Capital Improvement Planning Process

September 23, 2015
Agenda

❖ CIP Process
  ▪ Requirements
  ▪ Schedule
  ▪ Project Selection Criteria and Prioritization
  ▪ Relationship to City Master Plan, other city plans, and state or federal requirements
  ▪ Funding

❖ Overview of Current CIP Projects
  ▪ Project Types and Locations
  ▪ Project Phasing

❖ Public Input Session
City Charter Requirements

Manager must submit to the Council a six (6) year capital program at three (3) months prior to submission of the City budget.

The City Council must hold a public hearing on the CIP and must adopt it on or before the date for submission of the budget.

The capital program shall include:

1. A general summary of its contents;
2. A list of all capital improvements proposed during the next six (6) fiscal years;
3. Cost estimates, method of financing, recommended time schedules;
4. Estimated annual operating and maintenance costs.
NH Legal Authority

- The Planning Board has authority to oversee a Capital Improvement Program (RSA 674:5)
- Non-regulatory function of the Planning Board
- Supports the Planning Board’s responsibilities to prepare and amend the City’s Master Plan
- Informs the development of the City’s annual budget

...a recommended program of municipal capital improvement projects projected over a period of at least 6 years.

...may encompass major projects being currently undertaken or future projects to be undertaken with federal, state, county and other public funds.

...sole purpose and effect... shall be to aid the mayor...and the budget committee in their consideration of the annual budget.
Timeline

November
- Planning Board public input session (Nov. 19)

December
- Planning Board CIP Subcommittee evaluates requests

January
- Planning Board adopts CIP and submits to the City Council

February
- City Council work session

March
- City Council public hearing
- CIP Adoption
What is a Capital Improvement Plan?

A plan for accomplishing needed improvements on a scheduled basis

- Provides a complete picture of the City's major development needs;
- Coordinates activities of various City departments and agencies;
- Assists in implementing recommendations of the City's Master Plan;

A guide for the allocation of fiscal resources

- Establishes fiscal priorities for projects;
- Balances the use of funding sources;

Helps plan for future City expenditures

- Discourages piecemeal improvements and duplication of expenditures;

Ensures that needed facilities are provided within the City’s financial capability

- Informs the taxpayers of anticipated future improvements
- Helps to schedule major projects to reduce fluctuations in the tax rate
A capital improvement is a major expenditure, which is made infrequently or is non-recurring.

Capital Improvement Projects include one or more of the following:

- Land acquisition;
- Construction or expansion of a new facility or utility lines;
- Non-recurring rehabilitation of a facility provided the cost is $50,000 or more;
- Design work or planning study related to a capital project or implementation of the Master Plan;
- Any item or piece of equipment, non-vehicular in nature, that costs more than $50,000 and has a life expectancy of 5 or more years; or
- Replacement and purchase of vehicles which have a life expectancy of more than 5 years or cost more than $50,000.
CIP Project Requests

- All project requests are submitted via City Departments to the City Manager.
- New Project Request
  - Clear statement of need
  - Location
  - Justification for the project
  - Costs
  - Net effect on the operating budget
  - Implementation schedule
- Current Projects
  - Funding request adjusted if additional funds are required
  - Implementation schedule updated
Project Justification
Criteria

- Identified in Planning Document or Study (include title of document)
- Addresses Public Health or Safety Need
- Alleviates Substandard Conditions or Deficiencies
- Responds to Federal or State Requirement
- Improves Quality of Existing Services
- Provides Added Capacity to Existing Services
- Reduces Long-Term Operating Costs
- Provides Incentive to Economic Development
- Eligible for Matching Funds with Limited Availability
Sources for CIP Projects

- Federal state mandates or regulations
- Infrastructure / Facility updates or expansions
- Planning priorities
  - Related to implementation of the Master Plan or related studies
- Policy priorities
  - Specific direction provided by City Council

