

TOWN OF LOUDON NEW HAMPSHIRE

CAPITAL IMPROVEMENTS PROGRAM Fiscal Years 2024/25 through 2029/30

**ADOPTED BY THE LOUDON PLANNING BOARD
January 18, 2024**



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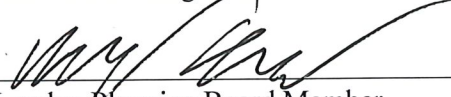
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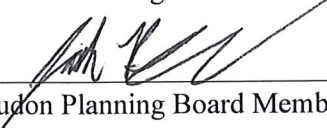
In accordance with New Hampshire RSA 674:5-8, Capital Improvements Program, and RSA 675:6, Method of Adoption, the Loudon Planning Board, having held a duly noticed public hearing on January 18, 2024, hereby adopts and certifies this Loudon Capital Improvements Program FY 2024/25 to FY 2029/30, dated January 2024.



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Loudon Planning Board Vice Chair


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Loudon Planning Board Ex Officio

This document was received and recorded by the Town Clerk on 2/14/2024.

Signed: 

Ashley Simonds, Loudon Town Clerk

Seal:



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CHAPTER 1. INTRODUCTION

Purpose and Use of the Capital Improvements Program (CIP)

The CIP, an integral extension of the Master Plan, is a program budget and schedule which lays out a series of planned municipal expenditures for capital improvements. The plan demonstrates how, when, and at what cost Loudon intends to expand or renovate its services and facilities over a six year period to accommodate existing and predicted needs of the community as related to current and projected growth. Prior to the development of this CIP, the Loudon Planning Board has developed several CIPs spanning the past few decades. The Loudon Planning Board was enabled by Town Meeting March 11, 1986, to develop Capital Improvements Programs (CIP) for the Town.

For the purposes of the FY 2024/25 - FY 2029/30 CIP, a capital improvement has been defined by three key criteria: 1) a gross cost of at least \$10,000; 2) a useful life of two or more years; and 3) is not normally included in the operating budget.

Eligible items include major equipment, vehicles, special studies, purchase of land or easements, as well as construction of roads and buildings. Recurring costs, such as personnel and supplies, are not capital improvements. Some items, such as maintenance or repairs, may or may not be included depending upon the cost and the useful life of the repair.

The CIP has a variety of purposes and should have many beneficial effects on Loudon's financial, budgetary, and planning functions. Its primary purposes are summarized below.

1. State Statutory and Other Legal Requirements: According to NH RSA 674:22, communities that wish to engage in regulating the timing of development through the establishment of growth controls must have adopted both a Master Plan and a Capital Improvements Program. With the adoption of the CIP, the Town may be able to regulate the rate of growth, should the need for such control become necessary. In the meantime, the CIP, in conjunction with the Master Plan, will enable the Planning Board to use its power under RSA 674:36 to deny subdivisions that are premature due to the lack of sufficient public services and/or infrastructure. The CIP demonstrates that the Town is attempting to accommodate growth, and that there is a good faith effort on the part of the Town to provide those services at some later date. If impact fees are assessed to a developer, the Town should request the fees in accordance with the CIP and should also fund its portion of the necessary infrastructure improvement.
2. Stability in Tax Rates and Budgets: The Capital Improvements Program will contribute to stabilizing the Town's tax rate and budget each year by planning and budgeting for major capital expenditures well in advance. Financing methods such as bonding and capital reserve funds are recommended to make annual capital expenditures more stable, predictable, and manageable. Wide fluctuations in annual Town budgets caused by sudden or large one-time capital expenditures will be reduced. Under NH RSA 33:4-a, the Town's bonded indebtedness is limited to 3.0% of the Town's assessed valuation and the School bonded indebtedness is limited to 7.0% of the Town's assessed valuation.
3. A Management Tool for Town Officials: The 2018 Master Plan contains projections and analyses of the Town's demographic trends and finances which all local officials should find useful in planning and delivering public services. A comprehensive, longer-term picture of capital needs is created because all capital items are placed into one schedule. The Capital Improvements Program is designed to be used by officials as a management tool.

4. Citizens' and Developers' Guide to Planned Expenditures: The Capital Improvements Program will serve both citizens and developers as a useful guide for expenditures planned by the Town to accommodate projected growth. The citizen who wants to know when and at what costs a particular service will be expanded can consult the Capital Improvements Program, as can the developer who wants to know when, for example, school capacity will be expanded. The Town can limit the number of building permits issued each year if it can document the lack of municipal and school capacity to handle growth, along with the Town's intentions to remedy the situation.
5. Use by the Selectmen and Budget Committee: In Loudon, the Budget Committee is the Board of Selectmen. RSA 674:8 is not specific about how the Capital Improvements Program is used in preparation of the annual Town Budget. It simply requires the Planning Board "...submit its recommendations for the current year to the Mayor (Board of Selectmen) and Budget Committee... for consideration as part of the annual budget". This clearly means the Capital Improvements Program is not binding in any way upon Town appropriations and expenditures. The Capital Improvements Program is thus an advisory document without the force of law. A properly prepared Capital Improvements Program will, however, be effective and credible when annual consideration of the budget takes place.

Scope of the Capital Improvements Program (CIP)

This CIP identifies capital expenditures anticipated over the next six fiscal years beginning July 1, 2024, and ending June 30, 2030. Within this time frame, however, other projects will be identified which will be of high priority and warrant immediate inclusion in Loudon's capital spending plan. After projects are completed for a particular year, they should be removed from the CIP and the status of pending projects should be examined and adjustments made. Every fall, the process should begin anew to ensure priorities remain the same and new projects are placed into the CIP or incomplete projects are placed into forthcoming years.

Demographics of the community are presented to provide the basis for the requirement of many of the projects within this document. The baseline information is additionally valuable when developing future projects for consideration into an updated CIP. Similarly, department staffing, equipment, and programs are inventoried and future projections for expansion in the departments are provided as baseline information. They present an indicator of what types of future needs are on the horizon and develop a history of the growing needs of the community's facilities.

CHAPTER 2. DEMOGRAPHICS

Historical and Projected Population Growth

The following is a review of the past, present, and potential future population growth. The following tables and analysis help assess the growth condition of the community and updated with the most recent estimated demographic data provided by the U.S. Census Bureau and the NH Office of Strategic Initiatives (NHOSI).

In Table 1, population in Loudon grew nearly 5% since 2010 while housing growth increased by almost 19%. Loudon's overall growth since 1970 has increase by approximately 226.65% in population and approximately 334.86% in housing units. Additionally, the average household size has been decreasing in Loudon over the decades, with a most recent average household size of 2.26 in 2020.

Table 1: Overall Population and Housing Growth Trends, 1970-2020

| Growth | Population | Net Change | | Housing Units | Net Change | | Average Household Size |
|-------------------------------|------------|------------|---------|---------------|------------|---------|------------------------|
| | | # | % | | # | % | |
| 1970 Census | 1,707 | N/A | N/A | 568 | N/A | N/A | 3.01 |
| 1980 Census | 2,454 | 747 | 43.8% | 880 | 312 | 54.9% | 2.98 |
| 1990 Census | 4,114 | 1,660 | 67.6% | 1,476 | 596 | 67.7% | 2.99 |
| 2000 Census | 4,481 | 367 | 8.9% | 1,762 | 286 | 19.4% | 2.78 |
| 2010 Census | 5,317 | 836 | 18.7% | 2,081 | 319 | 18.1% | 2.70 |
| 2020 Census | 5,576 | 259 | 4.9% | 2,470 | 389 | 18.7% | 2.26 |
| Total Change from 1970 – 2020 | - | 3,869 | 226.65% | - | 1,902 | 334.86% | - |

Sources: 1970-2020 U.S. Census

Shown in Table 2 below, the New Hampshire Office of Planning and Development released population projections.

