

TOWN OF HILLSBOROUGH, NEW HAMPSHIRE

CAPITAL IMPROVEMENTS PROGRAM

2024-2029

Adopted by the Hillsborough Planning Board
Date, Day, 2024

Developed by the
Hillsborough Planning
Board's CIP
Committee
with assistance from
the Central New
Hampshire Regional
Planning Commission

Green highlight = for Robyn to update

TOWN OF HILLSBOROUGH, NEW HAMPSHIRE

CAPITAL IMPROVEMENTS PROGRAM 2024-2029

ADOPTED
Day, Date, 2024



Prepared by the:

Hillsborough Planning Board and its
Capital Improvements Program Committee
29 School Street
Hillsborough, NH 03224
Phone (603) 464-3877



With assistance from the:

Central NH Regional Planning Commission (CNHRPC)
28 Commercial Street, Suite 3
Concord, NH 03301
Phone (603) 226-6020
www.cnhrpc.org

CERTIFICATE OF ADOPTION

In accordance with New Hampshire RSA 674:5-8, Capital Improvement Program, and RSA 675:6, Method of Adoption, the Hillsborough Planning Board, having held a duly noticed public hearing on [redacted] hereby adopts and certifies this Capital Improvement Program, 2024-2029, dated [redacted]

Susanne White, Chairperson
Hillsborough Planning Board

Nancy Egner, Vice Chairperson
Hillsborough Planning Board

Adam Charrette, Second Vice Chairman
Hillsborough Planning Board Member

Steve Livingston
Hillsborough Planning Board Member

Bryant Wheeler
Hillsborough Planning Board Member

Andrew Morris
Hillsborough Planning Board Member

James C. Bailey III
Hillsborough Planning Board Selectmen’s Representative

This document was received and recorded by the Town Clerk on ____[date]_____, 2024.

Signed: _____
Deborah J. McDonald, Tax Collector/Hillsborough Town Clerk

Seal:

ACKNOWLEDGEMENTS

The Planning Board would like to express their gratitude to the following people who assisted the Board with this undertaking to develop the Capital Improvements Program 2024-2029. Time and assistance provided includes completing Department/Board project Applications, discussing these Applications at scheduled times with the CIP Committee, Committee meeting attendance by members and Department designees, and volunteer and staff assistance.

These individuals participated on the above activities and together developed this document.

CIP Steering Committee, 2023

- Scott Yeaton, Parks Department
- Samantha Gallo, Fuller Public Library
- Kenny Stafford Jr, Fire Chief
- Chris Parsons, Police Chief
- Ernie Butler, Highway Department
- Jeremy Oak, Building Maintenance
- Steve Livingston, Planning Board
- Susanne White, Planning Board
- Jennifer Crawford, Superintendent of Schools
- James Bailey, School
- Robyn Payson, Planning Director
- Laura Buono, Hillsborough Town Administrator

Other Contributors, 2023-2024

- Robyn Payson, Hillsborough Planning Director
- Laura Buono, Hillsborough Town Administrator

Central New Hampshire Regional Planning Commission Staff, 2023-2024

- Stephanie Alexander, Senior Planner

TABLE OF CONTENTS

Certificate of Adoption i

Acknowledgements ii

Table of Contents..... iii

List of Tables and Figures iv

1. Introduction..... I

 History of Hillsborough’s Capital Improvements Program (CIP) I

 Purpose and Use of the CIP..... 2

 The CIP Development Process 3

 Scope of the Capital Improvements Program 5

2. Demographics 6

 Historical and Projected Population and Housing Growth..... 6

 Conclusion 8

3. Capital Improvement Project Priority Ranking..... 9

 Project/Purchase Ranking System..... 9

 Final Prioritized Projects and Ranking 9

4. Summary of Projects, 2024-2029 11

 Projects Overview..... 11

 ProjectTS Description..... 13

 Municipal Improvements Schedule 15

 School District Improvements Schedule..... 15

5. Financial Analysis 16

 Explanation of Terminology 16

 Bonded Indebtedness..... 17

 Annual VALUATIONs..... 19

 Capital Reserve and Trust Funds..... 21

 Tax Rate Trends and Comparisons 22

 Anticipated Financial Impacts of Projects 25

6. Road Management Plan..... 27

 Town Roads - Class V and Class VI 27

 Private Roads..... 32

 Emerald Lake Village District Roads 33

 State Highways 34

Town Road Mileage COMPARISONS and Budget.....	35
7. Appendix.....	38
Methods of Financing Capital Improvement PROJECTS.....	38
Funding Sources for Transportation Improvement PROJECTS.....	40
Funding Resources for Conservation PROJECTS.....	42
Miscellaneous Funding Sources	43
Relevant State Statutes for Capital Improvements.....	44

LIST OF TABLES AND FIGURES

Table 1: Overall Population and Housing Growth Trends in Hillsborough, 1970-2020	6
Table 2: Population Density in Hillsborough, 1970-2020	7
Table 3: Population Projections	7
Table 4: Residential Building Permits Issued by Housing Type, Benchmark Years 2000-2022.....	7
Table 5: Priority Ranking.....	9
Table 6: Final Project Rankings.....	10
Table 7: Summary of Projects.....	12
Table 8: Current Bond or Loan Payment Schedules, 2024-2029.....	17
Table 9: Potential New Bond or Loan Payment Schedules, 2024-2029	18
Table 10: Bonded Indebtedness Limitation, 2022.....	18
Table 11: Annual Assessed Valuation Comparisons, 2018 to 2023	19
Table 12: Capital Reserve Funds and Balances	21
Table 13: Hillsborough Tax Rates and Trends, 2018 to 2023	22
Table 14: Abutting Community Tax Rate Comparisons, 2022.....	23
Table 15: Town Roads (Class V).....	28
Table 16: Town Unmaintained Roads (Class VI).....	31
Table 17: Private Roads.....	32
Table 18: Private Emerald Lake Village District Roads.....	33
Table 19: State Roads (Class I).....	34
Table 20: State Roads (Class II).....	35
Table 21: Road Mileage in Hillsborough by Classification.....	35
Table 22: Highway Department Budget, 2018-2023	36
Figure 1: Local Assessed Property Valuations (MS-I), 2018-2022	20
Figure 2: Hillsborough Tax Rates and Trends, 2018-2023	22
Figure 3: Abutting Community Tax Rate Comparisons, 2022.....	Error! Bookmark not defined. 4
Figure 4: Anticipated Municipal Tax Rate Impact.....	Error! Bookmark not defined. 5
Figure 5: Anticipated Local School Tax Rate Impact.....	Error! Bookmark not defined. 6

Attachment 1: Municipal Improvements Schedule, 2024-2029

Attachment 2: School District Improvements Schedule, 2024-2029

I. INTRODUCTION

HISTORY OF HILLSBOROUGH'S CAPITAL IMPROVEMENTS PROGRAM (CIP)

In 1999, the Hillsborough Planning Board adopted the 1999 Master Plan. In addition to in-depth discussion of land use patterns, conservation, transportation, history, and economics of the community, this Plan included a comprehensive Community and Recreational Facilities and Utilities Chapter, which discussed the short- and long-term needs of each department within Town. One of the critical recommendations within the Master Plan was that the Town develops and strictly follows a Capital Improvement Program (CIP) in accordance with NH RSA 674:5-8 (see CHAPTER 7. APPENDIX). This purpose was reiterated with the 2018 Hillsborough Master Plan update.

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. It is a plan that shows how, when, and at what cost Hillsborough 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.

To accomplish the task of developing the Town's first CIP, the Planning Board initially appointed a five-person Capital Improvements Program Committee at their November 5, 2008 regular meeting to complete a full update of the four-year old FY 2004 – FY 2010 CIP. This Committee was charged with developing preliminary evaluation ranking criteria, defining what a capital improvement is, meeting with department heads to discuss projects, as well as the responsibility of scheduling projects in a way to accommodate the public need while minimizing significant fluctuations in the tax rate.

For the second CIP, in early summer 2010, the Planning Board appointed a subcommittee to oversee the update process for the 2011-2016 Capital Improvements Program. This process was repeated in the fall of 2017 when the Planning Board appointed a subcommittee to oversee the update process for the 2018-2023 Capital Improvement Program in order to keep the CIP current and useful to the Town.

To develop the 2024-2029 CIP, the Town coordinated with the Central NH Regional Planning Commission (CNHRPC) to obtain the latest guidance prior to requesting CIP projects from Departments and update the CIP document.

For the purposes of the 2024-2029 CIP, a capital improvement was been defined by three key criteria: **(1) the project must have a cost of greater than \$50,000; (2) must have a useful life of five years or more; and (3) may include multi-year financing.** 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.

PURPOSE AND USE OF THE CIP

The CIP has a variety of purposes and should have many beneficial effects on Hillsborough'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 the 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 (see CHAPTER 7. APPENDIX). 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 in order 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 33:4A, the Town's bonded indebtedness is limited to 3.0% of the Town's assessed valuation, the School bonded indebtedness is limited to 7.0% of the Town's assessed valuation, and a Village District is limited to 1.0% of their valuation. Towns participating in a cooperative school district (such as Hillsborough-Deering) can incur bonded indebtedness up to 10% of its equalized valuation (CHAPTER 7. APPENDIX).
3. A Management Tool for Town Officials: The Capital Improvements Program is designed to be used by officials as a management tool that builds from information in the Master Plan. The Hillsborough Planning Board updated Hillsborough's 1999 Master Plan in 2018. The 2018 Master Plan contains projections and analyses of the Town's demographic, land use, housing, facilities, recreation, and transportation trends which all local officials may find useful in planning and delivering public services. The Master Plan guides the development of the Capital Improvements Program, which is a comprehensive, longer-term picture of capital needs where all capital items are placed into one schedule. A Master Plan should be updated every 7-10 years for it to remain relevant to the community.
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 Hillsborough, the Budget Committee is the Board of Selectmen. RSA 674:8 is not specific about how the Capital Improvements Program is actually 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.

THE CIP DEVELOPMENT PROCESS

The Planning Board appoints a Capital Improvements Program Committee, which should use the following process as guidance for development of a CIP. This process was used in 2023 for the development of the 2024-2029 CIP.

Authorization from Annual Meeting (2001)

- The Planning Board was authorized by the March 2001 Town Meeting to develop a Capital Improvements Program (CIP) in accordance with NH RSA 674:5.

Approval of Master Plan (2018)

- The Hillsborough Planning Board completed an updated 2018 Master Plan (previously the 1999 Master Plan) adopted after conducting properly noticed public hearings. While there is no statutory time limit for the life of Master Plans, generally accepted practice is to update every 7 to 10 years, or after a decennial census is released. The Master Plan supports the development of a CIP for Hillsborough.

Appointment of Committee (April 2023)

- The Planning Board appoints a Capital Improvement Program Committee consisting of members from the Planning Board, Fire Department, Town Staff, and private citizens. The 2024-2029 CIP Committee was established on May 17, 2023.

Definition of Capital Expenditure Criteria (Spring 2023)

- The CIP Committee defines what a “capital expenditure” is each time it generates a new CIP. Sometimes, the definition remains the same for each CIP. The definition is typically multi-part. The definition approved by the CIP Committee in order for a project to qualify for inclusion into the CIP states the project must have:
 - 1) A gross cost of greater than \$50,000;
 - 2) Must have a useful life of five years or more; and
 - 3) May include multi-year financing.

Solicitation of Projects from All Municipal/School Departments (Summer 2023)

- The Town sends information and CIP Project Application materials provided by CNHRPC to all Town Department heads, Board/Commission Chairs, certain administrative staff, and the School District. Department heads submit project requests with estimated costs and identification of how

each project/purchase is to be funded. In this CIP round, many of the project requests were done verbally instead of through the completion of an Application.

Interviews of Project Requests (Summer 2023)

- Town planning staff held interviews with each applicant to review submitted project information and obtain the details necessary to develop the Municipal Improvements Schedule. To update the CIP, future interviews of applicants should include the completion of a CIP Project Application for each project within the CIP.

Ranking of Project Requests (Summer 2023)

- Adjustments in scheduling over the six-year time period (2024-2029) are negotiated within the CIP Committee in order to minimize sharp increases in the yearly tax rate.
- The CIP Committee develops a final recommended Municipal Improvement Schedule of projects, including the years of expenditure, offsetting funds, and funding sources and includes the known School Improvement Schedule projects to understand how their projects might influence taxation.

Document Development (Fall 2023)

- The CIP document includes and supports the Improvement Schedule and provides additional information of value to the Planning Board, Board of Selectmen, and Budget Committee which allows for informed decisions. School projects from their latest CIP are included. The Chapters of the CIP are written or updated from the previous version. These Chapters include Introduction, Demographics, Capital Improvement Project Priority Ranking, Summary of Projects, Financial Analysis, Road Management Plan, and the Appendix. The numerous financial and comparative tables and figures within the document are developed or updated.

