

Town of Hillsborough, New Hampshire

# CAPITAL IMPROVEMENTS PROGRAM 2018-2023

**Adopted February 8, 2018**

Developed by the Hillsborough Planning  
Board's CIP Committee with assistance from  
the Central New Hampshire Regional Planning  
Commission.

# TOWN OF HILLSBOROUGH NEW HAMPSHIRE

## CAPITAL IMPROVEMENTS PROGRAM 2018-2023

ADOPTED  
February 8, 2018



**Prepared by the:**

Hillsborough Planning Board and its  
Capital Improvements Program Committee  
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## CERTIFICATE OF ADOPTION

In accordance with New Hampshire RSA 674:5-8, Capital Improvement Program, and RSA 675:6, Method of Adoption, the Hillsborough Planning Board, having held a duly noticed public hearing on

2/8/18

2/8/18

hereby adopts and certifies this Capital Improvement Program, FY 2018-2023, dated

  
Hillsborough Planning Board Chair

\_\_\_\_\_  
Hillsborough Planning Board Member

  
Hillsborough Planning Board Member

\_\_\_\_\_  
Hillsborough Planning Board Member

  
Hillsborough Planning Board Member

\_\_\_\_\_  
Hillsborough Planning Board Member

  
Hillsborough Planning Board Selectmen's Representative

This document was received and recorded by the Town Clerk on \_\_\_\_\_, 2018.

Signed: \_\_\_\_\_

Deborah J. McDonald, Tax Collector/Hillsborough Town Clerk

Seal:

## ACKNOWLEDGEMENTS

The Planning Board would like to express their gratitude to the following people who assisted the Board with this undertaking to develop the Capital Improvements Program 2018-2023. Time and assistance provided includes completing Department/Board project Applications, discussing these Applications at scheduled times with the CIP Committee, Committee meeting attendance by members and Department designees, and volunteer and staff assistance.

These individuals participated on the above activities and together developed this document.

### **CIP Steering Committee, 2017**

- Jon Daley, Selectmen
- Don Solomon, Planning Board
- Susanne White, Planning Board
- David Roarick, Police
- James C Bailey III, Selectmen
- Kenny Stafford Jr, Fire Chief
- Patricia Parenteau, SAU
- Robert Hassett, Superintendent of Schools
- Robyn Payson, Hillsborough Planning Director
- Laura Buono, Hillsborough Town Administrator

### **Other Contributors, 2017**

- Robin Sweetser, Library Director
- Douglas Hatfield, Kemp Park Committee
- Peter Mellen, Water/Sewer Commissioner

### **Central New Hampshire Regional Planning Commission Staff, 2017**

- Katie Nelson, Regional Planner
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## TABLE OF CONTENTS

Certificate of Adoption .....	ii
Acknowledgements.....	iii
Table of Contents.....	iv
List of Tables and Figures.....	vi
Chapter 1. Introduction .....	1
History of Hillsborough’s FY-2011 to FY-2016 Capital Improvements Program (CIP).....	1
Purpose and Use of the CIP .....	2
The CIP Development Process.....	3
Scope of the Capital Improvements Program .....	5
Chapter 2. Demographics .....	6
Historical and Projected Population and Housing Growth.....	6
Conclusion .....	8
Chapter 3. Capital Improvement Project Priority Ranking .....	9
Project/Purchase Ranking System.....	9
Final Prioritized Projects and Ranking .....	9
Chapter 4. Summary of Projects, 2018-2023.....	11
Projects Overview.....	11
Municipal Improvements Schedule.....	15
School District Improvements Schedule.....	16
Chapter 5. Financial Analysis .....	17
Explanation of Terminology.....	17
Bonded Indebtedness.....	17
Annual Assessments .....	19
Capital Reserve and Trust Funds .....	21
Tax Rate Trends and Comparisons .....	21
Anticipated Financial Impacts of Projects .....	23
Chapter 6. Road Management Plan.....	25
Town Roads - Class V and Class VI .....	25
Private Roads.....	30
Emerald Lake Village District Class V Roads .....	32
State Highways .....	33
Town Road Mileage and Budget .....	33
Chapter 7. Appendix .....	35

Methods of Financing Capital Improvements .....	35
Funding Sources for Transportation Improvements .....	36
Miscellaneous Funding Sources .....	38
Funding Resources for Conservation.....	39
Relevant State Statutes for Capital Improvements.....	39

## LIST OF TABLES AND FIGURES

Table 1: Overall Population and Housing Growth Trends in Hillsborough, 1970-2010 .....	6
Table 2: Population Density in Hillsborough, 1970-2010 .....	7
Table 3: Population Projections .....	7
Table 4: Residential Building Permits Issued by Housing Type, 2007-2016* .....	7
Table 5: Priority Ranking .....	9
Table 6: Final Project Rankings .....	10
Table 7: Summary of Projects .....	12
Table 8: Current Bond Payment Schedules, 2018-2023 .....	18
Table 9: Potential Additional Bond Payment Schedules, 2018-2023 .....	18
Table 10: Bonded Indebtedness, 2016 .....	19
Table 11: Annual Assessments, 2010 to 2016 .....	20
Table 12: Capital Reserve Funds and Balances .....	21
Table 13: Tax Rates and Trends, 2010 to 2016 .....	22
Table 14: Abutting Community 2016 Tax Rate Comparison .....	22
Table 15: Town Roads (Class V) .....	25
Table 16: Town Unmaintained Roads (Class VI) .....	29
Table 17: Private Roads.....	30
Table 18: Emerald Lake Village District Roads .....	32
Table 19: State Roads (Class I and II) .....	33
Table 20: Approximate Road Mileage.....	33
Table 21: Highway Department Budget, 2012-2017 .....	34
Figure 1: Municipal Improvements Schedule .....	15
Figure 2: School District Improvements Schedule .....	16
Figure 3: Assessments Raised for Expenditures, 2010-2016 .....	20
Figure 4: Anticipated Municipal Tax Rate Impact .....	23
Figure 5: Anticipated Local School Tax Rate Impact .....	24

## CHAPTER 1. INTRODUCTION

### HISTORY OF HILLSBOROUGH'S FY-2011 TO FY-2016 CAPITAL IMPROVEMENTS PROGRAM (CIP)

In 1999, the Hillsborough Planning Board adopted the 1999 Master Plan. In addition to in-depth discussion of land use patterns, conservation, transportation, history, and economics of the community, this Plan included a comprehensive Community and Recreational Facilities and Utilities Chapter, which discussed the short- and long-term needs of each department within Town. One of the critical recommendations within the Master Plan was that the Town develops and strictly follows a Capital Improvement Program (CIP) in accordance with NH RSA 674:5-8 (see CHAPTER 7. APPENDIX).

The CIP, an integral extension of the Master Plan, is a program budget and schedule which lays out a series of planned municipal expenditures for capital improvements. It is a plan that shows how, when, and at what cost Hillsborough intends to expand or renovate its services and facilities over a six-year period to accommodate existing and predicted needs of the community as related to current and projected growth.

To accomplish the task of developing the Town's CIP, the Planning Board appointed a five-person Capital Improvements Program Committee at their November 5, 2008 regular meeting to complete a full update of the four-year old FY2004-FY2010 CIP. This Committee was charged with developing preliminary evaluation ranking criteria, defining what a capital improvement is, meeting with department heads to discuss projects, as well as the responsibility of scheduling projects in a way to accommodate the public need while minimizing significant fluctuations in the tax rate.

In early summer 2010, the Planning Board appointed a subcommittee to oversee the update process for the 2011-2016 Capital Improvements Program. This process was most recently repeated in the fall of 2017 when the Planning Board appointed a subcommittee to oversee the update process for the 2018-2023 Capital Improvement Program in order to keep the CIP current and useful to the Town.

For the purposes of the 2018-2023 CIP, a capital improvement has been defined by three key criteria: **(1) the project must have a cost of greater than \$20,000; (2) must have a useful life of three years or more; and (3) may include multi-year financing.** Eligible items include major equipment, vehicles, special studies, purchase of land or easements, as well as construction of roads and buildings. Recurring costs, such as personnel and supplies, are not capital improvements. Some items, such as maintenance or repairs, may or may not be included depending upon the cost and the useful life of the repair. For this update, the CIP Committee felt that the purchase of department cruisers for the Police Department will not be included as they are already included in the yearly operating budget of the Department.



## PURPOSE AND USE OF THE CIP

The CIP has a variety of purposes and should have many beneficial effects on Hillsborough's financial, budgetary, and planning functions. Its primary purposes are summarized below.

1. State Statutory and Other Legal Requirements: According to NH RSA 674:22, communities that wish to engage in regulating the timing of development through the establishment of growth controls must have adopted both a Master Plan and the Capital Improvements Program. With the adoption of the CIP, the Town may be able to regulate the rate of growth, should the need for such control become necessary. In the meantime, the CIP, in conjunction with the Master Plan, will enable the Planning Board to use its power under RSA 674:36 to deny subdivisions that are premature due to the lack of sufficient public services and/or infrastructure (see CHAPTER 7. APPENDIX). The CIP demonstrates that the Town is attempting to accommodate growth, and that there is a good faith effort on the part of the Town to provide those services at some later date. If impact fees are assessed to a developer, the Town should request the fees in accordance with the CIP and should also fund its portion of the necessary infrastructure improvement.
2. Stability in Tax Rates and Budgets: The Capital Improvements Program will contribute to stabilizing the Town's tax rate and budget each year by planning and budgeting for major capital expenditures well in advance. Financing methods such as bonding and capital reserve funds are recommended in order to make annual capital expenditures more stable, predictable, and manageable. Wide fluctuations in annual Town budgets caused by sudden or large one-time capital expenditures will be reduced. Under NH RSA 33:4A, the Town's bonded indebtedness is limited to 3.0% of the Town's assessed valuation, the School bonded indebtedness is limited to 7.0% of the Town's assessed valuation, and a Village District is limited to 1.0% of their valuation. Towns participating in a cooperative school district (such as Hillsborough-Deering) can incur bonded indebtedness up to 10% of its equalized valuation (CHAPTER 7. APPENDIX).
3. A Management Tool for Town Officials: The 1999 Master Plan contains projections and analyses of the Town's demographic trends and finances which all local officials may find useful in planning and delivering public services if the information is updated. A comprehensive, longer-term picture of capital needs is created because all capital items are placed into one schedule. A Master Plan should be updated every 7-10 years for it to remain relevant to the community. The Capital Improvements Program is designed to be used by officials as a management tool that builds off of information in the Master Plan. The Hillsborough Planning Board is currently in the process of updating Hillsborough's 1999 Master Plan and is expected to be completed in 2018.
4. Citizens' and Developers' Guide to Planned Expenditures: The Capital Improvements Program will serve both citizens and developers as a useful guide for expenditures planned by the Town to accommodate projected growth. The citizen who wants to know when and at what costs a particular service will be expanded can consult the Capital Improvements Program, as can the developer who wants to know when, for example, school capacity will be expanded. The Town can limit the number of building permits issued each year if it can document the lack of municipal and school capacity to handle growth, along with the Town's intentions to remedy the situation.
5. Use by the Selectmen and Budget Committee: In Hillsborough, the Budget Committee is the Board of Selectmen. RSA 674:8 is not specific about how the Capital Improvements Program is actually used in preparation of the annual Town Budget. It simply requires the Planning Board "...submit its

recommendations for the current year to the Mayor (Board of Selectmen) and Budget Committee... for consideration as part of the annual budget.” This clearly means the Capital Improvements Program is not binding in any way upon Town appropriations and expenditures. The Capital Improvements Program is thus an advisory document without the force of law. A properly prepared Capital Improvements Program will, however, be effective and credible when annual consideration of the budget takes place.

## **THE CIP DEVELOPMENT PROCESS**

The Planning Board appoints a Capital Improvements Program Committee, which should use the following process as guidance for development of a CIP. This process was used in 2017 for the development of the 2018-2023 CIP.

### **Approval of Master Plan (1999)**

- The Hillsborough Planning Board completes a new 1999 Master Plan, adopted after conducting properly noticed public hearings. While there is no statutory time limit for the life of Master Plans, generally accepted practice is to update every 7 to 10 years, or after a decennial census is released.

### **Authorization from Annual Meeting (2001)**

- The Planning Board was authorized by the March 2001 Town Meeting to create a Capital Improvements Program in accordance with NH RSA 674:5.

### **Appointment of Committee (October 2017)**

- The Planning Board appoints a Capital Improvement Program Committee consisting of members from the Planning Board, Fire Department, Town Staff, and private citizens. The 2018-2023 CIP Committee was established on October 3, 2017.

### **Definition of Capital Expenditure Criteria (October 2017)**

- The CIP Committee defines what a “capital expenditure” is each time it generates a new CIP. Sometimes, the definition remains the same for each CIP. The definition is typically multi-part. The definition approved on October 3, 2017 by the CIP Committee in order for a project to qualify for inclusion into the CIP is: The project must have...

- 1) A gross cost of greater than \$20,000;
- 2) Must have a useful life of three years or more; and
- 3) May include multi-year financing.

### **Solicitation of Projects from All Municipal/School Departments (October 2017)**

- The Town sends information and application materials provided by CNHRPC to all Town Department heads, Board/Commission Chairs, certain administrative staff, and the School Board. Department heads submit requests with estimated costs and identification of how each project/purchase is to be funded.

### **Interviews of Project Requests (October 2017)**

- Town administrative staff and CNHRPC staff hold an interview with each submitter to review submitted project information. CNHRPC staff completes an application for each project submitted.

### **Ranking of Project Requests (November 2017)**

- Adjustments in scheduling over the six-year time period (2018-2023) are negotiated within the CIP Committee in order to minimize sharp increases in the yearly tax rate.
- The CIP Committee develops a final recommended Municipal Improvement Schedule and School Improvement Schedule of projects, including the years of expenditure, offsetting funds, and funding sources.

### **Document Development (November and December 2017)**

- The CIP document includes and supports the Improvement Schedule and provides additional information of value to the Planning Board, Board of Selectmen, and Budget Committee which allows for informed decisions. The Chapters of the CIP are written or updated from the previous version. These Chapters include Introduction, Demographics, Capital Improvement Project Priority Ranking, Summary of Projects, Financial Analysis, Road Management Plan, and the Appendix. The numerous financial and comparative tables and figures within the document are developed or updated.

### **Planning Board Review (2018)**

- The Planning Board receives a final recommended Capital Improvements Program from the CIP Committee. Planning Board may, at their discretion, meet with the CIP Committee at a Work Session to discuss the document prior to the Public Hearing.
- The Planning Board may adjust scheduling and/or estimated cost of items prior to Public Hearing, and the CIP Committee makes adjustments accordingly.
- The Planning Board conducts a properly noticed Public Hearing for adoption of the Capital Improvements Program. The Planning Board either votes to adopt the CIP as posted, or revises it as result of public testimony or Board discussion. Board members sign the Certificate of Adoption which will be kept with the original, approved document.
- Once adopted, the CIP is filed with the Town Clerk, and copied are provided to all Town Departments, Boards, Committees, Budget Committee, Board of Selectmen, and the Hillsborough-Deering School Board.