- Master Plan and supporting documents, such as:
  - Bicycle & Pedestrian Plan
  - Climate Change Vulnerability and Adaptation Plan
  - Hazard Mitigation Plan
  - Public Urban Lands Assessment
- State or federal mandates or requirements, such as:
  - Americans with Disabilities Act compliance
  - US EPA Municipal Separate Storm Sewer System requirements
  - Clean Water Act
- Facility Needs Assessments and Studies
- Pavement Management Index (Roads) and Sidewalk Assessment Inventory
- Regional and State Transportation Improvement Plans (TIPS)
- Water System Master Plan
- City Policies, such as:
  - Complete Streets
  - Bike and Walk Friendly Communities
Methods of Financing

Capital Improvement Plan projects are funded from a variety of sources.

Deciding on which method of financing for a project depends on a number of factors:

- Cost of the project
- Its useful life
- Eligibility of the project to receive funds from other than local taxes
- Long-term and short-term financial obligations of the City
- The project's relative priority in terms of implementation

The Capital Improvement Plan seeks to maximize the potential benefits from all revenue sources.
Methods of Financing

<table>
<thead>
<tr>
<th>Method</th>
<th>Amount</th>
<th>% of Total</th>
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</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,765,000</td>
<td>5%</td>
</tr>
<tr>
<td>Bond/Lease</td>
<td>$12,600,000</td>
<td>34%</td>
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<tr>
<td>Federal/State</td>
<td>$698,000</td>
<td>2%</td>
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<tr>
<td>Other Revenues</td>
<td>$21,971,700</td>
<td>59%</td>
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<tr>
<td>PPP</td>
<td>$425,000</td>
<td>1%</td>
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<tr>
<td>Totals</td>
<td>$37,459,700</td>
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CIP and the Annual Budget

1. Planning Board Initiates 6-year CIP
   - October

2. Planning Board’s CIP Subcommittee Meets to Review Capital Projects
   - December

3. Planning Board Votes to Adopt CIP
   - January - February

4. City Manager prepares and submits CIP to City Council
   (City Charter, Sec. 7.6)

5. City Council Holds Public Hearing on CIP
   - 3 months prior to final budget submission to City Council

6. City Council Adopts CIP
   (City Charter, Sec. 7.7)

7. City Council Adopts CIP
   (City Charter, Sec 7.8)

   Following public hearing on or before date of budget submission
CIP and the Annual Budget

- City Manager Initiates Budget Process with City Departments
  (City Charter, Sec. 7.9)

- Each Department submits Budget to City Manager
  (City Charter, Sec. 7.9)

- Fire Commission, Police Commission, School Board
  Hold Public Hearings

- City Manager Submits Proposed Budget to the City Council
  (City Charter, Sec. 7.9)

- City Council Holds Public Hearing
  (City Charter, Sec. 7.12)

- City Council Adopts Budget
  (City Charter, Sec. 7.13)

- If no action is taken by the Council on or prior to June 30, the budget submitted by the City Manager shall be deemed to have been adopted by the Council
  (City Charter, Sec. 7.13)

- City Council Adopts Capital Improvement Plan

- Prior to Submission to City Council
  45 days before start of fiscal year

- On or prior to June 30
  Before final budget adoption

- June 30
CIP and the Annual Budget

- The goal for the Annual Budget portion allocated for the Capital Outlay (CIP) is 2% of the prior year’s General Fund Budget

- CIP General Fund allocation for Fiscal Year 2016 (July 2015 to June 2016) was $1,765,000

<table>
<thead>
<tr>
<th>Department Requests</th>
<th>Planning Board Recommended to City Council</th>
<th>City Council adopted CIP (Feb. 2015)</th>
<th>City Council adjusted for final FY16 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,330,000</td>
<td>$1,900,000</td>
<td>$1,850,000</td>
<td>$1,765,000</td>
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- Target for FY17 General Fund portion for CIP = $2,020,900
# Debt Service

