COMMUNITY FACILITIES TOOL

Capital Improvements Program & Capital Reserve Funds

STRATEGY

A Capital Improvements Program (CIP) is long-range planning document of anticipated municipal capital expenditure projects displayed over a six-year minimum time span. This project schedule is accompanied by supporting financial and project information. The CIP is used by the Town to keep property taxes more stable and offers a way to save money for future projects using Capital Reserve Funds (CRFs).

WHAT IT DOES

The CIP analyzes the public facility needs of each town and school department, and schedules the identified improvement projects over time to effectively manage capital expenditures. It is a policy document that recommendations these expenditures to municipal officials. When implemented, the CIP can eliminate major fluctuations in annual municipal expenditures while meeting the demands placed on municipal services by anticipated growth.

The CIP and CRFs are typically used together to plan for large expenditures and are beneficial to many.

NH LAW

Many NH laws support the development of a CIP and the establishment of individual CRFs, including:

- ☐ RSA 674:5-8 authorizes and legislates a CIP.
- ☐ RSA 35:1-18 establishes and regulates Capital Reserve Funds.
- ☐ RSA 674:22 requires adoption of a CIP prior to the adoption of a growth management ordinance. The CIP is also required to adopt impact fees, in RSA 674:21.
- ☐ RSA 33 Municipal Finance Act defines the supporting financial indebtedness data in the financial evaluation.
- ☐ RSAs 195 and 197 describe the powers and indebtedness of schools and school districts.

HOW IT FUNCTIONS

Many steps are involved in the development of a new CIP. Once a CIP is developed, if projects are updated on an annual basis the process is much faster.

1__ Have an active Master Plan

An active Master Plan is required before beginning a CIP.

2__ Town Meeting authorization to create a CIP

The local legislative body (Town Meeting, City Council) must authorize the planning board or the local governing body (Board of Selectmen) to develop of a CIP. This only needs to occur once and remains valid.

3__ Appoint Committee

The CIP Committee is appointed accordingly and should have municipal Boards, Departments, and staff as members. Consider other members, like Library or Historical Society, or School District.

4__ Define Capital Expenditure

Capital expenditures are defined by a minimum monetary amount (such as $10,000 or $15,000), and by a useful lifespan of 2-5 years, and are not normally included in the operating budget. These definitions are subject to vary.

5__ Solicit and Prioritize Projects

Project applications are developed and are sent to Departments, Boards, Commission which may have capital projects within the next six years. Project and funding information is returned.

6 __ Develop Municipal Improvement Schedule

This schedule outlines the costs per year by $1,000 of net valuation for all projects and is a clear guide for users. The supporting plan document should also be developed.

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7__ Adopt the CIP

The CIP is adopted by Board whose responsibility it was to develop it, typically the Planning Board unless Town Meeting authorized a different Board. Then the document is shared with the Town Boards usually in the fall so it can be used for the next budget season.

LIMITATIONS

Capital Improvements Programs have no regulatory authority, making their use at the discretion of the community. As projects are completed or deferred in the first year of the CIP, the newest year should be added to the Municipal Improvements Schedule to keep the information continuously updated. This schedule is a complicated spreadsheet and takes some time to assemble. If updates are not made to the CIP when funding changes or projects are not completed when expected, the CIP's usefulness drops.

Like the local legislative authorization necessary for development of a CIP, Capital Reserve Funds must also be established by Town Meeting, with funds withdrawn the same way.

HOW TO IMPLEMENT

The CIP have many uses to a community:

- ☐ A **planning board** uses the CIP to understand the improvements needed in a municipality to accommodate growth when deciding on subdivision and site plan applications. The CIP can help to determine whether a subdivision is premature due to the lack of available services.

- ☐ The CIP and its CRFs are used as budgeting tools by the **Boards of Selectmen and Budget Advisory Committees**. Capital items identified in the CIP are used to write warrant articles.

- ☐ **Municipal Departments** can use the CIP as a management tool to help plan future expenditures for their Department.

- ☐ When shown in a clear manner such as presented in the Municipal Improvements Schedule, the laying out of needed future capital projects and facilities can be understood and supported by **Town residents and taxpayers**.

- ☐ A close relationship with the **School District** can result. If the School District is aware of the Town's scheduling for capital expenses, it may expend its own capital projects on the off-years to alleviate heavy tax burdens on residents.

SUCCESS STORY:

CENTRAL NH

At least 19 of the 20 communities in the region have active CIPs. Each community has multipole Capital Reserve Funds which serve to fund long term capital expenditures directly found in the CIPs. These fact are especially noteworthy due to the significant progress made since 2015 in this area. Although most communities initially relied on CNHRPC to get them started, the majority can now review and update their CIPs, often annually, using municipal staff and volunteers.

RESOURCES

- ○ **Bow CIP Committee**
  https://bownh.gov/378/Capital-Improvements-Plan-Committee

- ○ **Hopkinton CIP Committee**
  https://www.hopkinton-nh.gov/capital-improvement-program-cip-committee

- ○ **Loudon Capital Improvements Program**
  https://www.loudonnh.org/1312/Capital-Improvements-Program

COMMUNITY FACILITIES TOOL

Hazard Mitigation Plans

STRATEGY

A five-year local Hazard Mitigation Plan (HMP) assesses a community's facility vulnerabilities to natural hazards like wind, flood, winter, drought, and wildfire and prepares a set of long-term risk reduction mitigation actions. These projects can be undertaken by staff and volunteers as part of their normal duties or might require capital funding such as through the Capital Improvements Program and Capital Reserve Funds or projects could require grants from state and federal agencies to accomplish.

