

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Executive Summary

At Andover's 1991 town meeting a warrant article was approved to adopt a capital improvement plan under the provisions of NH RSA 674:5 to "*...look at the town's long-term needs and to schedule spending on those long-term needs in a way that enables more intelligent planning.*"

The Capital Improvement Plan (CIP) Cost Analysis Report was prepared by the CIP Committee for the Andover Board of Selectmen and the Budget Committee. The report addresses the capital improvements needed by each town department, provides an analysis of different funding options, and makes recommendations based on cost considerations. The report contains recommendations for 2024 and a more detailed breakdown by department.

Projects and Capital items are considered by the Committee if:

The project or item exceeds a total cost of \$20,000.00 and has a life expectancy of 5 years or more.

The Committee's goal was to look at capital projects / expenditures for the upcoming 20 years.

In August 2023 and December 2023 all town departments were solicited for input for items fitting the criteria above. Contained in this plan are the inputs the Capital Improvements Committee received.

The capital improvements required by each department require different funding strategies for several reasons:

- Purchasing options vary
- Existing capital reserves
- Age, condition, and life expectancy of equipment, roads, and buildings
- Availability of grants.

In general, the most cost-effective approach for funding capital improvements is through accumulating capital reserves so that money is available for improvements when they are needed. Using capital reserves accomplishes the following:

- Limits or does away with interest charges and fees
- Places the town in a better bargaining position
- Allows departments to make purchases at the optimal time
- Places the town in a better position for state and federal matching grants
- Reduces yearly payments and long-term debt
- Helps reduce and stabilize the tax rate over time
- Lessens the financial impact of emergencies

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

The CIP committee recommends that the town fund these improvements by building capital reserves where possible and use leases and bonds to cover capital expenses where reserves are not sufficient. Taking out leases and bonds will reduce yearly costs during the first few years and allow the town to build reserves for future purchases. The committee recognizes that building capital reserves presents a significant challenge to the town because reserves are created and funded by voter approval of warrant articles.

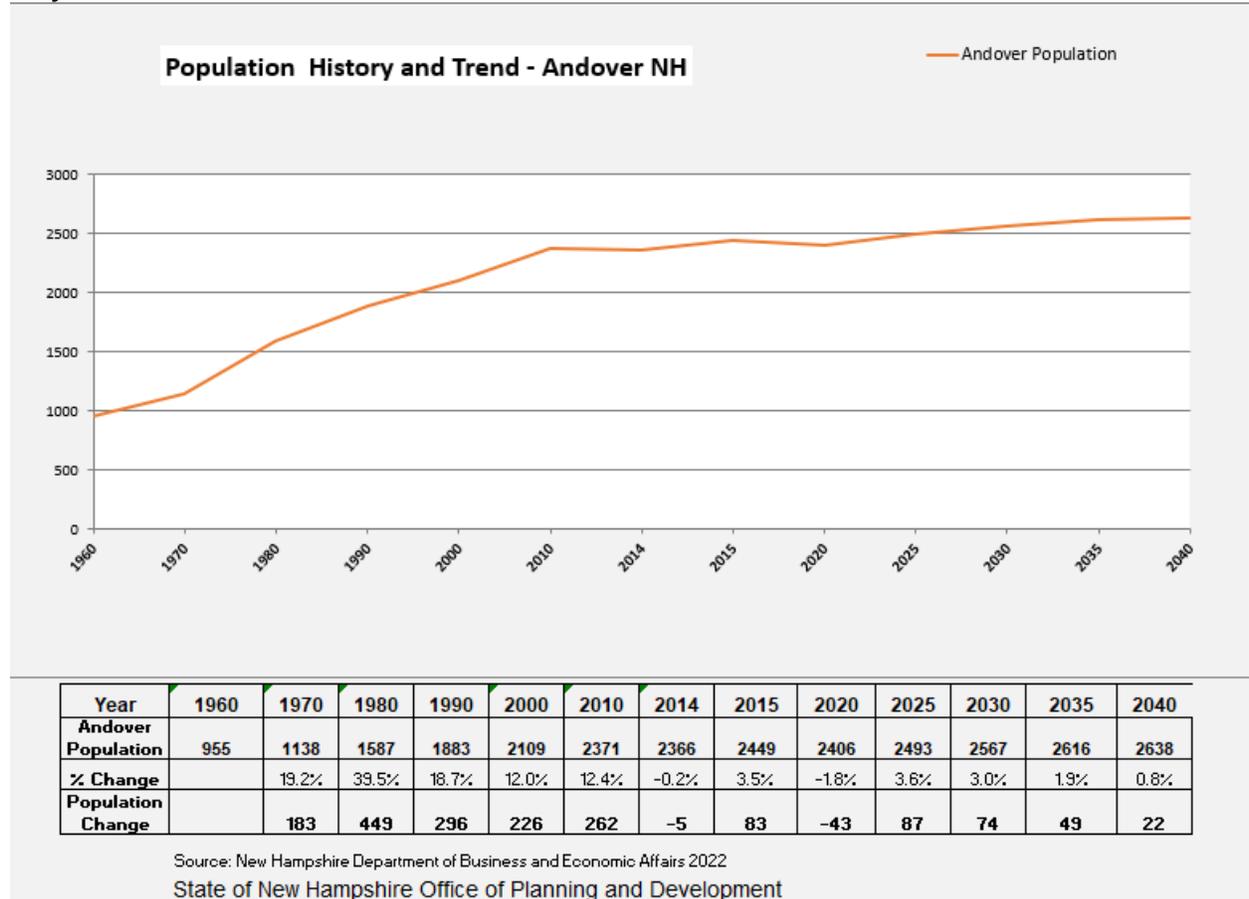
Finally, the CIP is a work in progress. The committee is in the process of understanding the needs of each department and is developing analytical tools to evaluate the town's capital improvement needs. However, the CIP is only as reliable as the accuracy of the data we receive. The accuracy of the data we received varied. Some estimates were based on studies by committees, budgetary estimates, and some on history. In all cases, the departments should provide the town with updated figures for the budget and warrant articles. The CIP committee can provide updated financial information on the impact of decisions by the Board of Selectmen, the Budget Committee, and voters.