Table 2: Population Projections

| 2020 Census Population | Population Projections | | | | | |
|------------------------|------------------------|-------|-------|-------|-------|-------|
| | 2025 | 2030 | 2035 | 2040 | 2045 | 2050 |
| 5,576 | 5,767 | 5,928 | 6,035 | 6,083 | 6,088 | 6,078 |

Source: Office of Planning and Development – “State, County, and Municipal Population Projections: 2020-2050”

Table 2 also displays population projections for Loudon through 2050. The projections show low increases in the number of residents and will need to be revised with analysis of the current trends. Overall, statewide population projections show New Hampshire will continue to grow, but at a slower pace than experienced in the past.

Housing Growth Trends

In Table 3, Loudon has had a relatively stable number of new residential building permits issued since 2011. The highest year was in 2016 with 38 permits issued. In 2012, Loudon experienced its lowest number of permits in the 10-year period, with only 12 permits issued. Single family housing permits are the predominant new residential permits issued in Loudon, totaling 195 permits over the ten year period. Since 2012, 24 multi-family housing permits have been issued. Additionally, 15 manufactured permits were issued during the period, including 2 demolition permits in 2017.

Table 3: Residential Building Permits Issued by Housing Type, 2012-2021*

| Housing Type | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 10-Year Total |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|
| Single Family | 10 | 20 | 20 | 24 | 29 | 30 | 12 | 15 | 22 | 13 | 195 |
| Multi-Family | 0 | 2 | 2 | 0 | 0 | 2 | 4 | 8 | 2 | 4 | 24 |
| Manufactured | 2 | 0 | 0 | 0 | 9 | -2 | 0 | 0 | 0 | 2 | 11 |
| Total Permits Issued | 12 | 22 | 22 | 24 | 38 | 30 | 16 | 23 | 24 | 19 | 230 |

Source: NH Department of Business and Economic Affairs Current Estimates and Trends in New Hampshire's Housing Supply, 2022

**Values represent the net change of dwelling units and includes any demolitions that year thus, any negative values represent a net loss of dwelling units.*

CHAPTER 3. SUMMARY OF PROJECTS

Projects Overview

In preparing this FY 2024/25 – FY 2029/30 document, the Planning Board surveyed all projects submitted by the Town departments as well as current adequacy and needs of their facilities and equipment, and identification of future needs for expansion, improvements, and additions.

Using data submitted by Department Heads for this document, the Planning Board identified 15 Town projects for inclusion in the CIP. Two projects were included as placeholders for the Conservation Commission and the Library. All projects are considered to be funded through property taxes, expendable trust funds, and capital reserve funds.

The following Table 4 summarizes all of the projects to be included in the FY 2024/25 – FY 2029/30 CIP, including anticipated cost and any associated notes. Projects are provided with a project number beginning with 1) the year of submission, 2) a department abbreviation, and 3) a consecutive number for projects within that department. For example, the first project listed in Table 4 is 19-TS-1.

It is important to note that the project information evolves over the CIP development process to what is displayed within this document and the Improvement Schedule.

Table 4: Summary of Projects

| Project Details | | | | Notes |
|--------------------|--|----------------------|-------------------------|---|
| Project | Title of Project | Total Estimated Cost | CIP Expenditure Year(s) | |
| | | | | |
| Board of Selectmen | | | | |
| | | | | |
| Transfer Station | | | | |
| 19-TS-1 | Road Tractor | \$1000,000 | FY 2024/25 | Purchase a new road tractor for use by the transfer station. |
| | | | | |
| Historical Society | | | | |
| 20-HS-2 | Landmark Stone House 29 South Village Road | \$350,000 | FY 2029/30 or after | The Stone House is a town landmark. The project includes tearing down wooden two story portion and construction of a one story building on the same footprint. New construction to be fireproof and climate control to preserve historic documents and artifacts. |
| | | | | |
| Fire Department | | | | |
| 20-FD-2 | Arthur Colby Safety Complex Upgrade | \$100,000 | FY 2025/26 | Replace all doors, windows, overhead doors, and flooring. The building is currently 34 years old. |
| 19-FD-7 | Ambulance/EMS Equipment | \$350,000 | FY 2028/29 | Purchase an ambulance that includes emergency medical service equipment. |
| 19-FD-8 | Ladder Truck | \$1,200,000 | FY 2025/26 | Purchase a ladder truck. |
| 23-FD-01 | Tanker | \$450,000 | FY 2027/28 | Purchase a tanker truck. |
| | | | | |

LOUDON CAPITAL IMPROVEMENTS PROGRAM (CIP) FY 2024/25 – FY 2029/30

| Project Details | | | | Notes |
|-------------------------|--|----------------------|--|---|
| Project | Title of Project | Total Estimated Cost | CIP Expenditure Year(s) | |
| Police Department | | | | |
| 19-PD-1 | Cruiser (3 Vehicles) One Every Other Year | \$180,000 | FY 2024/25 FY 2026/27 FY 2028/29 | Purchase a police cruiser every other year to ensure the rotation of the fleet vehicles remains current. |
| | | | | |
| Highway Department | | | | |
| 23-HD-03 | Dump Truck & Plow Wing Spreader | \$250,000 | FY 2025/26 | |
| 20-HD-03 | Replacement of Highway Department Building | \$800,000 | FY 2026/27 | Construct a new highway garage. |
| 23-HD-01 | Excavator | \$150,000 | FY 2024/25 | |
| 19-HD-08 | Bridge Repair | \$1,000,000 | FY 2025/26 and FY 2028/29 | \$500,000 for each FY listed for the expenditure, allows the department to stay ahead of critical and near-fatal repairs |
| 19-HD-09 | Road Improvements – Annual | \$2,100,000 | FY 2024/25 through FY 2029/30 | An amount of \$350,000 annually will help the Town maintain its roads better to safety standards and resident satisfaction. |
| | | | | |
| Conservation Commission | | | | |
| ##-CC-# | Land Acquisition | \$0 | N/A | Project placeholder. No known projects at this time. |
| | | | | |
| Library | | | | |
| ##-LI-## | | \$0 | N/A | Project placeholder. No known projects as this time. |
| | | | | |

Municipal Improvements Schedule

Figure 1 Municipal Improvements Schedule on the foldout page details the projects by Department, the recommended methods of financing the capital improvements, the years in which the expenditures are anticipated, offsetting revenues, and the impacts to the yearly municipal tax rates for the Town purchases and projects. The fiscal year of the Town begins on July 1 and ends on June 30 of the next year. All numbers are shown in 2023 dollars without inflation adjustment.

Figure 1 illustrates a \$2.11 impact to every \$1,000 of property valuation in FY 2024/25 if all the projects/purchases are undertaken at the costs displayed and if all the offsetting revenues are available. This net impact includes projects which would have normally occurred that year regardless of inclusion into a CIP, bond payments (\$0), estimated Capital Reserve Fund (CRF) and Expendable Trust Fund (EFT) deposits, and several new projects that were introduced during the 2024/25 CIP planning process. The \$1.90 in FY 2029/30 represents the lowest impact to the municipal tax rate over the coming six years; the highest tax rate impact per \$1,000 of valuation may be found, with the current project load, in FY 2026/27 at \$2.48.

