurred in the categories of General Government, Government Buildings, Police & Dispatch, Fire Department, and Tracy Memorial Library.



**G. CAPITAL EXPENDITURES**

Capital expenditures from 2003 through FY2013 are also outlined in Table 1, and capital expenditures by year are summarized in Table 2. Graph 3 depicts the town capital expenditures by year over the ten and one half-year period. The wide fluctuations in overall capital expenditures as well as the annual variations in capital expenditures by budget category are very obvious (note that the \$5.2 million wastewater bond drastically affects FY2012 expenditures). The detailed inventory of capital expenditures is presented in Table 3.

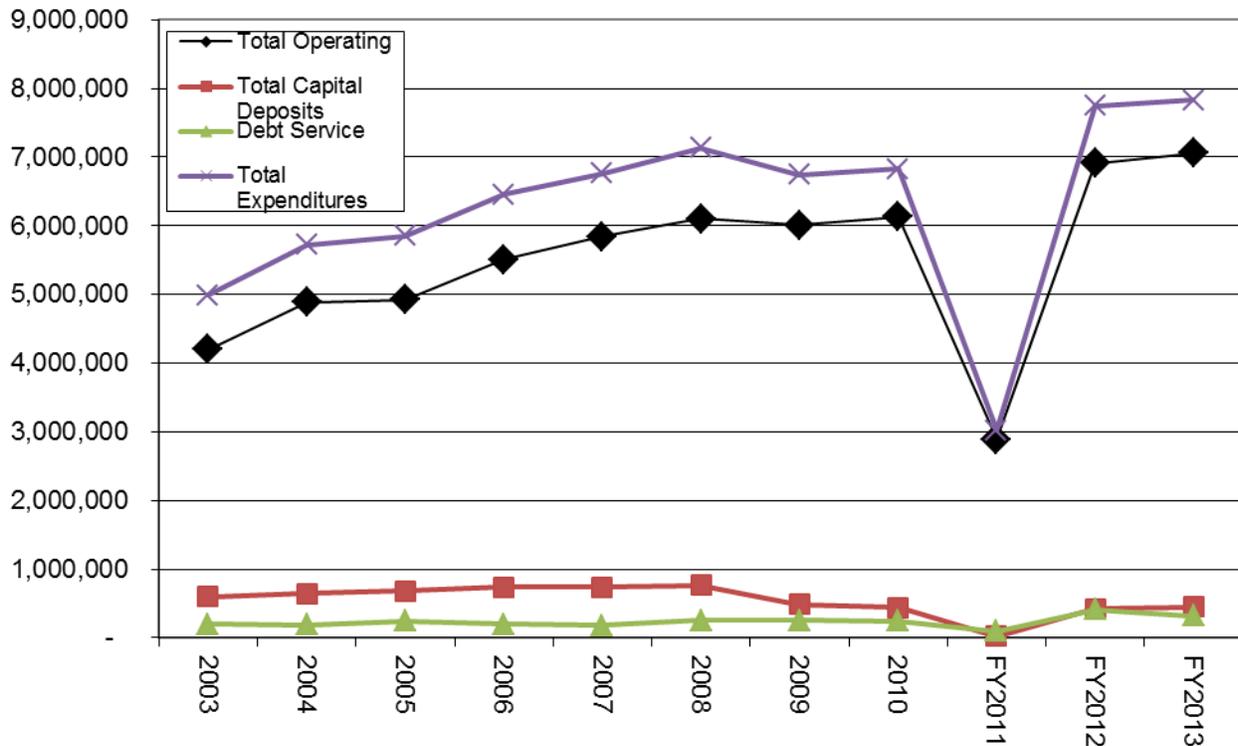
**Graph 3: Capital Expenditures 2003-FY2013**



**H. DEBT SERVICE**

Debt service (annual payments for debt) from 2003-FY2013 is detailed in Table 1 and shown in Graph 4. Bonds were approved in 2009 for the Sunapee Wastewater Treatment Facility Upgrade Engineering. In 2011 Bonds were approved for repairs to Tracy Memorial Library and the Sunapee Wastewater Treatment Facility Upgrade construction. The Debt Service related to the Sunapee WWTF construction are not reflected in Graph 4 as re-payment will not begin until one-year after substantial completion of the project which is projected to be completed in FY2014.