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Analysis of Andover Demographics

The State of New Hampshire provides basic information for population projection by town and county. The graph below depicts historical and projected population information for the town. Based on the data, the town can expect moderate population growth for the next 17 years.

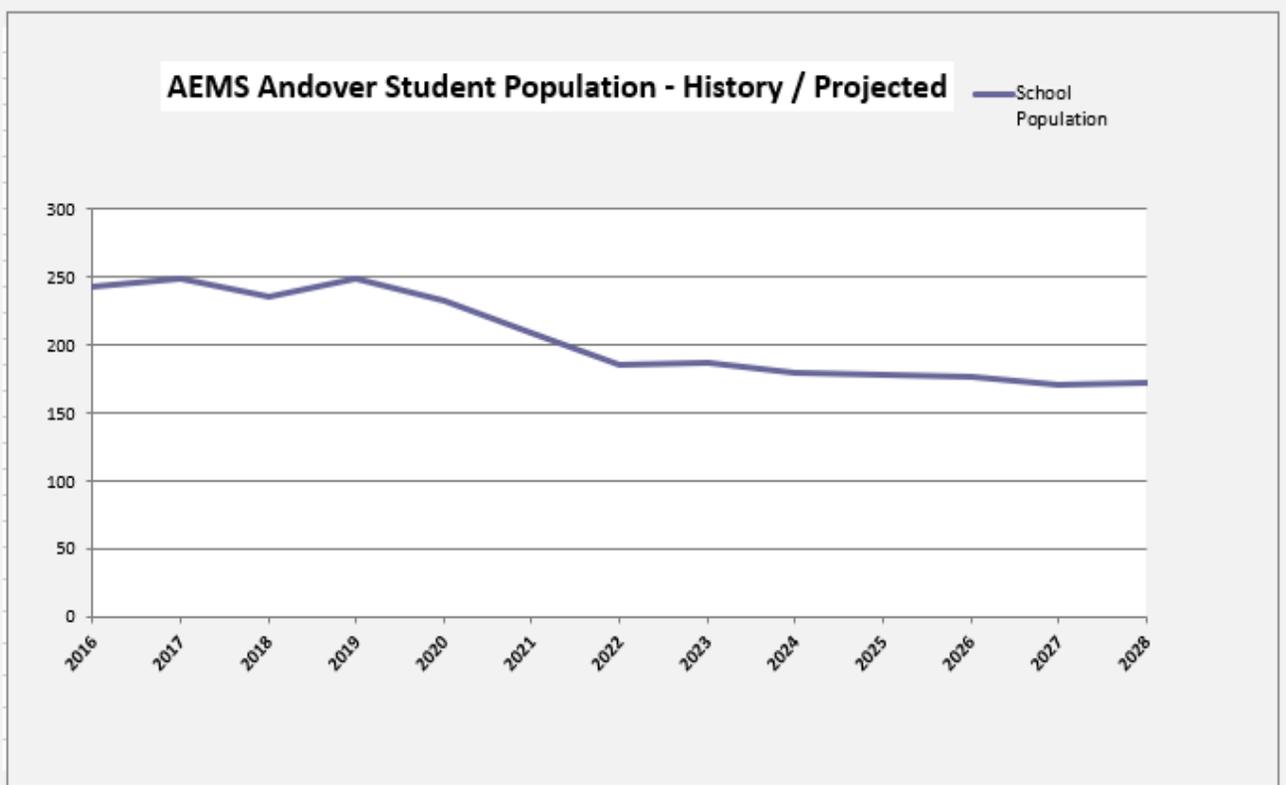


Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Andover School Population

Based on State of New Hampshire population information and information supplied by the school administration, the graph and table below has been assembled to depict the historical and projected school population through time.



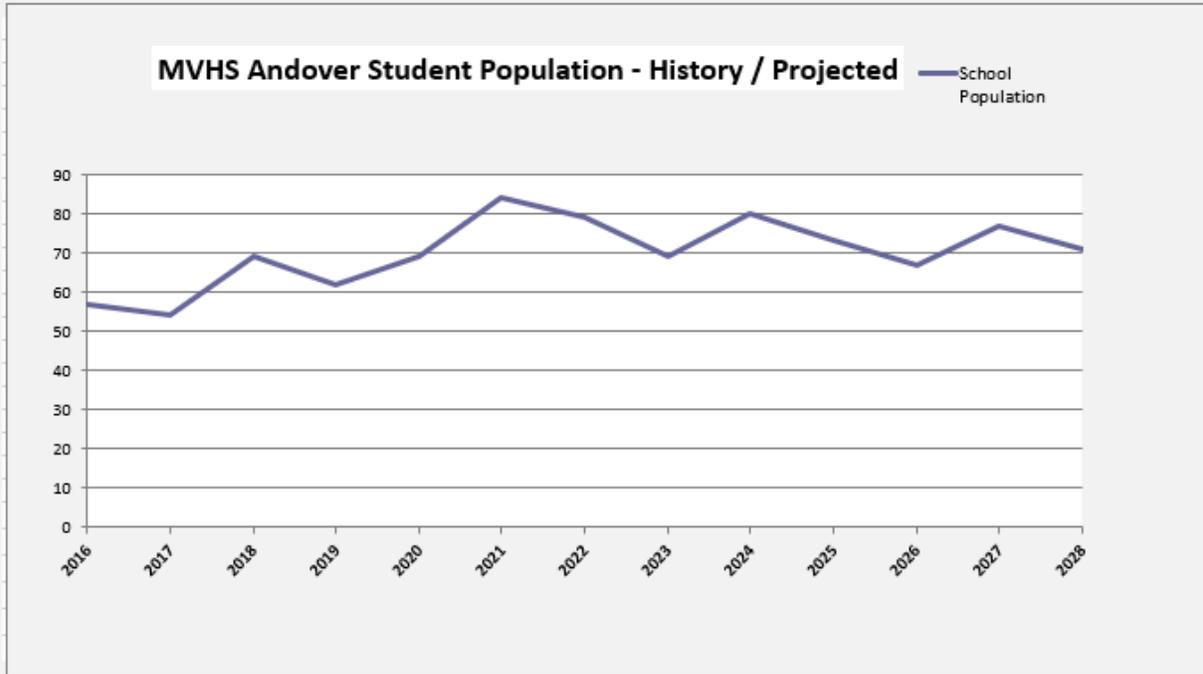
| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|--------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| School Population | 243 | 249 | 236 | 248 | 233 | 209 | 185 | 187 | 179 | 178 | 176 | 171 | 172 |

Source: Principal, AEMS

Projected ----->>

Andover Capital Improvement Planning

Rev 1.0 2/2/2024



| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| School Population | 57 | 54 | 69 | 62 | 69 | 84 | 79 | 69 | 80 | 73 | 67 | 77 | 71 |

Source: Superintendents Office

Projected ----->>



General Overview

This section provides an overview of the Capital Improvement Plan (CIP) for 2024. The goal of the CIP Committee is to fund all or a significant portion of capital improvements through capital reserves. Funding improvements through capital reserves is the most cost-effective approach for purchasing capital improvements because it results in the lowest yearly and total costs. The approaches for funding improvements for each department are covered in more detail later in the report. Table 1 and Table 1A shows capital reserve funding and expenditures through the next 20 years.

