

**Town of Chester
Board of Selectmen
Budget Committee
& Planning Board
Present:**

CIP

Capital Improvements Program

What is a CIP?

- **Prioritized List of Large Capital Improvements based on the Town's Future Needs**
- **7 Year, Annually Updated, Dynamic Plan and Policy Guide**
- **Financial Planning Tool for Selectmen and Budget Committee**
- **Tied to Goals of the Master Plan, Based on the Priorities set by Town Residents**

What are Capital Improvements?

Improvement Projects or Equipment with:

- High Cost > \$5,000
- Long Life > 3 Years
- Not Maintenance Related

Some Examples:

- Road Reconstruction
- Fire Equipment
- Police Equipment
- Highway Equipment
- Building Renovations

Why does Chester need a CIP?

- Plan for Large Expenses
- Initiate Major Repairs Earlier at Lower Costs
- Avoid Unnecessary Bonding or Finance Expenses (+20%)
- Stabilize Tax Rate - Avoid "Rate Spikes"
- Facilitate Informed Decisions for Selectmen, Budget Committee & Voters

Additional CIP Benefits?

- **Allows Collection of Impact Fees from Developers**
- **Allows Growth Management Ordinance that phases Subdivisions to Prevent Tax Spikes**
- **Proactive Financial Decisions generally Cost Taxpayers less than Reactive Decisions**

How is a CIP Created?

- Planning Board Coordinates Creation of CIP
- Group Process - Consults with Department Heads, Selectmen, Budget Committee
- Ensures Proposals meet Goals of Master Plan & CIP Threshold
- Reviews Cost Estimates
- Prioritizes the Capital Improvements
- Holds Public Hearings

How is the CIP Funded?

- Voters Approve Funding at Town Meeting
- Impact Fees collected from Future Developments
- Grants (e.g. NH Highway Block Grant)
- Funds accrue in Special CIP Account

How is the CIP Implemented?

- CIP Reviewed & Updated Annually with Input from Department Heads, just prior to “Budget Season”
- Updated CIP adopted at Public Hearing
- Planning Board alerts Selectmen and Budget Committee of pending Capital Improvements

Who Controls CIP Spending?

- Selectmen and Budget Committee *propose* Capital Expenditures based on the CIP

However!

- Only the Voters can Release the Funds by approving Specific CIP Warrant Articles

Warrant Article #8

- Raise & Appropriate \$800,000
for CIP Capital Reserve Fund
- Funded by Taxation
- Tax Impact: \$1.62

Warrant Article #8

Purpose is to Fund:

- Reconstruction of Roads
- Fire Equipment
- Police Equipment
- Highway Equipment

Warrant Article #9

- **Withdraw \$323,575**
from Existing CIP Capital Reserve Fund
(Funded with Last Year's Funding)
- **No New Funding Required**
- **Tax Impact: \$0**

Warrant Article #9

Purpose:

- To Fund Capital Improvement Expenses removed from the Town's Operating Budget
(Warrant Article #12)

Warrant Article #10

- **Raise & Appropriate \$137,300
for CIP Highway Capital Reserve Fund**
- **Funded by NH Highway Block Grant**
- **Tax Impact: \$0**

Warrant Article #10

Purpose:

- Reconstruction of Town Roads
- Prioritized by a Professional Engineering Assessment Identifying Most Cost Effective Improvements

Why This Process?

- **Lowest Cost Program Long Term Expenses**
- **Collects Impact Fees from Development**
- **Avoids Bonding & Leasing Expenses**
- **Avoids Sharp Tax Hikes**
- **Best Financial Planning Tool for Town**