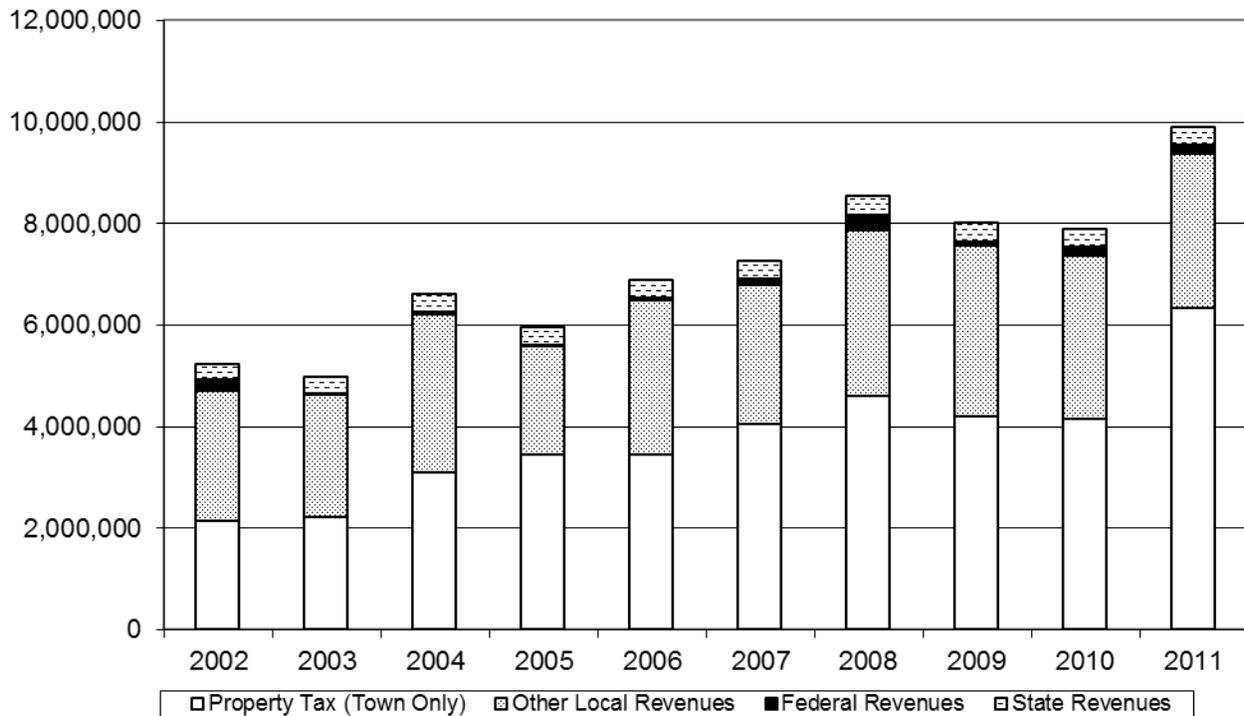
**Graph 4: Debt Service Compared to Operating & Capital**



**I. REVENUES BY SOURCE**

Revenues are reported by source in Table 4 and depicted on Graph 6, below. All of the revenue sources have exhibited considerable fluctuations over the ten year period. Although revenues from the State are expected to go down, they are still, at this time, almost 50% higher than they were ten years ago. However, revenues from the State and Federal governments are not keeping up with Town expenditures, therefore requiring more than double the amount of property tax revenue over the past ten years.