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Capital Improvement Costs (Table 1)

| Capital Improvement Costs / Timing 2024-2034 | | | | | | | | | | | | |
|---|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| Fire Truck | Reserve Funding | | \$75,000 | \$80,000 | \$85,000 | \$90,000 | \$95,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| | Reserve Balance | \$420,000 | -\$234,000 | -\$154,000 | -\$69,000 | \$21,000 | \$116,000 | \$216,000 | \$316,000 | \$416,000 | \$516,000 | \$616,000 |
| | Expenditure | | \$729,000 | | | | | | | | | |
| Fire | Reserve Funding | | \$12,500 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 |
| Air Packs | Reserve Balance | \$39,576 | \$52,076 | \$67,076 | \$82,076 | \$97,076 | \$112,076 | \$127,076 | \$142,076 | -\$67,924 | -\$52,924 | -\$37,924 |
| | Expenditure | | | | | | | | \$225,000 | | | |
| Police Vehicles | Reserve Funding | | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 |
| | Reserve Balance | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 |
| | Expenditure | | \$52,000 | | \$52,000 | | \$52,000 | | \$52,000 | | \$52,000 | |
| Police Station | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| Town Transfer Station | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| Town Town Hall | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| Town Cilleyville Bridge | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| EMS Ambulance | Reserve Funding | | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| | Reserve Balance | \$1,300 | \$11,300 | \$21,300 | \$31,300 | \$41,300 | \$51,300 | \$71,300 | \$91,300 | \$111,300 | \$131,300 | \$151,300 |
| | Expenditure | | | | | | | | | | | |
| Highway Projects | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| Highway Equip/Grader | Reserve Funding | | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 |
| | Reserve Balance | \$218,683 | \$243,683 | \$268,683 | \$293,683 | \$318,683 | \$343,683 | \$368,683 | \$393,683 | \$418,683 | \$443,683 | \$468,683 |
| | Expenditure | | | | | | | | | | | |
| Forest Fire Truck | Reserve Funding | | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| | Reserve Balance | | \$10,000 | \$20,000 | \$30,000 | \$40,000 | \$50,000 | \$60,000 | \$70,000 | \$80,000 | \$90,000 | \$100,000 |
| | Expenditure | | | | | | | | | | | |
| Forest Fire ATV | Reserve Funding | | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 |
| | Reserve Balance | | \$2,000 | \$3,500 | \$5,000 | \$6,500 | \$8,000 | \$9,500 | \$11,000 | \$12,500 | \$14,000 | \$15,500 |
| | Expenditure | | | | | | | | | | | |
| | | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| | EXPENDITURES | | \$781,000 | \$0 | \$52,000 | \$0 | \$52,000 | \$0 | \$52,000 | \$225,000 | \$52,000 | \$0 |
| APPROPRIATIONS | APPROPRIATIONS | | \$160,000 | \$167,500 | \$172,500 | \$177,500 | \$182,500 | \$197,500 | \$197,500 | \$197,500 | \$197,500 | \$197,500 |
| | TOTAL | | \$941,000 | \$167,500 | \$224,500 | \$177,500 | \$234,500 | \$197,500 | \$249,500 | \$422,500 | \$249,500 | \$249,500 |

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Capital Improvement Costs (Table 1A)