Net Debt Service as a Percentage of General Fund Budget - Policy no more than 10% of annual appropriation

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Gen Fund Without Debt Service</th>
<th>Net Debt-Gen Gov</th>
<th>Net Debt-School</th>
<th>Total Net Debt</th>
<th>Total General Fund Budget</th>
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<tbody>
<tr>
<td>FY 16</td>
<td>89,289,577</td>
<td>4,130,191</td>
<td>4,250,032</td>
<td>8,380,223</td>
<td>101,046,202</td>
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<tr>
<td>FY 17</td>
<td>91,521,817</td>
<td>4,666,947</td>
<td>4,543,741</td>
<td>9,210,688</td>
<td>104,107,896</td>
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<tr>
<td>FY 18</td>
<td>93,809,862</td>
<td>4,641,021</td>
<td>4,779,378</td>
<td>9,420,399</td>
<td>106,604,643</td>
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<tr>
<td>FY 19</td>
<td>96,155,109</td>
<td>5,867,418</td>
<td>4,853,326</td>
<td>10,720,744</td>
<td>110,249,225</td>
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<tr>
<td>FY 20</td>
<td>98,558,986</td>
<td>5,552,959</td>
<td>5,065,476</td>
<td>10,618,435</td>
<td>112,513,726</td>
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<tr>
<td>FY 21</td>
<td>101,022,961</td>
<td>5,937,831</td>
<td>4,797,451</td>
<td>10,735,282</td>
<td>115,094,548</td>
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<tr>
<td>FY 22</td>
<td>103,548,535</td>
<td>6,443,439</td>
<td>4,584,301</td>
<td>11,027,741</td>
<td>117,912,581</td>
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<tr>
<td>FY 23</td>
<td>106,137,249</td>
<td>5,563,173</td>
<td>4,379,626</td>
<td>9,942,799</td>
<td>119,416,353</td>
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<tr>
<td>FY 24</td>
<td>108,790,680</td>
<td>4,996,307</td>
<td>3,550,723</td>
<td>8,547,030</td>
<td>119,657,793</td>
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<tr>
<td>FY 25</td>
<td>111,510,447</td>
<td>4,211,606</td>
<td>3,438,223</td>
<td>7,649,829</td>
<td>121,480,359</td>
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<tr>
<td>FY 26</td>
<td>114,298,208</td>
<td>3,679,032</td>
<td>3,245,098</td>
<td>6,924,130</td>
<td>123,542,421</td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage Debt Service of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 16</td>
<td>8.29%</td>
</tr>
<tr>
<td>FY 17</td>
<td>8.85%</td>
</tr>
<tr>
<td>FY 18</td>
<td>8.84%</td>
</tr>
<tr>
<td>FY 19</td>
<td>9.72%</td>
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<tr>
<td>FY 20</td>
<td>9.44%</td>
</tr>
<tr>
<td>FY 21</td>
<td>9.33%</td>
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<tr>
<td>FY 22</td>
<td>9.35%</td>
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<tr>
<td>FY 23</td>
<td>8.33%</td>
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<tr>
<td>FY 24</td>
<td>7.14%</td>
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<tr>
<td>FY 25</td>
<td>6.30%</td>
</tr>
<tr>
<td>FY 26</td>
<td>5.60%</td>
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</table>
CIP Funding by Project Type

CIP FY 16 Distribution by Project Category

- Sewer: 61.99%
- Transportation Management: 23.69%
- Buildings & Infrastructure: 6.71%
- Water: 6.54%
- Vehicles & Equipment: 0.66%
- Information Systems Management: 0.35%
- Capital Contingency: 0.06%
Project Implementation & Phasing

Capital Project Phases (typical)
- Planning / Feasibility
- Design / Engineering
- Construction
City of Portsmouth
Design Project Map
2015 Season