### **Annual Update (2018)**

- Following the annual March Town Voting Session, the CIP process is repeated. Projects are re-evaluated and re-ranked according to criteria approved by the Planning Board or CIP Committee. The annual update is particularly necessary if a community utilizes a Growth Management Ordinance or an Impact Fee Ordinance as the data contained within the CIP will be able to support the necessity of having such an ordinance. This may render the Town's ordinance(s) defensible in court.
- Waiting until the six-year term of the CIP has nearly expired to begin the update of the next CIP is inadvisable. Yearly budget appropriations, equipment purchases, capital reserve fund deposits, capital project expenditures, or failure to follow yearly CIP recommendations can very quickly cause the adopted CIP to become outdated and not useful to the community.

## **SCOPE OF THE CAPITAL IMPROVEMENTS PROGRAM**

This Capital Improvements Program identifies capital expenditures anticipated over the next six fiscal years, beginning January 1, 2018 and ending December 31, 2023. Within this time frame, however, other projects will be identified which will be of high priority and warrant immediate inclusion in the Town's capital spending plan. After projects are completed for a particular year, they should be removed from the CIP and the status of pending projects should be examined and adjustments made. Every summer, the process should begin anew to ensure that priorities remain the same and that new projects are placed into the CIP or incomplete projects are placed into forthcoming years.

Demographics of the community are presented to provide the basis for the requirement of many of the projects within this document. The baseline information is additionally valuable when developing future applications for consideration into an updated Capital Improvements Program. Similarly, Department building sizes, staffing, and programs are inventoried and future projections for expansion in the Departments are provided as baseline information. They present an indicator of what types of future needs are on the horizon and develop a history of the growing needs of the community's facilities.

Tax rates and financial data over a period of six or seven years past enable trends to be identified and comparisons to be made or predictors to be set for the upcoming years.

## CHAPTER 2. DEMOGRAPHICS

### HISTORICAL AND PROJECTED POPULATION AND HOUSING GROWTH

A Capital Improvement Program has a direct relationship to the impact fees which the Town can collect with the proper zoning ordinances and administrative procedures in place. Growth trends must be established to identify the qualification of projects as either serving the current population or serving anticipated population growth. Impact fees can only be assessed on future anticipated growth.

In order to ascertain the growth trends of the community, an examination of past, present, and future population growth is required. The following tables and analysis help assess the growth condition of the community and updated with the most recent estimated demographic data provided by the US Census Bureau and the NH Office of Strategic Initiatives (NH OSI).

In Table 1, population in Hillsborough grew 22.0% since 2000 while housing growth increased by 24.5%. Hillsborough's overall growth since 1970 has increased by 116.6% in population and 185.3% in housing units, which is more than doubling the population and number of housing units over the four decades. Additionally, in 2010, there was an average of 2.1 people in each housing unit, down from 2.7 people in 1970.

**Table 1: Overall Population and Housing Growth Trends in Hillsborough, 1970-2010**

Growth	Population	Net Change		Housing Units	Net Change	
		#	%		#	%
1970 Census	2,775	NA	NA	1,015	NA	NA
1980 Census	3,437	662	23.9%	1,620	605	59.6%
1990 Census	4,498	1,061	30.9%	2,157	537	33.1%
2000 Census	4,928	430	9.6%	2,326	169	7.8%
2010 Census	6,011	1,083	22.0%	2,896	570	24.5%
<b>Total Change from 1970 – 2010</b>		<b>3,236</b>	<b>116.6%</b>		<b>1,881</b>	<b>185.3%</b>

*Sources: 1970-1990 US Census CPH-2-31 Table 9 Population and Housing Unit Counts;  
US Census Bureau, Census 2000 Summary File, Matrices H3, H4, H5, H6, H7, and H16; US  
Census Bureau, 2010 Census Summary File 1, Tables H3, H4, H5, and HCT1.*

Though not presented in Table 1 above, NH OSI recently released population estimated for 2016, which demonstrated a decline in Hillsborough's population since 2010 with an estimated population of 5,958 residents.

**Table 2: Population Density in Hillsborough, 1970-2010**

Area in Square Miles (excluding water)	Persons per square mile				
	1970	1980	1990	2000	2010
43.7	64	79	103	113	138

*Source: 1970-1990 US Census CPH-2-31 Table 9 Population and Housing Unit Counts; US Census Bureau, Census 2000 Summary File, Matrices H3, H4, H5, H6, H7, and H16; US Census Bureau, 2010 Census Summary File 1, Tables H3, H4, H5, and HCT; NH OSI GIS acreage calculations.*

As displayed in Table 2, the population density of persons per square mile has more than doubled, from 64 in 1970 to 138 in 2010. Although these numbers are notable for small town in rural New Hampshire, they are comparable to many other towns in the region. Using the 2016 estimated population of 5,958 residents, the population density dropped slightly to 136, a decrease of two persons per square mile since 2010.

**Table 3: Population Projections**

2010 Census Population	2016 Estimate	Population Projections				
		2020	2025	2030	2035	2040
6,011	5,958	6,186	6,449	6,574	6,652	6,679

*Sources: 2010 US Census; NH OSI Municipal Population Projections, September 2016*

Table 3 above displays population projections for Hillsborough through 2040. The projections show an increase in the number of residents through 2040, however, at a slower rate than experienced in past decades (see Table 1). Overall, statewide population projections show New Hampshire will continue to grow, but at a slower pace than experienced in the past.

**Table 4: Residential Building Permits Issued by Housing Type, 2007-2016\***

Housing Type	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	10-Year Total
Single Family	30	9	4	12	4	12	19	18	15	3	126
Multi-Family	0	0	0	0	0	1	0	0	0	3	4
Manufactured	0	0	1	0	0	0	-1	0	0	0	0
<b>Total Permits Issued</b>	<b>30</b>	<b>9</b>	<b>5</b>	<b>12</b>	<b>4</b>	<b>13</b>	<b>18</b>	<b>18</b>	<b>15</b>	<b>6</b>	<b>130</b>

*Sources: Town of Hillsborough Building Permit Software, 2009 Town Report, New Hampshire's Housing Supply: Current Estimates and Trends, December 2017, NH OSI*

*\*Values represent the net change of dwelling units and includes any demolitions that year. Thus, any negative values represent a net loss of dwelling units.*

In Table 4, Hillsborough has had a relatively stable number of new residential building permits issued since 2007. The highest years were 30 permits issued in 2007 and 18 permits issued in both 2013 and 2014. In 2009, 2011, and 2016, Hillsborough experienced its lowest number of permits in the ten year period. Single family housing permits are the predominant new residential permits issued in Town, totaling a net increase of 126 over the ten years. A net increase of four multi-family and zero manufactured permits were experienced during the period.

## **CONCLUSION**

Growth in Hillsborough since 2000 has been at a moderate rate, particularly housing. This rate was tempered by the Emerald Village Lake District while the District worked to correct the inadequacies of public infrastructure. Impact fees, which are not currently available to the Town and would need to be voted in at the Town Annual Meeting, could only be assessed for the building of new facilities and infrastructure which accommodate new growth in Town, not for the lack of facilities for the existing populace. Repairs, reconstruction, and most improvements which are required to serve the existing population cannot be used for impact fee purposes.

## CHAPTER 3.

# CAPITAL IMPROVEMENT PROJECT PRIORITY RANKING

### PROJECT/PURCHASE RANKING SYSTEM

One of the most difficult aspects of preparing a CIP is the scheduling and evaluation of proposed projects. The following priority ranking system was developed to assist the CIP Committee in evaluating the proposals submitted by each of the Town's Departments.

#### CIP Committee Ranking

After reviewing all of the applications submitted by Town Departments, the CIP Committee ranked the applications based upon current Town needs and priorities. They ranked each application against those within the same fiscal year, and then made modifications where necessary by placing each project into the appropriate fiscal year based upon budgetary considerations. Table 5 displays the Priority Ranking based upon a scale of Low-Medium-High and displays the appropriate fiscal year selected by the CIP Committee.

**Table 5: Priority Ranking**

Priority Rank	Description	Fiscal Year Priority
Low	Project is unnecessary or project can wait	2018-2019
Medium	Project is necessary or project is needed soon	2020-2021
High	Project is urgent	2022-2023

### FINAL PRIORITIZED PROJECTS AND RANKING

Thirty-eight (38) projects were brought before the CIP Committee for consideration. Three projects for the Historic District Commission were removed as the committee felt they did not meet the defined CIP criteria of \$20,000. One project for the Planning Department was also removed from the list of projects. The final thirty-four (34) projects and their project rankings as adopted by the Committee are depicted in Table 6.

Although the participation of all departments occurred, the School District projects are not ranked by the Committee because they have their own budget and CIP process. However, the inclusion of these projects into the Hillsborough municipal CIP was critical because of the potential impacts to the overall tax base.



**Table 6: Final Project Rankings**

		Applicant		CIP Committee	
Application Number	Department Requests and Project Title	Proposed Year(s)	Estimated Cost	Priority Rank	Fiscal Year Priority
Library					
2018-LI-38	Inside Work–Third floor work/ceiling restoration	2018-2019	\$300,000	Medium	2020-2021
2018-LI-39	Outside Work–Stained glass work/railing/parking	2018-2019	\$60,000	High	2018-2019
Cemetery					
2018-CE-40	Expand Harvey Memorial Cemetery	2023	\$25,000	Low	2022-2023
Town Administration					
2018-TA-41	Addition to the Town Offices	2023	\$20,000	Low	2022-2023
2018-TA-42	Construction of Community Building	2023-2042	\$2,000,000	Med/Low	2020-2023
Planning Department					
2018-PL-43	GIS Program	2023	\$20,000	Low	2022-2023
Transfer Station					
2018-TS-45	Scale House	2018	\$21,000	High	2018-2019
Highway Department					
2018-HD-46	New Box Culvert – Bog Road	2023-2025	\$300,000	Low	2022-2023
2018-HD-47	New Backhoe	2018-2020	\$200,000	High	2018-2019
2018-HD-48	New Bow Culvert – Mountain Road	2020-2021	\$350,000	Medium	2020-2021
2018-HD-49	Repave 2 miles of Windsor Road	2018	\$250,000	High	2018-2019
2018-HD-50	New Loader	2019	\$200,000	High	2018-2019
2018-HD-51	New 4WD 1.5 Ton Truck	2021-2024	\$150,000	Medium	2020-2021
Emergency Management					
2018-EM-52	Purchase Emergency Sirens	2023	\$106,180	Low	2022-2023
Fire and Rescue Department					
2018-FD-53	Renovate the Fire Station	2019-2038	\$3,400,000	High	2019-2018
2018-FD-54	Purchase Heavy Rescue	2022-2041	\$500,000	Low	2022-2023
2018-FD-55	Purchase Ambulance	2019	\$300,000	High	2018-2019
2018-FD-56	Purchase Turnout Gear	2018	\$24,000	High	2018-2019
Youth Services					
2018-YS-57	Youth Services Van	2023	\$20,000	Low	2022-2023
Water and Sewer Department					
2018-WSD-58	Bridge Street Sewer Main Replacement	2018	\$700,000	High	2018-2019
2018-WSD-59	West Main Pump Station Improvements	2018	\$100,000	High	2018-2019
2018-WSD-60	Bear Hill Pump Station Improvements	2019	\$25,000	High	2018-2019
2018-WSD-61	Data Acquisition of Sewer Areas	2018-2023	\$50,000	High	2018-2019
2018-WSD-62	New Vehicle	2019	\$50,000	High	2018-2019
2018-WSD-63	Garage at WWTF	2019	\$30,000	High	2018-2019
2018-WSD-64	Sewer Collection System Improvements	2018-2023	\$1,500,000	High	2018-2019
2018-WSD-65	Water Main Replacement	2018-2023	\$300,000	High	2018-2019
2018-WSD-66	Watershed Protection Land Purchase Loon Pond	2018-2023	\$600,000	High	2018-2019
Historical Society					
2018-HS-70	Elevator/Lift for Museum Building	2019-2020	\$150,000	Low	2022-2023
Kemp Park Committee					
2018-KP-71	Completion of Exhibition Building	2018	\$35,000	High	2018-2019
2018-KP-72	Rehab Truck and Restore for Public Display	Not provided	Not provided	Low	2022-2023
2018-KP-73	Restore Apple Cider Building and Cider Press	Not provided	Not provided	Low	2022-2023
2018-KP-74	Restore Hanson Cottage	Not provided	Not provided	Low	2022-2023
2018-KP-75	Convert Old Spotter Shed into Entrance Building	Not provided	Not provided	Low	2022-2023

## CHAPTER 4.

# SUMMARY OF PROJECTS, 2018-2023

### PROJECTS OVERVIEW

The Community Facilities, Utilities, and Parks and Recreation Chapter of the 1999 Master Plan documented the need for various capital projects or purchases. The Capital Improvements Program is a document which originated from the needs identified in the Master Plan and has been updated periodically since its development. In preparing 2018-2023 document, the CIP Committee surveyed all Town Departments as well as the Hillsborough-Deering School District for information on the current adequacy and needs of their facilities and equipment, and identification of future needs for expansion, improvements, and additions. Some Town Departments opted not to participate. Others had no projects to include in the CIP.

Using data submitted by Department Heads for this document, the CIP Committee identified 34 local projects for inclusion in the Capital Improvements Program for the 2018-2023 (six-year) period. All are recommended to be funded through property taxes, grants, capital reserve funds, state aid, user fees, and/or bonds.

Proposed projects address the need to correct deficiencies in the Town's infrastructure and services, as well as meet the service needs generated by increased population growth and development. The following Table 7 summarizes all of the projects to be included in the 2018 to 2023 CIP. Where available, present status and future needs of each Department was provided. This support data provide baseline information on Departments and provide a window into the future needs for the next CIP(s).

Projects are provided with a project number beginning with 1) ) the first year of the CIP span (2018) to track its project/purchase submission date, 2) a Department abbreviation, and 3) a consecutive number in which order the application was reviewed by the CIP Committee.

This type of project numbering system allows for easier tracking of the applications over time, especially during annual updates, and reduces the confusion with similar applications such as vehicle replacements. Consistency is key when receiving and processing the applications received.