Although the CIP lists a project or purchase or deposit, that does not mean the expenditure will occur. At the annual Town meeting, voters will decide whether the best interests of the Town and its residents are served when they choose to allocate funds to the capital projects, CRFs, and ETFs listed here. The CIP is a planning tool that provides perspective and is intended to help balance long term budgetary decisions with the short term needs of Departments.

Figure 1.
[See Municipal Improvements Schedule foldout page]

Comparison with Previous CIP Projects

To compare the previous tax impacts of proposed CIP projects for FY 2023/24, the actual Municipal Improvements costs, capital reserve funds, and associated offsetting revenues were compiled for fiscal year ending June 30, 2023. The overall net impact to the Town tax rate was estimated to be \$2.36 per every \$1,000 of property valuation. This comparison helps evaluate the new 2024/25 projects by providing perspective. The results of this analysis can be found in Table 5 on the following pages.

Table 5: Previous CIP FY 2023/24 Tax Impacts of Capital Expenditures

| Perspective of the Previous CIP Projects and Tax Rate Impacts, FY 2023/24 | | | |
|---|--|---|-------------|
| PROJECT DESCRIPTIONS: DEPARTMENT CAPITAL PURCHASES/EXPENDITURES | | | FY 2023/24 |
| Fire Dept. | Purchase ambulance & equipment | \$190,000 from Ambulance/Rescue CRF, \$100,000 raised by taxes | \$290,000 |
| Highway Dept. | Purchase of a loader | \$133,000 from the Highway Equipment ETF and \$42,000 from the State Clean Diesel grant | \$175,000 |
| Highway Dept. | Purchase a dump truck with plow and sander | \$52,358 from the State Clean Diesel grant, \$111,000 from the Highway Department CRF, \$51,642 raised by taxes | \$215,000 |
| Highway Dept. | Replace guardrails on Lower Ridge Road | \$95,000 from the Bridge CRF | \$95,000 |
| Highway Dept. | Reclaim and pave Loudon Ridge Road | \$125,000 from Roadway Improvement CRF, \$50,000 from Highway Block Grant | \$175,000 |
| Highway Dept. | Reclaim and pave Clough Hill Road | Funds from taxes | \$370,000 |
| Highway Dept. | Reclaim and pave Currier Road | Funds from taxes | \$145,000 |
| Highway Dept. | Replace Loudon Ridge Road bridge | \$183,611 from the one-time bridge payment, \$69,000 from the Bridge CRF, \$122,389 raised by taxes | \$375,000 |
| Police Dept. | Purchase police cruiser with equipment | \$29,500 from Police Cruiser CRF, \$9,875 from insurance settlement, \$20,625 raised by taxes | \$60,000 |
| Elections | Purchase ballot counting machines | Funds from taxes | \$10,000 |
| PROJECTS SUBTOTAL | | | \$1,910,000 |
| PROJECT IMPACT ON TOWN TAX RATE | | | \$1.22 |

LOUDON CAPITAL IMPROVEMENTS PROGRAM (CIP) FY 2024/25 – FY 2029/30

| CAPITAL RESERVE FUND (CRF) AND EXPENDABLE TRUST FUND (ETF) DEPOSITS | FY 2023/24 |
|--|--------------------|
| Town Garage CRF | \$100,000 |
| Fire Department Apparatus CRF | \$125,000 |
| Highway Department CRF | \$125,000 |
| Bridge CRF | \$150,000 |
| Recreation Facility Maintenance Trust ETF | \$2,000 |
| Roadway Improvement CRF | \$350,000 |
| Ambulance/Rescue Equipment CRF | \$63,000 |
| Loudon Conservation Land CRF | \$50,000 |
| Self-Contained Breathing Apparatus (SCBA) CRF | \$15,000 |
| Town History CRF | \$25,000 |
| Alternative Energy CRF | \$30,000 |
| Police Cruiser CRF | \$30,000 |
| Transfer Station ETF | \$30,000 |
| Highway Equipment ETF | \$50,000 |
| Cemetery Maintenance ETF | \$10,000 |
| FUND DEPOSIT SUBTOTAL | \$1,155,000 |
| FUND DEPOSIT IMPACT ON TOWN TAX RATE | \$1.63 |
| PRELIMINARY TOTAL | \$1,523,001 |
| PRELIMINARY IMPACT ON TOWN TAX RATE | \$2.67 |

CHAPTER 4. FINANCIAL ANALYSIS

This chapter contains a summary of recent municipal finance trends related to Loudon’s bonding capacity, annual appropriations, capital reserve balances, tax rates, and the anticipated financial impact of proposed capital projects through the FY 2029/30 fiscal year. Its purpose is to provide history and perspective with assessment and tax trends through years and compared with neighboring communities.

Bonded Indebtedness

Loudon, like most Towns, relies on bonds for the funding of large-scale municipal projects. Bonds typically are loaned from five to twenty years. Low-interest loans and bonds are provided by the New Hampshire Municipal Bond Bank and by private organizations. Towns are permitted to carry a certain amount of debt, as described below. The Town of Loudon currently has no bonds or debt service and no potential bonds are proposed in the CIP Municipal Improvements Schedule (Figure 1).

The Municipal Finance Act (RSA 33:4a and 4b) establishes the limit of bonded indebtedness a municipality can incur for municipal expenses (3.0% of the equalized valuation) and for school improvements (7.0% of the equalized valuation). Water projects, the portion of sewer projects financed by users, and tax anticipation notes are excluded from the calculation of indebtedness. Towns participating in a cooperative school district can incur bonded indebtedness up to 10% of its equalized valuation.

The Town currently does not have any anticipation notes and currently has \$0.00 of existing debt. Water projects and sewer projects financed by users would be excluded below if they were applicable to Loudon. The bonding capacity and amount available for the Town of Loudon as of 2019 are as follows in Table 6.

Table 6: Bonded Indebtedness, 2021

| Bond Type | Base Valuation for Debt Limits | Maximum Bonding Capacity | Existing Debt | Available Bonding Capacity |
|--------------------------|-----------------------------------|-----------------------------|---------------|-------------------------------|
| Town (3%) | \$778,884,405 | \$23,366,532 | \$0 | \$23,366,532 |
| Local School (7%) | \$778,884,405 | \$54,521,908 | \$0 | \$54,521,908 |

Sources: New Hampshire Department of Revenue Administration 2021 Base Valuation for Debt Limits

As displayed in Table 6, the available bonding capacity for the Town is \$23.3 million and \$54.5 million for the Loudon School District according to the latest NH Department of Revenue Administration calculations at <https://www.revenue.nh.gov/mun-prop/municipal/index.htm>.

Annual Assessments

In order to create a feasible CIP and due to the fact that these potential projects will have financial impact on the community, it is important to understand financial trends within Loudon. Loudon has relied upon a variety of revenue sources to finance municipal operations. Such sources include fees, licenses, trusts (including capital reserve funds), interest on accounts, intergovernmental transfers (grants), and property taxes.

The Net Valuation increase seen between 2020 and 2021 can be considered an outlier for the purposes of this document. The annual growth percentage from the years 17/18 to 20/21 was 1.2%, making a 1.5% increase more reasonable.

Loudon's total tax rate is also shown in Table 7, with a most recent tax rate of \$18.55 in 2022. This tax rate is lower to the previous years. The highest tax rate was consistently the local school rate, followed by the municipal rate.

