

WHY PREPARE A CAPITAL IMPROVEMENTS PROGRAM?

The capital improvements program, known by the acronym CIP, is a valuable part of the community planning process. The capital improvements program links local infrastructure investments with master plan goals, land use ordinances, and economic development. A capital improvements program bridges the gap between planning and spending, between the visions of the master plan and the fiscal realities of improving and expanding community facilities. Among the many incentives of a capital improvements programming effort are the following benefits to the community:

PRESERVING PUBLIC HEALTH, SAFETY AND WELFARE

Providing the basic services which ensure citizen health and safety is a fundamental responsibility of local government. Programs of regular facility maintenance, upgrades and expansion of government services to meet minimum federal, state and local standards are essential to any community. The cumulative effect of deferring major maintenance expenditures and basic improvement of essential services is often an expensive series of stopgap measures which fail to address comprehensive long-term needs.

ANTICIPATING THE DEMANDS OF GROWTH

When related to the master plan, the capital improvements programming process works to anticipate investments in community facilities which are needed to serve or shape the pattern of growth and development. The portions of selected capital improvement expenditures which are necessitated by growth may be eligible for funding by impact fees as authorized in RSA 674: 21.

IMPROVING COMMUNICATION AND COORDINATION

Communication among the planning board, municipal departments, administrative officials, the budget committee, and citizens can result in cost savings and avoidance of duplication of facilities and expenditures. For example, certain local recreation needs might be addressed in the planning of a new school site. Schedules for road reconstruction projects might be modified where there are imminent plans for the installation of water and sewer utilities. Development of a centralized core of consolidated municipal offices might prove a better long-term solution than separate buildings planned independently by several municipal departments.

AVOIDING UNDUE TAX INCREASES

Capital improvements programming is a means of avoiding the unpleasant surprise of expensive projects generating large property tax increases. While cost impacts cannot always be precisely determined in advance, the CIP fosters discussion of the distribution of the tax burden of new capital expenditures over time. A consequential benefit of fiscal stability and sound community facility planning may be an improved bond rating.

DEVELOPING A FAIR DISTRIBUTION OF CAPITAL COSTS

The capital improvements programming process allows for a public discussion of the preferred means of distributing capital costs not only over time, but also among users of the facilities to be financed. Some communities prefer to pay for some capital costs out of current revenues and absorb a high but single year tax increase. Other communities prefer to establish annual appropriations to capital reserve accounts to save for future projects. Still others feel that construction should take place as needed and be funded by bonded debt, retired by both existing and future users of a facility. In some cases, user fees may be deemed more appropriate than property taxes. Federal or state funds may also be available to help finance specific project costs or the cost of infrastructure improvements in lower income neighborhoods.

BUILDING A FOUNDATION FOR GROWTH MANAGEMENT AND IMPACT FEES

The development and formal adoption of a capital improvements program is a statutory prerequisite to the enactment of growth management and impact fee ordinances. A properly constructed CIP should be an integral part of a land use regulatory process which implements either type of ordinance. The CIP is the principal resource for determining the growth-related share of capital costs which may be chargeable as impact fees; a growth management strategy and ordinance may link future development approvals to the local schedule for installation of particular utilities or services. Unfortunately, some CIPs are prepared as simple "shopping lists" and remain unrelated to land use planning or growth management strategies.

SUPPORTING ECONOMIC DEVELOPMENT

Communities having sound fiscal health and high quality facilities and services are attractive to business and industry. New corporate investment and reinvestment in a community may be influenced by improvements which enhance the quality of life for the chief executives and managers in a company, and for their area is labor force. Private decisions which bring jobs to an area and new tax base to a community are based not only on the availability of water and sewer utilities, but also upon the quality of community schools, public safety facilities, recreation opportunities, and other services.