| <i>Capital Improvement Costs / Timing 2034-2044</i> | | | | | | | | | | | | |
|---|-----------------|-----------------|-------------|------------------|-------------|-----------------|-----------------|-----------------|------------------|-----------------|-------------|-----------------|
| | | <u>2034</u> | <u>2035</u> | <u>2036</u> | <u>2037</u> | <u>2038</u> | <u>2039</u> | <u>2040</u> | <u>2041</u> | <u>2042</u> | <u>2043</u> | <u>2044</u> |
| Fire Truck | Reserve Funding | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| | Reserve Balance | \$716,000 | -\$184,000 | -\$84,000 | \$16,000 | \$116,000 | \$216,000 | \$316,000 | \$416,000 | \$516,000 | \$616,000 | \$716,000 |
| | Expenditure | | \$1,000,000 | | | | | | | | | |
| Fire Air Packs | Reserve Funding | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 |
| | Reserve Balance | -\$22,924 | -\$7,924 | \$7,076 | \$22,076 | \$37,076 | \$52,076 | \$67,076 | \$82,076 | \$97,076 | \$112,076 | \$127,076 |
| | Expenditure | | | | | | | | | | | |
| Police Vehicles | Reserve Funding | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 |
| | Reserve Balance | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 |
| | Expenditure | \$52,000 | | \$52,000 | | \$52,000 | | \$52,000 | | \$52,000 | | \$52,000 |
| Police Station | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| Town Transfer Station | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| Town Town Hall | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| Town Cilleyville Bridge | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| EMS Ambulance | Reserve Funding | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| | Reserve Balance | \$171,300 | \$191,300 | \$211,300 | \$231,300 | \$251,300 | \$271,300 | \$291,300 | \$11,300 | \$31,300 | \$51,300 | \$71,300 |
| | Expenditure | | | | | | | | \$300,000 | | | |
| Highway Projects | Reserve Funding | | | | | | | | | | | |
| | Reserve Balance | | | | | | | | | | | |
| | Expenditure | | | | | | | | | | | |
| Highway Equip/Grader | Reserve Funding | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 |
| | Reserve Balance | \$493,683 | \$518,683 | \$543,683 | \$568,683 | \$593,683 | \$618,683 | \$643,683 | \$668,683 | \$693,683 | \$718,683 | \$743,683 |
| | Expenditure | | | | | | | | | | | |
| Forest Fire Truck | Reserve Funding | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| | Reserve Balance | \$110,000 | \$120,000 | \$10,000 | \$20,000 | \$30,000 | \$40,000 | \$50,000 | \$60,000 | \$70,000 | \$80,000 | \$90,000 |
| | Expenditure | | | \$120,000 | | | | | | | | |
| Forest Fire ATV | Reserve Funding | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 |
| | Reserve Balance | \$17,000 | \$18,500 | \$20,000 | \$21,500 | \$23,000 | \$24,500 | \$26,000 | \$27,500 | \$29,000 | \$30,500 | \$32,000 |
| | Expenditure | | | | | | \$20,000 | | | | | |
| | | <u>2034</u> | <u>2035</u> | <u>2036</u> | <u>2037</u> | <u>2038</u> | <u>2039</u> | <u>2040</u> | <u>2041</u> | <u>2042</u> | <u>2043</u> | <u>2044</u> |
| EXPENDITURES | | \$52,000 | \$1,000,000 | \$172,000 | \$0 | \$52,000 | \$20,000 | \$52,000 | \$300,000 | \$52,000 | \$0 | \$52,000 |
| APPROPRIATIONS | APPROPRIATIONS | \$197,500 | \$197,500 | \$197,500 | \$197,500 | \$197,500 | \$197,500 | \$197,500 | \$197,500 | \$197,500 | \$197,500 | \$197,500 |
| TOTAL | | \$249,500 | \$1,197,500 | \$369,500 | \$197,500 | \$249,500 | \$217,500 | \$249,500 | \$497,500 | \$249,500 | \$197,500 | \$249,500 |

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Recommended Warrant Articles

The committee estimates that the total cost of capital improvements over the next 20 years will be at least \$3,600,000. The total amount needed for 2024 is \$180,500. The recommendations for warrant articles for capital expenses are presented in Table 2.

| Capital Improvement Committee Warrant Recommendations | | | | | | | | |
|---|---------------------------|------------------------|---------------------|--------------------------|--------------------------|------------------------------|--------------------------------------|--|
| Department – Capital Project or Equipment | Purchase Price | Year of Expenditure | Existing Reserve | Funding 2023 Cycle | Funding 2024 Cycle | Bond Needed This Cycle | Total Final Cost Next 20 Years | Comments |
| Fire Dept - Truck | \$729,000, \$1,000,000 | 2023, 2034 | \$356,675 | \$65,000 | \$75,000 | \$239,000 | \$1,729,000 | Two Trucks |
| Fire Dept - Air Packs | \$225,000 | 2030 | \$39,576 | \$7,500 | \$12,500 | \$0 | \$140,000 | Check Grants @ 2027 |
| * Police Dept - Police Station | | TBD | \$0 | \$0 | \$0 | \$0 | \$400,000 | New Reserve - Need \$ for Design |
| Police Dept - Cruisers | \$52,000 | Every 2 years | \$42,942 | \$13,500 | \$26,000 | \$0 | \$520,000 | Ongoing - Cruisers \$52K ea. |
| * Town - Town Hall Renovation | | TBD | \$0 | \$0 | \$0 | \$0 | | Information Needed |
| * Town - Transfer Station | | TBD | \$52,775 | \$10,000 | \$10,000 | \$0 | | Information Needed - Check Grants, ARPA |
| * Town - Cilleyville Bridge | | TBD | | | | \$0 | | Information Needed |
| Forest Fire - Forestry Truck | \$120,000 | 2035 | \$5,060 | \$0 | \$10,000 | \$0 | \$120,000 | Forest Fire Equipment |
| Forest Fire - Side by Side ATV | \$20,000 | 2039 | \$0 | \$0 | \$1,500 | \$0 | \$20,000 | Forest Fire Equipment |
| Emergency Services - Ambulance | \$300,000 | 2040 | \$1,398 | | \$10,000 | \$0 | \$300,000 | Evaluate Need in 2028 |
| * Highway Dept - Grader | \$420,000 | TBD | \$218,500 | \$15,000 | \$25,000 | \$0 | \$420,000 | New Reserve for Grader?? |
| * Budgetary Estimate Needed | | | | | | | | |