Table 7: Annual Assessments, 2017 to 2022

| Assessments & Tax Rates | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Net Valuation | \$550,902,487 | \$568,730,257 | \$570,907,529 | \$574,137,271 | \$709,473,083 | \$720,840,750 |
| Municipal Rate | \$4.01 | \$4.59 | \$4.42 | \$4.84 | \$4.43 | \$4.13 |
| <i>amount raised in taxes</i> | \$2,053,788 | \$2,024,044 | \$1,703,565 | \$2,782,201 | \$3,141,071 | \$2,987,826 |
| County Rate | \$2.94 | \$2.90 | \$3.09 | \$2.96 | \$2.31 | \$2.14 |
| <i>amount raised in taxes</i> | \$1,457,702 | \$1,522,125 | \$1,539,760 | \$1,699,504 | \$1,642,157 | \$1,541,022 |
| School Rate (local) | \$13.05 | \$12.33 | \$13.23 | \$12.93 | \$10.70 | \$11.06 |
| <i>amount raised in taxes</i> | \$6,481,083 | \$6,530,408 | \$6,967,145 | \$7,373,165 | \$7,539,775 | \$7,921,633 |
| School Rate (state) | \$2.26 | \$2.24 | \$2.24 | \$2.26 | \$1.76 | \$1.22 |
| <i>amount raised in taxes</i> | \$1,284,295 | \$1,200,242 | \$1,244,912 | \$1,241,279 | \$1,211,279 | \$849,060 |
| Total Tax Rate | \$22.26 | \$22.06 | \$22.98 | \$22.99 | \$19.20 | \$18.55 |
| Net Tax Commitment | \$11,276,868 | \$11,276,819 | \$11,455,383 | \$13,096,383 | \$13,359,510 | \$13,115,622 |

Source: Loudon Annual Reports, Loudon Town Staff, NHDRA Tax Rate Comparison Reports

Figure 2: Taxes Raised for Appropriations

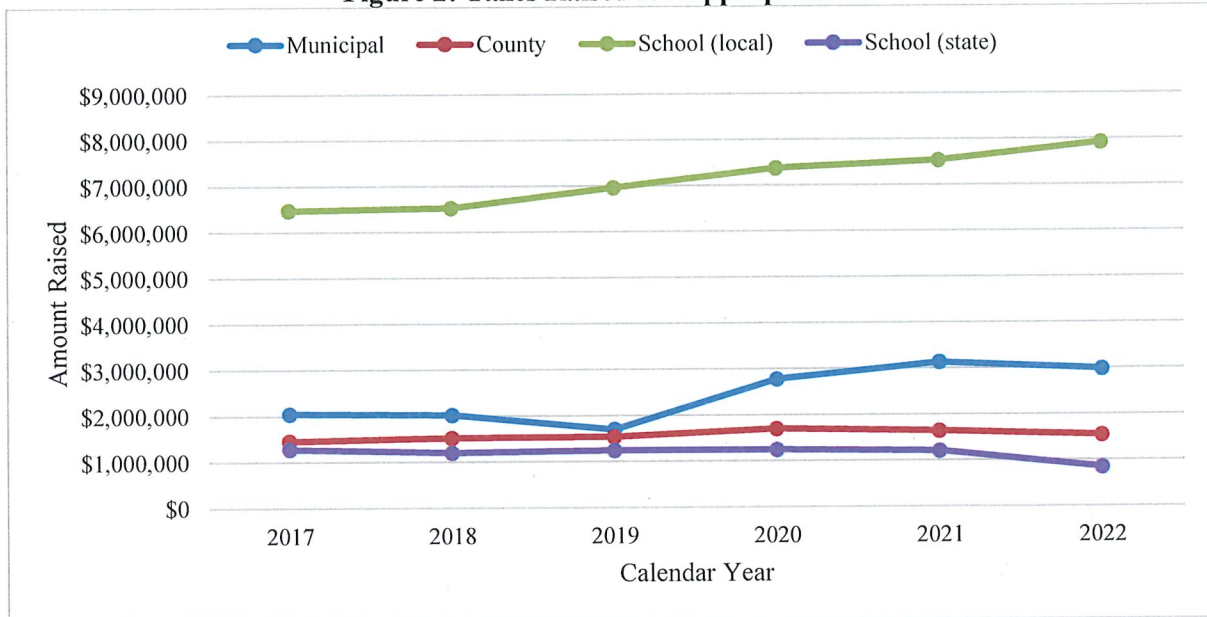


Figure 2 illustrates the appropriation amount raised for taxes in Table 7 over the same period. While an increase can be seen for all four appropriations, the most noticeable increase can be seen in the Local School and Municipal appropriations.

Capital Reserve Funds and Expendable Trust Funds

Annually, voters are asked to allocate funds into the Town’s Capital Reserve Funds (CRFs) or Expendable Trust Funds (ETFs) dedicated for specific purchases or improvements. The monies in CRFs can be spent only when Town Meeting voters provide approval for their deduction from the fund for a specific use. The monies in ETFs can be spent when the Board of Selectmen approves the expenditure by the Department. Both funds serve as important “savings” accounts of a municipality, enabling annual deposits into the funds at Town Meeting through warrant article.

Table 8 lists those fund balances as of July 24, 2023. Many of these funds figures are used within the Municipal Improvements Program as a capital expenditure and/or an offsetting revenue.

Table 8: Capital Reserve and Expendable Trust Balances, 2023

| Fund Name | Anticipated Yearly Addition | Balance as of July 24, 2023 |
|---|--------------------------------|--------------------------------|
| Alternative Energy CRF | \$30,000 | \$92,121.08 |
| Ambulance/Rescue CRF | \$100,000 | \$78,887.87 |
| Arthur Colby Safety Complex Upgrade | \$20,000 | \$81,620.03 |
| Bridge Construction CRF | \$200,000 | \$137,691.45 |
| Cemetery Maintenance ETF | \$10,000 | \$40,810.00 |
| Conservation Commission Land ETF | \$50,000 | \$146,196.71 |
| Fire Department Equipment CRF | \$200,000 | \$435,623.08 |
| Highway Department Equipment CRF | \$125,000 | \$125,676.89 |
| Highway Equipment ETF | \$50,000 | \$230,093.29 |
| Highway Town Garage CRF | \$200,000 | \$182,465.18 |
| J.O. Cate Memorial Van CRF | \$0 | \$71,496.02 |
| Landfill Maintenance CRF | \$0 | \$45,432.82 |
| Library Addition CRF | \$0 | \$0.15 |
| Library Collection Maintenance ETF | \$0 | \$77,555.39 |
| Loudon Historical Society Museum CRF | \$50,000 | \$75,993.06 |
| Police Cruiser CRF | \$30,000 | \$30,654.00 |
| Recreational Facilities Maintenance ETF | \$2,000 | \$21,426.94 |
| Roadway Improvements CRF | \$350,000 | \$352,927.11 |
| Self- Contained Breathing Apparatus CRF | \$15,000 | \$78,265.32 |
| Town History CRF | \$0 | \$13,120.25 |
| Transfer Station Maintenance CRF | \$30,000 | \$86,760.07 |
| Transfer Station Septage Lagoon ETF | \$0 | \$177,214.55 |

Source: Town of Loudon

Capital Reserve Funds (CRFs) and Expendable Trust Funds (ETFs) are excellent tools to keep the municipal property taxes stable. They offer a mechanism for a municipality to save for anticipated future projects or purchases instead of taking a direct tax impact by warrant article in any one given year. Money set aside in CRFs and ETFs collect interest. Loudon could use this collection of funds more effectively by annually approving the same dollar amount to deposit into each active account (such as \$5,000 yearly), with added monetary emphasis placed into those accounts which will need to fund expensive projects in the future (such as \$10,000 -\$50,000 more yearly as appropriate).