MAJOR PROJECTS CURRENTLY IN DESIGN
1. Peverly Hill Sidewalk Design
2. Woodbury Ave Signal Coordination and Upgrades Design
3. Fleet St Area Preliminary Design
4. Maplewood Avenue Reconstruction Design
5. Islington St Preliminary Design
6. Municipal Seawall Design
7. Middle Street Bike Lanes Design
8. Peirce Island Sewer Treatment Plant Replacement
9. Downtown Sidewalk Reconstruction
10. Andrew Jarvis Dr and Lafayette Rd Intersection Modifications
City of Portsmouth
Pavement Maintenance Project Map
2015 Season

PAVEMENT MAINTENANCE PROJECTS
1. Buckminster Way and Heather Ln Paving
2. Martha Ter and Patricia Dr Paving
3. Hillside Dr Paving
4. Montello St Paving
5. Mill Pond Way Paving
6. Madison St and Austin St Paving
7. Exeter St and Manchester Sq Paving
8. Peace Various Overlays Paving
9. City Hall Lower Lot
10. Parrott Ave Lot

Roads being Cracksealed
Roads being Paved
Case Study: McDonough Street Area
Case Study: McDonough Street Area

### Phased Project

<table>
<thead>
<tr>
<th>Phase</th>
<th>General Funds Authorized</th>
<th>General Funds Committed/Spent</th>
<th>Water/Sewer Funds Committed/Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (FY-10)</td>
<td>$400,000</td>
<td>$400,000</td>
<td>$230,000</td>
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<tr>
<td>2 (FY-11)</td>
<td>$400,000</td>
<td>$400,000</td>
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<tr>
<td>3a and 3b* (FY-13)</td>
<td>$400,000</td>
<td>$692,496.45*</td>
<td>$550,000</td>
</tr>
<tr>
<td>4 (FY-14)</td>
<td>$400,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 (FY-15)</td>
<td>$400,000</td>
<td></td>
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<tr>
<td>Total</td>
<td>$2,000,000</td>
<td>$1,492,496.45</td>
<td>$780,000</td>
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*Project 3a Drainage Pipe Under Rail Road
- Construction Cost $1,069,260
- Engineering Cost $173,236

### Phase 3a and 3b Schedule Impacted By:
- Area Wide Drainage Issues
- Combined Sewer
- Rail Road Easement Taking
- Wetland and Shoreland Permitting
- First Bid Came in at $1.8M
- Adjusted Bid Documents and Re-bid Project
- Re-bid
- Construction October 2015 to May 2016
Public Input Session
Capital Improvement Program
Project Suggestion Form

Please use this form if you have a project to recommend for consideration in the Capital Improvement Program. All project requests will be reviewed by the appropriate City Department and shared with the Planning Board CIP Subcommittee for consideration in this year’s or future year’s Capital Improvement Program.

Submitter’s Name (please print) ____________________________________________________________

Submitter’s Address ___________________________________________________________________

Project Location ________________________________________________________________________

Project Type (please check one)
☐ Land Acquisition
☐ Construction or expansion of a new public facility, street, or utility
☐ Rehabilitation of a facility
☐ Design work or planning study
☐ Equipment (non-vehicular)
☐ Replacement or purchase of vehicles
☐ Other ______________________________________________________________________________

Project Description
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________

Project Justification (check all that apply)
☐ Identified in Planning Document or Study (identify plan or study)

☐ Improves Quality of Existing Services
☐ Provides Added Capacity to Serve Growth
☐ Addresses Public Health or Safety Need
☐ Reduces Long-Term Operating Costs
☐ Alleviates Substandard Conditions or Deficiencies
☐ Provides Incentive to Economic Development
☐ Responds to Federal or State Requirement
☐ Eligible for Matching Funds with Limited Availability
☐ Other ______________________________________________________________________________

Please return to the Planning Department by October 16, 2015
3rd Floor City Hall, 1 Junkins Ave, Portsmouth, NH 03801