Planning Board Review (2024)

- The Planning Board receives a final recommended Capital Improvements Program from the CIP Committee. Planning Board may, at their discretion, meet with the CIP Committee at a Work Session to discuss the document prior to the Public Hearing.
- The Planning Board may adjust scheduling and/or estimated cost of items prior to Public Hearing, and the CIP Committee makes adjustments accordingly.
- The Planning Board conducts a properly noticed Public Hearing for adoption of the Capital Improvements Program. The Planning Board either votes to adopt the CIP as posted, or revises it as result of public testimony or Board discussion. Board members sign the Certificate of Adoption which will be kept with the original, approved document.
- Once adopted, the CIP is filed with the Town Clerk, and copies are provided to all Town Departments, Boards, Committees, Budget Committee, Board of Selectmen, and the Hillsborough-Deering School District.

Annual Update (2024)

- Following the annual March Town Voting Session, the CIP process is repeated. Projects are re-evaluated and re-ranked according to criteria approved by the Planning Board or CIP Committee.

The annual update is particularly necessary if a community utilizes a Growth Management Ordinance or an Impact Fee Ordinance (not currently recommended) as the data contained within the CIP will be able to support the necessity of having such an ordinance. This may render the Town's ordinance(s) defensible in court.

- Waiting until the six-year term of the CIP has nearly expired to begin the update of the next CIP is inadvisable. Yearly budget appropriations, equipment purchases, capital reserve fund deposits, capital project expenditures, or failure to follow yearly CIP recommendations can very quickly cause the adopted CIP to become outdated and not useful to the community. Annually, CIP Project Applications should be delivered to the Boards, Departments, staff so updates to current projects within the CIP can be made and new projects can be identified and placed into the document.

SCOPE OF THE CAPITAL IMPROVEMENTS PROGRAM

This Capital Improvements Program identifies capital expenditures anticipated over the next six fiscal years, beginning January 1, 2024 and ending December 31, 2029. Within this time frame, however, other projects will be identified which will be of high priority and warrant immediate inclusion in the Town'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 summer, the process should begin anew to ensure that priorities remain the same and that 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 CIP Project Applications for consideration into an updated Capital Improvements Program. Similarly, Department building sizes, staffing, and programs are inventoried and future projections for expansion in the Departments can be 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.

Tax rates and financial data over a period of six or seven years past enable trends to be identified and comparisons to be made or predictors to be set for the upcoming years.

2. DEMOGRAPHICS

HISTORICAL AND PROJECTED POPULATION AND HOUSING GROWTH

A Capital Improvement Program has a direct relationship to the impact fees which the Town can collect with the proper zoning ordinances and administrative procedures in place. Growth trends must be established to identify the qualification of projects as either serving the current population or serving anticipated population growth. Impact fees can only be assessed on future anticipated growth.

To ascertain the growth trends of the community, an examination of past, present, and future population growth is required. 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 US Census Bureau and the NH Office Planning and Development (NH OPD).

In Table I, according to the Census 2020 data figures, both population and housing counts had decreased since 2010. Hillsborough's overall growth since 1970 has increased by 114% in population and 179% in housing units, which is more than doubling the population and number of housing units over the five decades.

Table I: Overall Population and Housing Growth Trends in Hillsborough, 1970-2020

Growth	Population	Net Change %		Housing Units	Net Change %	
1970 Census	2,775	NA	NA	1,015	NA	NA
1980 Census	3,437	662	23.9%	1,620	605	59.6%
1990 Census	4,498	1,061	30.9%	2,157	537	33.1%
2000 Census	4,928	430	9.6%	2,326	169	7.8%
2010 Census	6,011	1,083	22.0%	2,896	570	24.5%
2020 Census	5,939	-72	-1.2%	2,836	-60	-2.1%
Total Change from 1970 – 2020		3,164	114.0%		1,821	179.4%

Sources: 1970-1990 US Census CPH-2-31 Table 9 Population and Housing Unit Counts; US Census Bureau, Census 2000 Summary File, Matrices H3, H4, H5, H6, H7, and H16; US Census Bureau, 2010 Census Summary File 1, Tables H3, H4, H5, and HCT1; Census 2020.

The Census 2020 figures are known to have counting and estimating errors because of collection methods. However, this is the best available data we have to work with. With official accounts in 2020 of -72 in population and -60 in housing, there may be municipal sources that either offer a different perspective of growth or that support the decline in town.

Table 2: Population Density in Hillsborough, 1970-2020

Area in Square Miles (excluding water)	Persons per square mile					2020
	1970	1980	1990	2000	2010	
43.7	64	79	103	113	138	136

Source: 1970-1990 US Census CPH-2-31 Table 9 Population and Housing Unit Counts; US Census Bureau, Census 2000 Summary File, Matrices H3, H4, H5, H6, H7, and H16; US Census Bureau, 2010 Census Summary File 1, Tables H3, H4, H5, and HCT; Census 2020; NH OPD GIS acreage calculations.

As displayed in Table 2, the population density of persons per square mile has more than doubled, from 64 in 1970 to 138 in 2010. Although these numbers are notable for small town in rural New Hampshire, they are comparable to many other towns in the region. Using the 2020 population of 5,939 residents, the population density dropped slightly to 136, a decrease of two persons per square mile since 2010.

Table 3: Population Projections

2020 Census Population	Population Projections				
	2025	2030	2035	2040	2045
5,939	6,186	6,373	6,507	6,579	6,599

Sources: 2020 US Census; NH OPD State of NH Municipal Population Projections 2020-2050, 2022

Table 3 above displays population projections for Hillsborough through 2045. The projections show a 11.4% increase in the number of residents from 2020 to 2025; taken overall as a 25-year span, this is a slower rate than in previous decades (see Table 1). Overall, statewide population projections show New Hampshire will continue to grow, but also at a slower pace than experienced in the past with a gradual flattening out of population between 2040-2045.

Table 4: Residential Building Permits Issued by Housing Type, Benchmark Years 2000-2022

Housing Type	2000	2010	2020	2021	2022
Single Family	31	0	7	-1	N/A
Multi-Family	1	4	0	0	N/A
Manufactured	2	0	3	0	N/A
Total Permits Issued	34	4	10	-1	N/A

Sources: NH Office of Planning and Development, New Hampshire's Housing Supply: Current Estimates and Trends, December 2022, NH OPD

In Table 4, Hillsborough has issued a declining number of residential building permits since 2000. Between 2000-2020 (data not displayed in table), 30 permits were issued in 2007 and 18 permits issued in both 2013 and 2014. Still, when compared with Table 1: Overall Population and Housing Growth Trends, the data does support a declining or evening out of new residential permits by the final decade of this

analysis. A handful of multi-family and manufactured permits were granted during the 21-year period. The latest available permit counts for the table is for 2021, with the 2022 data to be released in early 2024. One important fact to recall is that the number of building permits issued does not equal the number of homes actually constructed; the permits issued will be greater than or equal to the number of new homes built.

CONCLUSION

The US Census has always been a strong data tool in enabling understanding of counts and trends. The 2020 Census has known data deficiencies and high margins of error, partly because of the pandemic when it was difficult to collect household data. Hillsborough's negative 2020 Census population and housing growth figures are likely the inability by Census takers to collect the information. The US 2030 counts should rectify any problems in a few years, while other data collectors such as the NH Office of Planning and Development will enable some data to become usable in the interim. The remaining US Census data is considered stable and usable.

Using previous data, it is possible to identify that residential growth in Hillsborough since 2000 was trending at a moderate rate, particularly housing, although by 2020 few new homes were issued building permits. A significant driver of new home growth and sales of existing stock is the housing market, which has been overly expensive to most New Hampshire residents since around 2017. This is the largest factor in the inability to construct new homes and attract new population to Hillsborough, a factor shared by much of New Hampshire.

Impact fees, which are not currently available to the Town and would need to be voted in at the Town Annual Meeting, could only be assessed for the building of new facilities and infrastructure which accommodate new growth in Town, not for the lack of facilities for the existing populace. Repairs, reconstruction, and most improvements which are required to serve the existing population cannot be used for impact fee purposes. Currently, with little additional population and housing growth since 2010, it would be a difficult case to support impact fees.

Nonetheless, Town services must continue to operate and expand, and Town facilities must be maintained and upgraded to enable the municipal services to function. The Town of Hillsborough's existing population and infrastructure rely on a dependable Capital Improvements Program that will plan for the Town's future while minimizing large tax increases.

3. CAPITAL IMPROVEMENT PROJECT PRIORITY RANKING

PROJECT/PURCHASE RANKING SYSTEM

One of the most difficult aspects of preparing a CIP is the scheduling and evaluation of proposed projects. The following priority ranking system was developed to assist the CIP Committee in evaluating the proposals submitted by each of the Town's Departments.

CIP Committee Ranking

After reviewing all the applications submitted by Town Departments, the CIP Committee ranked the applications based upon current Town needs and priorities. They ranked each application against those within the same fiscal year, and then made modifications where necessary by placing each project into the appropriate fiscal year based upon budgetary considerations. Table 5 displays the Priority Ranking based upon a scale of Low-Medium-High along with the appropriate fiscal year for the project selected by the CIP Committee.

Table 5: Priority Ranking

Priority Rank	Description	Fiscal Year Priority
Low	Project is unnecessary or project can wait	2028-2029
Medium	Project is necessary or project is needed soon	2026-2027
High	Project is urgent	2024-2025

FINAL PRIORITIZED PROJECTS AND RANKING

Eighteen (18) projects were brought before the CIP Committee for consideration. Two projects were entered, TA-81 Engineering Plans Town Office and YS-88 Handicapped Accessible Bus, which did not have enough information on funding or community priority at this time to place within the scoring matrix. These two projects are important to the Town and remain in the CIP as “placeholders” for future evaluation when appropriate. Sixteen total projects and their project rankings are adopted by the Committee are depicted in Table 6.

Although the participation of all departments occurred, the School District projects are not ranked or evaluated by the Committee because the School District has their own budget and CIP process. However, the inclusion of these projects into the Hillsborough municipal CIP as a separate section was critical because of the potential impacts to the overall tax base. For instance, during years of additional school capital expenditures, these are the years when the Town should try to cut back their capital expenditure spending to avoid a significant rise in taxation.

Table 6: Final Project Rankings

		Applicant		CIP Committee	
Application Number	Department Requests and Project Title	Proposed Year(s)	Estimated Cost	Priority Rank	Fiscal Year Priority
Library					
2023-LI-76	Restoration of third floor	2024	\$50,000.00	Medium	2026-2027
Building Maintenance					
2023-BM-77	Restoration of 601 Center Road	2024	\$300,000.00	Medium	2026-2027
2023-BM-78	Carriage Shed Rebuild	2025	\$90,000.00	Medium	2026-2027
2023-BM-79	Club House AC/Heating/Smoke Detectors	2024	\$100,000.00	High	2024-2025
Cemetery					
2023-CE-80	Expand Harvey Memorial Cemetery	2029	\$50,000.00	Low	2028-2029
Town Administration					
2023-TA-81	Engineering and Plans Town Office or Safety Complex	2027	\$1,000,000		
Highway Department					
2023-HD-82	New Box Culvert-Stowe Mountain Road	2024	\$273,000.00	High	2024-2025
2023-HD-83	Grader	2025	\$285,000.00	High	2024-2025
2023-HD-84	New Salt Shed	2024	\$500,000.00	High	2024-2025
Fire and Rescue Department					
2023-FD-85	Heavy Rescue Truck	2025	\$750,000.00	High	2024-2025
2023-FD-86	Ambulance	2025	\$650,000.00	High	2024-2025
Police Department					
2023-PD-87	Radio/Communication Infrastructure	2024	\$1,000,000.00	High	2024-2025
Youth Services					
2023-YS-88	Handicapped Accessible Bus	2024	\$120,000		
Water and Sewer Department					
2023-WVS-89	Whittemore Street	2024	\$1,500,000.00	High	2024-2025
2023-WVS-90	Myrtle Street	2028	\$1,000,000.00	Medium	2026-2027
Parks Department					
2023-PK-91	Grimes Field Rehabilitation	2024-2029	\$515,000.00	High	2024-2025
2023-PK-92	Beards Brook Renovation	2024-2025	\$190,000.00	Medium	2026-2027
2023-PK-93	Replace Beach House- Manahan	2025-2028	\$315,000.00	High	2024-2025

4. SUMMARY OF PROJECTS, 2024-2029

PROJECTS OVERVIEW

The 2018 Chapters of the updated Master Plan documented the need for some of Hillsborough’s capital projects or purchases. The Capital Improvements Program is a document which originated from the needs identified in the Master Plan and has been updated periodically since its development. The previous 2018-2023 CIP’s projects had lapsed, costs were increased, and most current, planned Town capital projects had yet to be identified within the CIP. In preparing 2024-2029 CIP document, the CIP Committee and the Planning Department surveyed all Town Departments for information on the current adequacy and needs of their facilities and equipment, and identification of future needs for expansion, improvements, and additions. Many projects were identified through this process. Some Town Departments opted not to participate and others had no projects to include in the CIP.

Using data submitted by Department Heads for this document, the CIP Committee identified 18 local projects for inclusion in the Capital Improvements Program for the 2024-2029 (six-year) period. Sixteen are recommended to be funded through property taxes, grants, capital reserve funds, state aid, user fees, and/or bonds, while the remaining two serve as placeholders for now.