Creating new CRFs or ETFs projects proposed in this CIP could also benefit the Town. Grant funds can be leveraged by the existing accounts. Many of the proposed expenditures in this CIP should be more evenly distributed in the following years by judicious use of the CRFs and ETFs.

Tax Rate Trends and Comparisons

The full value tax rates included in Table 9 are derived by the New Hampshire Department of Revenue Administration (NH DRA). The NH DRA develops the full value tax rate as a method to compare tax rates among New Hampshire communities. To determine the full value tax rate, the NH DRA compares each municipality's tax rate with its net valuation.

Table 9: Tax Rates and Trends, FY 2016/17 to FY 2021/22

| Loudon Taxes | FY 2016/17 <i>DRA Year</i> 2017 | FY 2017/18 <i>DRA Year</i> 2018 | FY 2018/19 <i>DRA Year</i> 2019 | FY 2019/20 <i>DRA Year</i> 2020 | FY 2020/21 <i>DRA Year</i> 2021 | FY 2021/22 <i>DRA Year</i> 2022 |
|----------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Local Tax Rate | \$22.26 | \$22.06 | \$22.98 | \$22.99 | \$19.20 | \$18.55 |
| Full Value Tax Rate | \$20.00 | \$18.66 | \$18.77 | \$18.27 | \$17.25 | \$13.09 |
| Equalization Ratio | 90.5 | 84.9 | 83.1 | 80.9 | 91.2 | 71.0 |

Source: NH Department of Revenue Administration Equalization 2022 Comparison of Full Value Tax Rates

Table 9 illustrates that the equalization ratio has varied over the four year period. The equalization ratio has decreased each year since 2016 but has recently increased, with the highest equalization ratio of 91.2 in 2021, before dropping to 71.0 for 2022. The local tax rates, which is what residents pay through property taxes per \$1,000 per valuation, has increased over the past five years, with a local rate of \$20.98 in 2016 and \$22.99 in 2020, but has decreased with a local rate of \$19.20 in 2021 and \$18.55 in 2022.

The assessed valuation of any community, including Loudon, changes annually. If a Town has not been reassessed, the full value tax rates may vary significantly from the local tax rate. The closer the equalization ratio is to 100, the closer the match will be between the local tax rate and the full value tax rate.

In Table 10, Loudon's full value tax rate in 2022 of \$17.25 was the lowest of the abutting communities, with the highest occurring in Concord (\$22.90). None of the communities had equalization ratios of 100, though Canterbury was the closest at 95.6.

Also shown in Table 10, Loudon's municipal tax rate (\$4.13) is the lowest of the abutting communities, with the highest held by Concord (\$9.11). At the same time, Chichester had the highest County rate of the abutting communities, with a rate of \$2.57.

Table 10: Abutting Community 2022 Tax Rate Comparison

| 2020 Population | | Municipal | County | State School | Local School | Total Tax Rate | Per Capita Tax | Equal. Ratio | Full Value Tax Rate |
|-----------------|--------|-----------|--------|--------------|--------------|----------------|----------------|--------------|---------------------|
| Loudon | 5,671 | \$4.13 | \$2.14 | \$1.22 | \$11.06 | \$18.55 | \$0.003 | 71.0 | \$17.25 |
| Canterbury | 2,460 | \$5.78 | \$2.04 | \$1.10 | \$11.88 | \$20.80 | \$0.008 | 73.2 | \$15.15 |
| Chichester | 2,663 | \$6.20 | \$2.57 | \$1.34 | \$14.27 | \$24.38 | \$0.009 | 65.5 | \$15.88 |
| Concord | 42,512 | \$9.11 | \$2.15 | \$1.21 | \$13.42 | \$25.89 | \$0.001 | 78.0 | \$19.99 |
| Gilmanston | 3,895 | \$5.17 | \$1.13 | \$1.32 | \$16.35 | \$23.97 | \$0.006 | 62.5 | \$14.92 |
| Pembroke | 7,089 | \$5.36 | \$2.52 | \$1.28 | \$15.74 | \$24.90 | \$0.004 | 67.1 | \$16.67 |
| Pittsfield | 4,084 | \$8.83 | \$2.34 | \$1.19 | \$11.42 | \$23.78 | \$0.006 | 69.2 | \$16.35 |

Sources: New Hampshire Department of Revenue Administration Completed Public Tax Rates 2022; NH Department of Revenue Administration Equalization 2022 Comparison of Full Value Tax Rates; New Hampshire Department of Revenue Administration 2022 Equalization Ratio Report

For additional comparison purposes in Table 10, the Per Capita Tax (the tax rate per person) attempts to remove the population component (i.e. large towns taxes do not compare well with small town taxes), from the tax rate contrast. Per capita (person), Concord has the lowest tax rate at \$0.001; however, it does have the highest population. Overall, this method of comparison is less favorable and less reliable as the per capita tax scale is similar to the population itself.

Anticipated Municipal Tax Impacts of CIP Projects

The projects that Loudon has identified within this CIP will increase the municipal tax rate. However, many of these projects will occur regardless of the existence of a CIP and now the Town can effectively plan ahead with upcoming anticipated capital expenditures. Although higher taxes are often difficult to convince taxpayers to approve, increases may be easier to justify if higher taxes are specifically shown (via CIP project or purchase) to improve the quality of life, improve safety, correct deficiencies, or improve the level of services the Town provides.

The anticipated financial impact of the capital projects, as displayed in Figure 1 Municipal Improvements Schedule, assumes every one of the projects or purchases expected within a particular year will be funded in order to plan for the highest possible tax impact from these expenditures. The capital projects' impact to the tax rate is not simply "added to" the existing municipal tax rate. The future municipal tax rates will inevitably contain capital projects or purchases, and many other factors including net valuation, revaluation, and operating budgets will influence the Town tax rate each year.

The benefits of a Capital Improvements Program include the Departments' ability to participate in the planning process, describing the long term 6-year capital needs of Departments, and reviewing the potential the financial impact of all planned capital projects to be expended through FY 2029/30. By planning for these projects now, the Town will be working to ultimately keep the municipal tax rate stable over the coming years and will be able understand the potential future tax impacts necessary to fulfill the Town's needs.

CHAPTER 5. APPENDIX

The CIP Appendix contains resources related to project funding and provides the relevant State NH RSA statutes cited relative to Capital Improvements Programs and related land use regulations.

Methods of Financing Capital Improvements

1. Current Revenue (Property Tax): The most commonly used method of financing capital projects is through the use of current revenues. Current revenue is the money raised by the local property tax for a given year. When a project is funded with current revenues, its entire cost is paid off within one year. Projects funded with current revenues are customarily lower in cost than those funded by general obligation bonds. If the town has the financial capacity to pay for the project in one year, the cost to the taxpayer will be less than if bonded because there are no interest payments to be made. However, making capital acquisitions with current revenues does have the effect of lumping an expenditure into a single year, sometimes resulting in higher taxes for the year of the purchase.
2. Municipal Indebtedness: General obligation bonds and short-term borrowing can be used to finance major capital projects. They are issued for a period of time ranging from 5 to 20 years, during which time principal and interest payments are made. Short-term notes and longer term bonds are secured by the government's power to tax, and are funded primarily by property taxes. Payments over time have the advantage of allowing the capital expenditures to be amortized over the life of the project, thus avoiding "spikes" in the property tax which may result from capital purchases made from current revenues. On the other hand, they can commit resources over a long period of time, thereby decreasing the flexibility of how yearly revenue can be utilized. NH RSA 33:3 mandates that bonds or notes may only be issued for the following purposes:
 - Acquisition of land;
 - Planning relative to public facilities;
 - Construction, reconstruction, alteration, enlargement or purchase of public buildings;
 - Public works or improvements of a lasting nature;
 - Purchase of equipment of a lasting character;
 - Payment of judgments; and,
 - Revaluation or acquisition of tax maps, RSA 33:3-b.
3. Capital Reserve Funds (CRF): A popular method to set money aside for expansion, alteration or improvement to municipal buildings and facilities, RSA 35V mandates that such accounts must be created by a warrant article at town meeting (Town Voting Session). The same warrant article should also stipulate how much money will be appropriated to open the fund as well as identify what Town entity will be the agent to expend the funds. Once established, communities typically appropriate more funds annually to replenish the fund or be saved and thus earn interest that will be put towards large projects or expenditures in the future. Since many capital projects involve very considerable expenditures, many towns set aside general revenue over a period of years in order to make a purchase.