**Table 7: Summary of Projects**

Project Details				Present (2017)				Future Needs (15 Years)			
Application	Title of Project	Total Estimated Cost	CIP Expenditure Years	Building Square Footage	Annual Paid Hours	Annual Non-Paid Hours	Full/Part Time Employees	Staffing Needs	Program Needs	Building Needs	Equipment Needs
<b>Library</b>											
2018-LI-38	Inside Work <sup>1</sup>	\$300,000	2020-2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018-LI-39	Outside Work <sup>2</sup>	\$60,000	2018-2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Cemetery</b>											
2018-CE-40	Expand Harvey Memorial Cemetery <sup>3</sup>	\$25,000	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Town Administration</b>											
2018-TA-41	Addition to the Town Offices <sup>4</sup>	\$750,000	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018-TA-42	Construction of Community Building <sup>5</sup>	\$2,000,000	2021-2040	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Planning Department</b>											
2018-PL-43	GIS Program <sup>6</sup>	\$20,000	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Transfer Station</b>											
2018-TS-45	Scale House <sup>7</sup>	\$21,000	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Highway Department</b>											
2018-HD-46	New Box Culvert- Bog Rd <sup>8</sup>	\$300,000	2023-2025	400	N/A	0	11	0	0	Salt Shed	Loader, Backhoe, New Trucks
2018-HD-47	New Backhoe <sup>9</sup>	\$200,000	2018-2020	400	N/A	0	11	0	0	Salt Shed	Loader, Backhoe, New Trucks
2018-HD-48	New Bow Culvert – Mountain Rd <sup>10</sup>	\$350,000	2020-2021	400	N/A	0	11	0	0	Salt Shed	Loader, Backhoe, New Trucks
2018-HD-49	Repave 2 miles of Windsor Rd <sup>11</sup>	\$250,000	2018	400	N/A	0	11	0	0	Salt Shed	Loader, Backhoe, New Trucks
2018-HD-50	New Loader <sup>12</sup>	\$200,000	2019	400	N/A	0	11	0	0	Salt Shed	Loader, Backhoe, New Trucks
2018-HD-51	New 4WD 1.5 Ton Truck <sup>13</sup>	\$150,000	2021-2024	400	N/A	0	11	0	0	Salt Shed	Loader, Backhoe, New Trucks
<b>Emergency Management</b>											
2018-EM-52	Purchase Emergency Sirens <sup>14</sup>	\$106,180	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fire and Rescue Department</b>											
2018-FD-53	Renovate Fire Station <sup>15</sup>	\$3,400,000	2019-2038	14,000	N/A	N/A	43	3 more F/T staff	N/A	Fire Station Reno	N/A

**Table 7: Summary of Projects (Continued)**

2018-FD-54	Purchase Heavy Rescue <sup>16</sup>	\$500,000	2022-2041	14,000	N/A	N/A	43	3 more F/T staff	N/A	Fire Station Reno	N/A
2018-FD-55	Purchase Ambulance <sup>17</sup>	\$300,000	2019	14,000	N/A	N/A	43	3 more F/T staff	N/A	Fire Station Reno	N/A
2018-FD-56	Purchase Turnout Gear <sup>18</sup>	\$24,000	2018	14,000	N/A	N/A	43	3 more F/T staff	N/A	Fire Station Reno	N/A
<b>Youth Services Department</b>											
2018-YS-57	Youth Services Van <sup>19</sup>	\$20,000	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Water and Sewer Department</b>											
2018-WSD-58	Bridge Street Sewer Main Replacement <sup>20</sup>	\$700,000	2018	N/A	N/A	N/A	3	1 more F/T staff	N/A	N/A	N/A
2018-WSD-59	West Main Pump Station Improvements <sup>21</sup>	\$100,000	2018	N/A	N/A	N/A	3	1 more F/T staff	N/A	N/A	N/A
2018-WSD-60	Bear Hill Pump Station Improvements <sup>22</sup>	\$25,000	2019	N/A	N/A	N/A	3	1 more F/T staff	N/A	N/A	N/A
2018-WSD-61	Data Acquisition of Sewer Areas <sup>23</sup>	\$50,000	2018-2023	N/A	N/A	N/A	3	1 more F/T staff	N/A	N/A	N/A
2018-WSD-62	New Vehicle <sup>24</sup>	\$50,000	2019	N/A	N/A	N/A	3	1 more F/T staff	N/A	N/A	N/A
2018-WSD-63	Garage at WWTF <sup>25</sup>	\$30,000	2019	N/A	N/A	N/A	3	1 more F/T staff	N/A	N/A	N/A
2018-WSD-64	Sewer Collection System Improvements <sup>26</sup>	\$1,500,000	2018-2023	N/A	N/A	N/A	3	1 more F/T staff	N/A	N/A	N/A
2018-WSD-65	Water Main Replacement <sup>27</sup>	\$300,000	2018-2023	N/A	N/A	N/A	3	1 more F/T staff	N/A	N/A	N/A
2018-WSD-66	Watershed Protection Land Purchase Loon Pond <sup>28</sup>	\$600,000	2018-2023	N/A	N/A	N/A	3	1 more F/T staff	N/A	N/A	N/A
<b>Historical Society</b>											
2018-HS-70	Elevator/Lift for Museum Building <sup>29</sup>	\$150,000	2022-2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Kemp Park Committee</b>											
2018-KP-71	Completion of Exhibition Building <sup>30</sup>	\$35,000	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018-KP-72	Rehab Truck & Restore for Public Display <sup>31</sup>	\$20,000	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Table 7: Summary of Projects (Continued)**

2018-KP-73	Restore Apple Cider Building & Cider Press <sup>32</sup>	\$20,000	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018-KP-74	Restore Hanson Cottage <sup>33</sup>	\$20,000	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018-KP-75	Convert Old Spotter Shed into Entrance Building <sup>34</sup>	\$20,000	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<sup>1</sup>Inside work to the third floor of the Library. Work includes adding heat and air conditioning, ceiling restoration work, and will provide a bathroom, office space, and create a meeting space. The third floor is currently used for storage.

<sup>2</sup>Outside work to the Library. Work includes stain glass repair for the four curved panels on the front porch, which are currently in need of repair, window re-glazing, storm panels, and windowsill repair, install higher porch railing on reach porch, paint porch ceilings, remove old lift from the front porch and rebuild steps, continue masonry repairs, and regrade the rear parking lot to make a designated handicap parking spot for the library.

<sup>3</sup>Expand the Harvey Memorial Cemetery once more space is needed. This is anticipated to be needed by 2023.

<sup>4</sup>Addition to the Town Building that would move Youth Services, Water/Sewer, S NH Services, and Project Genesis out of the location at 61 and 62 South Main Street and move these departments into the Town Office building. The two prior buildings could then be sold by the Town.

<sup>5</sup>Construct a community building for the Town of Hillsborough that would be approximately 5,000 square feet and would include a commercial kitchen. The building would serve seniors and all other member of the community as there is no current gathering space.

<sup>6</sup>Establish a GIS program for the Town Of Hillsborough's Planning Department that would allow the department to create maps and gather information in-house instead of using outside sources and resources. This project includes training of staff and the purchase of needed equipment and software.

<sup>7</sup>Constructing a new scale house at the transfer station.

<sup>8</sup>Replacement of box culvert on Bog road. Current culvert is red listed.

<sup>9</sup>Replacment of current backhoe. Current backhoe is ageing and showing signs of wear.

<sup>10</sup>Replacement of box culvert on Mountain Road. Current culvert is rusting out and will be inadequate.

<sup>11</sup>Reconstruct/repave 2 miles of Windsor Road.

<sup>12</sup>Replacement for current loader. Current loader is aging and showing signs of wear.

<sup>13</sup>Current truck will be getting old and in need of replacement.

<sup>14</sup>Purchase 3-4 emergency sirens to place throughout Town.

<sup>15</sup>Renovate the Fire Station to add sleeping quarters space, office space, room for equipment, and to add a gym that would be available to all town employees.

<sup>16</sup>Replace Heavy Rescue Truck as part of a 20 year replacement schedule.

<sup>17</sup>Replace Ambulance as part of a 10 year replacement schedule.

<sup>18</sup>Purchase turnout gear as part of a 10 year replacement schedule. 12 sets are scheduled to be purchased at \$2,000 a set.

<sup>19</sup>Purchase Youth Services van to replace current van.

<sup>20</sup>Replace the sewer main on Bridge Street.

<sup>21</sup>Improvements to the West Main Street pump station.

<sup>22</sup>Improvements to the Bear Hill pump station.

<sup>23</sup>Annual data acquisition of sewer areas.

- <sup>24</sup>Purchase vehicle to replace one of the existing trucks.
- <sup>25</sup>Construction of a new garage at the wastewater treatment facility.
- <sup>26</sup>Improvements to the sewer collection system including I/I removal.
- <sup>27</sup>Water main replacement.
- <sup>28</sup>Purchase conservation easement around Loon Pond for water use and protection.
- <sup>29</sup>Addition of an elevator or lift to the museum building to allow better access to the upper level where many files are kept. Many volunteers struggle to access the upper level now with only stairs available.
- <sup>30</sup>Completion of the exhibition building for the two antique trucks owned by the Town of Hillsborough. These funds have already been appropriated and expect to be expended prior to the end of 2018.
- <sup>31</sup>Rehab the trucks and restore them for public display.
- <sup>32</sup>Restore the apple cider building and, if possible, restore the cider press itself.
- <sup>33</sup>Restore the Hanson Cottage and to develop it for an office, maintenance, and bathroom facility for utilization by persons utilizing the park.
- <sup>34</sup>Potential to convert the old spotter shed into an entrance building and to possibly develop a bandstand so that Kemp Park can be used for musical programs during the summertime.

The original applications are on file in the Planning Board office. The applications give additional detail on the impacts to the operating budget and the methods anticipated to fund each of the applications. Fifty-six (56) projects are included in this CIP. A total of 34 municipal projects are proposed and a total of twenty-two (22) school projects are proposed.

## **MUNICIPAL IMPROVEMENTS SCHEDULE**

Figure 1: Municipal Improvements Schedule on the foldout page, details the recommended methods of financing the capital improvements, and the impacts to the yearly municipal tax rates for the municipal projects. The fiscal year of the Town begins on January 1 and ends of December 31 of the same year. All numbers are shown in 2017 dollars.

Figure 1 illustrates a potential \$2.28 impact to every \$1,000 of property valuation in 2018. This impact includes projects which would have normally occurred that year, bond payments, and a few new projects that were introduced during the CIP planning process. The \$1.87 in 2020 represents the lowest impact to the tax rate over the coming six years; the highest will occur, with the current project load, in the second year, 2019 at \$2.38. It should be noted that most recently Capital Reserve Fund (CRF) deposits have been made from the undesignated fund balance and not by appropriations made by taxpayers. The CIP committee felt it was important to keep the CRF deposits in the CIP incase this changes in the future and deposits are made from allocated funds raised by taxpayers. That being said, removing CRF depots from the Municipal Improvement Schedule will lower the overall calculated tax rate each year by approximately \$0.95.

Voters at the annual March Town Voting Session will decide whether the best interests of the Town and its residents are served when they choose to allocate funds to many of the capital projects listed here. Several Town Departments chose not to participate in the project identification process and are not represented within the CIP.

## **SCHOOL DISTRICT IMPROVEMENTS SCHEDULE**

Figure 2: School District Improvements Schedule, details the improvement projects anticipated for the Hillsborough-Deering School District over the next five fiscal years, beginning in fiscal Year 2017-18. The fiscal year for school districts begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup> of the following year. Hillsborough's share of the Hillsborough-Deering District's expenses is about 77.5%, and this proportion is displayed on Figure 2 and in the following Table 8.

In Figure 2, the single bond displayed will expire in fiscal year 2023-24. Twenty-two (22) projects were included by the School District, of which it is assumed that projects costing \$50,000 or more are proposed to be funded through warrant articles and totaled \$2,600,461 over the period. The remaining projects are proposed to be funded by already established funds, such as one of the capital reserve fund accounts. Fiscal year 2021-22 is projected to incur an impact of \$2.81/\$1,000 of valuation, which is the highest over the period. The lowest impact is \$1.84 in fiscal year 2017-18.

Voters at the annual School District meeting will vote on the school budget for the ensuing year.

## CHAPTER 5. FINANCIAL ANALYSIS

### EXPLANATION OF TERMINOLOGY

Equalized valuation, or equalization, is an adjustment of the town's local assessed values, either upward or downward, in order to approximate the full value of the town's property. Each year, the NH Department of Revenue Administration (NH DRA) equalizes the property values for every city and town. This process is undertaken due to an imbalance caused by varying local assessment levels. Adjusting these values among towns is the only way for statewide consistency. The total value of all property in a municipality is adjusted based upon the comparison of recent property sales with local property assessments. Once property values have been equalized, public taxes and state revenues are shared by towns and cities and may be fairly apportioned among them. This includes state education property taxes and county taxes.

As generated statistics, equalization ratios are used when revaluation companies are planning their work and are used by assessing officials to periodically check the validity of assessments. Ratios are computed using properties that have sold during the period: the prices the properties actually sold for are compared to the values listed on the assessment cards. The median ratio in a listing of properties is selected to represent the equalization ratio in a town because it gives equal weight to all properties regardless of selling price. The ratio can help towns judge when revaluation should occur and how the town compares with other towns or cities.

The full value tax rate is the equalized tax rate for a town. Contrary to popular belief, the town's equalization ratio cannot be applied directly to the local assessed rate to equal the full value tax rate since other variables are involved. This full value tax rate permits comparisons to other towns in the state for apportionment purposes.

The state school tax rate, or the State Grant/Cost of an Adequate Education, is the town's share of the statewide cost for an adequate education. In 2010, each town was responsible for raising an amount equal to \$2.19 per \$1,000 of the town's share of the statewide cost of an adequate education. In order for the town to raise this amount, the rate must be restated to reflect the equalized value of the town (developed by NH DRA) instead of the local assessed value of the town (developed by the Town). This is why towns did not pay exactly the \$2.19 per \$1,000 in state school taxes. Other factors which influence the rate difference include exemptions to the elderly and any new construction which has taken place in the past year.

The local school tax rate is calculated using the local assessment of a town. The local assessment is apportioned based on the number of students from each town (also called the average daily membership) and the equalized valuation of each town.

### BONDED INDEBTEDNESS

Hillsborough, like most Towns, relies on bonds for the funding of large-scale municipal projects. Bonds typically last from five to twenty years. Low-interest loans and bonds are provided by the NH Municipal



Bond Bank and by private organizations. Towns are permitted to carry a certain amount of debt, as described below.