WHAT IT DOES

The municipal Hazard Mitigation Plan is updated about every five years in accordance with the Federal Emergency Management Agency (FEMA) regulations. This effort is usually assisted by CNHRPC under federal grant funding programs. Maintaining an active, FEMA-approved HMP enables a community to be eligible for FEMA grants like Hazard Mitigation Grant Program (HMGP) and Building Resilient Infrastructure and Communities (BRIC) project funding which are competitive grants used for large construction projects. Flood Mitigation Assistance and High Hazard Potential Dam (HHPD) funding also require an active Plan.

Aside from grant eligibility, going through the process of updating an HMP enables municipal Departments, Boards, and community stakeholders to work together and decide how to reduce the risk to natural hazards. This takes the form of a mitigation action plan.

NH LAW

NH laws does not generally cover HMPs, although the RSA 674:2-III(e) Master Plan references a natural hazards component which the HMP could fulfill. Hazard Mitigation Plans are covered under the federal Stafford Act, as amended by Congress.

Natural hazards in the Central NH region:

Severe Winter Weather (including snow and ice storm)
Drought
High Wind (including gust, downburst and tornado)
Inland Flooding
Public Health (includes air and water quality, infectious diseases, tick and mosquito borne illness, more)
Wildfire
Extreme Temperatures (including cold and heat wave)
Lightning, Thunderstorm, and Hail
River Hazards (including erosion, bank failure, debris, flood)
Dam Failure
Tropical and Post-Tropical Cyclones (hurricanes and tropical storms)
Solar Storms and Space Weather
Earthquake
Landslide

HOW IT FUNCTIONS

About every five years, NH Homeland Security and Emergency Management (NH HSEM) contacts municipalities to provide federal planning grant funding to update the existing local HMPs. NH HSEM updates the State HMP every five years so municipalities can apply for more grant programs. These HMP planning grants are usually provided at 75% award/25% in-kind match. In most cases, CNHRPC is selected to assist with the process.

1__ Get organized with CNHRPC

Determine grant administration needs and publicity for public outreach, as the HMP is a fully public process.

2__ Set up a Hazard Mitigation Committee

Hazard Mitigation Plans

The Committee is assembled with municipal volunteers, staff, and stakeholders from the wider community.

3__ Review natural hazards

Natural hazards are assessed and prioritized, with thought given to how they impact community facilities and infrastructure.

4__ Update Plan sections and research data

The multiple chapters of community profile, demographic facility, capability, and action review data are reviewed and updated. A new mitigation action plan is developed.

5__ Plan review and approval process

Once drafted, the HMP must be reviewed at a Public Information Meeting before its submission to request conditional approval. Once granted by FEMA, the Board of Selectmen adopts the Plan, after which it is submitted to FEMA to obtain the five-year formal approval.

LIMITATIONS

Hazard Mitigation Plans have no authority. Rather, they are like the guiding influence of a local Master Plan only without the legislative requirements. Still, a HMP must be updated in accordance with current national FEMA regulations to retain the grant eligibility.

A HMP does not address emergency response and preparedness which falls under the purview of the local emergency operations plan.

HOW TO IMPLEMENT

The approved HMP should be provided to all municipal Departments, Boards, and participating stakeholders. Over the next five years, projects in the mitigation action plan could include funded and staff- effort activities such as:

- ☐ Zoning ordinance or regulation revision
- ☐ Dry hydrant installation
- ☐ Culvert replacement, riverbank stabilization
- ☐ Infrastructure (water, sewer, road) improvements
- ☐ New plans (public health, asset management, etc.)
- ☐ Establishing Capital Reserve Funds
- ☐ Building rehabilitation
- ☐ Public education relating to long-term risk reduction from different natural hazards

SUCCESS STORY:

WARNER, NH

Since 2000, CNHRPC has worked with communities to develop about 100 original Hazard Mitigation Plans and updates. Warner was one of the first towns in the region and the state to develop a HMP, which was then approved in 2003. Since that time, their HMP has been updated four more times, most recently in 2024. Over time, the Warner has contended with floods damaging bridges and roads, winds damaging trees and disrupting power lines, warming temperatures contributing to erosion and watershed pollution, and more. By working with stakeholders, the municipality has completed numerous mitigation actions to improve the safety of Warner's people, facilities, and infrastructure, including a new Emergency Operations Center and Fire Station in 2019.

RESOURCES

- ○ **Warner NH Publications (with HMP 2024)**
  https://warnernh.gov/publications/
- ○ **NH Homeland Security and Emergency Management Hazard Mitigation Assistance**
  https://www.hsem.dos.nh.gov/hazard-mitigation
- ○ **FEMA Mitigation Planning and Grants**
  https://www.fema.gov/emergency-managers/risk-management/hazard-mitigation-planning/requirements
- ○ **FEMA Stafford Act**
  https://www.fema.gov/disaster/stafford-act