The advantage of a CRF is that the major acquisition or improvement can be made without the need to go into the bond market with the accompanying interest payments. The disadvantage to present taxpayers is that future residents enjoy the benefits of the improvement(s) without having to pay for them.

4. Special Revenue Sources: Special revenue sources include user fees, payments in lieu of taxes, gifts/donations, trusts, development impact fees, and intergovernmental transfers (i.e. grants) such as NH Shared Revenues and Highway Aid grants. The State of NH Building Aid is available at 30-55% for certain School District building projects (RSA 198:15-b).
5. NHDES Clean Water State Revolving Loan Fund: The Safe Drinking Water Act (SDWA) Amendments of 1996 provide for federal funding of a Drinking Water State Revolving Fund (DWSRF) to provide assistance to public water systems to finance the cost of drinking water infrastructure. The amendments also establish a strong emphasis on preventing contamination and enhancing water system management by allowing states to use some of the DWSRF for source water protection, capacity development and operator certification. Public water systems eligible for assistance are community water systems, both privately or publicly owned, and nonprofit non-community water systems. The DWSRF assistance is available in the form of loans or subsidies to public water systems for infrastructure and contamination prevention (source water protection) activities.

The infrastructure portion of the DWSRF provides assistance to public water systems primarily in the form of low interest loans. In addition, the state has chosen to provide additional loan subsidies, including forgiveness of principal, to disadvantaged communities that receive loans.

- Rehabilitation or development of sources (excluding reservoirs, dams, dam rehabilitation and water rights) to replace contaminated sources.
- Installation or upgrading of treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary standards.
- Installation or upgrading of storage facilities, including finish water reservoirs, to prevent microbiological contaminants from entering the water system.
- Installation or replacement of transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.
- Consolidation of water systems to resolve contamination problems and financial or management capability issues.
- Acquisition of land from a willing seller if it is integral to a project that is needed to maintain compliance and further public health protection.

The Source Water Protection Assistance of the DWSRF will be spent on non-infrastructure source water protection activities. Funding in the form of grants and loans is available to qualified applicants. No subsidization of loans for disadvantaged communities can occur with this portion of the DWSRF. Activities that will be eligible for this funding will include the following:

- Delineation and assessment of protection areas for wells and surface water intakes.
- Implementation of protection measures.
- Acquisition of water supply protection land (loan only).

Funding Sources for Transportation Improvements

1. Federal Aid Surface Transportation Program Funds: These funds are available for highway projects on the National Highway System or other highways eligible based on their federal functional classification. Projects funded through these programs are generally initiated through updates to the New Hampshire Ten Year Transportation Improvement Plan (TYP). The TYP is updated every two years beginning at the local level with the Regional Planning Commissions.
2. Other Core Federal Programs: The Transportation Alternatives Program (TAP) is a statewide competitive grant program that addresses Pedestrian and Bicycle infrastructure. The Highway Safety Improvement Program (HSIP) is an annual statewide program which municipalities can apply for Road Safety Audits and/or funding to improve safety on any roadway that has a severe or fatal crash history. The Congestion Mitigation & Air Quality (CMAQ) program is a statewide competitive program for transportation projects that will improve air quality through reducing transportation emissions. In 2019, New Hampshire received \$13.5 million dollars in CMAQ funding from the Federal Government. Funding for projects are split, with 80% of funding coming from the State, and the community providing 20% match.
3. State Highway Block Grant Aid: By law, all municipalities in the State having Class IV and V mileage are entitled to Highway Block Grant Aid. RSA 235:23 stipulates the funding apportionments. Highway Block Grant Aid is distributed to municipalities by the State of New Hampshire on a yearly basis with partial disbursements made four times a year. Sixty percent (60%) of the funds are distributed in the first two payments (thirty percent (30%) in July and October) and the other forty percent (40%) in the final two payments (twenty percent (20%) in January and April). The funds can only be used for construction, reconstruction and maintenance of each municipality's Class IV and V highways and bridges, including match for a project in the bridge aid program. It also can be used towards equipment to maintain the local roads. The intent here is that it be used towards the local roads, i.e., not used to build a new library or school or buy a fire truck.

Highway Block Grant Aid funds represent a portion of the State's highway revenues received in the preceding fiscal year including revenues resulting from SB 367 (gas tax). There are two "pots" of money from which allotments are made. Apportionment "A" funds comprise not less than 12% of the State Highway budget and are allocated based upon one-half the total road mileage and one-half the total population, proportioned by ranking the municipality with other municipalities in the State. Apportionment "B" funds are distributed from a set sum of \$400,000 and assist only those municipalities having high roadway mileage and whose equalized property value is low in relation to other communities. In 2020, 18 communities received funding from Apportionment "B."

4. State Aid Bridge Program: This state funded reimbursement program helps to supplement the cost to communities of bridge construction on Class II (State Maintained), Class IV (Urban City/Town Maintained) and Class V (Town Maintained) roads in the State. Funds are allocated by NHDOT in the order in which applications for assistance are received. These projects typically require a minimum of 20% match of the total project cost.
5. Local Option Fee for Transportation Improvements: NH RSA 261:153 VI (a) grants municipalities the ability to institute a surcharge on all motor vehicle registrations for the purpose of a funding the construction or reconstruction of roads, bridges, public parking areas, sidewalks, and bicycle paths. Funds generated under this law may also be used as matching funds for state projects. The maximum amount of the surcharge permitted by law is \$5.

6. Impact Fees: Authorized by RSA 674:21, communities can adopt impact fee programs to offset the costs of expanding services and facilities communities must absorb when a new home or commercial unit is constructed in Town. Unlike exactions, impact fees are uniform fees administered by the building inspector and are collected for general impacts of the development, as opposed to exaction which are administered by the planning board and are collected for specific impacts unique to new site plans or subdivisions on Town roads. The amount of an impact fee is developed through a series of calculations. Impact fees are charged to new homes or commercial structures at the time a building permit is issued.

When considering implementing an impact fee ordinance, it is important to understand that the impact fee system is adopted by amending the zoning ordinance. The law also requires that communities adopting impact fees must have a CIP. Lastly, State law also stipulates that all impact fees collected by a community must be used within six (6) years from the date they were collected, or else they must be refunded to the current property owner(s) of the structure for which the fee was initially collected.