**Table 8: Current Bond Payment Schedules, 2018-2023**

<b>Town Bonds</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Water Filtration System 2004 (2024)	\$125,155	\$120,500	\$115,620	\$110,585	\$105,380	\$101,175	\$678,415
Fire Station Addition 2004 (2024)	\$18,954	\$17,354	\$16,794	\$16,234	\$15,674	\$15,114	\$100,124
Highway Truck (2019)	\$42,151	\$42,151					\$84,302
2010 Smith House (2026)	\$34,028	\$34,027	\$34,028	\$34,028	\$34,028	\$34,028	\$204,167
Highway Plow Truck	\$47,599	\$47,599	\$47,599	\$47,599			\$190,394
Water Main 2004 (2024)	\$114,573	\$111,973	\$103,333	\$99,893	\$96,453	\$96,453	\$622,678
Loon Pond Hill ARRA Loan (2019)	\$13,613	\$13,612	\$13,612				\$40,837
Bible Hill ARRA Loan	\$7,546	\$7,547	\$7,546	\$7,547	\$7,547	\$7,547	\$45,280
Screw Pump Replacement	\$63,345	\$61,878	\$60,419	\$58,938	\$57,478	\$57,478	\$359,536
UV/Chloramines Water Treatment ARRA Loan	\$41,926	\$42,286	\$42,640	\$42,990	\$43,336	\$43,336	\$256,514
<b>Total Town Bond Payments</b>	<b>\$508,890</b>	<b>\$498,927</b>	<b>\$441,591</b>	<b>\$417,814</b>	<b>\$359,896</b>	<b>\$355,131</b>	<b>\$2,582,248</b>
<b>School Bonds (Hillsborough's 77.5% Share)</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Total</b>	
Construction of Middle School 2004 (2023)	\$704,401	\$675,692	\$669,396	\$640,911	\$612,426	\$3,302,826	
<b>Total School Bond Payments</b>	<b>\$704,401</b>	<b>\$675,692</b>	<b>\$669,396</b>	<b>\$640,911</b>	<b>\$612,426</b>	<b>\$3,302,826</b>	

Source: Hillsborough Town Administrator and School Administrator

From Table 8, the Town owes a total of \$2.5 million (principal and interest) in municipal debt over the 2018-2023 period. The water bonds are paid fully or in part by user fees instead of general taxation. The School District owes a total of \$3.3 million (principal and interest) over the period for a bond to renovate its schools. The payments displayed in Table 8 refer to Town fiscal year 2018 through Town fiscal year 2023, and School fiscal year 2017-18 through fiscal year 2021-22. Table 8 only includes current municipal debt incurred by the Town and does not include any potential bonds listed in this CIP's Municipal or School Improvement Schedule.

**Table 9: Potential Additional Bond Payment Schedules, 2018-2023**

<b>Town Bonds</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Construction of Community Building 2021-2040				\$166,036	\$157,760	\$154,720	\$478,516
Renovate the Fire Station 2019-2038		\$282,260	\$268,192	\$263,024	\$257,856	\$252,688	\$1,324,020
Purchase Heavy Rescue 2022-2041					\$41,509	\$39,440	\$80,949
<b>Total Potential Town Bond Payments</b>	<b>\$0</b>	<b>\$282,260</b>	<b>\$268,192</b>	<b>\$429,060</b>	<b>\$457,125</b>	<b>\$446,848</b>	<b>\$1,883,485</b>

The CIP Municipal Improvement Schedule (Figure 1) includes three potential new bonds that are also displayed in Table 9. These potential bonds would have an estimate total cost of \$1,883,485 between 2018 and 2023. These bonds would also have an impact on the annual tax rate, as represented in Figure 1.

The Municipal Finance Act (RSA 33:4a and 4b) establishes the limit of bonded indebtedness a municipality can incur for municipal expenses (3.0% of the equalized valuation) and for school improvements (7.0% of the equalized valuation). Water projects, the portion of sewer projects financed by users, and tax anticipation notes are excluded from the calculation of indebtedness. Towns participating in a cooperative school district (such as Hillsborough-Deering) can incur bonded indebtedness up to 10% of its equalized valuation.

The Town does not have any anticipation notes, but the water and sewer bonds are excluded below. As of November 2017, the NH DRA had not published any 2017 debt limit valuation reports. The bonding capacity and amount available for the Town of Hillsborough are as follows in Table 10:

**Table 10: Bonded Indebtedness, 2016**

	<b>Maximum Bonding Capacity</b>	<b>Existing Debt (as of Dec. 2017)</b>	<b>Available Bonding Capacity</b>
Base Valuation for Debt Limit 2016: \$494,335,807			
Town (3%)	\$14,830,074	\$985,070	\$13,845,004
Local School (7.0%) at 77% share*	\$34,603,507	\$3,675,000	\$30,928,507

Source: NH DRA 2016 Base Valuation for Debt Limits;  
Table 8. \*77.5% share of District (Deering is 22.5% share)

As displayed in Table 10, the available bonding capacity for the Town is over \$13 million. This means that projects can currently be bonded up to this amount. Water projects and sewer projects financed by users are not included as well as any of the proposed new bonds for the CIP term from Table 9. Bonds which will be paid off in the coming years will enable the bonding capacity to increase. The Hillsborough-Deering School District has over \$30.9 million in bonding capacity.

## ANNUAL ASSESSMENTS

In order to create a CIP which is feasible, and because the CIP will have financial impact on the community, it is important to understand financial trends within Hillsborough. Hillsborough has relied upon a variety of revenue sources to finance municipal operations. Such sources include fees, licenses, trusts (including capital reserve funds), interest on accounts, intergovernmental transfers (grants), and property taxes.

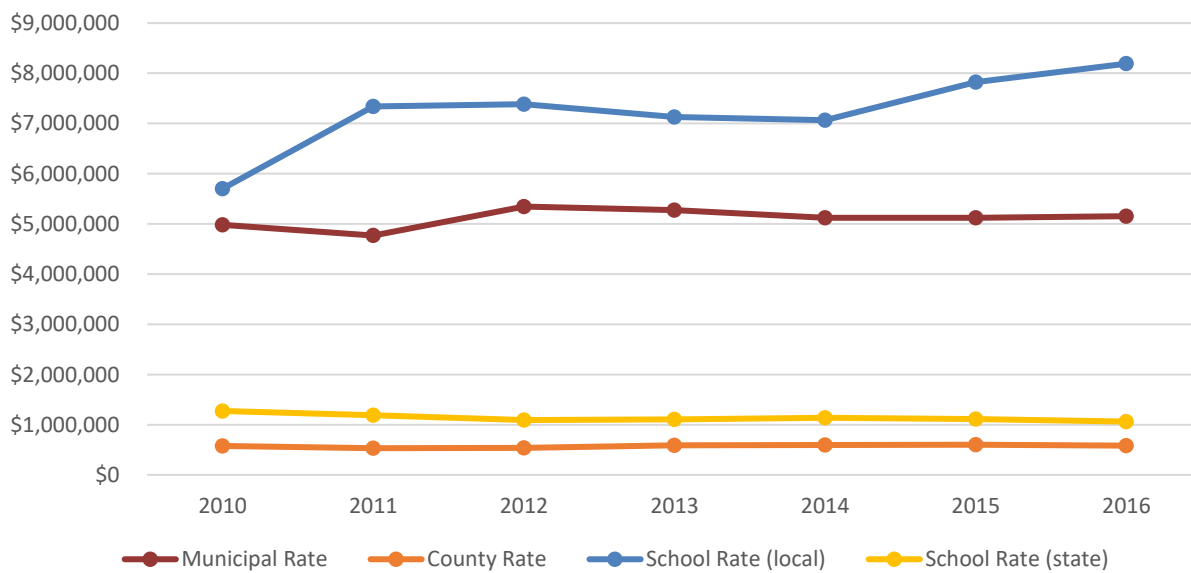
**Table 11: Annual Assessments, 2010 to 2016**

	2010	2011	2012	2013	2014	2015	2016
Valuation before Exemption	\$606,321,466	\$607,273,251	\$511,237,094	\$508,147,714	\$510,871,780	\$510,347,563	\$513,568,408
Exemptions (Blind, Elderly, Disabled, Alt Power)	\$2,169,355	\$2,587,155	\$2,670,955	\$2,692,455	\$2,516,855	\$2,649,205	\$2,887,405
Net Property Valuation	\$604,152,111	\$604,686,096	\$513,908,049	\$505,455,259	\$508,354,925	\$507,698,358	\$510,681,003
Municipal Rate	\$8.24	\$7.88	\$10.51	\$10.44	\$10.06	\$10.09	\$10.09
<i>raised</i>	<i>\$4,983,169</i>	<i>\$4,768,214</i>	<i>\$5,345,241</i>	<i>\$5,277,598</i>	<i>\$5,119,223</i>	<i>\$5,122,053</i>	<i>\$5,152,908</i>
County Rate	\$0.96	\$0.88	\$1.06	\$1.16	\$1.17	\$1.18	\$1.14
<i>raised</i>	<i>\$576,985</i>	<i>\$532,147</i>	<i>\$537,938</i>	<i>\$588,213</i>	<i>\$593,367</i>	<i>\$600,834</i>	<i>\$583,681</i>
School Rate (local)	\$9.44	\$12.14	\$14.52	\$14.11	\$13.91	\$15.41	\$16.04
<i>raised</i>	<i>\$5,701,501</i>	<i>\$7,339,237</i>	<i>\$7,385,610</i>	<i>\$7,130,449</i>	<i>\$7,068,624</i>	<i>\$7,824,512</i>	<i>\$8,191,881</i>
School Rate (state)	\$2.10	\$2.07	\$2.31	\$2.35	\$2.42	\$2.37	\$2.25
<i>raised</i>	<i>\$1,272,794</i>	<i>\$1,191,046</i>	<i>\$1,094,914</i>	<i>\$1,106,530</i>	<i>\$1,137,288</i>	<i>\$1,114,749</i>	<i>\$1,062,528</i>
Total Tax Rate	\$20.74	\$22.97	\$28.40	\$28.06	\$27.56	\$29.05	\$29.52
<b>Net Total Assessments</b>	<b>\$12,470,191</b>	<b>\$13,830,644</b>	<b>\$14,363,703</b>	<b>\$14,102,790</b>	<b>\$13,918,502</b>	<b>\$14,662,148</b>	<b>\$14,990,998</b>

Source: Hillsborough Annual Town Reports

The NH Department of Revenue Association (NH DRA) allows a 0.5% deviation in the calculated assessments due to rounding differences. War service credits (Veterans' Exemptions) are not an assessment and are subtracted directly from the tax bills, so they are not included. In 1999, the Statewide Property Tax for education came into effect, and public utilities were included to calculate the Town's school tax share. However, those figures are not used here since the focus is primarily on the municipal rate.

In Table 11, there was a significant decrease of the net valuation during the period 2010-2016 due to reassessment. In 2011, the net valuation baseline was \$604,686,096. In the next year, the valuation was decreased to \$513,908,049. From 2012 to present, the net valuation has remained relatively stable, with less than a 1% change occurring each year, except for a 1.6% decrease in 2013.

**Figure 3: Assessments Raised for Expenditures, 2010-2016**

Source: Annual Assessments Table

In addition to Table 11, figure 3 illustrates the assessment raised for expenditures from 2010-2017. The biggest change over this period can be seen in the local school expenditures, which fluctuates from a low of \$5.7 million in 2010 to a high of \$8.1 million in 2016. The property tax money raised for the municipal, county and state school expenditures has remained relatively stable over the past seven years, however, the municipal assessment did change between 2011 and 2012, most likely due to the revaluation that occurred in 2011.

### CAPITAL RESERVE AND TRUST FUNDS

Often yearly, voters allocate funds into the Town's Capital Reserve Funds or Expendable Trust funds dedicated for specific purchases or improvements. Table 12 lists those fund balances as of November 20, 2017. Only those funds which are related to capital expenditures contained within this CIP were included in Figure 1.

**Table 12: Capital Reserve Funds and Balances**

Fund Name	Balance as of November 20, 2017	Typical Yearly Addition
Ambulance CRF	\$129,091	\$50,000
Bridge Repairs CRF	\$40,566	\$20,000
Cemetery Maintenance & Repairs CRF	\$16,008	\$10,000
Fire Department Equipment CRF	\$40,223	\$50,000
Highway Department Equipment/Vehicles CRF	\$43,754	\$35,000
Smith House Maintenance & Repairs CRF	\$78,386	\$60,000
Municipal Buildings Maintenance, Repairs & Upgrades CRF	\$95,451	\$100,000
Parks Maintenance & Repairs CRF	\$60,923	\$40,000
Police Department Equipment CRF	\$147,589	\$75,000
Sidewalk Building, Maintenance & Repairs CRF	\$29,362	\$30,000
Transfer Station Equipment CRF	\$25,547	\$25,000

*Source: Hillsborough Town Staff*

Capital Reserve Funds (CRFs) are an excellent tool to help keep the municipal property taxes stable. They offer a mechanism for a municipality to save for anticipated future projects or purchases instead of taking a direct tax hit in any one given year. Money set aside in CRFs also collects interest. Hillsborough could use their multitude of CRFs more effectively by placing funds in the more regularly used accounts on a yearly basis.

By creating CRFs for many of the projects proposed in this CIP or by increasing the deposits into the CRFs via warrant articles at the March 2018 annual Town Voting Session, the proposed expenditures in this CIP should be more evenly distributed in the following years. In addition, grant funds might be pursued to help offset the burden to taxpayers for some of the projects or purchases that are proposed.

Voters also allocate funds into the School District's Expendable Trust funds. The School District reported that they have two capital reserve funds: replace and repair school building roofs and school paving.

### TAX RATE TRENDS AND COMPARISONS

The full value tax rates included in the table below are derived by the NH Department of Revenue Administration (NH DRA). The NH DRA develops the full value tax rate as a way to compare tax rates

among New Hampshire communities. To determine the full value tax rate, the NH DRA compares each municipality's tax rate with its net valuation.

**Table 13: Tax Rates and Trends, 2010 to 2016**

	2010	2011	2012	2013	2014	2015	2016
Tax Rate	\$20.74	\$22.97	\$28.40	\$28.06	\$27.56	\$29.05	\$29.52
Full Value Tax Rate	\$26.32	\$29.36	\$29.99	\$29.42	\$29.39	\$31.47	\$30.32
Equalization Ratio	126.2	127.4	104.0	102.9	104.5	106.5	100.4

*Sources: NH DRA Comparison of Full Value Tax Rates, 2010-2016*

From Table 13, the equalization ratio significantly decreased after 2011 due to revaluation that occurred in 2011. Previous to the decrease, the ratio was 126.2 and 127.4 but decreased to 104.0 in 2012. The tax rate paid by Hillsborough residents was also affected by the revaluation, increased significantly. In 2011, the tax rate was \$22.97, which was \$5.43 lower than 2012 (\$28.40) and has continued to remain steady or increase through 2016. The full value tax rate has seen the least amount of change over the seven year period, most recently at \$30.32 in 2016.

In Table 14, Hillsborough's full value tax rate in 2016 of \$30.32 is one of the higher tax rates of surrounding communities with the area average of \$24.56 per \$1,000 of valuation. Henniker has the highest full value tax rate (\$30.90), while Windsor has the lowest (\$11.94).

**Table 14: Abutting Community 2016 Tax Rate Comparison**

2010 US Census Population	2016 OSI Population Estimates	2016 Municipal Rate	2016 Local School Rate	2016 State School Rate	2016 County Rate	2016 Total Tax Rate	2016 Equal. Ratio	2016 Full Value Tax Rate
Hillsborough 6,011	5,958	\$10.09	\$16.04	\$2.25	\$1.14	\$29.52	100.4	\$30.32
Antrim 2,637	2,619	\$12.52	\$11.84	\$2.37	\$1.24	\$27.97	97.5	\$27.59
Bradford 1,650	1,663	\$8.52	\$12.65	\$2.43	\$2.80	\$26.40	93.8	\$24.99
Deering 1,912	1,910	\$8.84	\$16.17	\$2.31	\$1.23	\$28.55	90.8	\$25.89
Henniker 4,836	4,871	\$8.95	\$19.21	\$2.33	\$2.84	\$33.33	93.3	\$30.90
Washington 1,123	1,126	\$6.96	\$7.38	\$2.30	\$2.71	\$19.35	105.0	\$20.34
Windsor 224	217	\$3.26	\$5.80	\$5.80	\$1.18	\$12.46	100.9	\$11.94

*Source: US Census Bureau, NH DRA Municipal Services Tax Rates 2016*

In 2016, Hillsborough's municipal taxes (\$10.09) were also one of the highest when comparing them to neighboring towns, from a low of \$3.26 in Washington to a high of \$12.52 in Antrim. For local school taxes, Hillsborough was also one of the highest at \$16.04 in 2016 while Washington's were the lowest at \$5.80.