Projects are provided with a project number beginning with 1) the year the project was submitted for CIP inclusion (2023) to track its progress, 2) a Department abbreviation, and 3) a consecutive number in which order the application was reviewed by the CIP Committee.

This CIP project numbering system allows for easier tracking of the applications over time- especially during annual updates- and reduces the confusion with similar applications such as vehicle replacements. Consistency is key when receiving and processing the applications received.

Proposed projects address the need to correct deficiencies in the Town's infrastructure and services, as well as meet the service needs generated by increased population growth and development. The following Table 7 summarizes all projects to be included in the 2024-2029 CIP. Where available, present status and future needs of each Department was provided. This support data provide baseline information on Departments and provide a window into the future needs for the next CIP(s).

Table 7: Summary of Projects

Project Details				Present (2024)				Future Needs (15 Years)					CIP Project Priority
Application #	Title of Project	Total Estimated Cost	CIP Expenditure Years	Building Square Footage	Annual Paid Hours	Annual Non-Paid Hours	Full/Part Time Employees	Total Annual Paid Staff Hours	Staffing Needs	Program Needs	Building Needs	Equipment Needs	
Library													
2023-LI-76	Renovation of 3rd Floor	\$50,000	2024	N/A	N/A	0	6	5,880	N/A	N/A	N/A	N/A	Medium
Building Maintenance													
2023-BM-77	Restoration of 601 Center Road	\$30,000-\$200,000	2024	N/A	N/A	0	1	1,920	N/A	N/A	In need of full restoration	Ride on Lawn Mower, Upgrading the shed behind the Town Offices	Medium
2023-BM-78	Carriage Shed Complete Rebuild	\$90,000	2025	N/A	N/A	0	1	40 hrs/week	N/A	N/A	Rebuild Structure	N/A	Medium
2023-BM-79	Club House Heating/AC/Smoke Detectors/insulation/Windows and Doors	\$100,000	2024-2025	N/A	N/A	0	1	40 hrs/week	N/A	N/A	Upgrade structure	Heating and cooling units/doors and windows	High
Cemetery													
2023-CE-80	Expand Harvey Memorial Cemetery	\$50,000	2029	N/A	N/A	0	N/A	N/A	N/A	N/A	Expand the Cemetery	N/A	Low
Town Administration													
2023-TA-81	Safety or Town Office Complex Engineering Plans	\$1,000,000	2027										Medium
Highway Department													
2023-HD-82	New Box Culvert Stowe Mountain Road	\$273,000	2024	N/A	N/A	0	12	N/A	N/A	N/A	N/A	N/A	High
2023-HD-83	New Grader	\$285,000	2025	N/A	N/A	0	12	N/A	N/A	N/A	N/A	N/A	High
2023-HD-84	New Salt Shed	\$500,000	2024	N/A	N/A	0	12	N/A	N/A	N/A	Salt Shed	N/A	High
Fire Department													
2023-FD-85	Heavy Rescue Vehicle	\$750,000	2024-2029	N/A	N/A	0	33	N/A	N/A	N/A	N/A	N/A	High
2023-FD-86	Ambulance	\$650,000	2025	N/A	N/A	0	33	N/A	N/A	N/A	N/A	N/A	High
Police Department													
2023-PD-87	New Radio/Communications Infrastructure Equipment	\$1,000,000	2024-2028	N/A	N/A	0	28	57,200	N/A	N/A	N/A	Radio/Communication Equipment	High
Youth Services													
2023-YS-88	Youth Services Bus with Handicapped Access	\$120,000	2024										
Water/Sewer													
2023-WS-89	Whittemore Street	\$1,500,000	2024	N/A	N/A	0	Not Provided	N/A	N/A	N/A	N/A	N/A	High
2023-WS-90	Myrtle Street	\$1,000,000	2028	N/A	N/A	0	Not Provided	N/A	N/A	N/A	N/A	N/A	High
Parks Department													
2023-PK-91	Grimes Field Rehabilitation	\$515,000	2024-2029	1500	N/A	0	4	N/A	1 FT 3 PT	N/A	Addition to current shop 20x28	Infield Groomer/New	High

Project Details				Present (2024)					Future Needs (15 Years)				CIP Project Priority
Application #	Title of Project	Total Estimated Cost	CIP Expenditure Years	Building Square Footage	Annual Paid Hours	Annual Non-Paid Hours	Full/Part Time Employees	Total Annual Paid Staff Hours	Staffing Needs	Program Needs	Building Needs	Equipment Needs	
												Mowers (2) New Truck	
2023-PK-92	Beards Brook Renovations	\$190,000	2024-2025	N/A	N/A	0	4	N/A	1 FT 3 PT	N/A	N/A	N/A	Medium
2023-PK-93	Replace Beach House Manahan Park	\$315,000	2025-2028	N/A	N/A	0	4	N/A	1 FT 3 PT	N/A	N/A	N/A	High

PROJECTS DESCRIPTION

Many of the projects include descriptions or additional information on the projects as provided by the applicant. The number refers to the CIP application number from *Table 7: Summary of Projects*.

76- Library Renovation of the third floor. Renovation of third floor of Gov. John Butler Smith Mansion. Repair/replace plaster ceiling and walls in the Music room. Cover Flooring, repair door and window, window shades, AC unit, repair fireplace. This space can be used for meetings and programs. Apple Blossom Room: Pull rug up and clean wood floors. Other two rooms: Clean out debris, repairs if needed, cover flooring, and add a stove, refrigerator and sink for programs and meetings.

77- The "Old Town Center Church is in need of full restoration. The main components include a rebuild and redesign of the existing foundation, a building moving team to allow for foundation work, full plaster replacement in interior, flooring refinished, paint, and any cosmetic damage repairs from the building being moved. Equipment rentals, project management, liability etc necessitate a general contractor for this restoration. The end product would be a functional building which the public can utilize again while no longer being a liability to the town.

78- The Carriage Shed is in complete disrepair and needs to be rebuilt in kind and preserve its historic qualities.

79- The building needs to be reconditioned so the space can be effectively heated and cooled. Cosmetic improvements are also required. Reconditioning includes replacing windows and doors.

80- The project is to expand the Harvey Memorial Cemetery. At this time there is enough space but it is expected that more will be needed by 2029.

82- The box culvert on Stowe Mountain Road needs to be replaced because it washes out.

83- The grader is being replaced due to age and wear. This is to avoid higher repair costs.

84- The salt shed is collapsing and is too small for their needs.

85- Aged Equipment.

86- High milage on current ambulance.

87- The radio/communications infrastructure is on its last legs. The end of life of the equipment was 2018. A part was last fixed that was repaired from outdated equipment.

88- Youth Services has the need of a handicapped accessible van.

89- Replace the water/sewer infrastructure on Whittemore Street.

90- Replace the water/sewer infrastructure on Myrtle Street.

91- The rehabilitation of Grimes Field requires engineered plans and construction of the well based or lift pump based whole field irrigation. Reconstruction of perimeter fence, gates and access. Complete reconstruction of back stops, dug outs, and perimeter fence for each of 6 fields. The entirety of the facilities are trending towards disrepair and we need to improve the quality of the experience for users.

92- Engineer, bid and construct a new retaining wall, accessibility points and drainage system at Beards Brook to increase ease of use for the facility. Construct Handicap access to picnic table and pave parking lot.

93- A large scale project to replace and upgrade all facilities at Manahan Park

The original CIP Project Applications are on file in the Planning Board office. The applications give additional detail on the impacts to the operating budget and the methods anticipated to fund each of the applications. Eighteen (18) projects are included in this municipal CIP. Any School District purchases or bonds are included to understand when potential tax increases will be proposed, but are not included in the municipal project listings or overall tax impact discussions.

MUNICIPAL IMPROVEMENTS SCHEDULE

Attachment 1: Municipal Improvements Schedule, 2024-2029 on the foldout page details the CIP projects, their year(s) of expenditure, anticipated Capital Reserve Fund (CRF) annual deposits, recommended methods of financing the capital improvements, and the impacts to the yearly municipal tax rates for the municipal projects. The fiscal year of the Town begins January 1 and ends December 31 of the same year. All numbers are shown in 2023 dollars.

Attachment 1 illustrates a potential \$1.11 impact to every \$1,000 of property valuation in 2024 after identified offsetting revenues are applied. This impact includes projects which would have normally occurred that year, bond payments, and a few new projects that were introduced during the CIP planning process. The \$0.81 in 2027 represents the lowest impact to the tax rate over the coming six years; the highest will occur, with the current project load, in the second year, 2026 at \$1.51 if no changes to the project list or expenditures occurs. It should be noted that most recently Capital Reserve Fund (CRF) deposits have been made from the undesignated fund balance and not by annual appropriations made by taxpayers. The CIP committee felt it was important to keep the CRF deposits in the CIP in case this changes in the future and deposits are made from allocated funds raised by taxpayers.

Voters at the annual March Town Voting Session will decide whether the best interests of the Town and its residents are served when they choose to allocate funds to many of the capital projects listed here. Several Town Departments chose not to participate in the project identification process and are not represented within the CIP. Further evaluations are made in the following document chapters.

SCHOOL DISTRICT IMPROVEMENTS SCHEDULE

Attachment 2: School District Improvements Schedule, details the capital projects anticipated for the Hillsborough-Deering School District over the next five fiscal years, beginning in fiscal year 2024-2025. The fiscal year for school districts begins on July 1st and ends on June 30th of the following year. Hillsborough's share of the Hillsborough-Deering District's expenses is about 77.5%, and this proportion is displayed on Attachment 2 and in the following Table 8.

In Attachment 2, all bonds have been paid off and twelve (12) projects were included by the School District. Although deposits to CRFs and offsetting reimbursements are unknown, understanding their project list can help guide the Town with their own municipal project list. The School District projects range from a low impact of \$2.07 to every \$1,000 of property valuation in FY 2025-26 to a high impact of \$2.57 to every \$1,000 of property valuation in FY 2028-29. All years provide stable taxation, and when the Town obtains further detail on CRFs and offsetting costs, they can be applied to the Town CIP.

The Town CIP Committee did not evaluate or rank the School District projects; the District has its own CIP. Voters at the annual School District meeting will vote on the school budget for the ensuing year.

5. FINANCIAL ANALYSIS

EXPLANATION OF TERMINOLOGY

Equalized valuation, or equalization, is an adjustment of the town's local assessed values, either upward or downward, used to approximate the full value of the town's property. Each year, the NH Department of Revenue Administration (NH DRA) equalizes the property values for every city and town. This process is undertaken due to an imbalance caused by varying local assessment levels. Adjusting these values among towns is the only way for statewide consistency. The total value of all property in a municipality is adjusted based upon the comparison of recent property sales with local property assessments. Once property values have been equalized, public taxes and state revenues are shared by towns and cities and may be fairly apportioned among them. This includes state education property taxes and county taxes.

As generated statistics, equalization ratios are used when revaluation companies are planning their work and are used by assessing officials to periodically check the validity of assessments. Ratios are computed using properties that have sold during the period: the prices the properties actually sold for are compared to the values listed on the assessment cards. The median ratio in a listing of properties is selected to represent the equalization ratio in a town because it gives equal weight to all properties regardless of selling price. The ratio can help towns judge when revaluation should occur and how the town compares with other towns or cities.

The full value tax rate is the equalized tax rate for a town. Contrary to popular belief, the town's equalization ratio cannot be applied directly to the local assessed rate to equal the full value tax rate since other variables are involved. This full value tax rate permits comparisons to other towns in the state for apportionment purposes. The full value tax rate is calculated as follows: The 2022 gross local property taxes to be raised as reported by the Department of Revenue Administration, Municipal & Property Division, divided by the total equalized valuation including utility values and equalized railroad taxes. Due to diverse real estate values in New Hampshire, properties of equal value do not equate to properties of equal size or quality. The full value tax rate can only be used to make a limited comparison of what a property in one municipality would pay for taxes to a property of equal value in another municipality.

The state school tax rate, or the Education Tax, is the town's share of the statewide cost for an adequate education. In 2023, each New Hampshire municipality was responsible for raising an amount equal to \$1.44 per \$1,000 of the town's share of the 2021 equalized valuation without utilities. In order for the town to raise this amount, the rate must be restated to reflect the equalized value of the town (developed by NH DRA) instead of the local assessed value of the town (developed by the Town). Other factors which influence the rate "difference" include exemptions to the elderly and any new construction which has taken place in the past year.

The local school tax rate is calculated using the local assessment of a town. The local assessment is apportioned based on the number of students from each town (also called the average daily membership) and the equalized valuation of each town.

BONDED INDEBTEDNESS

Hillsborough, like most Towns, relies on bonds for the funding of large-scale municipal projects. Bonds typically last from five to twenty years. Low-interest loans and bonds are provided by the NH Municipal Bond Bank, NH Department of Environmental Services, through national programs like the American Recovery and Reinvestment Act (ARRA), and by private organizations. Towns are permitted to carry a certain amount of debt, as described below.

