

To: Selectmen & Town Administrator, Grantham, NH

From: Karen Ryan, Chair, Capital Improvement Program (CIP)
Committee for Grantham, NH

Re: Recommendations for CIP projects for the 2010 – 2011 Budget

Date: January 12, 2010

Attached please find the CIP Committee's (CIPC) final recommendations for capital improvement projects for the budget year July 1, 2010 through June 30, 2011. The attached spreadsheet details the projects and their estimated costs as requested by the town's department heads. It also contains the CIPC's recommendations on each project and suggested capital reserve contributions for future projects. The CIPC strongly recommends establishing capital reserve accounts for future expenditures (i.e. bridge replacements, highway department equipment, police cruisers, etc.) to offset the current revenue that needs to be raised year to year.

In making these recommendations, the CIPC was very mindful of budgetary constraints facing the town due to the current economic recession and the ongoing payments on the school construction bond. While the latter is not part of the town budget, it does have a major impact on taxpayers and should be taken into consideration when planning the budget.

Highlights from the recommendations are as follows:

1. The combined project cost for all requested capital projects from all departments for the 2010-2011 budget year is \$1,234,000 (including the \$690,500 debt service payment for the school construction bond).
2. The total cost of the CIP Committee's recommended capital projects for the upcoming year is \$1,000,000, including the school construction bond payment.
3. The total existing capital reserves to be applied to the projects for the upcoming budget year is \$30,000.
4. The total current revenue to be raised for the recommended projects in the upcoming budget year is \$279,500.
5. The total new capital reserves recommended for future projects is \$105,000.

As a comparison, the total cost of this year's CIPC recommended capital improvement projects for BY 2010-2011 is only \$7,000 higher than the previous year's recommendation. Total funding from current revenue is \$2,849 lower than last year's estimates.

Complete data and costs on the proposed bridge replacements were not available to the committee. The CIPC recommends further discussion with the State of New Hampshire regarding engineering costs for all projects but especially for the bridge on Olde Farms Road over Sawyer Brook.

Due to the current economic recession, the CIPC recommends that non-essential projects be deferred until conditions improve. The library addition, recreation storage unit, John Deere road grader, and the two cemetery projects fall into this category.

The Conservation Commission submitted a proposal for the purchase of 706 acres which was included on the attached spreadsheet but it is not a capital expense. Likewise, the revaluation of real property (statistical or full) is an administrative expense, not a capital expense.

On behalf of the Capital Improvements Project Committee, I would like to thank all the department heads for their cooperation and assistance in compiling the project worksheets for the next six budget years. My personal thanks go to my fellow committee members who have served with me for the last four and a half years: Mary Hutchins, Bruce St. Peter, Roger Woodworth, and Bill Zimmerman.

Please feel free to contact me if you have any questions. I welcome your comments, suggestions, and feedback.