

## TIF Districts & CIP Summary

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### CIP Introduction & Overview

Municipalities are empowered by NH RSA 674:5 to create a Capital Improvement Program (CIP) for the purpose of planning for the orderly and coordinated implementation of capital investments in facilities, infrastructure, and equipment for a period of at least six years. In Concord, capital projects are funded by a variety of sources, including, but not limited to, the General Fund (general obligation bonds, capital transfers/outlays, and reserve funds); impact fees, bonds and capital transfers supported by Enterprise Funds (airport, arena, golf, parking, water and sewer funds); as well as State and Federal grants. The City has been diligently preparing a CIP as part of its annual budget process since the early 1990s. In Concord, the process of preparing a CIP is governed, in part, by Article 2-2 of the City Code of Ordinances.

Since FY 2011, the City has employed a 10 year planning horizon for the CIP. This approach allows the City to better schedule major capital expenditures in order to help avoid spikes in the City's tax rate, as well as rates and charges assessed by the City's various enterprise funds.

Although the CIP includes projects scheduled over the next 10 years, the FY 2020 budget only appropriates funding for those projects scheduled for the upcoming fiscal year. Specifically, cash outlays and transfers from the General Fund, various reserve funds, as well as enterprise funds are appropriated as part of the City's annual budget adoption process. The bonded capital budget resolution appropriates most bonded projects at the time of budget adoption thereby alleviating the need to have separate appropriation actions throughout the year. Funding for certain projects has been omitted from the capital resolution – as denoted by an asterisk – as these projects require funds from the State/Federal government, or from donations, in order to move forward. Such projects will be presented for future City Council approval when confirmation for outside funding has been received. In other cases, asterisked projects are still preliminary in nature or are subject to ongoing discussions or negotiations with regulators or other third parties. In addition, projects supported by Tax Increment Financing are also asterisked due to statutorily mandated public hearing processes for appropriations, which shall occur separately from the budget adoption process. Funding commitments for the ensuing "out years" of the CIP (FY 2021 – 2029) will be reviewed as part of the budget adoption process for those respective fiscal years.

The capital improvement plan includes recurring and non-recurring projects. Recurring projects occur more than once during the planning horizon and are generally for the maintenance or replacement of an asset. For example, CIP #2 is for the scheduled replacement of information technology hardware and software that meets the definition of a capital purchase and it is an on-going project. Non-recurring projects are projects that create a new asset or substantially replace an existing one and require a new level of maintenance or staffing that has an associated future operating and maintenance costs. Future costs and revenues are estimated and carried in the operating fund's pro forma. As the project gets closer to the current fiscal year, the project specifications become clearer and associated costs can be refined. For large projects, the design phase typically includes a requirement for estimating operating and maintenance costs. When these costs and revenues come to fruition, they enter the budget through the Program Change Request (PCR) process. The process is designed to identify a change in the level of service delivered. Therefore, a non-recurring project by its very nature changes the level of service delivered to residents. Changes associated with non-recurring CIP projects fit into the PCR process well by providing detailed budgetary information that requires a considerable amount of effort and planning. This planning helps to ensure efficient and effective delivery of the new or expanded service that complements the new asset the City has procured. PCRs are identified in appendix C of the budget book. Since every budget does not have a non-recurring project, the PCRs in appendix C will not always contain non-recurring operating and maintenance costs for a capital project because that project has not come to fruition. When they do, the PCR(s) reflect both the annual costs, one time costs, and the current fiscal year's costs.

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The proposed CIP runs from FY 2020 to FY 2029 and totals for all funding sources combined can be found in the section titled Capital Improvement Summary Listing. Projects for the current fiscal year and their associated funding sources) can be found at the end of this section in the table titled Budget Listing by Funding Source. This table contains all fiscal year 2019 projects. However, not all projects will be funded through the current budget resolutions. Excluded projects are identified with an asterisk in the CIP tables and have been omitted from the capital appropriation in the current fiscal year's budget resolutions. Capital Outlay is a component of the CIP that is funded in the operating budget, commonly referred to as "Pay as You Go" capital. The table Appropriations by Funding Source immediately follows this section contains the capital appropriation by funding source for this fiscal year's budget appropriation.

### Selection and Prioritization of Capital Projects

In keeping with past practice, all capital projects proposed for FY 2020 were reviewed and recommended for funding if they satisfied one or more of the following criteria:

- 1) Project maintains or improves health, safety, or welfare of the general public or City personnel;
- 2) Project affects critically needed maintenance for key infrastructure, facilities, or equipment whereby deferred maintenance would severely impede municipal operations;
- 3) Project results in significant efficiencies or cost savings for delivery of municipal services;
- 4) Project better positions the City to undertake certain priority projects in the future;
- 5) A significant portion of the project can be financed by outside sources other than the General Fund, Special Revenue Funds, or Enterprise Funds; or,
- 6) Project implements a City Council goal or priority.