Table 8: Current Bond or Loan Payment Schedules, 2024-2029

Town Bonds	2024	2025	2026	2027	2028	2029	Total 2024-2029	Balance Remain 2029
Water Filtration System 2004 (2024)	94,309	--	--	--	--	--	\$94,309	\$0
Advest Nov 2004 (2024)	101,001	--	--	--	--	--	\$101,001	\$0
Water Main 2004 (2024)	87,465	--	--	--	--	--	\$87,465	\$0
Fire Station Addition 2004 (2024)	13,536	--	--	--	--	--	\$13,536	\$0
Screw Pump Replacement	54,546	3,973	--	--	--	--	\$58,519	\$0
2010 Smith House (2026)	34,028	34,028	16,735	--	--	--	\$84,791	\$0
Bible Hill ARRA Loan	7,547	7,547	7,547	7,547	7,547	7,547	\$45,282	\$19,365
UV/Chloramines Water Treatment ARRA Loan	44,017	44,351	44,680	45,006	46,000	47,000	\$271,054	\$351,208
Total Town Bond & Loan Payments	\$436,449	\$89,899	\$68,962	\$52,553	\$53,547	\$54,547	\$755,957	\$370,573
School Bonds (Hillsborough's 77.5% Share)	FY 2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029	FY 2029-2030	Total 2024-2029	Balance Remain 2029
None								
Total School Bond Payments	\$0							

Source: Hillsborough Annual Report 2022 and School District Annual Report 2022

From Table 8, the Town owes a total of \$371,000 (principal and interest) in municipal debt over the 2024-2029 period. Depending on the type of bond or loan (like water and sewer), they could be paid fully or in part by service user fees instead of general taxation. The School District paid off its last debt service in 2023, and for the purposes of this CIP owes a total of \$0 (principal and interest) over the period.

The payments displayed in Table 8 refer to Town fiscal year 2024 through Town fiscal year 2029, and School fiscal year 2024-25 through fiscal year 2029-30. Table 8 only includes current municipal debt

incurred by the Town and does not include any potential bonds listed in this CIP's Municipal or School Improvement Schedule.

Table 9: Potential New Bond or Loan Payment Schedules, 2024-2029

New Town Bonds	2024	2025	2026	2027	2028	2029	Total
None							\$0
Total Potential New Town Bond Payments	\$0						

The CIP Municipal Improvement Schedule (Attachment I) does not currently include any new bonds for consideration. Any new bonds would have an impact on the annual tax rate, to be included as an update to Attachment I and these tables.

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 (such as Hillsborough-Deering) can incur bonded indebtedness up to 10% of its equalized valuation.

The Town does not have any anticipation notes, and the water and sewer bonds and loans would be excluded below. As of January 2024, the NH DRA's latest published debt limit valuation report was for 2022. The bonding capacity and amount available for the Town of Hillsborough are as follows in Table 10:

Table 10: Bonded Indebtedness Limitation, 2022

	Maximum Bonding Capacity	Existing Debt	Available Bonding (Theoretical)
Base Valuation for Debt Limit 2022:			\$897,534,677
Town (3%)	\$26,926,040	\$1,126,530	\$25,799,510
Local School (10.0%)	\$89,753,468	\$0	\$89,753,468
at 77.5% share*	---	---	---

Source: NH DRA 2022 Base Valuation for Debt Limits;

*Hillsborough is 77.5% share of School District (Deering is 22.5% share)

<https://www.revenue.nh.gov/mun-prop/property/equalization-2022/documents/2022-base-valuation-for-debt-limit.pdf>

As displayed in Table 10, the available bonding capacity for the Town is over \$25 million. This means that projects can currently be bonded up to this amount, although the Town's financial institution should be consulted to verify these figures when wanting to bond a new project. Water projects and sewer projects financed by users are not included as well as any of the proposed new bonds for the CIP term

from Table 9. Bonds which will be paid off in the coming years will enable the bonding capacity to increase. The Hillsborough-Deering School District has over \$89 million in bonding capacity.

ANNUAL VALUATIONS

To develop a feasible CIP, and because the CIP will have financial impact on the community, it is important to understand some basic financial trends within Hillsborough. Hillsborough 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. Property taxation will provide the basis for the CIP project and evaluations.

Table 11: Annual Assessed Valuation Comparisons, 2018 to 2023

	2018	2019	2020	2021	2022	2023
Local Assessed Property Valuation (MS-1)	525,473,235	522,051,696	597,623,515	605,401,180	602,409,549	N/A
Tax Exemptions (Blind, Elderly, Disabled, Solar, Woodheating)	2,798,040	2,723,989	2,656,100	2,663,627	2,838,752	N/A
TOTAL VALUE for TAX RATES	522,675,195	519,327,707	594,967,415	602,737,553	599,570,797	N/A
NHDRA (Assessed) Property Valuation with Utilities	522,650,195	519,423,042	594,882,788	602,737,553	599,570,797	600,153,876

Source: Hillsborough Annual Town Reports (MS-1); NH DRA Tax Rate Reports

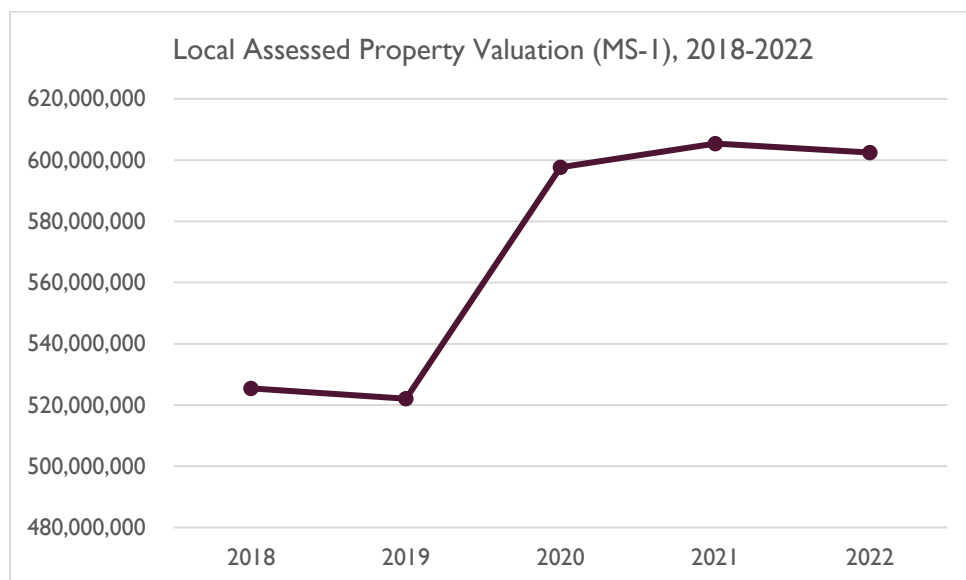
“Net Local Assessed Valuation” means the sum of the “modified assessed valuation” minus the value of property exempted pursuant to RSA 72:37 (blind exemption), 72:38-b (deaf exemption), 72:37-b (disabled exemption), 72:39-a (elderly exemption), 72:62 (solar powered energy systems), 72:66 (wind powered energy systems), 72:70 (wood heating energy systems), RSA 72:23 IV (additional dormitories, dining rooms and kitchen exemption) and RSA 72:85, (electric energy storage systems exemption). The net local assessed valuation is used to calculate a municipality’s tax rate.

The NH Department of Revenue Association (NH DRA) allows a 0.5% deviation in the calculated assessments due to rounding differences. War service credits (Veterans’ Exemptions) are not an assessment and are subtracted directly from the tax bills, so they are not included. In 1999, the Statewide Property Tax for education was enacted, and public utilities were included to calculate the Town’s school tax share. However, those figures are not used here since the focus is primarily on the municipal rate. For additional details on calculations and figure differences, please refer to the NH DRA 2003 Equalization Report.

From Table 11, there was a significant increase of the Local Assessed Property Valuation (MS-1) between 2019-2020, by over 14%. This is also referred to as the “net valuation” for easier narrative descriptions. In 2019, the net valuation baseline reached \$597,623,515 and increased further. In the

following year, the valuation increased further to \$605,401,180. The 2022-2023 net valuations are lower from this high, the entire 2018-2023 period likely following the regional housing market fluctuations.

Figure I: Local Assessed Property Valuations (MS-I), 2018-2022



Source: Table I I

Figure I illustrates the Local Assessed Property Valuation (MS-I) values of Hillsborough between 2018-2023.

CAPITAL RESERVE AND TRUST FUNDS

Annually, voters allocate funds into the Town's Capital Reserve Funds or Expendable Trust funds dedicated for specific purchases or improvements through Town Meeting approval. Table 12 lists those fund balances as of September 30, 2023. Only those funds which are related to capital expenditures within this CIP were included in Attachment I.

Table 12: Capital Reserve Funds and Balances

Fund Name	Balance as of Sep 30, 2023	Typical Yearly Addition
Ambulance CRF	\$269,537	\$75,000
Bridge Repairs CRF	\$51,942	\$25,000
Cemetery Maintenance & Repairs CRF	\$40,963	\$10,000
Fire Department Equipment CRF	\$79,672	\$40,000
Highway Department Equipment/Vehicles CRF	\$35,482	\$50,000
Smith House Maintenance & Repairs CRF	\$149,156	\$50,000
Municipal Buildings Maintenance, Repairs & Upgrades CRF	\$35,606	\$100,000
Parks Maintenance & Repairs CRF	\$193,955	\$30,000
Police Department Equipment CRF	\$175,055	\$50,000
Water & Sewer User Fees	\$0	annual fee collection
Sidewalk Building, Maintenance & Repairs CRF	\$86,545	\$25,000
Transfer Station Equipment CRF	\$148,027	\$25,000
Sewer Inflow CRF	\$278,409	TBD annually
Sewer Sys Improvement CRF	\$57,019	TBD annually
Water Sys Improvement CRF	\$99,603	TBD annually
Waterline Rehab CRF	\$271,781	TBD annually

Source: Hillsborough Town Staff

Capital Reserve Funds (CRFs) are an excellent tool to help 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 hit in any one given year. Money set aside in CRFs also collects interest. Expendable Trust Funds (ETFs) work in a similar way, except that money deposits and withdrawals require Board of Selectmen approval. Hillsborough uses their multitude of CRFs by placing funds into the more regularly used accounts on an annual basis.

By creating CRFs for many of the projects proposed in this CIP or by increasing the deposits into the CRFs via warrant articles at the annual March Town Meeting and Voting Session, the proposed expenditures in this CIP should be more evenly distributed in the following years. In addition, grant funds might be pursued to help offset the burden to taxpayers for some of the projects or purchases that are proposed.

Voters also allocate funds into the School District's Expendable Trust funds. The School District reported that they have two capital reserve funds: replace and repair school building roofs and school paving.

TAX RATE TRENDS AND COMPARISONS

Prior to making any assumptions or decisions regarding a property owner's tax burden in a municipality, other factors should be considered such as real estate values, municipal services, schools, community make-up, and locational factors including proximity to urban areas, medical facilities, highways, recreation areas, etc. The full value tax rates included in the table below are derived by the NH Department of Revenue Administration (NH DRA). The NH DRA develops the full value tax rate 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. The full value tax rate represents the estimated tax rate for a municipality if all the taxable property was assessed at 100% and includes the equalized value of properties for which a payment in lieu of property taxes is made.

Table 13: Hillsborough Tax Rates and Trends, 2018 to 2023

	2018	2019	2020	2021	2022	2023
Local Tax Rate	\$29.50	\$31.56	\$28.73	\$28.92	\$26.69	\$31.22
Municipal Rate	\$10.05	\$10.68	\$10.68	\$10.35	\$10.34	\$10.40
Local School Rate	\$16.17	\$17.62	\$15.22	\$15.74	\$13.94	\$17.67
State Education Rate	\$2.13	\$2.13	\$1.81	\$1.84	\$1.26	\$1.87
County Rate	\$1.15	\$1.13	\$1.02	\$0.99	\$1.15	\$1.28
Full Value Tax Rate	\$28.14	\$27.19	\$27.56	\$21.84	\$17.78	N/A
Equalization Ratio	93.1	87.0	96.8	76.2	67.1	N/A

Sources: NH DRA Comparison of Tax Rates, Equalization

In Table 13, the decline of the Full Value Tax Rate, which enables the town to compare its tax rate with other towns in New Hampshire fairly, can also be traced in the decline of the equalization ratio. The closer the ratio is to 100%, the closer the Full Value Tax Rate will be to the Local Tax Rate. During a fluctuating housing market period and the farther from the year of the last revaluation, a lower equalization ratio is expected.

Figure 1 is the display of Table 13's comparison between its four types of tax rates each year, municipal, local school, state education, and county, between 2018-2023. The school rate forms much of the portion of the overall Local Tax Rate annually.