Table 2

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Review of Tax Rate 2016 - 2023

| Year | Town | School Local | School State | Merrimack County | Fire District | Final Tax Rate | Net Assessed Valuation | Property Tax Commitment |
|------|------|--------------|--------------|------------------|---------------|----------------|------------------------|-------------------------|
| 2016 | 4.61 | 11.61 | 2.71 | 2.33 | 0.53 | 21.79 | 240,631,366 | 5,420,466 |
| 2017 | 5.35 | 12.68 | 2.63 | 2.20 | 0.54 | 23.40 | 245,122,527 | 5,930,068 |
| 2018 | 4.84 | 13.15 | 2.89 | 2.06 | 0.53 | 23.47 | 248,112,068 | 5,969,588 |
| 2019 | 4.59 | 12.49 | 2.62 | 1.94 | 0.46 | 22.10 | 284,923,990 | 6,596,764 |
| 2020 | 4.15 | 12.76 | 2.47 | 1.96 | 0.54 | 21.88 | 287,229,162 | 6,661,925 |
| 2021 | 4.28 | 12.39 | 2.39 | 1.85 | 0.51 | 21.42 | 288,807,949 | 6,698,534 |
| 2022 | 5.44 | 12.02 | 1.30 | 2.43 | 0.55 | 21.74 | 291,345,649 | 6,910,345 |
| 2023 | 6.70 | 11.79 | 1.78 | 2.68 | 0.61 | 23.56 | 318,636,656 | 7,410,837 |

Source: Andover Finance Administrator

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Police Department – Police Cruisers

Overview

Starting in 2023 the strategy is to have three front line cruisers with no detail vehicle. For personnel safety and cost considerations the desired replacement plan is to purchase a new vehicle every two years. It is estimated that each vehicle will have about 170,000 miles on it at the end of its service life of 6 years. The department is authorized for 3 full-time officers. Providing a dedicated vehicle for each officer promotes better upkeep of each vehicle. The current estimated cost of a new vehicle outfitted for service is \$52,000.

Analysis

The current plan is to retire the detail vehicle and add a new vehicle. A capital reserve fund has been set up for the purchase with a current balance of \$42,942. Paying cash and building capital reserves saves interest costs. Building capital reserves on a yearly basis (saving) lowers yearly and long-term costs and stabilizes the tax rate. Leasing allows the town to purchase equipment without building reserves. It stabilizes the tax rate, but there are higher yearly and long-term costs due to interest and fees.

Recommendations

Table 3, below, shows a plan for managing the capital reserve for vehicle replacement. Following this plan allows for the purchase of a new vehicle every two years with a service life of six years.

Andover Police Department Vehicle Replacement Plan

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|-----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Purchase | \$52,000 | | \$52,000 | | \$52,000 | | \$52,000 | | \$52,000 | |
| Reserve Deposit | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 |
| Reserve Balance | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 |
| Car 1 Age | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 | 3 | 4 |
| Car 2 Age | | | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 |
| Car 3 Age | | | | | 1 | 2 | 3 | 4 | 5 | 6 |

| | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 |
|-----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Purchase | \$52,000 | | \$52,000 | | \$52,000 | | \$52,000 | | \$52,000 | |
| Reserve Deposit | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 |
| Reserve Balance | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 | \$16,942 | \$42,942 |
| Car 1 Age | 5 | 6 | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 |
| Car 2 Age | 3 | 4 | 5 | 6 | 1 | 2 | 3 | 4 | 5 | 6 |
| Car 3 Age | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 | 3 | 4 |

Table 3

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Police Department – Police Station

Overview

The Police Department has been housed in the current station for about 20 years. Over time, deficiencies have been noted and worked around. Safety and Space needs are the most prevalent issues with the current Police Station.

