
CAPITAL IMPROVEMENTS PROGRAM COMMITTEE

2018 ANNUAL REPORT

The Capital Improvements Program (hereinafter referred to as a CIP) is an important tool the Town of Peterborough utilizes to help manage anticipated growth and development. It is an actual plan that lays out a budget for and a schedule of municipal expenditures. The plan shows when, and at what cost, the town expects to expand and/or provide services and facilities in the future.

The committee, consisting of nine members appointed by the Select Board, meets in late fall/early winter to develop a plan for capital expenditures for the Town. The focus is the next budget year, but the committee looks out several years in order to smooth capital costs over the long term.

The rules require we look 6 years into the future, but we look much farther than that, up to 20 years or more. The Director of Community Development, is our administrator, attends all our meetings, and maintains our records. Our work is generally done in 5 to 7 weeks.

The Town of Peterborough has had a CIP since 1989. Each year the Committee gathers the budgetary information from all Town Department Heads, reviews the requests, and makes final recommendations to the Selectmen and the Budget Committee. It is the responsibility of the Committee to work with the Departments to make any adjustments that are necessary to reach an acceptable capital budget.

Peterborough defines a capital improvement as one with a cost of at least \$10,000 and a useful life of five years or more. A working definition of capital projects typically will be related to one or more of the following criteria:

- A large dollar expenditure
- The extended useful life of facility or equipment
- An infrequent recurrence of the expenditure
- Bonded debt needed for financing
- Real property acquisition or development
- Expansion of utility systems
- Creation or expansion of a public building

Using this definition, a capital improvement might include major equipment, vehicles, land, buildings, computers, or road construction. In addition, planning, feasibility, engineering or design studies could also be included, if they are related to a capital improvement project.

Items such as personnel salaries, supplies and routine maintenance costs are not to be considered under a CIP, although some maintenance costs might be included, depending on the cost and useful life of the repair.

We use a multi-step process

1. Department managers present their capital requests.
2. The CIP visits specific sites to better understand the need and purpose of the requests.
3. We review the details of the requests and decide on the capital budget – moving items from year to year, changing purchase to lease, etc. – we sometimes call managers back for further discussion.
4. We present our report to a joint session of the Budget Committee and Select Board. That group makes the decisions on what becomes the final budget which is then presented to the taxpayers for approval.

Some assets, like police cars, need to be replaced fairly frequently, while fire trucks do not, but they do need to be replaced at some point, and we try to plan ahead and schedule those items, even if the expenditure might be 15 years away. In some cases, a capital reserve account is established to save up funds annually for a large future purchase. The schedule can be adjusted as needs change, but it is useful to keep in mind that most capital assets will need to be repaired or replaced at some point and these expenses should be planned for. We take the long view to minimize the tax impact while fulfilling the needs of the community. We try to avoid financial surprises, and as much as possible, level the capital expenditures from year to year.

We have to decide on the best approach to fulfill the capital needs of the Town for the next budget year and several years into the future, while minimizing the impact on taxpayers.

We have completed our work for the year and presented a final report to the combined Budget Committee and Select Board.

The CIP committee has no operating budget and spends no money to function.

Robert Hanson

Chair