The projects that Hillsborough has identified within this CIP will increase the municipal tax rate. However, many of these projects would have occurred regardless of the existence of a CIP and now the Town can plan ahead with upcoming anticipated capital expenditures. Although higher taxes are often difficult to sell to residents, increases may be easier to justify if they improve the quality of life, improve safety or correct deficiencies.

## ANTICIPATED FINANCIAL IMPACTS OF PROJECTS

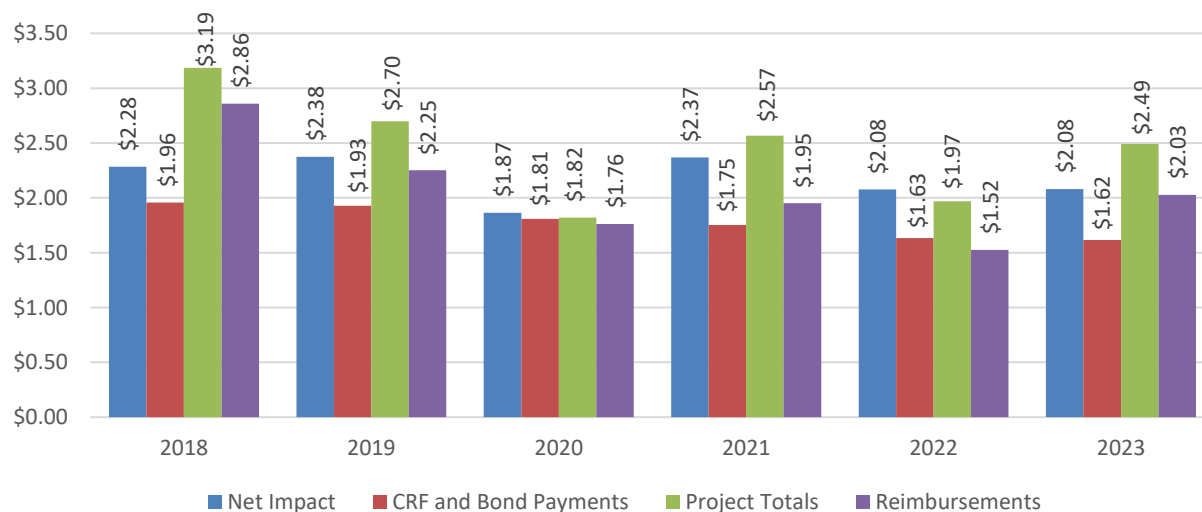
Calculating the growth of net valuations between 2012 through 2016 yielded a 0.1% average. 2011 is when the revaluation occurred, and therefore the valuation change prior to that date is incomparable. As this average growth is so minor, instead a rate of 0.5% was used when calculating the future net valuation growth to 2023. Using this methodology, Figure 4, Anticipated Municipal Tax Rate Impact for municipal capital expenditures and Figure 5, Anticipated Local School Tax Rate Impact are illustrated on the pages that follow.

The projects that Hillsborough has identified within this CIP will increase the municipal tax rate. Several will increase the local school rate. However, many of these projects would have occurred regardless of the existence of a CIP and now the Town can plan ahead with upcoming anticipated capital expenditures. Although higher taxes are often difficult to justify to residents, increases may be easier to justify if they improve the quality of life, improve safety, or correct deficiencies.

It is important to realize that the CIP and its projected financial impacts are first and foremost advisory and hold no legal commitment for the Town to undertake such expenditures. Secondly, it serves as a planning process in order to stabilize the tax rate while improving safety and providing essential services by identifying when (and at what cost) the municipal tax impacts may come into effect without further planning.

Figure 4 was excerpted from Figure 1, Municipal Improvements Schedule depicted earlier in the document. The dollar amounts assume that every one of the projects or purchases scheduled within a particular fiscal year will be fully funded through a vote at the Town Meeting that may also authorize some borrowing. The impact to the tax rate, according to Figure 4, is not in addition to the designated municipal tax rate. The numbers below are “blended” with the capital improvements pre-planned to be expended prior to the creation of this 2018-2023 CIP. The figure is merely a prediction of what may be in store within the next six years if the status quo of the Town is maintained through 2023. By planning for these projects now, the Town will be working to ultimately keep the municipal tax rate stable over the coming years. The dollars displayed are per every \$1,000 of valuation.

**Figure 4: Anticipated Municipal Tax Rate Impact**



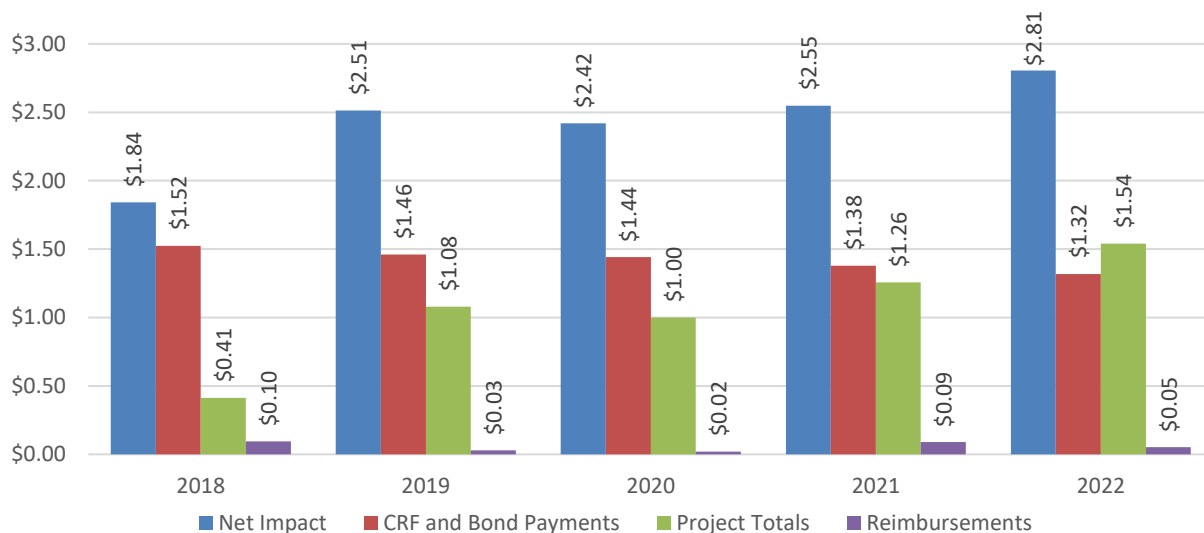
Source: Figure 1, Municipal Improvement Schedule

Thirty-four (34) municipal projects were identified for this CIP and are reflected in Figure 4. The range of tax rate impacts from 2018 to 2023 is between a low of \$1.87/\$1,000 in valuation during 2020 to a high of \$2.28/\$1,000 in 2018. To obtain funding at Town meetings, Department heads should raise public awareness and promote a positive message for the necessity of their projects before January 1 through Town Meeting.

Capital Reserve Funds (CRFs) are an excellent tool that Hillsborough is utilizing to keep the municipal property taxes stable. They offer a mechanism for a municipality to save for anticipated future projects or purchases instead of taking a direct tax hit in any one given fiscal year. Money set aside in CRFs also collects interest. By creating CRFs for many of the projects proposed in this CIP or by increasing the deposits into the CRFs via warrant articles at the March 2018 Town Voting Session, the proposed expenditures in this CIP should be more evenly distributed in the following years. In addition, grant funds will be pursued to help offset the burden to taxpayers for most of the projects or purchases that are proposed.

Twenty-two (22) school projects were identified for this CIP. Figure 5 was excerpted from Figure 2, School District Improvements Schedule depicted earlier in the document. The tax rate impacts range from a low of \$1.84/\$1,000 in valuation in fiscal year 2017-18 to a high of \$2.81/\$1,000 valuation in fiscal year 2021-22 over the five years. Hillsborough's portion of the bond payments is 77.5%, so the projects are displayed as 77.5% of the total project cost. The dollars displayed are per every \$1,000 of valuation.

**Figure 5: Anticipated Local School Tax Rate Impact**



Source: Figure 2, School District Improvement Schedule

## CHAPTER 6. ROAD MANAGEMENT PLAN

The Road Management Plan within a Capital Improvements Program assists municipalities with managing the current and future road improvements which will be required to maintain safety. Towns are responsible for maintaining Class V roads, but not Class VI roads, and received Highway Block Grant State Aid to assist with road maintenance. Private and State roads are documented. Highway expenditures and proportion of the entire Town budget are examined. Road construction and maintenance are a significant expense, and few roads can be maintained in a given year based upon the miles of road the Town is responsible for. Roads are typically improved on an as-needed basis due to the lack of funding available to bring the roads up to a completely maintained status.

### TOWN ROADS - CLASS V AND CLASS VI

Hillsborough, like other New Hampshire municipalities, has municipal roads which are the responsibility of the Town to build and maintain. These Class V Town roads are listed in Table 15, and the Class VI Town roads are listed in Table 16.

**Table 15: Town Roads (Class V)**

<b>Class V Road</b>	<b>Approx Length (ft)</b>	<b>Approx Length (mi)</b>	<b>Surface</b>
Atwood Rd	1,056	0.20	Asphalt
Barden Hill Rd	5,808	1.10	Asphalt
Bear Hill Rd	8,976	1.70	Asphalt
Bear Hill Rd	3,168	0.60	Dirt
Beard Rd	8,448	1.60	Asphalt
Beard Rd	12,144	2.30	Gravel
Bible Hill	5,280	1.00	Asphalt
Bible Hill	4,752	0.90	Gravel
Blair Ave	1,056	0.20	Asphalt
Bog Rd	5,808	1.10	Asphalt
Bog Rd	15,840	3.00	Gravel
Boulder Rd	1,056	0.20	Asphalt
Breezy Point	1,056	0.20	Asphalt
Briggs St	528	0.10	Asphalt
Brown Ave	528	0.10	Asphalt
Butler St	528	0.10	Asphalt
Butler Ct	528	0.10	Asphalt
Camp Rd	2,112	0.40	Gravel
Carter Hill Rd	5,808	1.10	Gravel
Center Rd	1,584	0.30	Asphalt
Central St	1,056	0.20	Asphalt



**Table 15: Town Roads (Class V) (Continued)**

Childs Way	300	0.06	Asphalt
Church St	1,584	0.30	Asphalt
Clark Rd	528	0.10	Asphalt
Colby Rd	2,640	0.50	Gravel
Concord End Rd	6,864	1.30	Gravel
Contoocook Falls Rd	3,168	0.60	Asphalt
Cooledge Rd	1,056	0.20	Asphalt
Cooledge Rd	2,640	0.50	Asphalt
County Rd	11,088	2.10	Gravel
Cross Rd	528	0.10	Asphalt
Dam Rd	1,056	0.20	Gravel
Dam Rd	1,056	0.20	Gravel
Danforth 4 Corners	6,864	1.30	Gravel
Danforth 4 Corners	2,640	0.50	Gravel
Depot St	1,056	0.20	Asphalt
East Washington Rd	24,288	4.60	Asphalt
East Washington Rd	3,696	0.70	Asphalt
Farley Rd	2,112	0.40	Gravel
Flint Rd	1,584	0.30	Gravel
Gay Ave	528	0.10	Asphalt
Gibson Rd	1,056	0.20	Asphalt
Gleason Falls Rd	2,640	0.50	Gravel
Gleason Falls Rd	8,448	1.60	Gravel
Gould Pond Rd	3,168	0.60	Asphalt
Gould Pond Rd	2,640	0.50	Gravel
Hall Rd	4,224	0.80	Gravel
Harvey Way	1,056	0.20	Asphalt
Henniker St	10,560	2.00	Asphalt
High St	1,584	0.30	Asphalt
Hill St	1,056	0.20	Asphalt
Holman St	528	0.10	Asphalt
Intervale Dr	528	0.10	Asphalt
Jackson St	528	0.10	Asphalt
John	528	0.10	Asphalt
Jones Rd	3,696	0.70	Asphalt
Jones Rd	3,696	0.70	Gravel
Keith Rd	2,112	0.40	Gravel
Keith Rd.	528	0.10	Gravel
Kemp Rd	200	0.04	Asphalt

**Table 15: Town Roads (Class V) (Continued)**

Kimball Hill Rd	1,584	0.30	Gravel
Maple St	528	0.10	Asphalt
Mary Rowe Dr	4,752	0.90	Asphalt
Mc Neil Rd	528	0.10	Asphalt
Meeting Hill Rd	2,112	0.40	Asphalt
Melody Ln	2,640	0.50	Gravel
Merrill Rd	1,056	0.20	Asphalt
Mill St	2,640	0.50	Asphalt
Miller Rd	528	0.10	Asphalt
Mountain Side Dr	1,056	0.20	Asphalt
Municipal Dr	1,584	0.30	Asphalt
Municipal Dr	2,112	0.40	Asphalt
Myrtle St	1,584	0.30	Asphalt
Newman St	528	0.10	Asphalt
North Rd	528	0.10	Asphalt
North Rd	6,336	1.20	Gravel
Norton Rd	528	0.10	Asphalt
Old Drift Way	1,056	0.20	Asphalt
Old Henniker Rd	9,504	1.80	Asphalt
Old Rail Road Dr	528	0.10	Gravel
Park Pl	528	0.10	Asphalt
Park St	1,056	0.20	Asphalt
Patten Hill Rd	2,112	0.40	Gravel
Pearl St	528	0.10	Asphalt
Pine Ridge Rd	1,584	0.30	Asphalt
Pleasant St	528	0.10	Asphalt
Preston St	4,224	0.80	Asphalt
Prospect St	528	0.10	Asphalt
River St	1,056	0.20	Asphalt
Robbins Rd	2,112	0.40	Gravel
Sawmill Rd	5,808	1.10	Asphalt
School Street	2,112	0.40	Asphalt
Schwartz Ave	528	0.10	Asphalt
Schwartz Ave	528	0.10	Gravel
Second NH Tpk	7,392	1.40	Asphalt
Shedd Rd	1,056	0.20	Asphalt
Shedd Rd	4,224	0.80	Gravel
Sleeper Rd	3,696	0.70	Gravel
Stowe Mt Rd	12,672	2.40	Gravel

**Table 15: Town Roads (Class V) (Continued)**

Sulphur Hill Rd	4,752	0.90	Gravel
Summer St	528	0.10	Asphalt
Symonds Rd	1,584	0.30	Asphalt
Union St	1,584	0.30	Asphalt
Valhalla Rd	2,112	0.40	Asphalt
Wall St	528	0.10	Asphalt
Walnut St	528	0.10	Asphalt
West Main St	7,392	1.40	Asphalt
Whitney Rd	2,640	0.50	Asphalt
Whittemore St	528	0.10	Asphalt
Williams Rd	831	0.16	Asphalt
Windsor Rd	9,504	1.80	Asphalt
Windsor Terrace	528	0.10	Asphalt
Woodlawn Ave	528	0.10	Asphalt
Wyman St	1,056	0.20	Asphalt
Total	339,779	64.35	

*Source: NHDOT 2017 GIS Shapefile*

Although Hillsborough does not maintain Town Class VI roads, these roads are municipally owned. By vote of the Town, the Town may decide someday begin to maintain these roads again, and their classification would be upgraded to Class V. There are approximately 83,910 feet (or 15.89 miles) of Class VI roads in Hillsborough as listed in Table 16.