Analysis

Preliminary work has begun to identify the requirements for a new Police Station.

Recommendations

The committee recommends work continue to identify requirements for a new Police Station along with the total cost of the project and the timeframe the project should be completed.

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Fire Department

Overview

The Andover Fire Department currently has two CRFs. One is for new fire trucks, and the other is for new equipment. Though it is designated for new equipment, the primary purpose of the Equipment CRF is for Self-Contained Breathing Apparatus (SCBA).

Fire Engine

It is expected that we will take delivery of this truck in 2025, and the purchase price is \$727,000. As of December 31st, 2023 Andover Fire Department had \$421,948 encumbered toward the purchase of this truck. This number is comprised of the \$65,000 from the 2023 budget and the rest from the New Truck Capital Reserve Account. Our plan is to appropriate an additional \$75,000 in 2024 at our annual meeting. We will need to enter a loan or bond to complete the payment of this truck, at which point we will pause contributions to the Capital Reserve Fund and use that money to pay off the loan. Once the truck is paid for, we will resume Capital Reserve Fund contributions with an annual target amount of \$100,000. It is estimated the next new fire engine will cost approximately \$1,000,000 and we are planning to purchase a new truck every 10 years. Each engine will be a front-line apparatus for 20 years, and at the 20-year mark, if it is feasible, the engine may be kept as a reserve apparatus.

Andover Fire Department Truck Replacement Plan

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|------------------------|-----------|------------|------------|-----------|----------|-----------|-----------|-----------|-----------|-----------|
| Purchase | \$729,000 | | | | | | | | | |
| Reserve Deposit | | \$0 | \$0 | \$0 | \$95,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| Bond Pmt | \$75,000 | \$80,000 | \$85,000 | \$90,000 | | | | | | |
| Reserve Balance | \$420,000 | -\$234,000 | -\$154,000 | -\$69,000 | \$21,000 | \$116,000 | \$216,000 | \$316,000 | \$416,000 | \$516,000 |

| | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 |
|------------------------|-------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Purchase | \$1,000,000 | | | | | | | | | |
| Reserve Deposit | | | | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| Bond Pmt | \$100,000 | \$100,000 | \$100,000 | | | | | | | |
| Reserve Balance | -\$284,000 | -\$184,000 | -\$84,000 | \$16,000 | \$116,000 | \$216,000 | \$316,000 | \$416,000 | \$516,000 | \$616,000 |

Table 4

Analysis

A new firetruck (\$729,000) has been ordered through a dealer with the Andover fire department taking delivery in 2025. As seen in Table 4 (above), in 2024 the capital reserve amount is recommended to increase by \$10,000 to \$75,000 and then increase by \$5,000 each year until 2029 when the amount stabilizes at \$100,000. Another fire truck is scheduled for replacement in 2034. The estimated cost of the replacement truck is

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

\$1,000,000. Funding the capital reserve program at \$100,000 per year will bring the reserve fund close to the needed amount for 2034 purchase.

Recommendations

The Committee recommends going forward with the increased capital reserve program to minimize the need to borrow through a bond to complete the purchase of the next truck.

Tax Impact

Incrementally increasing the capital reserve program by \$5000 each year, from today's \$65,000 to \$100,000 in 2029, will result in the tax rate going from \$0.21 to \$0.32, an increase of \$0.11/\$1,000.

Self-Contained Breathing Apparatus (SCBA).

Overview

AFD New Equipment Capital Reserve. While this account can be used for any new equipment, it most likely will be used to replace the self-contained breathing apparatus (SCBA) more commonly known as "air packs" firefighters wear when entering hazardous environments. The current air packs were purchased with a grant in 2016 and will need to be replaced in 2031.

Analysis

We estimate we will need 15 air packs at that time at approximately \$15,000 each for a total cost of \$225,000. Andover Fire Department recommended that the amount being added to the existing capital reserve account be increased from \$7500 to \$12,500 in 2024. The current balance of the capital reserve fund is \$39,576.