Figure 2: Hillsborough Tax Rates and Trends, 2018-2023

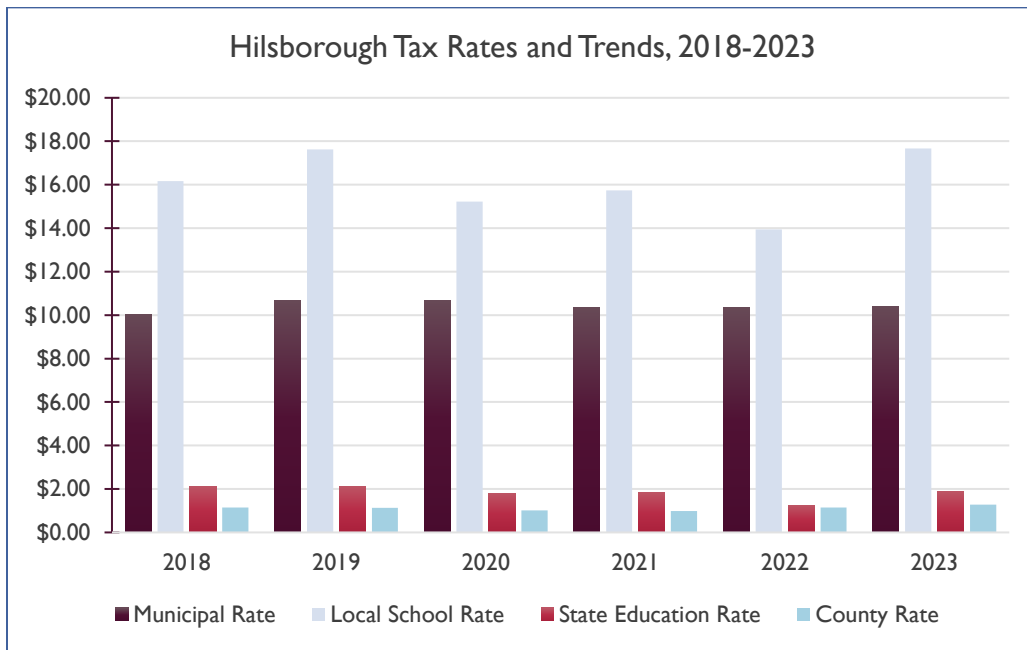


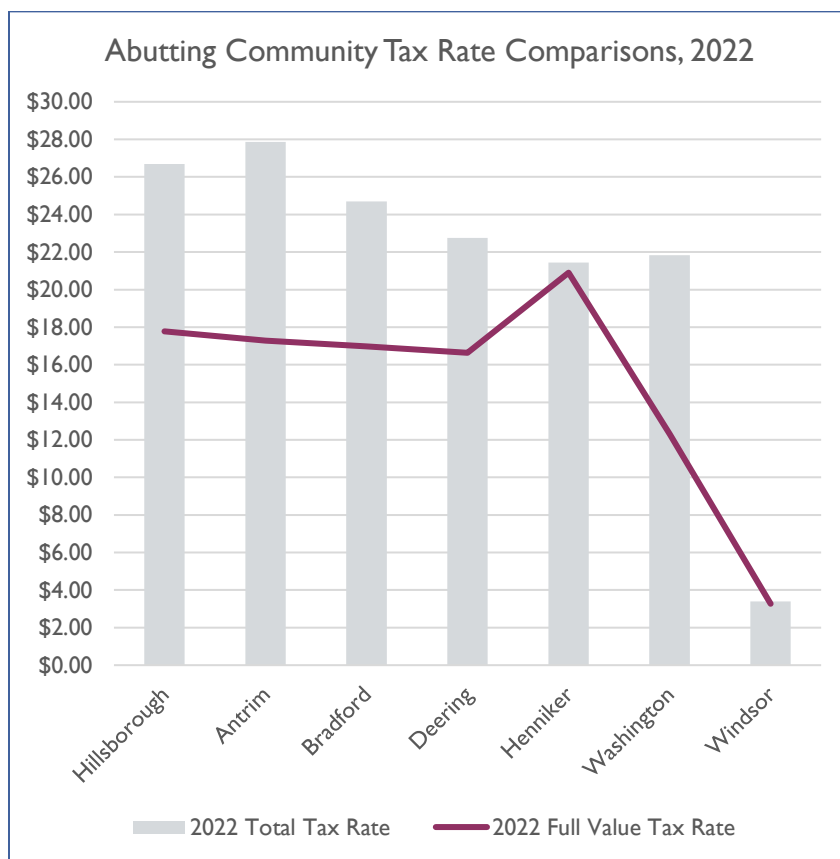
Table 14 uses 2022 data, the latest year for which all tax data was available. A comparison of Hillsborough's taxes to all neighboring communities' taxes gives an area perspective of land taxation and opportunities to observe differences. Antrim has the highest local Total Tax Rate at \$27.86 per \$1,000 of valuation, more than \$1.00 higher than the next closest town (Hillsborough) at \$26.69. At the other end of the spectrum, sparsely populated Windsor has a \$3.39 Total Tax Rate, one of the lowest in the state.

Table 14: Abutting Community Tax Rate Comparisons, 2022

Town	2020 US Census Population	2025 NHOPD Pop. Est.	2022 Municipal Rate	2022 Local School Rate	2022 State School Rate	2022 County Rate	2022 Total Tax Rate	2022 Tax Rate Per Capita	2022 Local Assessed Valuation	2022 Equal. Ratio	2022 Full Value Tax Rate	2022 Equalized Valuation
Hillsborough	5,939	6,186	10.34	13.94	1.26	1.15	26.69	0.0045	\$602,409,549	67.1	\$17.78	\$897,800,082
Antrim	2,651	2,763	9.65	15.52	1.45	1.24	27.86	0.0105	\$268,522,468	62.5	\$17.28	\$451,787,666
Bradford	1,662	1,722	9.35	11.63	1.25	2.46	24.69	0.0149	\$252,836,512	68.9	\$16.97	\$366,774,923
Deering	1,904	1,985	6.15	14.24	1.27	1.09	22.75	0.0119	\$246,577,351	65.1	\$16.64	\$378,461,475
Henniker	6,185	6,393	6.93	11.84	0.88	1.79	21.44	0.0035	\$731,855,457	98.7	\$20.90	\$745,753,630
Washington	1,192	1,216	7.70	9.59	1.42	3.13	21.84	0.0183	\$247,093,590	56.4	\$12.30	\$437,936,618
Windsor	262	273	3.48	-1.86	0.96	0.81	3.39	0.0129	\$37,093,862	97.0	\$3.27	\$38,219,764

Source: US Census Bureau 2020; NH OPD State, County and Municipal Pop Projections, 2020-2050; NH DRA: 2022 Tax Rate Comparison, 2022 Equalization with Utilities, and 2022 Comparison of Full Value Tax Rate

Figure 3: Abutting Community Tax Rate Comparisons, 2022



The visual of Table 14 in Figure 2 shows how closely aligned the Full Value Tax Rate is to the Total Tax Rate in surrounding communities. In 2022, Henniker's Total Tax Rate of \$21.44 nearly matches its NH DRA calculated Full Value Tax Rate because the town's equalization ratio is 98.7%. A similar measure is found in Antrim. Many area towns including Hillsborough will need to revalue their properties in the coming years to better align with statewide housing market, known to be in a current state of disarray.

The projects that Hillsborough has identified within this CIP will increase the municipal tax rate, one of four tax rate comprising the Total Tax Rate. Many of these projects would have occurred organically regardless of the existence of a CIP and now the Town can plan ahead to accommodate upcoming anticipated capital expenditures. Although higher taxes are often difficult to sell to residents, increases may be easier to justify if they improve the quality of life, improve safety or correct deficiencies.

ANTICIPATED FINANCIAL IMPACTS OF PROJECTS

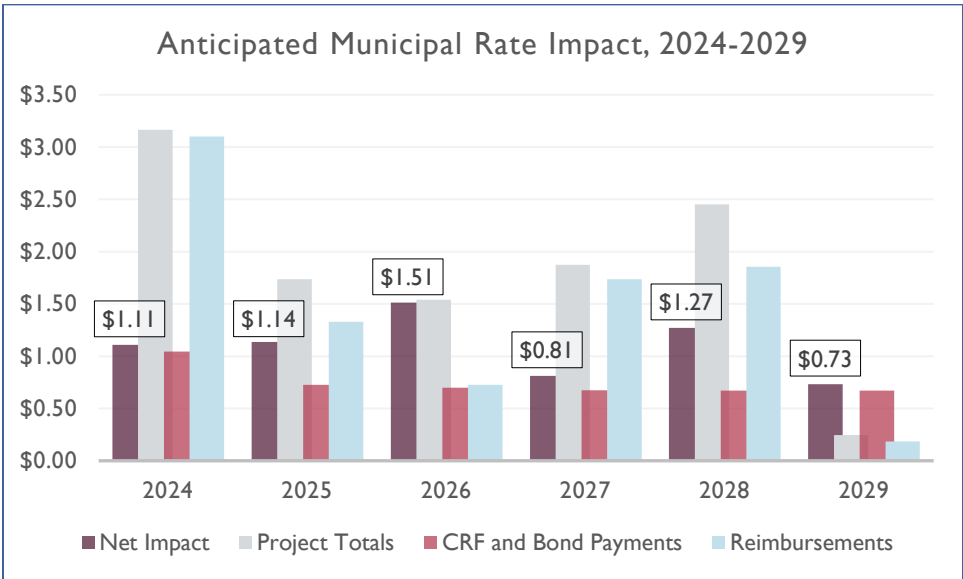
Understanding the growth of Local Assessed Property Valuation (MS-I) between 2024 to 2029 is necessary because the CIP will estimate how much financial impact the proposed projects will have on the upcoming tax rates. The 2022 Local Assessed Property Valuation (MS-I) of \$598,085,282, the value or “wealth” of the Town, is the baseline to which we apply the growth rate of 0.42% each year through 2029, the end of this CIP term. This growth rate average was derived from calculating the increase in valuations 2018 through 2022, including the revaluation in 2020.

The capital projects, Capital Reserve Fund allowances, and bond payments Hillsborough has identified within this CIP will increase the municipal tax rate. Many of these projects would have occurred regardless of the existence of a CIP, and now the Town can plan ahead with upcoming anticipated capital expenditures. Although higher taxes are often difficult to justify to residents, increases may be easier to justify if they improve the quality of life, improve safety, or correct deficiencies.

It is important to realize that the CIP and its projected financial impacts are first and foremost advisory and hold no legal commitment for the Town to undertake such expenditures. Secondly, it serves as a planning process in order to stabilize the tax rate while improving safety and providing essential services by identifying when (and at what cost) the municipal tax impacts may come into effect without further planning.

Eighteen (18) municipal projects were identified for this CIP and are reflected in Figure 4, although only 16 of them have funding attributed. Attachment I Municipal Improvements Schedule displays the Net Impact on the Town Tax Rate by each of the proposed CIP projects, Capital Reserve Fund (CRF) deposits, and bond and loan payments. Figure 4, Anticipated Municipal Tax Rate Impact provides the estimated breakdown annually to summarize the local tax rate impact.

Figure 4: Anticipated Municipal Tax Rate Impact



Source: Attachment I, Municipal Improvement Schedule

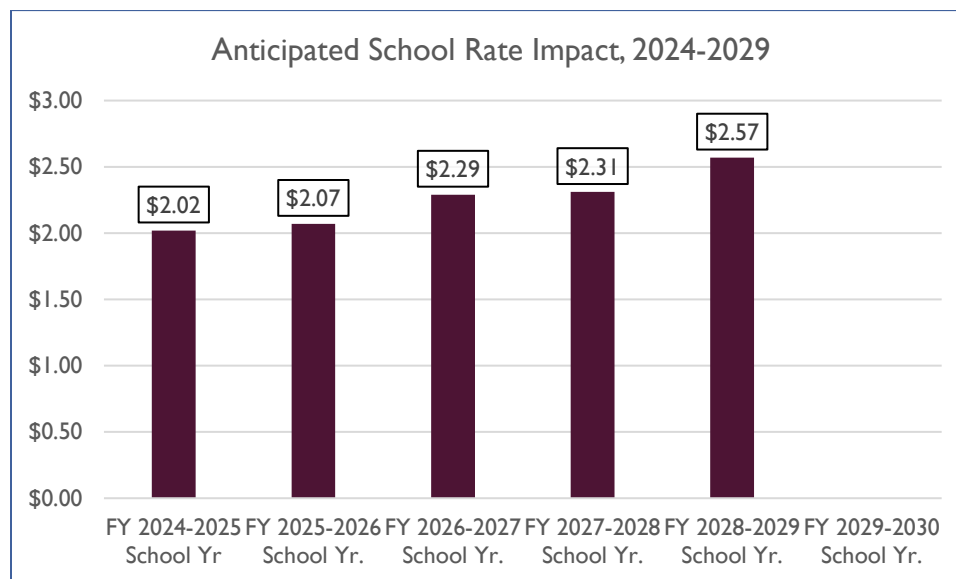
Once all known offsetting reimbursements are applied, the range of municipal tax rate impacts from between 2024 to 2029 ranges from \$1.51 per \$1,000 of valuation in 2026 to \$0.73 per \$1,000 of valuation in 2029. To obtain funding at Town meetings, Department heads should raise public awareness and promote a positive message for the necessity of their projects before January 1 through Town Meeting.