**Table 16: Town Unmaintained Roads (Class VI)**

<b>Class VI Road</b>	<b>Approx Length (ft)</b>	<b>Approx Length (mi)</b>
Bailey Adams Rd	1,370	0.26
Bethel Rd	890	0.17
Bradford Cir	1,200	0.23
Carter Hill Road	1,000	0.19
Concord End Road	7,200	1.36
County Road	7,000	1.33
Danforth Corners Rd	2,690	0.51
Dean Hill Road	5,360	1.02
Deer Ln	1,670	0.32
Eli Road	840	0.16
Englewood Dr	630	0.12
Farley Road	5,860	1.11
Gleason Falls Rd	970	0.18
Gould Pond Road	3,800	0.72
Green Road	2,000	0.38
Intervale Dr	420	0.08
Jefferson Dr	7,570	1.43
Kimball Road	4,280	0.81
Madison Cir	1,720	0.33
Moore Rd	500	0.09
North Road	1,880	0.36
Old Railroad Drive	3,000	0.57
Sand Knoll Road	5,280	1.00
Severance Road	2,700	0.51
Sleeper Road	5,700	1.08
Stow Mt Road	800	0.15
Sulphur Hill Road	2,400	0.45
Washington Cir	1,610	0.30
Webster Cir	470	0.09
Whitney Road	3,100	0.59
<b>Total</b>	<b>83,910</b>	<b>15.89</b>

*Source: NHDOT 2017 GIS Shapefile*

## PRIVATE ROADS

Hillsborough does not maintain private roads unless the Board of Selectmen votes to accept a private road as a Town Road after the authority had been granted to them by voters at Town Meeting. Within Hillsborough as shown in Table 17, there are approximately 95,000 feet (or 17.99 miles) of private roads.

**Table 17: Private Roads**

Private Road	Approx Length (ft)	Approx Length (mi)	Surface
Alpine Way	1,550	0.29	Gravel
Autumn Rd	2,820	0.53	Gravel
Beaver Glen Rd	1,110	0.21	Gravel
Bennett Circle	470	0.09	Gravel
Birch Tree Ln	580	0.11	Gravel
Bobolink Ln	980	0.19	Gravel
Boulder Pass	1,130	0.21	Gravel
Brook Side Drive	900	0.17	Gravel
Bystrek Road	2,700	0.51	Gravel
Colby Hill Rd	2,970	0.56	Gravel
Crosby Road	600	0.11	Gravel
Dascomb St	700	0.13	Gravel
Dawn St	860	0.16	Gravel
Dean Hill Rd	6,420	1.22	Gravel
Deanpoint Dr	1,820	0.34	Gravel
Dowlin road	400	0.08	Gravel
Ellen Brook Rd	2,280	0.43	Gravel
Emerald Dr	2,060	0.39	Gravel
Emerald Lane	1,900	0.36	Gravel
Firefly Ln	1,210	0.23	Gravel
Gerry Rd	200	0.04	Gravel
Greenfield Dr	330	0.06	Gravel
Grimes Sports Fld	2,760	0.52	Gravel
Hadley Road	2,800	0.53	Gravel
Hemlock St	1,000	0.19	Gravel
Hillcat Dr	2,060	0.39	Gravel
Hillside St	670	0.13	Gravel
Hummingbird Ln	4,170	0.79	Gravel
Huntington Dr	2,290	0.43	Gravel
Ice house Road	480	0.09	Gravel
Kimball Hill Rd	2,500	0.47	Gravel
Kings Row	650	0.12	Gravel
Lasala Road	800	0.15	Gravel
Lows End Rd	100	0.02	Gravel
Marina Road	2,030	0.38	Gravel
Mary Rowe Dr	2,160	0.41	Gravel
McColley Road	670	0.13	Gravel
Megan Ln	1,190	0.23	Gravel
Midnight Walk	1,500	0.28	Gravel

**Table 17: Private Roads (Continued)**

Moccasin Trail	1,290	0.24	Gravel
Morgan Road	450	0.09	Gravel
Mountain Side Drive	450	0.09	Gravel
Myrtle St	680	0.13	Gravel
Old Lantern Rd	1,170	0.22	Gravel
Pine Glen Rd	3,100	0.59	Gravel
Pine Rock Road	890	0.17	Gravel
Poverty Plain Road	2,400	0.45	Gravel
PS 404 Entrance	460	0.09	Paved
Rabbit Path	520	0.10	Gravel
Raccoon Alley	1,390	0.26	Gravel
Rainbows End	1,360	0.26	Gravel
Ravenhead Ln	1,120	0.21	Gravel
Red Fox Crossing	2,480	0.47	Gravel
Seminole Rd	2,050	0.39	Gravel
Severence Rd	1,780	0.34	Gravel
Skunk Farm Road	800	0.15	Gravel
Skyview Ln	870	0.16	Gravel
Spring St	1,890	0.36	Gravel
Sunrise Pl	1,280	0.24	Gravel
Temple Rd	1,250	0.24	Gravel
Turtle Bridge Crossing	1,170	0.22	Gravel
Winter Rd	3,180	0.60	Gravel
<b>Total</b>	<b>93,850</b>	<b>17.77</b>	

Source: NHDOT 2017 GIS Shapefile

**EMERALD LAKE VILLAGE DISTRICT CLASS V ROADS**

These special Class V Village District roads, as shown in Table 18, are situated within a separate district within Town. A total of 9.67 miles of gravel roads is concentrated within a small area.

**Table 18: Emerald Lake Village District Roads**

<b>ELVD Road</b>	<b>Approx Length (ft)</b>	<b>Approx Length (mi)</b>	<b>Surface</b>
Alpine Way	1,550	0.29	Gravel
Autumn Road	2,810	0.53	Gravel
Beaver Glen Road	1,110	0.21	Gravel
Birch Tree Lane	580	0.11	Gravel
Bobolink Lane	980	0.19	Gravel
Boulder Pass	1,130	0.21	Gravel
Dawn Street	860	0.16	Gravel
Deerpoint Drive	1,820	0.34	Gravel
Ellen Brook Road	2,280	0.43	Gravel
Emerald Drive	2,060	0.39	Gravel
Firefly Lane	1,210	0.23	Gravel
Greenfield Drive	330	0.06	Gravel
Hemlock Street	1,000	0.19	Gravel
Hillside Drive	670	0.13	Gravel
Humming Bird Lane	4,170	0.79	Gravel
Huntington Drive	2,290	0.43	Gravel
Kings Row	650	0.12	Gravel
Megan Lane	1,190	0.23	Gravel
Midnight Walk	1,500	0.28	Gravel
Moccasin Trail	1,290	0.24	Gravel
Old Lantern Rd	1,170	0.22	Gravel
Pine Glen Road	3,100	0.59	Gravel
Rabbit Path	520	0.10	Gravel
Raccoon Alley	1,390	0.26	Gravel
Rainbows End	1,360	0.26	Gravel
Ravenhead Lane	1,120	0.21	Gravel
Red Fox Crossing	2,480	0.47	Gravel
Seminole Road	2,050	0.39	Gravel
Sky View Lane	870	0.16	Gravel
Spring Street	1,890	0.36	Gravel
Sunrise Place	1,280	0.24	Gravel
Turtle Bridge Crossing	1,170	0.22	Gravel
Winter Street	3,180	0.60	Gravel
<b>Total</b>	<b>51,060</b>	<b>9.67</b>	

Source: NHDOT 2017 GIS Shapefile

## STATE HIGHWAYS

State improvements are undertaken and funded by the NH Department of Transportation and the Federal Highway Administration. Two major projects are scheduled to take place within Hillsborough within the scope of this CIP. There are about 21 miles of Class I and II State roads in Town as displayed in Table 19.

**Table 19: State Roads (Class I and II)**

Class I & II Roads	Approx Length (ft)	Approx Length (mi)	Surface
US Route 202	19,146	3.63	asphalt
US Route 202W	1,643	0.31	asphalt
NH Route 9	19,464	3.69	asphalt
NH Route 31	20,607	3.90	asphalt
NH Route 149	10,116	1.92	asphalt
Other State Roads	40,145	7.60	unknown
<b>Total</b>	<b>111,121</b>	<b>21.05</b>	

*Sources: NH DOT & CNHRPC GIS Road Inventory;  
NH DOT State Transportation Improvement Program, February 2008*

## TOWN ROAD MILEAGE AND BUDGET

With the Town maintained and unmaintained roads, private roads, and State roads, Hillsborough has roughly 128 miles of roadway in Table 20. With an estimated NHOSI 2016 population of 5,958, this calculates to .02 of a mile, or 114 feet, of roadway per person.

**Table 20: Approximate Road Mileage**

Road Class	Approx Length (ft)	Approx Length (mi)
Class V Roads	339,779	64.35
Class VI Roads	83,910	15.89
Private Roads	93,850	17.77
Emerald Lake Village District	51,060	9.67
State Roads	111,121	21.05
<b>Total</b>	<b>679,720</b>	<b>128.73</b>

*Source: Calculations from Roads Tables*

The Highway and Streets Budgets in Table 21 include maintenance of streets, street lighting, and road improvement expenditures. In 2017, the Highway and Street Budget was 16.3% of the Town Budget, inline with the average of 16.5% from 2012 to 2017. With the number of Class V miles in Hillsborough at 64.35 miles, the average Town Highway appropriation per mile of road is \$17,344 annually and the average State funding received per mile of road is \$2,491 annually.



**Table 21: Highway Department Budget, 2012-2017**

	2012	2013	2014	2015	2016	2017	Total	Average
Highway and Street Budget Appropriations	1,037,723	1,082,217	1,126,071	1,113,446	1,190,451	1,146,832	\$6,696,740	\$1,116,123
Town Budget Appropriations	6,681,412	6,540,141	6,693,033	6,692,411	6,904,845	7,056,530	\$40,568,372	6,761,395
% of Town Budget	15.5%	16.5%	16.8%	16.6%	17.2%	16.3%	16.5%	16.5%
State Highway Block Grant Aid	170,730	149,561	150,428	150,855	168,196	172,193	\$961,962	\$160,327
% of Highway Budget	16.5%	13.8%	13.4%	13.5%	14.1%	15.0%	14.4%	14.4%

*Source: Town Reports*

## CHAPTER 7. APPENDIX

### METHODS OF FINANCING CAPITAL IMPROVEMENTS

1. Current Revenue (Property Tax): 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 general obligation bonds. If the town has the financial capacity to pay for the project in one 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 lumping an expenditure into a single year, sometimes resulting in higher taxes for the year of the purchase.
2. Municipal Indebtedness: General obligation bonds and short-term borrowing can be used to finance major capital projects. They are issued for a period of time ranging from five (5) to 20 years, during which time principal and interest payments are made. Short-term notes and longer term bonds are secured by the government's power to tax, and are funded primarily by property taxes. Payments over time have the advantage of allowing the capital expenditures to be amortized over the life of the project, thus avoiding "spikes" in the property tax which may result from capital purchases made from current revenues. On the other hand, they can commit resources over a long period of time, thereby decreasing the flexibility of how yearly revenue can be utilized. NH RSA 33:3 mandates that bonds or notes may only be issued for the following purposes:
  - Acquisition of land;
  - Planning relative to public facilities;
  - Construction, reconstruction, alteration, enlargement or purchase of public buildings;
  - Public works or improvements of a lasting nature;
  - Purchase of equipment of a lasting character;
  - Payment of judgments; and,
  - Revaluation or acquisition of tax maps, RSA 33:3-b.
3. Capital Reserve Funds (CRF): A popular method to set money aside for expansion, alteration or improvement to municipal buildings and facilities, RSA 35V mandates that such accounts must be created by a warrant article at town meeting. The same warrant article should also stipulate how much money will be appropriated to open the fund as well as identify what Town entity will be the agent to expend the funds. Once established, communities typically appropriate more funds annually to replenish the fund or be saved and thus earn interest that will be put towards large projects or expenditures in the future. Since many capital projects involve very considerable expenditures, many towns set aside general revenue over a period of years in order to make a purchase.

The advantage of a CRF is that the major acquisition or improvement can be made without the need to go into the bond market with the accompanying interest payments. The disadvantage to present taxpayers is that future residents enjoy the benefits of the improvement(s) without having to pay for them.

4. Special Revenue Sources: Special revenue sources include user fees, payments in lieu of taxes, gifts/donations, trusts, development impact fees, and intergovernmental transfers (i.e. grants) such as NH Shared Revenues and Highway Aid grants. The State of NH Building Aid is available at 30% for School District projects for grades K-6.

## **FUNDING SOURCES FOR TRANSPORTATION IMPROVEMENTS**

1. Congestion Mitigation and Air Quality Improvement Program (CMAQ): This Federal Program is administered by the State DOT and is designed to fund projects and programs to improve air quality in non-attainment and maintenance areas for ozone, carbon monoxide, and small particulate matter which reduce transportation-related emissions. Typical CMAQ programs and projects include transit projects, trail projects, car pool projects, installation of traffic signals, and construction of sidewalk and bicycle path construction. In 2000, New Hampshire received \$20 million dollars in CMAQ funding from the Federal Government. Funding for projects are split, with 80% of funding coming from the State, and the community providing 20% match.
2. Transportation Enhancement Funds (TE): Transportation Enhancements Program (TE) is another viable source for improving roads in communities. Funding for the TE program is slightly more than \$3 million dollars annually. Like CMAQ, these funds are provided in an 80/20 match, with the State paying for the majority of the project cost. Typical examples of projects eligible for TE funds include:
  - Facilities for bicyclists and pedestrians;
  - Safety and education activities for bicyclists and pedestrians;
  - Acquisition of scenic easements and scenic or historic sites;
  - Scenic or historic highway programs;
  - Landscaping and other scenic beautification;
  - Historic preservation;
  - Rehabilitation and operation of historic transportation buildings, structures of facilities;
  - Preservation of abandoned railway corridors;
  - Control and removal of outdoor advertising;
  - Archaeological planning and research;
  - Some types of environmental mitigation; and,
  - Establishment of transportation museums.
3. Federal Aid Bridge Replacement Funds: These funds are available for the replacement or rehabilitation of town-owned bridges over 20 feet in length. Matching funds are required and applications for funding are processed through the NHDOT municipal highways engineer.
4. State Highway Block Grants: Annually, the State apportions funds to all cities and towns for the construction and maintenance of Class IV and V roadways. Apportionment "A" funds comprise not less than 12% of the State Highway budget and are allocated based upon one-half the total road mileage and one-half the total population, proportioned by ranking the municipality with other municipalities in the State. This yields approximately \$1,200 per mile of Class IV and Class V road and \$11 per person residing in a municipality according to the NHOSI. Apportionment "B" funds are distributed from a set sum of \$400,000 and assist only those municipalities having high roadway

mileage and whose equalized property value is very low in relation to other communities. In FY-2007, 19 communities received funding from Apportionment "B."