**GRAPH 5: TOWN REVENUES: 2002-2011**

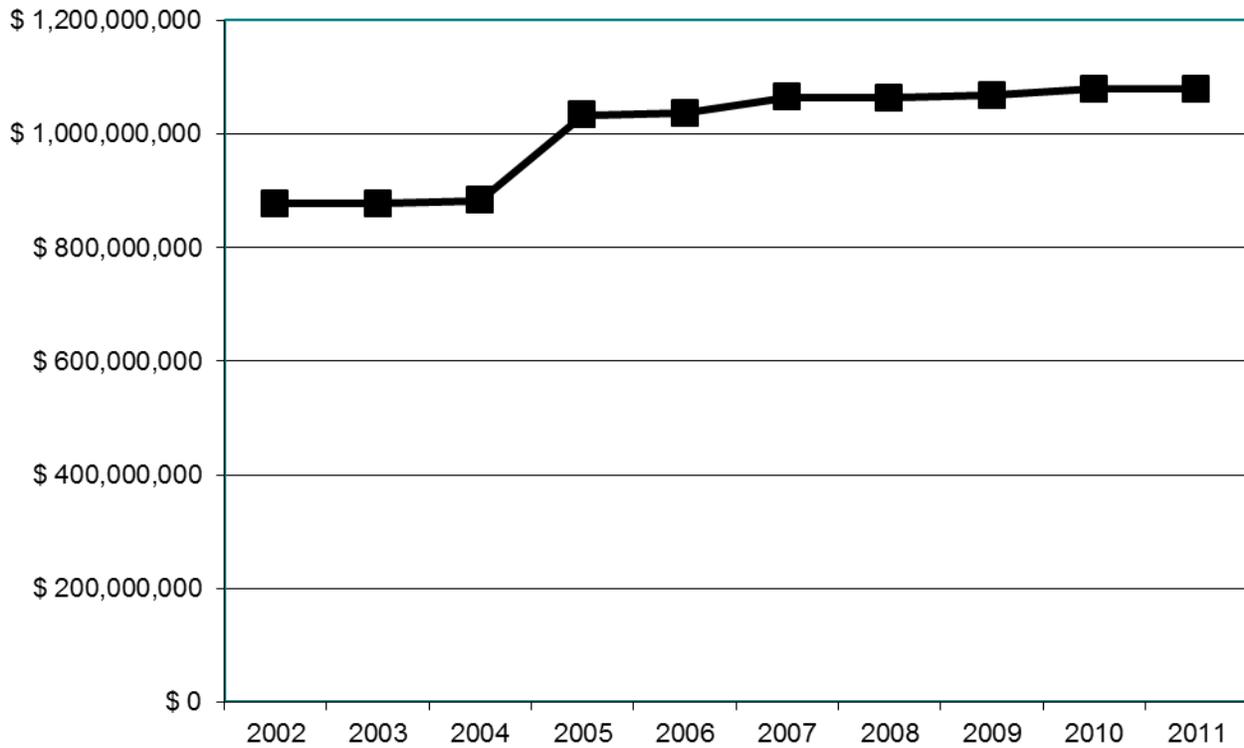


**J. ASSESSED VALUATION & TAX RATES**

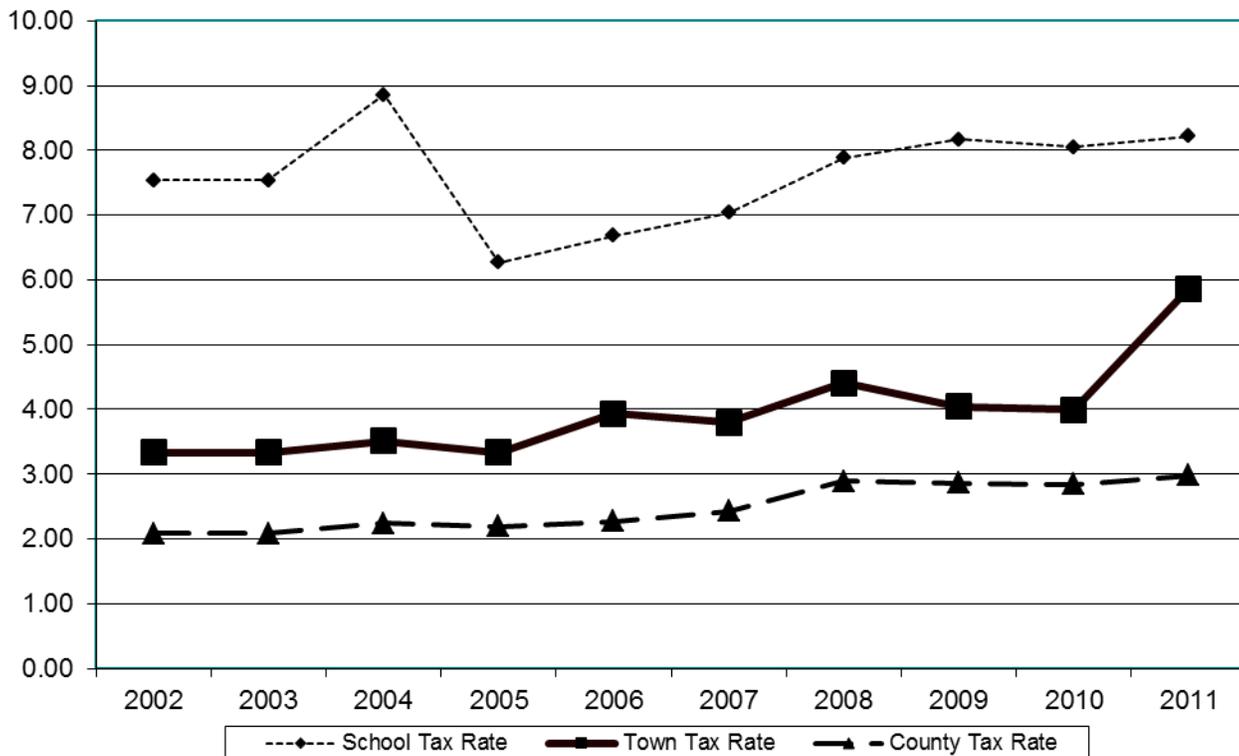
As reflected in Table 5 and Graph 6 and 7 on the next page, there was very little annual increase to New London’s tax base until 2002 and 2003, when there was a significant increase after revaluation. The actual assessed valuation increased from \$494,964,568 in 1998 to \$1,064,981,237 in 2007 and lowered slightly to \$1,063,587,037 in 2008 due to a tax abatement settlement with Colby-Sawyer College. Over the past ten years, town-wide assessed valuation has grown by \$560,437,303, equating to an average increase of 11% per year. The Town conducted a statistical update in 2010 and there was very little change to total value.