The dollar amounts assume that every one of the projects or purchases scheduled within a particular fiscal year will be fully funded through a vote at the Town Meeting that may also authorize some borrowing. The overall impact to the tax rate from is not in addition to the designated municipal tax rate for these years. The numbers below are “blended” with the capital improvements pre-planned to be expended prior to the creation of this 2024-2029 CIP. The Anticipated Municipal Tax Rate Impact figure is merely a prediction of what may be in store within the next six years, a planning tool, if the status quo of the Town is maintained through 2029. By planning for these projects now, the Town will be working to ultimately keep the municipal tax rate more stable over the coming years.

Twelve (12) school projects were identified for this CIP by the School District. There are currently no bonds, and although CRF deposits and offsetting revenues were not identified, understanding what projects will be forthcoming from the School District can help the Town with the capital project decision making.

Figure 5 was excerpted from Attachment 2, School District Improvements Schedule depicted earlier in the document. The tax rate impacts range are consistent, between \$2.02 and \$2.56 per \$1,000 of valuation between 2024 to 2029. Because the District’s fiscal years differ from the Town’s calendar years, the final year for FY 2029-30 remains blank.

Figure 5: Anticipated Local School Tax Rate Impact



Source: Attachment 2, School District Improvement Schedule

6. ROAD MANAGEMENT PLAN

A Road Management Plan placed within a Capital Improvements Program assists municipalities with managing the current and future road improvements which will be required to maintain safety. Road maintenance, rehabilitation, and reconstruction are extremely costly to municipalities and these activities are necessary to ensure residents can travel to and from their homes. Often, a few road improvement projects will appear with the CIP project listings, but generally local road improvements projects are considered as part of the overall services a community like Hillsborough provides and the economic impacts fall into annual operating budgets or are paid for by warrant article. The purpose of the Road Management Plan is to inventory the roads in Hillsborough and budget allocation as well to keep the idea of the potential expenses of road improvement in the forefront of discussion.

Towns are responsible for maintaining Class V roads and annually receive Highway Block Grant State Aid to assist with road maintenance. Within this section, all road classifications within Hillsborough are inventoried: Town Class V maintained roads, Town Class VI unmaintained roads, private roads, Emerald Lake Village District roads (considered private roads within this CIP), and Class I and II State roads. As data collection methods become more detailed, this CIP uses the July 2023 NH Department of Transportation road data, maintained on a constant basis, to identify more accurate road mileage, road width, and surface type of each road in Hillsborough.

After the inventory, local Highway Department expenditures and proportions of the Town budgets are examined over time to determine trends. Road construction and maintenance are a significant expense for all communities and few roads can be maintained in a given year. With rising supply and labor costs, Highway Departments need to prioritize the Town's most urgent needs with budgets that provide for only a few miles' worth of maintenance or rehabilitation each year. Class V roads are typically improved on an as-needed basis often with assistance from NH DOT Ten Year Plan funding.

TOWN ROADS - CLASS V AND CLASS VI

Hillsborough has around 100 Class V Town roads totaling 70 miles which are the responsibility of the Town to build, maintain, and upgrade or rehabilitate. Most of the Town roads are paved, although some of the roads have both paved and unpaved sections. Some of the roads are as narrow as 6 feet in width; generally, the narrower the road, the more likely it will be unpaved. All Class V Town roads are listed in Table 15.

Table 15: Town Roads (Class V)

Class V Road	Approx Length (Miles)	Approx Length (Feet)	Roadway Width (Feet)	Surface Type
Atwood Rd	0.2	1,056.00	20	Paved
Barden Hill Rd	1.001	5,285.28	18	Paved
Barden Hill Rd	0.11	580.80	18	Unpaved
Bear Hill Rd	2.33	12,302.40	18	Paved
Beard Rd	1.599	8,442.72	20	Paved
Beard Rd	2.509	13,247.52	14	Unpaved
Bethel Rd	0.169	892.32	20	Unpaved
Bible Hill Rd	0.791	4,176.48	20	Paved
Bible Hill Rd	1.049	5,538.72	12	Unpaved
Blair Ave	0.28	1,478.40	20	Paved
Bog Rd	1.142	6,029.76	22	Paved
Bog Rd	3.021	15,950.88	10 & 22	Unpaved
Boulder Rd	0.215	1,135.20	20	Paved
Bradford Cir	0.229	1,209.12	20	Paved
Breezy Point Rd	0.147	776.16	12	Paved
Briggs St	0.096	506.88	14	Paved
Brown St	0.067	353.76	16	Paved
Butler Ave	0.041	216.48	18	Paved
Butler St	0.175	924.00	18	Paved
Camp Rd	0.379	2,001.12	8	Unpaved
Carter Hill Rd	1.345	7,101.60	8 & 14	Unpaved
Center Rd	0.276	1,457.28	18	Paved
Central St	0.227	1,198.56	20	Paved
Childs Way	0.06	316.80	20	Paved
Church St	0.382	2,016.96	22	Paved
Clark Rd	0.09	475.20	16	Paved
Colby Rd	0.565	2,983.20	12	Unpaved
Concord End Rd	1.849	9,762.72	8, 10, 12	Unpaved
Contoocook Falls	0.648	3,421.44	22	Paved
Cooledge Rd	2.787	14,715.36	20	Paved
County Rd	2.417	12,761.76	8	Unpaved
Cross St	0.11	580.80	18	Paved
Dam Rd	0.454	2,397.12	8	Unpaved
Danforth Corners	1.324	6,990.72	10, 12	Unpaved
Deer Ln	0.316	1,668.48	20	Unpaved
Depot St	0.19	1,003.20	20	Paved
East Washington Rd	4.617	24,377.76	20	Paved
Edgebrook Rd	0.062	327.36	26	Paved
Farley Rd	0.935	4,936.80	6, 10	Unpaved
Flint Rd	0.338	1,784.64	6	Unpaved
Gay Ave	0.171	902.88	20	Paved
Gibson Rd	0.197	1,040.16	20	Paved
Gleason Falls Rd	1.967	10,385.76	6, 8, 10	Unpaved
Gould Pond Rd	0.389	2,053.92	18	Paved
Gould Pond Rd	0.815	4,303.20	14	Unpaved
Hall Rd	0.731	3,859.68	10	Unpaved

Class V Road	Approx Length (Miles)	Approx Length (Feet)	Roadway Width (Feet)	Surface Type
Harvey Way	0.232	1,224.96	20	Paved
Henniker St	2.006	10,591.68	24, 40	Paved
High St	0.232	1,224.96	14	Paved
Holman St	0.113	596.64	18	Paved
Jackson St	0.097	512.16	18	Paved
Jefferson Dr	1.434	7,571.52	20	Paved
John St	0.059	311.52	14	Paved
Jones Rd	0.623	3,289.44	20	Paved
Jones Rd	0.673	3,553.44	12	Unpaved
Keith Rd	0.474	2,502.72	10	Unpaved
Kemp Rd	0.048	253.44	20	Paved
Kimball Hill Rd	0.305	1,610.40	12	Unpaved
Lincoln Cir	0.121	638.88	22	Paved
Madison Cir	0.325	1,716.00	20	Paved
Maple St	0.048	253.44	16	Paved
Mary Rowe Dr	0.932	4,920.96	20	Paved
McNeil Rd	0.091	480.48	20	Paved
Meeting Hill Rd	0.345	1,821.60	20	Paved
Melody Ln	0.592	3,125.76	12	Unpaved
Merrill Rd	0.223	1,177.44	24	Paved
Miller Rd	0.108	570.24	20	Paved
Moore Rd	0.095	501.60	20	Paved
Mountainside Dr	0.165	871.20	12	Paved
Municipal Dr	0.346	1,826.88	18	Paved
Myrtle St	0.202	1,066.56	20	Paved
Newman St	0.097	512.16	14	Paved
North Rd	1.242	6,557.76	12	Unpaved
Norton Dr	0.2	1,056.00	20	Paved
Old Driftway	0.225	1,188.00	24	Paved
Old Henniker Rd	1.911	10,090.08	20	Paved
Old Railroad Dr	0.125	660.00	12	Unpaved
Park Pl	0.056	295.68	14	Paved
Park St	0.21	1,108.80	18	Paved
Patten Hill Rd	0.583	3,078.24	12	Unpaved
Pearl St	0.144	760.32	18	Paved
Pine Ridge Rd	0.335	1,768.80	20	Paved
Pleasant St	0.14	739.20	18	Paved
Preston St	0.95	5,016.00	18, 20	Paved
Prospect St	0.131	691.68	16	Paved
Ray Rd	0.166	876.48	8	Unpaved
River St	0.224	1,182.72	14	Paved
Robbins Rd	0.401	2,117.28	10	Unpaved
Sawmill Rd	1.112	5,871.36	20	Paved
Schwartz Ave	0.192	1,013.76	16	Unpaved
Second New	0.408	2,154.24	18, 20	Paved
Second New	0.974	5,142.72	16	Unpaved
Shedd Rd	1.051	5,549.28	12	Unpaved

Class V Road	Approx Length (Miles)	Approx Length (Feet)	Roadway Width (Feet)	Surface Type
Sleeper Rd	0.708	3,738.24	12	Unpaved
Stowe Mountain Rd	2.33	12,302.40	12	Unpaved
Sulphur Hill Rd	0.905	4,778.40	10	Unpaved
Summer St	0.171	902.88	14	Paved
Symonds Rd	0.293	1,547.04	20	Paved
Union St	0.205	1,082.40	18	Paved
Union St	0.174	918.72	18	Unpaved
Valhalla Farm Rd	0.363	1,916.64	16	paved
Wall St	0.039	205.92	20	Paved
Walnut St	0.106	559.68	14	Paved
Washington Cir	0.306	1,615.68	20	Paved
Webster Cir	0.089	469.92	20	Paved
West Main St	1.363	7,196.64	22, 24	Paved
West Mill St	0.53	2,798.40	18	Paved
Whitney Rd	0.236	1,246.08	20	Paved
Whitney Rd	0.258	1,362.24	10	Unpaved
Whittemore St	0.157	828.96	18	Paved
Williams Rd	0.058	306.24	18	Paved
Windsor Rd	1.778	9,387.84	18	Paved
Windsor Ter	0.125	660.00	20	Paved
Woodlawn Ave	0.074	390.72	20	Paved
Wyman St	0.266	1,404.48	14, 20	Paved
Total	70.112	370,191.36	---	

Sources: NH DOT & CNHRPC GIS Road Inventory, July 2023

Although Hillsborough does not maintain Town Class VI roads, these roads are municipally owned. By vote of the Town, the Town may decide someday begin to maintain these roads again, and their classification would be upgraded to Class V. Or, a Class VI road could be designated as a trail at Town Meeting. There are nearly 14 miles of Class VI roads in Hillsborough as listed in Table 16.

Table 16: Town Unmaintained Roads (Class VI)

Class VI Road	Approx Length (Miles)	Approx Length (Feet)	Roadway Width (Feet)	Surface Type
Bailey Adams Rd	0.259	1,367.52	6	Paved
Carter Hill Rd	0.257	1,356.96	8	Unpaved
Concord End Rd	1.38	7,286.40	6	Unpaved
County Rd	1.33	7,022.40	6	Unpaved
Danforth Corners Rd	0.415	2,191.20	10	Unpaved
Dean Hill Rd	1.015	5,359.20	6	Unpaved
Eli Rd	0.16	844.80	6	Unpaved
Engelwood Dr	0.119	628.32	20	Paved
Farley Rd	0.726	3,833.28	6	Unpaved
Gleason Falls Rd	0.184	971.52	6	Unpaved
Gould Pond Rd	0.752	3,970.56	6	Unpaved
Greene Rd	0.38	2,006.40	12	Unpaved
Hall Rd	0.209	1,103.52	10	Unpaved
Intervale Dr	0.079	417.12	20	Paved
Kimball Rd	0.811	4,282.08	6	Unpaved
North Rd	0.355	1,874.40	6	Unpaved
Old Railroad Dr	0.577	3,046.56	12	Unpaved
Sand Knoll Rd	1.626	8,585.28	6	Unpaved
Severance Rd	0.518	2,735.04	12	Unpaved
Sleeper Rd	1.091	5,760.48	6, 8	Unpaved
Stowe Mountain Rd	0.241	1,272.48	6	Unpaved
Sulphur Hill Rd	0.408	2,154.24	10	Unpaved
Whitney Rd	0.601	3,173.28	6	Unpaved
Total	13.493	71,243.04		

Sources: NH DOT & CNHRPC GIS Road Inventory, July 2023

PRIVATE ROADS

Hillsborough does not maintain private roads unless the Board of Selectmen votes to accept a private road as a Class V Town Road after the authority has been granted to them by voters at Town Meeting. Within Hillsborough as shown in Table 17, there are about 17 miles of private roads. All of these roads are unpaved and are 10 feet in width, except for one small road segment.