Funding Resources for Conservation

1. Land Use Change Tax: When a property that has been paying the lower Current Use Tax rate is removed from that program, the Land Use Change Tax Penalty (LUCT) is paid to the Town that the property is located in. The penalty is ten percent (10%) of the full market value of the land when it leaves the current use program. Many towns put all of this money directly into the Conservation Fund (see below).
2. Conservation Fund: This fund is much like a Capital Reserve Fund, where Town Meeting (Town Voting Session) approval needs to be sought to expend the accumulated funds. The primary purpose of the Fund (RSA 36-A:5) is to acquire real estate for conservation purposes. Loudon allocates **50%** of the LUCT to its Conservation Fund.
3. “Municipal Bill Round-Up”: An additional funding source for a variety of activities, such as greenway acquisition, easement acquisition, and creating bike trails and sidewalks, is the use of a “round up” program for tax bills, utility bills, and registration fees. Under such a program, the taxpayer could voluntarily round his/her bill payment up to a designated amount above the actual bill and designate it to any of the desired programs listed.
4. Land and Community Heritage Investment Program (LCHIP): This State fund is designed to assist communities that want to conserve outstanding natural, historic, and cultural resources. There will be the requirement that the Towns match the State money from this fund with a fifty percent (50%) match from other sources, some of which can be an in-kind match, as well as funds from other sources.

Miscellaneous Funding Sources

1. Community Development Block Grants: Depending on the location, social value, and functional use of a municipal facility, Community Development Block Grants (CDBG) can sometimes be a good source of financing. CDBG funds are allocated from the US Department of Housing and Urban Development. Each year, communities are invited to submit grant applications for funding of projects. An example of a local project funded by CDBG is the Town of Pittsfield’s Community Center. Each year, New Hampshire receives about \$10 million in CDBG funds that, through the grant process, were allocated to communities across the State.

2. Sale or Use of Excess Property: Another possible method to finance or expand town facilities opportunities could include sale of surplus town-owned property. Surplus property is often property acquired from private citizens for failure to pay taxes.
3. Private Foundations/Trusts: For years, communities have been the beneficiaries of trusts and donations created by private citizens and foundations. The Town should actively solicit such resources for assistance regarding the development or expansion of recreational facilities and programs.
4. User Fees: During the 1980s, the concept of user fees for funding numerous public facilities and services was widely adopted throughout the nation. To help finance community facilities and programs, several communities in New Hampshire have adopted user fees. Examples of user fees in New Hampshire communities include water district charges and transfer station fees.
5. License and Permit Fees: Fees, such as building permits, zoning applications, and planning board subdivision and site plan fees are all examples of permit fees. Such fees are highly equitable and are successful for minimizing the burden on taxpayers for specific programs such as building code enforcement.

Relevant State Statutes for Capital Improvements

TITLE III TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

Municipal Budget Law

Section 32:6 Appropriations

32:6 Appropriations Only at Annual or Special Meeting. **All appropriations in municipalities subject to this chapter shall be made by vote of the legislative body of the municipality at an annual or special meeting.** No such meeting shall appropriate any money for any purpose unless that purpose appears in the budget or in a special warrant article, provided, however, that the legislative body may vote to appropriate more than, or less than, the amount recommended for such purpose in the budget or warrant, except as provided in RSA 32:18, unless the municipality has voted to override the 10 percent limitation as provided in RSA 32:18-a.

Municipal Finance Act

Section 33:1

33:1 Definitions. - This chapter may be referred to as the "Municipal Finance Act." The following terms, when used in this chapter, shall have the meanings set forth below, except when the context in which they are used requires a different meaning:

- I. "Municipality" or "municipal corporation," town, city, school district or village district;
- II. "Governing board," the selectmen of a town, the commissioners or comparable officers of a village district, and the school board of a school district;
- III. "**Net indebtedness**," all outstanding and authorized indebtedness, heretofore or hereafter incurred by a municipality, exclusive of the following: unmatured tax anticipation notes issued according to law; or notes issued in anticipation of grants of federal or state aid or both; debts incurred for supplying the inhabitants with water or for the construction, enlargement, improvement or maintenance of water works; debts incurred to finance the cost of sewerage systems or enlargements or improvements thereof, or sewage or waste disposal works when the cost thereof is to be financed by sewer rents or sewer assessment; debt incurred pursuant to RSA 31:10; debts incurred to finance energy production projects, the reconstruction or enlargement of a municipally-owned utility, or the manufacture or furnishing of light, heat, power or water for the public, or the generation, transmission or sale of energy ultimately sold to the public; debts incurred to finance small-scale power facilities under RSA 374-D; debts incurred outside the statutory debt limit of the municipality under any general law or special act heretofore or hereafter enacted (unless otherwise provided in such legislation); and sinking funds and cash applicable solely to the payment of the principal of debts incurred within the debt limit.

Section 33:4-a Debt Limit, Municipalities.

- I. Cities shall not incur net indebtedness, except for school purposes, to an amount, at any one time outstanding, exceeding 3 percent of their valuation determined as hereinafter provided.
- II. Cities shall not incur net indebtedness for school purposes to an amount at any one time outstanding, determined as hereinafter provided, exceeding 7 percent of said valuation. Any debt incurred for school purposes by a city under this or any special statute heretofore or hereafter enacted shall be excluded in determining the borrowing capacity of a city for other than school purposes under the 3 percent limitation in paragraph I.
- III. **Towns shall not incur net indebtedness to an amount at any one time outstanding exceeding 3 percent of their valuation** determined as hereinafter provided.

IV. **School districts shall not incur net indebtedness to an amount at any one time outstanding exceeding 7 percent** determined as hereinafter provided.

V. Village districts shall not incur net indebtedness to an amount at any one time outstanding exceeding one percent of their valuation determined as hereinafter provided.

Section 33:5-a Water Works. (Debt Indebtedness Exemption) Municipalities may incur debt for supplying the inhabitants with water or for the construction, enlargement, or improvement of water works, by the issue of bonds or notes, for such purposes, as set forth in this chapter; provided, however, that such municipalities shall not incur debt for such purposes to an amount, at any one time outstanding, exceeding 10 percent of their last locally assessed valuation as last equalized by the commissioner of revenue administration determined as provided in RSA 33:4-b. Any municipality which shall have received orders from the department of environmental services under the provisions of RSA 485 requiring the alteration, enlargement, or application of any other improvement in such facilities as will ensure fitness and safety and adequate protection of the public health may incur debt thereof by the issue of bonds or notes outside the limit prescribed herein. **All debt authorized by this section, inasmuch as it is all excluded from the definition of "net indebtedness" in RSA 33:1, shall at no time be included for the purpose of calculating the borrowing capacity of the municipality for other purposes.** The debt limits established by this section may be exceeded by a municipality in accordance with the procedure prescribed in and subject to the provisions of RSA 33:6.

33:6-e Exclusion From Debt Limit; Solid Waste Management Districts. (Debt Indebtedness Exemption) **The debt limit restrictions of this chapter shall not apply to a solid waste management district formed under RSA 53-B or to the debts or obligations incurred by such a district.** Debts or obligations of a member municipality to such a district shall at no time be included in the net indebtedness of the municipality for the purposes of determining its borrowing capacity.

TITLE XV EDUCATION

Cooperative School Districts
Section 195Section 195:6 Powers and Duties of Cooperative School Districts. (Debt Indebtedness Exemption)

I. Each cooperative school district shall be a body corporate and politic with power to sue and be sued, to acquire, hold and dispose of real and personal property for the use of schools therein, and to make necessary contracts in relation thereto, and have and possess all the powers and be subject to all the liabilities conferred and imposed upon school districts under the provisions of RSA 194. Whenever a cooperative school district assumes all the functions of a pre-existing district, it shall also assume the outstanding indebtedness and obligations thereof as of the date of operating responsibility; and on such date of operating responsibility the pre-existing districts shall be deemed dissolved, and any and all assets, property and records thereof not previously disposed of shall vest in the cooperative school district, unless otherwise provided in the articles of agreement or existing arrangements.