Block grant payment schedules are as follows: 30% in July, 30% in October, 20% in January, and 20% in April. Any unused funds may be carried over to the next fiscal year. Hillsborough receives between \$153,000 - \$161,000 per year in highway block grants from the State from Apportionment "A" funds.

5. State Bridge Aid: This program helps to supplement the cost to communities of bridge construction on Class II and V roads in the State. Funds are allocated by NHDOT in the order in which applications for assistance are received. The amount of aid a community may receive is based upon equalized assessed valuation and varies from two-thirds to seven-eighths of the total cost of the project.
6. Town Bridge Aid: Like the State Bridge Aid program, this program also helps communities construct or reconstruct bridges on Class V roads. The amount of aid is also based upon equalized assessed valuation and ranges from one-half to seven-eighths of the total cost of the project. All bridges constructed with these funds must be designed to support a load of at least 15 tons. As mandated by State Law, all bridges constructed with these funds on Class II roads must be maintained by the State, while all bridges constructed on Class V roads must be maintained by the Town. Any community that fails to maintain bridges installed under this program shall be forced to pay the entire cost of maintenance plus 10% to the State Treasurer under RSA 85.
7. Local Option Fee for Transportation Improvements: NH RSA 261:153 VI (a) grants municipalities the ability to institute a surcharge on all motor vehicle registrations for the purpose of funding the construction or reconstruction of roads, bridges, public parking areas, sidewalks, and bicycle paths. Funds generated under this law may also be used as matching funds for state projects. The maximum amount of the surcharge permitted by law is \$5. Based upon the number of motor vehicles registered in Hillsborough, this method could yield additional monies annually if so allocated without increasing property taxes.
8. Impact Fees: Authorized by RSA 674:21, communities can adopt impact fee programs to offset the costs of expanding services and facilities communities must absorb when a new home or commercial unit is constructed in town. Unlike exactions, impact fees are uniform fees administered by the building inspector and are collected for general impacts of the development, as opposed to exaction which are administered by the planning board and are collected for specific impacts unique to new site plans or subdivisions on Town roads. The amount of an impact fee is developed through a series of calculations. Impact fees are charged to new homes or commercial structures at the time a building permit is issued.  
When considering implementing an impact fee ordinance, it is important to understand that the impact fee system is adopted by amending the zoning ordinance. The law also requires that communities adopting impact fees must have a Capital Improvements Program (CIP). Lastly, State law also stipulates that all impact fees collected by a community must be used within six years from the date they were collected, or else they must be refunded to the current property owner(s) of the structure for which the fee was initially collected.
9. Safe Routes to School programs enable community leaders, schools and parents across the United States to improve safety and encourage more children to safely walk and bicycle to school. In the process, programs are working to reduce traffic congestion and improve health and the

environment, making communities more livable for everyone. Community leaders, parents, and schools across the U.S. are using Safe Routes to School programs to encourage and enable more children to safely walk and bike to school. The NHDOT announces that Round 5 will open on Monday, October 4, 2010. The deadline for filing applications with both the NHDOT and the Regional Planning Commissions is Tuesday, November 30, 2010 with an anticipated award announcement by May 2011. Safe Routes to Schools (SRTS) is designed to substitute safe bicycling and walking for vehicles that cause congestion in school zones. The program is intended for children in K-8 who live within two miles of school. It is anticipated that NHDOT will award approximately \$1 million in grants in Round 5.

## MISCELLANEOUS FUNDING SOURCES

1. Community Development Block Grants: Depending on the location, social value, and functional use of a municipal facility, Community Development Block Grants (CDBG) can sometimes be a good source of financing. CDBG funds are allocated from the US Department of Housing and Urban Development and, in New Hampshire, are administered by the Office of State Planning. Each year, communities are invited to submit grant applications for funding of projects. An example of a local project funded by CDBG is the Town of Pittsfield's Community Center. Each year, New Hampshire receives about \$10 million in CDBG funds that, through the grant process, were allocated to communities across the State.
2. Sale or Use of Excess Property: Another possible method to finance or expand town facilities opportunities could include sale of surplus town-owned property. Surplus property is often property acquired from private citizens for failure to pay taxes.
3. Private Foundations/Trusts: For years, communities have been the beneficiaries of trusts and donations created by private citizens and foundations. The Town should actively solicit such resources for assistance regarding the development or expansion of recreational facilities and programs.
4. User Fees: During the 1980s, the concept of user fees for funding of numerous public facilities and services were widely adopted throughout the nation. To help finance community facilities and programs, several communities in New Hampshire have adopted user fees. Examples of user fees in New Hampshire communities include water district charges and transfer station fees.
5. License and Permit Fees: Fees, such as building permits, zoning applications, and planning board subdivision and site plan fees are all examples of permit fees. Such fees are highly equitable and are successful for minimizing the burden on taxpayers for specific programs such as building code enforcement.
6. Brownfields are abandoned or underutilized properties where redevelopment or reuse is complicated by the presence of real or perceived environmental contamination. The NHDES Brownfields Program provides technical assistance on behalf of municipalities and other public entities for this type of property in the form of site investigation services. To determine eligibility, an application form to NH DES is necessary. The US Environmental Protection Agency (EPA) provides funds to eligible entities, including non-profit organizations, to deliver environmental workforce development and job training programs focused on hazardous and solid waste management, assessment, and cleanup associated activities. Environmental Workforce Development and Job

Training (EWDJT) grants are provided to recruit, train, and place, unemployed and under-employed, predominantly low-income and minority, residents historically affected by hazardous and solid waste sites and facilities with the skills needed to secure full-time, sustainable employment in the environmental field and in the assessment and cleanup work taking place in their communities. Formerly referred to as the "Brownfields Job Training Grants Program," the "Environmental Workforce Development and Job Training Grants Program," supports expanded environmental training outside the traditional scope of just brownfields but builds upon the existing model and the capacity created through the Brownfields Job Training Program since its inception in 1998.

## **FUNDING RESOURCES FOR CONSERVATION**

1. Land Use Change Tax: When a property that has been paying the lower Current Use Tax rate is removed from that program, the land use change tax penalty is paid to the Town that the property is located in. The penalty is 10% of the full market value of the land when it leaves the current use program. Many Towns put all of this money directly into the Conservation Fund (see below).
2. Conservation Fund: This fund is much like a Capital Reserve Fund, where Town Meeting approval needs to be sought to expend the accumulated funds. The primary purpose of the Fund (RSA 36-A:5) is to acquire real estate for conservation purposes.
3. "Municipal Bill Round-Up": An additional funding source for a variety of activities, such as greenway acquisition, easement acquisition, and creating bike trails and sidewalks, is the use of a "round up" program for tax bills, utility bills, and registration fees. Under such a program, the taxpayer could voluntarily round his/her bill payment up to a designated amount above the actual bill and designate it to any of the desired programs listed.
4. Land and Community Heritage Investment Program (LCHIP): This State fund is designed to assist communities that want to conserve outstanding natural, historic, and cultural resources. There will be the requirement that the Towns match the State money from this fund with a 50% match from other sources, some of which can be an in-kind match, as well as funds from other sources.

## **RELEVANT STATE STATUTES FOR CAPITAL IMPROVEMENTS**

### **TITLE III TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES MUNICIPAL BUDGET LAW SECTION 32:6 APPROPRIATIONS**

32:6 Appropriations Only at Annual or Special Meeting. All appropriations in municipalities subject to this chapter shall be made by vote of the legislative body of the municipality at an annual or special meeting. No such meeting shall appropriate any money for any purpose unless that purpose appears in the budget or in a special warrant article, provided, however, that the legislative body may vote to appropriate more than, or less than, the amount recommended for such purpose in the budget or warrant, except as provided in RSA 32:18, unless the municipality has voted to override the 10 percent limitation as provided in RSA 32:18-a.

## MUNICIPAL FINANCE ACT

### **Section 33:1**

33:1 Definitions. - This chapter may be referred to as the "Municipal Finance Act." The following terms, when used in this chapter, shall have the meanings set forth below, except when the context in which they are used requires a different meaning:

I. "Municipality" or "municipal corporation," town, city, school district or village district;

II. "Governing board," the selectmen of a town, the commissioners or comparable officers of a village district, and the school board of a school district;

III. "Net indebtedness," all outstanding and authorized indebtedness, heretofore or hereafter incurred by a municipality, exclusive of the following: unmatured tax anticipation notes issued according to law; or notes issued in anticipation of grants of federal or state aid or both; debts incurred for supplying the inhabitants with water or for the construction, enlargement, improvement or maintenance of water works; debts incurred to finance the cost of sewerage systems or enlargements or improvements thereof, or sewage or waste disposal works when the cost thereof is to be financed by sewer rents or sewer assessment; debt incurred pursuant to RSA 31:10; debts incurred to finance energy production projects, the reconstruction or enlargement of a municipally-owned utility, or the manufacture or furnishing of light, heat, power or water for the public, or the generation, transmission or sale of energy ultimately sold to the public; debts incurred to finance small-scale power facilities under RSA 374-D; debts incurred outside the statutory debt limit of the municipality under any general law or special act heretofore or hereafter enacted (unless otherwise provided in such legislation); and sinking funds and cash applicable solely to the payment of the principal of debts incurred within the debt limit.

### **Section 33:4-a Debt Limit, Municipalities. –**

I. Cities shall not incur net indebtedness, except for school purposes, to an amount, at any one time outstanding, exceeding 3 percent of their valuation determined as hereinafter provided.

II. Cities shall not incur net indebtedness for school purposes to an amount at any one time outstanding, determined as hereinafter provided, exceeding 7 percent of said valuation. Any debt incurred for school purposes by a city under this or any special statute heretofore or hereafter enacted shall be excluded in determining the borrowing capacity of a city for other than school purposes under the 3 percent limitation in paragraph I.

III. Towns shall not incur net indebtedness to an amount at any one time outstanding exceeding 3 percent of their valuation determined as hereinafter provided.

IV. School districts shall not incur net indebtedness to an amount at any one time outstanding exceeding 7 percent determined as hereinafter provided.

V. Village districts shall not incur net indebtedness to an amount at any one time outstanding exceeding one percent of their valuation determined as hereinafter provided.

TITLE XV EDUCATION  
SCHOOL MEETINGS

**Section 197:1**

197:1 Annual. – A meeting of every school district shall be held annually between March 1 and March 25, inclusive, or in accordance with RSA 40:13 if that provision is adopted in the district, for raising and appropriating money for the support of schools for the fiscal year beginning the next July 1, for the transaction of other district business and, in those districts not electing their district officers at town meeting, for the choice of district officers.

**Section 197:3**

197:3 Raising Money at Special Meeting. –

I. (a) No school district at any special meeting shall raise or appropriate money nor reduce or rescind any appropriation made at a previous meeting, unless the vote thereon is by ballot, nor unless the ballots cast at such meeting shall be equal in number to at least 1/2 of the number of voters of such district entitled to vote at the regular meeting next preceding such special meeting; and, if a checklist was used at the last preceding regular meeting, the same shall be used to ascertain the number of legal voters in said district; and such checklist, corrected according to law, may be used at such special meeting upon request of 10 legal voters of the district. In case an emergency arises requiring an immediate expenditure of money, the school board may petition the superior court for permission to hold a special district meeting, which, if granted, shall give said district meeting the same authority as an annual district meeting.

(b) "Emergency" for the purposes of this section shall mean a sudden or unexpected situation or occurrence, or combination of occurrences, of a serious and urgent nature, that demands prompt or immediate action, including an immediate expenditure of money. This definition, however, does not establish a requirement that an emergency involves a crisis in every set of circumstances.

(c) To verify that an emergency exists, a petitioner shall present, and the court shall consider, a number of factors including:

- (1) The severity of the harm to be avoided.
- (2) The urgency of the petitioner's need.
- (3) Whether the claimed emergency was foreseeable or avoidable.
- (4) Whether the appropriation could have been made at the annual meeting.
- (5) Whether there are alternative remedies not requiring an appropriation.

II. Ten days prior to petitioning the superior court, the school board shall notify, by certified mail, the commissioner of the department of revenue administration that an emergency exists by providing the commissioner with a copy of the explanation of the emergency, the warrant article or articles and the petition to be submitted to the superior court. The petition to the superior court shall include a certification that the commissioner of the department of revenue administration has been notified pursuant to this paragraph.

III. In the event that the legislative body at an annual meeting amends or rejects the cost items or fact finder's reports as submitted pursuant to RSA 273-A, notwithstanding paragraphs I and II, the school board may call one special meeting for the sole purpose of addressing all negotiated cost items without petitioning the superior court for authorization. Such special meeting may be authorized only by a contingent warrant article inserted on the warrant or official ballot either by petition or by the



governing body. The wording of the question shall be as follows: "Shall (the local political subdivision), if article \_\_\_\_\_ is defeated, authorize the governing body to call one special meeting, at its option, to address article \_\_\_\_\_ cost items only?" The refusal of the legislative body to authorize a special meeting as provided in this paragraph shall not affect any other provision of law. Any special meeting held under this paragraph shall be combined with the revised operating budget meeting under RSA 40:13, XI, if any, and shall not be counted toward the number of special meetings which may be held in a given calendar or fiscal year.

IV. When the school board votes to petition the superior court for permission to hold a special school district meeting, the school board shall post notice of such vote within 24 hours after taking the vote and a minimum of 10 days prior to filing the petition with the court. The school board shall post notice of the court date for an evidentiary hearing on the petition within 24 hours after receiving notice of the court date from the court. Such notices shall be posted at the office of the school board and at 2 or more other conspicuous places in the school district, and in the next available edition of one or more local newspapers with a wide circulation in the school district. If the district is a multi-town school district, the notices shall be posted at the office of the school board and at 2 or more other conspicuous places in each town of the multi-town school district, and in the next available edition of one or more newspapers with a wide circulation in all towns of the multi-town school district.

V. Notwithstanding any other provision of law, no special meeting to raise and appropriate money, or to reduce or rescind any appropriation made at a previous meeting, may be held unless the vote is taken on or before December 31 of any budget cycle. However, the district may bring such items as could not be addressed prior to December 31 before the voters at the next annual school district meeting. Such supplemental appropriations, together with appropriations raised under RSA 197:1, shall be assessed against property as of April 1.