Tax rates for the years from 2002-2011 are also presented in Table 5 and shown on Graph 8.

**Graph 6: Assessed Valuation - 2002-2011**



**Graph 7: Tax Rates 2002-2011**



## K. BONDING CAPACITY

Bonding capacity is controlled by and calculated pursuant to NH RSA 33:4-a and 33:4-b. Entering into long-term debt requires a two-thirds vote of the Town (currently the School District requires 60% approval).

Debt limits are set as follows:

- Town- 3% of latest equalized assessment
- Precinct- 1% of latest equalized assessment
- School- 7% of latest equalized assessment
- County- 2% of latest equalized assessment

The various bonds the Town has approved and the bond payments including both principal and interest payments are outlined in Table 23. These include:

1. 1999 Facilities Bond funded renovations to the Town Offices (Colby Academy building) and the Police Station;
2. 1999 Sewer Bond funded the sewer line extension to serve Edmunds Road (paid by Edmunds Road sewer users);
3. 2004 Facilities Bond funded the addition to the Fire House and the new Highway Garage;
4. 2006 Landfill Bond funded the repair to the cap on the landfill on Mountain Road damaged by storms in 2005;
5. 2006 Sewer Improvements Bond funded repairs to the Georges Mills Pumping Station (paid by sewer users).
6. 2007 Library Improvement Bond funded the repair of the roof and the heating/cooling system;
7. 2007 Land Purchase funded the purchase of land from the New London Inn between the Inn and the Town Offices;
8. 2009 bond approved New London's portion of the engineering and design of upgrades to the Sunapee Wastewater Treatment Plant (paid by sewer users).
9. 2011 Town Meeting approval for repairs at Tracy Memorial Library.
10. 2011 Upgrades to the Sunapee Wastewater Treatment Plant.

Table 6 outlines the outstanding bond commitments of the town, which are relatively low, and the available bonding capacity for the town, which is relatively high.

## L. CAPITAL NEEDS ASSESSMENT FOR PROJECTS NOT AFFECTING THE TOWN TAX RATE

In addition to assessing the capital projects that affect the Town tax rate, the Planning Board attempted to identify capital improvements anticipated by the Public Works Department (for sewer projects), the Kearsarge Regional School District, and the New London/Springfield Water Precinct. These projects do not directly affect the Town tax rate but do impact some, and in some cases all, New London taxpayers.