II. Each cooperative school district shall have the power to borrow money and issue its notes or bonds in conformity with the provisions of RSA 33, provided, however, indebtedness of a cooperative district organized to provide both elementary and secondary schools may be incurred to an amount not to exceed 10 percent of its assessed valuation as last equalized by the commissioner of revenue administration.

III. Whenever only a part of the educational facilities of a local school district are incorporated into a cooperative school district, such local district shall continue in existence and function as previously. The cooperative school district shall assume only those outstanding debts and obligations of the local school district which pertain to the property acquired by the cooperative school district for use by the cooperative school district. In such case no cooperative school district shall for elementary school purposes incur debt to an amount exceeding 5 percent, and for secondary school purposes, if organized for grades 9 through 12, to an amount exceeding 5 percent, and for secondary school purposes if organized for grades 7 through 12, to an amount not exceeding 6 percent of the total assessed valuation of such district as last equalized by the commissioner of revenue administration. **No cooperative school district described in this paragraph shall incur indebtedness if it subjects the taxable property of any school district forming a part thereof to debt, when added to the debt of such school district, of more than 10 percent of the total assessed value of such taxable property as last equalized by the commissioner of revenue administration.**

School Meetings

Section 197

197:1 Annual.

A meeting of every school district shall be held annually between March 1 and March 25, inclusive, or in accordance with RSA 40:13 if that provision is adopted in the district, for raising and appropriating money for the support of schools for the fiscal year beginning the next July 1, for the transaction of other district business and, in those districts not electing their district officers at town meeting, for the choice of district officers.

Section 197:3

197:3 Raising Money at Special Meeting.

I. (a) No school district at any special meeting shall raise or appropriate money nor reduce or rescind any appropriation made at a previous meeting, unless the vote thereon is by ballot, nor unless the ballots cast at such meeting shall be equal in number to at least 1/2 of the number of voters of such district entitled to vote at the regular meeting next preceding such special meeting; and, if a checklist was used at the last preceding regular meeting, the same shall be used to ascertain the number of legal voters in said district; and such checklist, corrected according to law, may be used at such special meeting upon request of 10 legal voters of the district. In case an emergency arises requiring an immediate expenditure of money, **the school board may petition the superior court for permission to hold a special district meeting, which, if granted, shall give said district meeting the same authority as an annual district meeting.**

III. In the event that the legislative body at an annual meeting amends or rejects the cost items or fact finder's reports as submitted pursuant to RSA 273-A, notwithstanding paragraphs I and II, **the school board may call one special meeting for the sole purpose of addressing all negotiated cost items without petitioning the superior court for authorization. Such special meeting may be authorized only by a contingent warrant article inserted on the warrant or official ballot either by petition or by the governing body.** The wording of the question shall be as follows: "Shall (the local political subdivision), if article _____ is defeated, authorize the governing body to call one special meeting, at its option, to address article _____ cost items only?" The refusal of the legislative body to authorize a special meeting as provided in this paragraph shall not affect any other provision of law. Any special meeting held under this paragraph shall be combined with the revised operating budget meeting under RSA 40:13, XI, if any, and shall not be counted toward the number of special meetings which may be held in a given calendar or fiscal year.

CHAPTER 674 LOCAL LAND USE PLANNING AND REGULATORY POWERS

Capital Improvements Program

Sections 674:5 through 674:8

674:5 Authorization. – In a municipality where the planning board has adopted a master plan, the local legislative body may authorize the planning board to prepare and amend a recommended program of **municipal capital improvement projects projected over a period of at least 6 years. The capital improvements program may encompass major projects being currently undertaken** or future projects to be undertaken with federal, state, county, and other public funds. **The sole purpose and effect of the capital improvements program shall be to aid the mayor and the budget committee in their consideration of the annual budget.**

674:6 Purpose and Description. – The capital improvement program shall classify projects according to the urgency and need for realization and shall recommend a time sequence for their implementation. The program may also contain the estimated cost of each project and indicate probable operating and maintenance costs and probable revenues, if any, as well as existing sources of funds or the need for additional sources of funds for the implementation and operation of each project. **The program shall be based on information submitted by the departments and agencies of the municipality and shall take into account public facility needs indicated by the prospective development shown in the master plan** of the municipality or as permitted by other municipal land use controls.

674:7 Preparation. – I. In preparing the capital improvements program, **the planning board shall confer, in a manner deemed appropriate by the board, with the mayor or the board of selectmen, or the chief fiscal officer, the budget committee, other municipal officials and agencies, the school board or boards, and shall review the recommendations of the master plan** in relation to the proposed capital improvements program.

II. Whenever the planning board is authorized and directed to prepare a capital improvements program, **every municipal department, authority or agency, and every affected school district board, department or agency, shall, upon request of the planning board, transmit to the board a statement of all capital projects it proposes to undertake during the term of the program.** The planning board shall study each proposed capital project, and shall advise and make recommendations to the department, authority, agency, or school district board, department or agency, concerning the relation of its project to the capital improvements program being prepared.

674:8 Consideration by Mayor and Budget Committee. – Whenever the planning board has prepared a capital improvements program under RSA 674:7, it shall **submit its recommendations for the current year to the mayor and the budget committee**, if one exists, for consideration as part of the annual budget.

TITLE LXIV PLANNING AND ZONING

Section 674:22

Section 674:22 Growth Management; Timing of Development. -

I. The local legislative body may further exercise the powers granted under this subdivision to regulate and control the timing of development. **Any ordinance imposing such a control may be adopted only after preparation and adoption by the planning board of a master plan and a capital improvement program** and shall be based upon a growth management process intended to assess and balance community development needs and consider regional development needs.

II. The local legislative body may adopt a growth management ordinance under this section only if there is a demonstrated need to regulate the timing of development, based upon the municipality's lack of capacity to accommodate anticipated growth in the absence of such an ordinance. The need to regulate the timing of development shall be demonstrated by a study performed by or for the planning board or the governing body or submitted with a petition of voters presented under RSA 675:4. The study shall be based on competent evidence and shall consider the municipality's projected growth rate and the municipality's need for additional services to accommodate such growth.

III. An ordinance adopted under this section shall include a termination date and shall restrict projected normal growth no more than is necessary to allow for orderly and good-faith development of municipal services. **The planning board in a municipality that adopts such an ordinance shall promptly undertake development of a plan for the orderly and rational development of municipal services needed to accommodate anticipated normal growth; provided, however, that in a town that has established a capital improvement program committee under RSA 674:5, the plan shall be developed by that committee.** The ordinance and the plan shall be evaluated by the planning board at least annually, to confirm that reasonable progress is being made to carry out the plan. The planning board shall report its findings to the legislative body in the municipality's annual report.

Subdivision Regulations

Section 674:36

674:36 Subdivision Regulations.

I. Before the planning board exercises its powers under RSA 674:35, the planning board shall adopt subdivision regulations according to the procedures required by RSA 675:6.

II. The subdivision regulations which the planning board adopts may:

(a) **Provide against such scattered or premature subdivision of land as would involve danger or injury to health, safety, or prosperity by reason of the lack of water supply, drainage, transportation, schools, fire protection, or other public services, or necessitate the excessive expenditure of public funds for the supply of such services.**