#### TITLE LXIV PLANNING AND ZONING Capital Improvements Program

##### **Section 674:5 through 674:8**

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. 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.

674:6 Purpose and Description. – The capital improvement 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.

674:7 Preparation. – I. In preparing the capital improvements program, the planning board shall confer, in a manner deemed appropriate by the board, with the mayor or the board of selectmen, 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 is authorized and directed to prepare a capital improvements program, every municipal department, authority or agency, and every affected school district board, department or agency, shall, upon request of the planning board, transmit to the board a statement of all capital projects it proposes to undertake during the term of the program. The planning board 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.

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

## ZONING

### Section 674:21

674:21 Innovative Land Use Controls. –

I. Innovative land use controls may include, but are not limited to:

- (a) Timing incentives.
- (b) Phased development.
- (c) Intensity and use incentive.
- (d) Transfer of density and development rights.
- (e) Planned unit development.
- (f) Cluster development.
- (g) Impact zoning.
- (h) Performance standards.
- (i) Flexible and discretionary zoning.
- (j) Environmental characteristics zoning.
- (k) Inclusionary zoning.
- (l) Accessory dwelling unit standards.
- (m) Impact fees.
- (n) Village plan alternative subdivision.

II. An innovative land use control adopted under RSA 674:16 may be required when supported by the master plan and shall contain within it the standards which shall guide the person or board which administers the ordinance. An innovative land use control ordinance may provide for administration, including the granting of conditional or special use permits, by the planning board, board of selectmen, zoning board of adjustment, or such other person or board as the ordinance may designate. If the administration of the innovative provisions of the ordinance is not vested in the planning board, any proposal submitted under this section shall be reviewed by the planning board prior to final consideration by the administrator. In such a case, the planning board shall set forth its comments on

the proposal in writing and the administrator shall, to the extent that the planning board's comments are not directly incorporated into its decision, set forth its findings and decisions on the planning board's comments.

III. Innovative land use controls must be adopted in accordance with RSA 675:1, II.

IV. As used in this section:

(a) "Inclusionary zoning" means land use control regulations which provide a voluntary incentive or benefit to a property owner in order to induce the property owner to produce housing units which are affordable to persons or families of low and moderate income. Inclusionary zoning includes, but is not limited to, density bonuses, growth control exemptions, and a streamlined application process.

(b) "Accessory dwelling unit" means a second dwelling unit, attached or detached, which is permitted by a land use control regulation to be located on the same lot, plat, site, or other division of land as the permitted principal dwelling unit.

V. As used in this section "impact fee" means a fee or assessment imposed upon development, including subdivision, building construction or other land use change, in order to help meet the needs occasioned by that development for the construction or improvement of capital facilities owned or operated by the municipality, including and limited to water treatment and distribution facilities; wastewater treatment and disposal facilities; sanitary sewers; storm water, drainage and flood control facilities; public road systems and rights-of-way; municipal office facilities; public school facilities; the municipality's proportional share of capital facilities of a cooperative or regional school district of which the municipality is a member; public safety facilities; solid waste collection, transfer, recycling, processing and disposal facilities; public library facilities; and public recreational facilities not including public open space. No later than July 1, 1993, all impact fee ordinances shall be subject to the following:

(a) The amount of any such fee shall be a proportional share of municipal capital improvement costs which is reasonably related to the capital needs created by the development, and to the benefits accruing to the development from the capital improvements financed by the fee. Upgrading of existing facilities and infrastructures, the need for which is not created by new development, shall not be paid for by impact fees.

(b) In order for a municipality to adopt an impact fee ordinance, it must have enacted a capital improvements program pursuant to RSA 674:5-7.

(c) Any impact fee shall be accounted for separately, shall be segregated from the municipality's general fund, may be spent upon order of the municipal governing body, shall be exempt from all provisions of RSA 32 relative to limitation and expenditure of town moneys, and shall be used solely for the capital improvements for which it was collected, or to recoup the cost of capital improvements made in anticipation of the needs which the fee was collected to meet.

(d) All impact fees imposed pursuant to this section shall be assessed at the time of planning board approval of a subdivision plat or site plan. When no planning board approval is required, or has been made prior to the adoption or amendment of the impact fee ordinance, impact fees shall be assessed prior to, or as a condition for, the issuance of a building permit or other appropriate permission to proceed with development. Impact fees shall be intended to reflect the effect of development upon municipal facilities at the time of the issuance of the building permit. Impact fees shall be collected at the time a certificate of occupancy is issued. If no certificate of occupancy is required, impact fees shall be collected when the development is ready for its intended use. Nothing in this subparagraph shall prevent the municipality and the assessed party from establishing an alternate, mutually acceptable schedule of payment of impact fees in effect at the time of subdivision plat or site plan approval by the planning board. If an alternate schedule of payment is established, municipalities may require

developers to post bonds, issue letters of credit, accept liens, or otherwise provide suitable measures of security so as to guarantee future payment of the assessed impact fees.

(e) The ordinance shall establish reasonable times after which any portion of an impact fee which has not become encumbered or otherwise legally bound to be spent for the purpose for which it was collected shall be refunded, with any accrued interest. Whenever the calculation of an impact fee has been predicated upon some portion of capital improvement costs being borne by the municipality, a refund shall be made upon the failure of the legislative body to appropriate the municipality's share of the capital improvement costs within a reasonable time. The maximum time which shall be considered reasonable hereunder shall be 6 years.

(f) Unless otherwise specified in the ordinance, any decision under an impact fee ordinance may be appealed in the same manner provided by statute for appeals from the officer or board making that decision, as set forth in RSA 676:5, RSA 677:2-14, or RSA 677:15, respectively.

(g) The ordinance may also provide for a waiver process, including the criteria for the granting of such a waiver.

(h) The adoption of a growth management limitation or moratorium by a municipality shall not affect any development with respect to which an impact fee has been paid or assessed as part of the approval for that development.

(i) Neither the adoption of an impact fee ordinance, nor the failure to adopt such an ordinance, shall be deemed to affect existing authority of a planning board over subdivision or site plan review, except to the extent expressly stated in such an ordinance.

(j) The failure to adopt an impact fee ordinance shall not preclude a municipality from requiring developers to pay an exaction for the cost of off-site improvement needs determined by the planning board to be necessary for the occupancy of any portion of a development. For the purposes of this subparagraph, "off-site improvements" means those improvements that are necessitated by a development but which are located outside the boundaries of the property that is subject to a subdivision plat or site plan approval by the planning board. Such off-site improvements shall be limited to any necessary highway, drainage, and sewer and water upgrades pertinent to that development. The amount of any such exaction shall be a proportional share of municipal improvement costs not previously assessed against other developments, which is necessitated by the development, and which is reasonably related to the benefits accruing to the development from the improvements financed by the exaction. As an alternative to paying an exaction, the developer may elect to construct the necessary improvements, subject to bonding and timing conditions as may be reasonably required by the planning board. Any exaction imposed pursuant to this section shall be assessed at the time of planning board approval of the development necessitating an off-site improvement. Whenever the calculation of an exaction for an off-site improvement has been predicated upon some portion of the cost of that improvement being borne by the municipality, a refund of any collected exaction shall be made to the payor or payor's successor in interest upon the failure of the local legislative body to appropriate the municipality's share of that cost within 6 years from the date of collection. For the purposes of this subparagraph, failure of local legislative body to appropriate such funding or to construct any necessary off-site improvement shall not operate to prohibit an otherwise approved development.

VI. (a) In this section, "village plan alternative" means an optional land use control and subdivision regulation to provide a means of promoting a more efficient and cost effective method of land development. The village plan alternative's purpose is to encourage the preservation of open space wherever possible. The village plan alternative subdivision is meant to encourage beneficial consolidation of land development to permit the efficient layout of less costly to maintain roads, utilities, and other public and private infrastructures; to improve the ability of political subdivisions to provide more rapid and efficient delivery of public safety and school transportation services as

community growth occurs; and finally, to provide owners of private property with a method for realizing the inherent development value of their real property in a manner conducive to the creation of substantial benefit to the environment and to the political subdivision's property tax base.

(b) An owner of record wishing to utilize the village plan alternative in the subdivision and development of a parcel of land, by locating the entire density permitted by the existing land use regulations of the political subdivision within which the property is located, on 20 percent or less of the entire parcel available for development, shall provide to the political subdivision within which the property is located, as a condition of approval, a recorded easement reserving the remaining land area of the entire, original lot, solely for agriculture, forestry, and conservation, or for public recreation. The recorded easement shall limit any new construction on the remainder lot to structures associated with farming operations, forest management operations, and conservation uses. Public recreational uses shall be subject to the written approval of those abutters whose property lies within the village plan alternative subdivision portion of the project at the time when such a public use is proposed.

(c) The village plan alternative shall permit the developer or owner to have an expedited subdivision application and approval process wherever land use and subdivision regulations may apply. The submission and approval procedure for a village plan alternative subdivision shall be the same as that for a conventional subdivision. Existing zoning and subdivision regulations relating to emergency access, fire prevention, and public health and safety concerns including any setback requirement for wells, septic systems, or wetland requirement imposed by the department of environmental services shall apply to the developed portion of a village plan alternative subdivision, but lot size regulations and dimensional requirements having to do with frontage and setbacks measured from all new property lot lines, and lot size regulations, as well as density regulations, shall not apply. The total density of development within a village plan alternate subdivision shall not exceed the total potential development density permitted a conventional subdivision of the entire original lot unless provisions contained within the political subdivision's land use regulations provide a basis for increasing the permitted density of development within a village plan alternative subdivision. In no case shall a political subdivision impose lesser density requirements upon a village plan alternative subdivision than the density requirements imposed on a conventional subdivision.

(d) Within a village plan alternative subdivision, the exterior wall construction of buildings shall meet or exceed the requirements for fire-rated construction described by the fire prevention and building codes being enforced by the state of New Hampshire at the date and time the property owner of record files a formal application for subdivision approval with the political subdivision having jurisdiction of the project. Exterior walls and openings of new buildings shall also conform to fire protective provisions of all other building codes in force in the political subdivision. Wherever building code or fire prevention code requirements for exterior wall construction appear to be in conflict, the more stringent building or fire prevention code requirements shall apply.

(e) If the total area of a proposed village plan alternative subdivision including all roadways and improvements does not exceed 20 percent of the total land area of the undeveloped lot, and if the proposed subdivision incorporates the total sum of all proposed development as permitted by local regulation on the undeveloped lot, all existing and future dimensional requirements imposed by local regulation, including lot size, shall not apply to the development.

## **Section 674:22**

674:22 Growth Management; Timing of Development. – The local legislative body may further exercise the powers granted under this subdivision to regulate and control the timing of development. Any ordinance imposing such a control may be adopted only after preparation and adoption by the planning

board of a master plan and a capital improvement program and shall be based upon a growth management process intended to assess and balance community development needs and consider regional development needs.

## SUBDIVISION REGULATIONS

### Section 674:36

674:36 Subdivision Regulations. –

I. Before the planning board exercises its powers under RSA 674:35, the planning board shall adopt subdivision regulations according to the procedures required by RSA 675:6.

II. The subdivision regulations which the planning board adopts may:

(a) Provide against such scattered or premature subdivision of land as would involve danger or injury to health, safety, or prosperity by reason of the lack of water supply, drainage, transportation, schools, fire protection, or other public services, or necessitate the excessive expenditure of public funds for the supply of such services;

(b) Provide for the harmonious development of the municipality and its environs;

(c) Require the proper arrangement and coordination of streets within subdivisions in relation to other existing or planned streets or with features of the official map of the municipality;

(d) Provide for open spaces of adequate proportions;

(e) Require suitably located streets of sufficient width to accommodate existing and prospective traffic and to afford adequate light, air, and access for firefighting apparatus and equipment to buildings, and be coordinated so as to compose a convenient system;

(f) Require, in proper cases, that plats showing new streets or narrowing or widening of such streets submitted to the planning board for approval shall show a park or parks suitably located for playground or other recreational purposes;

(g) Require that proposed parks shall be of reasonable size for neighborhood playgrounds or other recreational uses;

(h) Require that the land indicated on plats submitted to the planning board shall be of such character that it can be used for building purposes without danger to health;

(i) Prescribe minimum areas of lots so as to assure conformance with local zoning ordinances and to assure such additional areas as may be needed for each lot for on-site sanitary facilities;

(j) Include provisions which will tend to create conditions favorable to health, safety, convenience, or prosperity; and

(k) Encourage the installation and use of solar, wind, or other renewable energy systems and protect access to energy sources by the regulation of orientation of streets, lots, and buildings; establishment of maximum building height, minimum set back requirements, and limitations on type, height, and placement of vegetation; and encouragement of the use of solar skyspace easements under RSA 477.

(l) Provide for efficient and compact subdivision development which promotes retention and public usage of open space and wildlife habitat, by allowing for village plan alternative subdivision as defined in RSA 674:21, VI.

(m) Require innovative land use controls on lands when supported by the master plan.

(n) Include provision for waiver of any portion of the regulations. The basis for any waiver granted by the planning board shall be recorded in the minutes of the board. The planning board may only grant a waiver if the board finds, by majority vote, that:

(1) Strict conformity would pose an unnecessary hardship to the applicant and waiver would not be contrary to the spirit and intent of the regulations; or

(2) Specific circumstances relative to the subdivision, or conditions of the land in such subdivision, indicate that the waiver will properly carry out the spirit and intent of the regulations.

III. The subdivision regulations of the planning board may stipulate, as a condition precedent to the approval of the plat, the extent to which and the manner in which streets shall be graded and improved and to which water, sewer, and other utility mains, piping, connections, or other facilities shall be installed. The regulations or practice of the planning board:

(a) May provide for the conditional approval of the plat before such improvements and installations have been constructed, but any such conditional approval shall not be entered upon the plat.

(b) Shall provide that, in lieu of the completion of street work and utility installations prior to the final approval of a plat, the planning board shall accept a performance bond, irrevocable letter of credit, or other type or types of security as shall be specified in the subdivision regulations; provided that in no event shall the exclusive form of security required by the planning board be in the form of cash or a passbook. As phases or portions of the secured improvements or installations are completed and approved by the planning board or its designee, the municipality shall partially release said security to the extent reasonably calculated to reflect the value of such completed improvements or installations. Cost escalation factors that are applied by the planning board to any bond or other security required under this section shall not exceed 10 percent per year. The planning board shall, within the limitations provided in this subparagraph, have the discretion to prescribe the type and amount of security, and specify a period for completion of the improvements and utilities to be expressed in the bond or other security, in order to secure to the municipality the actual construction and installation of such improvements and utilities. The municipality shall have the power to enforce such bonds or other securities by all appropriate legal and equitable remedies.

(c) May provide that in lieu of the completion of street work and utility installations prior to the final approval of the plat, the subdivision regulations may provide for an assessment or other method by which the municipality is put in an assured position to do said work and to make said alterations at the cost of the owners of the property within the subdivision.