1. **Sewer:** The Public Works Department now plans for the capital needs of the sewer system since the Town formally approved the dissolution of the Sewer Commission in 2007. The capital improvements and capital reserve balances anticipated for sewer are outlined in Tables 7 and 8. The annual capital reserve appropriation needed to support the projected sewer capital expenditures is \$20,000 per year, paid by sewer users. Tables 7 and 8 do not reflect the estimated \$8 million upgrade to the Sunapee Wastewater Treatment Plant (New London's apportionment of the cost is approximately 66%).
2. **Kearsarge Regional School District:** As of October 4, 2012, the Kearsarge Regional School District had not completed its evaluation of capital needs.

3. **New London/Springfield Water Precinct:** The New London/Springfield Water System Precinct does not anticipate any major capital expenditures in the next few years.

**M. RECOMMENDED CAPITAL IMPROVEMENT PROGRAM FOR PROJECTS AFFECTING THE TOWN TAX RATE**

The following the tables discuss and illustrate the capital needs for this CIP planning period of FY2014 through FY2023.

The following summarizes the changes in the Capital Improvement Program recommended by the Capital Improvements Program Subcommittee of the Planning Board from last year's Capital Improvement Program after presentations and discussions with department heads and commission chairs:

1. **Tables 7 & 8 -- Sewer Equipment Replacement:** The annual deposits into the Wastewater Capital Reserve Fund remain unchanged at \$20,000 per year.
2. **Tables 9-10 -- Highway Equipment Replacement Program:** The Highway Equipment Program contribution will remain unchanged in FY2014. The Director of Public Works recommended that the replacement of the 2006 Dump Truck and Sander be delayed one year until FY2015; however the replacement cost of the Refuse Tractor is increased to \$85,000.
3. **Table 11 -- Highway Building Program:** Table 11 remains unchanged.
4. **Table 12 – Gravel Road Paving Program:** The Gravel Road Paving schedule has been extended to allow for paving when enough money is available at the current funding level. At the current funding level it would take until FY2038 to pave the identified gravel roads.
5. **Table 13 – Sidewalk Capital Improvement Program:** The Elkins Sidewalk Project is in the negotiation phase and construction should begin in FY2014. Replacement of older, existing sidewalks will be the focus in the future.
6. **Tables 14-15 -- Police Cruiser Program:** The Police Cruiser Program is unchanged for FY2014.
7. **Table 16 -- Fire Equipment Replacement Program:** Table 16 remains unchanged.
8. **Table 17– FD Equipment Repair/Refurbish Program:** The Fire Department proposed an increase in the Table 17 FY2014 contribution to \$16,500 and FY2015 contribution to \$18,500 in order to refurbish the Engine 2 chassis and cab over two years. In addition, all subsequent years' contributions have been increased to \$8,000 to get to the level needed to refurbish the Ladder truck in FY2023. The Fire Department's equipment list currently includes proposed funding for the maintenance of these high ticket item fire apparatus vehicles. This is due in part to the cost associated with the upkeep of these large vehicles which is reflective of the initial expense to purchase these vehicles. Maintenance of fire apparatus is typically more expensive than other traditional town equipment items and the manufacturer's recommended replacement and upkeep requirements.
9. **Table 18 – SCBA Program:** Table 18 proposed contributions remain the same to replace the breathing apparatus in FY2027.
10. **Table 19 – Recreation Facilities Program:** Table 19 shows a current balance in the fund of over \$108,000 and has been changed to significantly reduce the proposed contributions in the early stages of the program. The high

ropes course project has been eliminated and the upgrade of the facilities at Elkins Beach has been moved up to FY2016.

11. **Tables 20 -- Tracy Library:** This program will continue to contribute at a level of \$35,000 from FY2014 on. The Board has identified general areas of need, some of the priorities have changed as indicated on Table 20
12. **Table 21 – Town Administration Building Maintenance & GIS Update:** Table 21 reflects the maintenance needs of Town buildings (primarily the Town Office building, the Elkins Post Office and Whipple Memorial Town Hall). The Cupola roof area still needs to be repaired on the Academy Building and the planned Sprinkler update to Whipple Hall has moved to FY2015. The sprinklering of the Academy Building has been moved to FY2019. Plans to update the Town’s GIS mapping program have been eliminated.
13. **Table 22: Town Capital Improvement Program:** Table 22 has been updated to summarize the recommendations for the CIP in FY2014.
14. **Table 23: Bond Repayment Schedule:** Table 23 includes principal and interest payments through FY2042.