Table 17: Private Roads

Private Road	Approx Length (Miles)	Approx Length (Feet)	Roadway Width (Feet)	Surface Type
Bennett Cir	0.089	469.92	10	Unpaved
Brookside Dr	0.12	633.60	10	Unpaved
Bystrek Rd	0.511	2,698.08	10	Unpaved
Colby Hill Rd	0.563	2,972.64	10	Unpaved
Crosby Rd	0.274	1,446.72	10	Unpaved
Dascomb St	0.133	702.24	10	Unpaved
Dean Hill Rd	1.217	6,425.76	10	Unpaved
Dowlin Rd	0.084	443.52	10	Unpaved
Emerald Ln	0.36	1,900.80	10	Unpaved
Gerry Rd	0.038	200.64	10	Unpaved
Grimes Sports Fld	0.522	2,756.16	10	Unpaved
Hadley Rd	0.515	2,719.20	10	Unpaved
Hill St	0.217	1,145.76	10	Unpaved
Hillcat Dr	0.39	2,059.20	10	Unpaved
Icehouse Rd	0.091	480.48	10	Unpaved
Kimball Hill Rd	0.47	2,481.60	10	Unpaved
Lasala Rd	0.151	797.28	10	Unpaved
Lows End Rd	0.019	100.32	10	Unpaved
Marina Rd	0.384	2,027.52	10	Unpaved
Mccolley Rd	0.135	712.80	10	Unpaved
Morgan Rd	0.084	443.52	10	Unpaved
Mountainside Dr	0.084	443.52	10	Unpaved
Myrtle St	0.129	681.12	10	Unpaved
No Name	9.152	48,322.56	10	Unpaved
Pine Rock Rd	0.169	892.32	10	Unpaved
Poverty Plain Rd	0.256	1,351.68	10	Unpaved
PS 404 Entrance	0.088	464.64	28	Paved
Severance Rd	0.337	1,779.36	10	Unpaved
Skunk Farm Rd	0.16	844.80	10	Unpaved
Temple Rd	0.237	1,251.36	10	Unpaved
Total	16.979	89,649.12		

Sources: NH DOT & CNHRPC GIS Road Inventory, July 2023

EMERALD LAKE VILLAGE DISTRICT ROADS

These special Class V Emerald Lake Village District roads shown in Table 18 are situated within a separate taxation district within Town. NH DOT classifies the roads as private because they are not maintained by the Town of Hillsborough. Yet these are special Class V roads maintained by the Emerald Lake Village District, concentrated within a small area around Emerald Lake. All roads in Table 18 are 10 feet in width and are unpaved roads. For the purposes of the CIP, the Emerald Lake Village District roads can be categorized as private roads since the Town has no responsibility toward them.

Table 18: Private Emerald Lake Village District Roads

ELVD Road	Approx Length (Miles)	Approx Length (Feet)	Roadway Width (Feet)	Surface Type
Alpine Way	0.293	1,547.04	10	Unpaved
Autumn Rd	0.534	2,819.52	10	Unpaved
Beaver Glen Rd	0.211	1,114.08	10	Unpaved
Birch Tree Ln	0.11	580.80	10	Unpaved
Bobolink Ln	0.186	982.08	10	Unpaved
Boulder Pass	0.213	1,124.64	10	Unpaved
Dawn St	0.163	860.64	10	Unpaved
Deerpoint Dr	0.345	1,821.60	10	Unpaved
Ellen Brook Rd	0.432	2,280.96	10	Unpaved
Emerald Dr	0.391	2,064.48	10	Unpaved
Firefly Ln	0.23	1,214.40	10	Unpaved
Greenfield Dr	0.063	332.64	10	Unpaved
Hemlock St	0.19	1,003.20	10	Unpaved
Hillside Dr	0.126	665.28	10	Unpaved
Hummingbird Ln	0.79	4,171.20	10	Unpaved
Huntington Dr	0.433	2,286.24	10	Unpaved
Kings Row	0.123	649.44	10	Unpaved
Megan Ln	0.224	1,182.72	10	Unpaved
Midnight Walk	0.282	1,488.96	10	Unpaved
Moccasin Trl	0.243	1,283.04	10	Unpaved
Old Lantern Rd	0.222	1,172.16	10	Unpaved
Pine Glen Rd	0.587	3,099.36	10	Unpaved
Rabbit Path	0.098	517.44	10	Unpaved
Raccoon Aly	0.262	1,383.36	10	Unpaved
Rainbows End	0.258	1,362.24	10	Unpaved
Ravenhead Ln	0.212	1,119.36	10	Unpaved
Red Fox Xing	0.469	2,476.32	10	Unpaved
Seminole Rd	0.388	2,048.64	10	Unpaved
Skyview Ln	0.165	871.20	10	Unpaved
Spring St	0.359	1,895.52	10	Unpaved
Sunrise Pl	0.243	1,283.04	10	Unpaved
Turtle Bridge Crossing	0.223	1,177.44	10	Unpaved
Winter Rd	0.601	3,173.28	10	Unpaved
Total	9.669	51,052.32		

Sources: NH DOT & CNHRPC GIS Road Inventory, July 2023

STATE HIGHWAYS

State improvements are undertaken and funded by the NH Department of Transportation (<https://www.dot.nh.gov/>) and the US Department of Transportation Federal Highway Administration (<https://highways.dot.gov/>). About 21 miles of Class I and II state roads are located in Hillsborough and are maintained by State of New Hampshire District 4 (<https://www.dot.nh.gov/about-nh-dot/divisions-bureaus-districts/highway-maintenance/district-4>). With more precise measurement and management tools, detailed road data is available in Table 19 and Table 20. All state highway roads are paved and are between 22-60 feet in width, excluding the narrower on and off ramps for US 202 traffic.

Table 19: State Roads (Class I)

Class I Roads	Approx Length (Miles)	Approx Length (Feet)	Roadway Width (Feet)	Surface Type
Antrim Rd	0.636	3,358.08	42	Paved
Hillsborough Bypass	0.066	348.48	50	Paved
NH Route 9	1.811	9,562.08	44 & 46	Paved
US 202 EB Off ramp (Main St)	0.46	2,428.80	30	Paved
US 202 EB Off ramp (Contoocook Valley Rd)	0.408	2,154.24	28	Paved
US 202 EB On ramp (Main St)	0.36	1,900.80	30	Paved
US 202 EB On ramp (Contoocook Valley Rd)	0.39	2,059.20	21 & 28	Paved
US 202 On ramp (Contoocook Valley Rd)	0.051	269.28	22	Paved
US 202 WB Off ramp (Main St)	0.548	2,893.44	30	Paved
US 202 WB Off ramp (Contoocook Valley Rd)	0.367	1,937.76	28	Paved
US 202 WB Off ramp (Main St)	0.447	2,360.16	26	Paved
US 202 WB On ramp (Contoocook Valley Rd)	0.417	2,201.76	28	Paved
US Route 202	2.902	15,322.56	44, 48 & 50	Paved
West Main St	1.903	10,047.84	32 & 60	Paved
Total	10.766	56,844.48		

Table 20: State Roads (Class II)

Class II Roads	Approx Length (Miles)	Approx Length (Feet)	Roadway Width (Feet)	Surface Type
Bridge St	0.523	2,761.44	20 & 24	Paved
Center Rd	2.748	14,509.44	22 & 30	Paved
Coolidge Rd	0.518	2,735.04	22	Paved
East Washington Rd	0.714	3,769.92	22	Paved
School St	0.414	2,185.92	22, 24, 32, 36	Paved
Second New Hampshire Tpke	3.905	20,618.40	24 & 32	Paved
West Main St	1.383	7,302.24	26, 34, 38, 44, 52, 58	Paved
Total	10.205	53,882.40		

Sources: NH DOT & CNHRPC GIS Road Inventory, July 2023

TOWN ROAD MILEAGE COMPARISONS AND BUDGET

Calculating the length of each type of road in Town, Hillsborough has over 131 total miles of roadway as shown in Table 20. After the 70 miles of Class V roads, another 13 miles are Class VI. Private roads (including Emerald Lake Village District) constitute 27 miles, with State highways accounting for the remaining 21 miles.

Table 21: Road Mileage in Hillsborough by Classification

Road Class	Approx Length (Miles)	Approx Length (Feet)	Roadway Width (Feet)	Surface Type
Class I State Roads	10.766	56,844.48	22-60	Paved
Class II State Roads	10.205	53,882.40	20-58	Paved
Class V Town Roads	70.112	370,191.36	12-40	Paved, Unpaved
Class VI Town Roads	13.493	71,243.04	6-20	Paved, Unpaved
Private Roads	16.979	89,649.12	10-28	Paved, Unpaved
Emerald Lake Village District Roads	9.669	51,052.32	10	Unpaved
Total	131.224	692,862.72		

Source: Calculations from Roads Tables

To measure the per capita linear road mileage, the Census 2020 population of 5,939 is used. Considering the 104.6 miles of public roads in Hillsborough (no private roads or Emerald Lake Village District Roads), yields about 93 feet (or 0.017 of a mile) of linear roadway per person in Hillsborough. Comparisons like these are useful when trying to understand the proportion of people to roads in a community – does a community have too few roads or too many roads to manage – for future planning purposes. Overall, New Hampshire public roads yield about 83 feet (or 0.016 of a mile) of linear

roadway per person. Thus, on average, Hillsborough has more public roads per capita than New Hampshire, including the interstates and urban areas.

Comparisons of budgeting trends over time also help with understanding how the impact of roads on the community is changing over time. The Highway and Streets Budgets in Table 21 include maintenance of streets and road improvement expenditures but does not include street lighting. The Highway Department Operating Budget averaged about 17% of the overall Town Operating Budget annually during the 2018-2023 period.

Table 22: Highway Department Budget, 2018-2023

	2018	2019	2020	2021	2022	2023 Est.*	Total	Average
Highway and Street Budget Appropriations	\$1,265,159	\$1,292,696	\$1,213,884	\$1,356,803	\$1,338,920	\$1,413,930	\$7,881,392	\$1,313,565
Town Operating Budget Appropriations	\$7,243,570	\$7,512,720	\$7,470,712	\$7,700,251	\$8,073,299	\$8,671,606	\$46,672,158	\$7,778,693
% of Town Budget	17.5%	17.2%	16.2%	17.6%	16.6%	16.3%	---	16.9%
State Highway Block Grant Aid	\$177,680	\$183,565	\$181,137	\$176,420	\$332,179	\$282,070	\$1,333,051	\$222,175
% of Highway Budget	14.0%	14.2%	14.9%	13.0%	24.8%	19.9%	---	16.8%

Source: Hillsborough 2018-2022 Annual Reports, does not include Street Lighting. 2023 estimates are from Annual Report 2022 sections.

In 2022, the Highway Department's Operating Budget was \$1,338,920 while the total Town Operating Budget was \$8,073,299 (16.6% allotted). The percentage of funds allocated to the Highway Department since 2018 has declined and now hovers about 16.5% of the total Town Budget. When additional funding streams such as those provided State of New Hampshire Department of Transportation are strong and can compensate for less appropriation, this is an adequate budgetary strategy. With over 70 miles of Town Class V road to maintain, repair, plow and sand/salt, road operations are costly.

Here are a few factors to consider related to the increasing costs of road maintenance and budgets:

- Swelling costs of construction materials – materials are more expensive than in 2018, and the increase exceeds inflation.
- Difficulty to obtain materials when needed – how long does the Town have to wait for materials?
- Retaining skilled labor crews – what attracts and keeps people working for the Hillsborough Highway Dept?
- Increasing number of severe weather storms each year – many rainstorms damage, washout and erode the roads and ditching. More “snow and melt” storms occur annually but still need plowing, sanding, salting. How are these accounted for in the budget and staffing.
- How well maintained are the existing roads are today and how much investment will be needed in the future?

There are no easy answers to these factors except to try and get ahead of the potential problems. Consider investing in software like Road Surface Management and Systems (RSMS), increasing the Highway Department Operating Budget each year, seeking additional state and federal grants, stocking up on common road construction materials, increasing the amount of annual funding into highway Capital Reserve Funds (CRFs), ensuring Town Roads are all in good condition (minor road repairs are less expensive than reconstruction), and participating in available programs to help keep costs down. Larger, planned road improvements can be added to a future CIP to ensure the projects are accommodated as much as possible in advance.

7. 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 IMPROVEMENT PROJECTS

- 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.<https://www.gencourt.state.nh.us/rsa/html/iii/33/33-mrg.htm>

- 3) Capital Reserve Funds (CRF): A popular method to set money aside for expansion, alteration or improvement to municipal buildings and facilities, RSA 35-V 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.

<https://www.gencourt.state.nh.us/rsa/html/iii/35/35-mrg.htm>

- 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.

<https://www.des.nh.gov/business-and-community/loans-and-grants/clean-water-state-revolving-fund>

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.

<https://www.des.nh.gov/business-and-community/loans-and-grants/drinking-water-state-revolving-fund>

- 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).

<https://www.des.nh.gov/climate-and-sustainability/conservation-mitigation-and-restoration/source-water-protection>

FUNDING SOURCES FOR TRANSPORTATION IMPROVEMENT PROJECTS

- 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.
<https://www.dot.nh.gov/projects-plans-and-programs/ten-year-plan>
- 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.
<https://www.dot.nh.gov/projects-plans-and-programs/programs/transportation-alternatives-program>
- 3) State Highway Block Grants: 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. **In State FY-2022, Hillsborough was allocated \$155,390 in highway block grants from the State from Apportionment "A" funds.**
<https://www.dot.nh.gov/documents/highway-block-grant-aid-description>

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. This yields approximately \$1,500 per mile of Class IV and Class V road and \$13 per person residing in a municipality according to the NH Office Planning and Development (NHOPD) population planning estimates. 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 2022, 17 communities received funding from Apportionment “B.”

- 4) State Bridge Aid: 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.
<https://www.dot.nh.gov/doing-business-nhdot/municipalities-community-assistance/local-public-agency-bridge-information>
- 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, a fee Hillsborough could charge when people register their vehicles.
- 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 PROJECTS

- 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. **Hillsborough 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.
<https://www.lchip.org/>
- 5) Brownfields are abandoned or underutilized properties where redevelopment or reuse is complicated by the presence of real or perceived environmental contamination. The NHDES Brownfields Program provides technical assistance on behalf of municipalities and other public entities for this type of property in the form of site investigation services. To determine eligibility, an application form to NH DES is necessary. The US Environmental Protection Agency (EPA) provides funds to eligible entities, including non-profit organizations, to deliver environmental workforce development and job training programs focused on hazardous and solid waste management, assessment, and cleanup associated activities. Environmental Workforce Development and Job Training (EWDJT) grants are provided to recruit, train, and place, unemployed and under-employed, predominantly low-income and minority, residents historically affected by hazardous and solid waste sites and facilities with the skills needed to secure full-time, sustainable employment in the environmental field and in the assessment and cleanup work taking place in their communities. Formerly referred to as the "Brownfields Job Training Grants Program," the "Environmental Workforce Development and Job Training Grants Program," supports expanded environmental training outside the traditional scope of just brownfields but builds upon the existing model and the capacity created through the Brownfields Job Training Program since its inception in 1998.
<https://www.epa.gov/brownfields>

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 and, in New Hampshire, are administered by the Office of State Planning. 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.
<https://resources.nhcdfa.org/programs/community-development-block-grant/>
- 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 of numerous public facilities and services were 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

<https://www.gencourt.state.nh.us/rsa/html/nhtoc.htm>

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

<https://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-III.htm>

CHAPTER 32: MUNICIPAL BUDGET LAW

<https://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-III-32.htm>

Section 32:6 Raising Money at Annual Town Meeting

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.

CHAPTER 33: MUNICIPAL FINANCE ACT

<https://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-III-33.htm>

Section 33:1 Net Indebtedness Definitions

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 Sewage Systems Debt Exempt from Bond Limits

33:5 Sewerage Systems and Sewage Treatment Works. – Municipalities which have received orders from the department of environmental services to install sewage treatment works under the provisions of RSA 485-A, or to install a sewerage system or sewage treatment works under the provisions of RSA 485:27, or under RSA 147, or acts amending such statutes enacted in the future, may incur debt by the issue of bonds or notes for the construction of such sewerage systems and treatment works outside the limit of indebtedness prescribed by RSA 33:4. **Such debt shall at no time be included in the net indebtedness of the municipality for the purpose of ascertaining its borrowing capacity.**

Section 33:5-a Water Systems Debt Exempt from Bond Limits

33:5-a Water Works. – 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.

Other Exemptions from Bond Limits (view the current NH Revised Statutes Annotated for the full description of limitations and updates to legislation)

<https://www.gencourt.state.nh.us/rsa/html/iii/33/33-mrg.htm>

Section 33:5-d State Revolving Loan Funds.

Section 33:6 Emergency Borrowing.

Section 33:6-a Exclusion from Debt Limit (Parking Meters).

Section 33:6-b Exclusion from Debt Limit (Energy Projects).

Section 33:6-c Exclusion from Debt Limit (Land from US Military).

Section 33:6-d Exclusion from Debt Limit; Waste Site Cleanups (Landfills, Brownfields).

Section 33:6-e Exclusion from Debt Limit; Solid Waste Management Districts.

Section 33:6-f Exclusion from Debt Limit; Broadband Infrastructure.

TITLE XV EDUCATION

<https://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XV.htm>

CHAPTER 195: COOPERATIVE SCHOOL DISTRICTS

<https://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XV-195.htm>

Section 195:6 School District Debt Indebtedness Exemption

Section 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.**

CHAPTER 197: SCHOOL MEETINGS AND OFFICERS

<https://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XV-197.htm>

Section 197:1 Annual School District Meetings

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 Raising Money at Special School Meetings

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.**

TITLE LXIV PLANNING AND ZONING

<https://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-LXIV.htm>

CHAPTER 674: LOCAL LAND USE PLANNING AND REGULATORY POWERS

<https://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-LXIV-674.htm>

Section 674:5 through 674:8 Capital Improvements Program

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.

Section 674:21 Innovative Land Use Controls- Impact Fees Ordinance

674:21 Innovative Land Use Controls

I. Innovative land use controls may include, but are not limited to:

(m) Impact fees.

V. As used in this section "impact fee" means a fee or assessment imposed upon development, including subdivision, building construction, or other land use change, in order to **help meet the needs occasioned by that development for the construction or improvement of capital facilities owned or operated by the municipality, including and limited to water treatment and distribution facilities; wastewater treatment and disposal facilities; sanitary sewers; storm water, drainage and flood control facilities; municipal road systems and rights-of-way; municipal office facilities; public school facilities; the municipality's proportional share of capital facilities of a cooperative or regional school district of which the municipality is a member; public safety facilities; solid waste collection, transfer, recycling, processing, and disposal facilities; public library facilities; and public recreational facilities not including public open space.** No later than July 1, 1993, all impact fee ordinances shall be subject to the following:

(a) **The amount of any such fee shall be a proportional share of municipal capital improvement costs which is reasonably related to the capital needs created by the development, and to the benefits accruing to the development from the capital improvements financed by the fee. Upgrading of existing facilities and infrastructures, the need for which is not created by new development, shall not be paid for by impact fees.**

(b) **In order for a municipality to adopt an impact fee ordinance, it must have enacted a capital improvements program pursuant to RSA 674:5-7.**

(c) Any impact fee shall be accounted for separately, shall be segregated from the municipality's general fund, may be spent upon order of the municipal governing body, shall be exempt from all provisions of RSA 32 relative to limitation and expenditure of town moneys, and **shall be used solely for the capital improvements for which it was collected, or to recoup the cost of capital improvements made in anticipation of the needs which the fee was collected to meet.**

(d) All impact fees imposed pursuant to this section shall be assessed at the time of planning board approval of a subdivision plat or site plan. When no planning board approval is required, or has been made prior to the adoption or amendment of the impact fee ordinance, impact fees shall be assessed prior to, or as a condition for, the issuance of a building permit or other appropriate permission to proceed with development. Impact fees shall be intended to reflect the effect of development upon municipal facilities at the time of the issuance of the building permit. Impact fees shall be collected at the time a certificate of occupancy is issued. If no certificate of occupancy is required, impact fees shall be collected when the development is ready for its intended use. Nothing in this subparagraph shall prevent the municipality and the assessed party from establishing an alternate, mutually acceptable schedule of payment of impact fees in effect at the time of subdivision plat or site plan approval by the planning board. If an alternate schedule of payment is established, municipalities may require developers to post bonds, issue letters of credit, accept liens, or otherwise provide suitable measures of security so as to guarantee future payment of the assessed impact fees.

(e) The ordinance shall establish reasonable times after which any portion of an impact fee which has not become encumbered or otherwise legally bound to be spent for the purpose for which it was collected shall be refunded, with any accrued interest. **Whenever the calculation of an impact**

fee has been predicated upon some portion of capital improvement costs being borne by the municipality, a refund shall be made upon the failure of the legislative body to appropriate the municipality's share of the capital improvement costs within a reasonable time. The maximum time which shall be considered reasonable hereunder shall be 6 years.

(f) Unless otherwise specified in the ordinance, any decision under an impact fee ordinance may be appealed in the same manner provided by statute for appeals from the officer or board making that decision, as set forth in RSA 676:5, RSA 677:2-14, or RSA 677:15, respectively.

(g) The ordinance may also provide for a waiver process, including the criteria for the granting of such a waiver.

(h) The adoption of a growth management limitation or moratorium by a municipality shall not affect any development with respect to which an impact fee has been paid or assessed as part of the approval for that development.

(i) Neither the adoption of an impact fee ordinance, nor the failure to adopt such an ordinance, shall be deemed to affect existing authority of a planning board over subdivision or site plan review, except to the extent expressly stated in such an ordinance.

(j) The failure to adopt an impact fee ordinance shall not preclude a municipality from requiring developers to pay an exaction for the cost of off-site improvement needs determined by the planning board to be necessary for the occupancy of any portion of a development. For the purposes of this subparagraph, "off-site improvements" means those improvements that are necessitated by a development but which are located outside the boundaries of the property that is subject to a subdivision plat or site plan approval by the planning board. Such off-site improvements shall be limited to any necessary highway, drainage, and sewer and water upgrades pertinent to that development. The amount of any such exaction shall be a proportional share of municipal improvement costs not previously assessed against other developments, which is necessitated by the development, and which is reasonably related to the benefits accruing to the development from the improvements financed by the exaction. As an alternative to paying an exaction, the developer may elect to construct the necessary improvements, subject to bonding and timing conditions as may be reasonably required by the planning board. Any exaction imposed pursuant to this section shall be assessed at the time of planning board approval of the development necessitating an off-site improvement. Whenever the calculation of an exaction for an off-site improvement has been predicated upon some portion of the cost of that improvement being borne by the municipality, a refund of any collected exaction shall be made to the payor or payor's successor in interest upon the failure of the local legislative body to appropriate the municipality's share of that cost within 6 years from the date of collection. For the purposes of this subparagraph, failure of local legislative body to appropriate such funding or to construct any necessary off-site improvement shall not operate to prohibit an otherwise approved development.

(k) Revenue from impact fees imposed upon development and collected by a municipality under RSA 674:21, V for construction of or improvement to municipal road systems may be expended upon state highways within the municipality only for improvement costs that are related to the capital needs created by the development. Such improvements may include items such as, but not limited to, traffic signals and signage, turning lanes, additional travel lanes, and guard rails. No such improvements shall be constructed or installed without approval of the state department of transportation. In no event shall impact fees be used for any improvements to roads, bridges, or interchanges that are part of the interstate highway system. Nothing in RSA 674:21, V shall be construed as allowing or authorizing additional impact fees merely by virtue of having approved the expenditure of collected fee revenue for construction of or improvement of state highways, nor shall it be construed as allowing the adoption of new impact fees devoted to assessing impacts to state highways.

(l) No later than 60 days following the end of the fiscal year, **any municipality having adopted an impact fee ordinance shall prepare a report listing all expenditures of impact fee revenue for the prior fiscal year, identifying the capital improvement project for which the fees were assessed and stating the dates upon which the fees were assessed and collected.** The annual report shall enable the public to track the payment, expenditure, and status of the individually collected fees to determine whether said fees were expended, retained, or refunded.

Section 674:22 Growth Management Ordinance

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.

Section 674:23 Temporary Moratoria and Limitations on Building Permits and the Approval of Subdivisions and Site Plans

I. Upon recommendation of the planning board, the local legislative body may adopt or amend an ordinance establishing a moratorium or limitation on the issuance of building permits or the granting of subdivision or site plan approval for a definite term.

II. **An ordinance may be adopted under this section in unusual circumstances that affect the ability of the municipality to provide adequate services and require prompt attention and to develop or alter a growth management process under RSA 674:22, a zoning ordinance, a master plan, or capital improvements program.**

III. An ordinance under this section shall contain:

(a) A statement of the circumstances giving rise to the need for the moratorium or limitation.

(b) The planning board's written findings, on which subparagraph III(a) is based, which shall be included as an appendix to the ordinance.

(c) The term of the ordinance which shall not be more than one year.

(d) A list of the types or categories of development to which the ordinance applies.

(e) A description of the area of the municipality, if less than the entire municipality, to which the ordinance applies.

IV. An ordinance under this section shall be based on written findings by the planning board which:

(a) Describe the unusual circumstances that justify the ordinance.

(b) Recommend a course of action to correct or alleviate such circumstances.

V. An ordinance under this section may provide for the exemption from the moratorium or limitation of those types or categories of development that have minimal or no impact on the circumstances giving rise to the moratorium or limitation.

VI. An ordinance under this section may provide for a special exception or conditional use permit to allow development that has minimal or no impact on the circumstances giving rise to the moratorium or limitation.

VII. Additional ordinances may be adopted under this section only if they are based on circumstances that did not exist at the time of any prior ordinance. The authority to adopt ordinances under this section shall not be used to circumvent a municipality's need for a growth management ordinance under RSA 674:22.

SUBDIVISION REGULATIONS

Section 674:36 Subdivision Regulation Scattered and Premature Development

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;**

(b) Provide for the harmonious development of the municipality and its environs;

(c) Require the proper arrangement and coordination of streets within subdivisions in relation to other existing or planned streets or with features of the official map of the municipality;

(d) Provide for open spaces of adequate proportions;