Recommendations

The CIP committee recommended \$12,500 for 2024, then moving to \$15,000 per year starting in 2025. They also recommend the fire department start looking into grants in 2027, a few years before the targeted purchase year of 2031.

| Air Packs (SCBA) Replacement Schedule | | | | | | | | |
|---------------------------------------|----------|----------|----------|-------------------|----------|-----------|-----------|-----------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| Purchase | | | | | | | | \$225,000 |
| Reserve Deposit | \$12,500 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 |
| Bond/Grant | | | | <i>Seek Grant</i> | | | | |
| Reserve Balance | \$39,576 | \$52,076 | \$67,076 | \$82,076 | \$97,076 | \$112,076 | \$127,076 | -\$67,924 |

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Forest Fire – Forestry Truck

Overview

The Forestry Truck was purchased in 2016 for approximately \$80,000. The truck is expected to last another 12 years.

Analysis

The estimated cost to replace the truck in 2036 is \$120,000. Setting the capital reserve program at \$10,000 per year would reach the goal of \$120,000 in 12 years.

Recommendations

Establish a “Forestry Vehicle” Capital Reserve be funded at the rate of \$10,000 per year, for the purchase of a Forestry Vehicle, currently estimated about 2036.

Tax Impact

Funding the capital reserve program at \$10,000 per year would result in a \$0.03/\$1000 tax rate increase.

Forestry Truck Replacement Schedule

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Purchase | | | | | | | | | |
| Reserve Deposit | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| Bond/Grant | | | | | | | | | |
| Reserve Balance | \$0 | \$10,000 | \$20,000 | \$30,000 | \$40,000 | \$50,000 | \$60,000 | \$70,000 | \$80,000 |

| | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 |
|------------------------|-----------|-----------|-----------|------|------|------|------|------|------|------|
| Purchase | | | \$120,000 | | | | | | | |
| Reserve Deposit | \$10,000 | \$10,000 | \$10,000 | | | | | | | |
| Bond/Grant | | | | | | | | | | |
| Reserve Balance | \$100,000 | \$110,000 | \$0 | | | | | | | |

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Forest Fire – All Terrain Vehicle

Overview

The “Side by Side” ATV used for forest fire fighting was purchased in 2020. The current ATV is due to be replaced in 2039.

Analysis

The estimated cost of a replacement ATV is approximately \$20,000.

Recommendations

It is recommended that \$1500 per year be added to the “Forestry Vehicle” capital reserve for the purchase of a replacement ATV.

All Terrain Vehicle (ATV) Replacement Schedule

| | <u>2024</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> | <u>2031</u> | <u>2032</u> | <u>2033</u> |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Purchase | | | | | | | | | | |
| Reserve Deposit | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 |
| Bond/Grant | | | | | | | | | | |
| Reserve Balance | \$0 | \$1,500 | \$3,000 | \$4,500 | \$6,000 | \$7,500 | \$9,000 | \$10,500 | \$12,000 | \$13,500 |

| | <u>2034</u> | <u>2035</u> | <u>2036</u> | <u>2037</u> | <u>2038</u> | <u>2039</u> | <u>2040</u> | <u>2041</u> | <u>2042</u> | <u>2043</u> |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Purchase | | | | | | \$20,000 | | | | |
| Reserve Deposit | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | | | | |
| Bond/Grant | | | | | | | | | | |
| Reserve Balance | \$16,500 | \$18,000 | \$19,500 | \$21,000 | \$22,500 | \$4,000 | | | | |

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Andover EMS – Ambulance

Overview

The Town currently has a 2019 F350 4x4 Type 1 ambulance. It was purchased in 2021 with capital reserve funds. EMS purchased the ambulance as a demonstration model for \$180,000 (truck, lettering, stretcher, mount). The current plan is to keep the ambulance for 20 years.

Current custom ambulance orders are \$250,000 to \$350,000. The targeted purchase date is 2031. The current reserve fund contains approximately \$1,300.

Recommendations

The CIP committee recommends that the capital reserve funding should be set at \$10,000 per year for 5 years (2028). At that time, the town needs to decide if another ambulance is needed or if a smaller (SUV) vehicle would fulfill the EMS needs.

If the decision is made to go ahead with replacement of the Ambulance, the capital reserve program should be increased to \$20,000 per year (see page 6).

Tax Impact

The tax impact of this plan would be about \$0.03/\$1000.

| | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> | <u>2031</u> | <u>2032</u> | <u>2033</u> |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--|-------------|-------------|-------------|-------------|
| Purchase | \$180,000 | | | | | | Evaluate Need for Replacement Ambulance | | | | |
| Reserve Deposit | | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | | | | | |
| Bond | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | |
| Reserve Balance | \$0 | \$10,000 | \$20,000 | \$30,000 | \$40,000 | \$50,000 | | | | | |

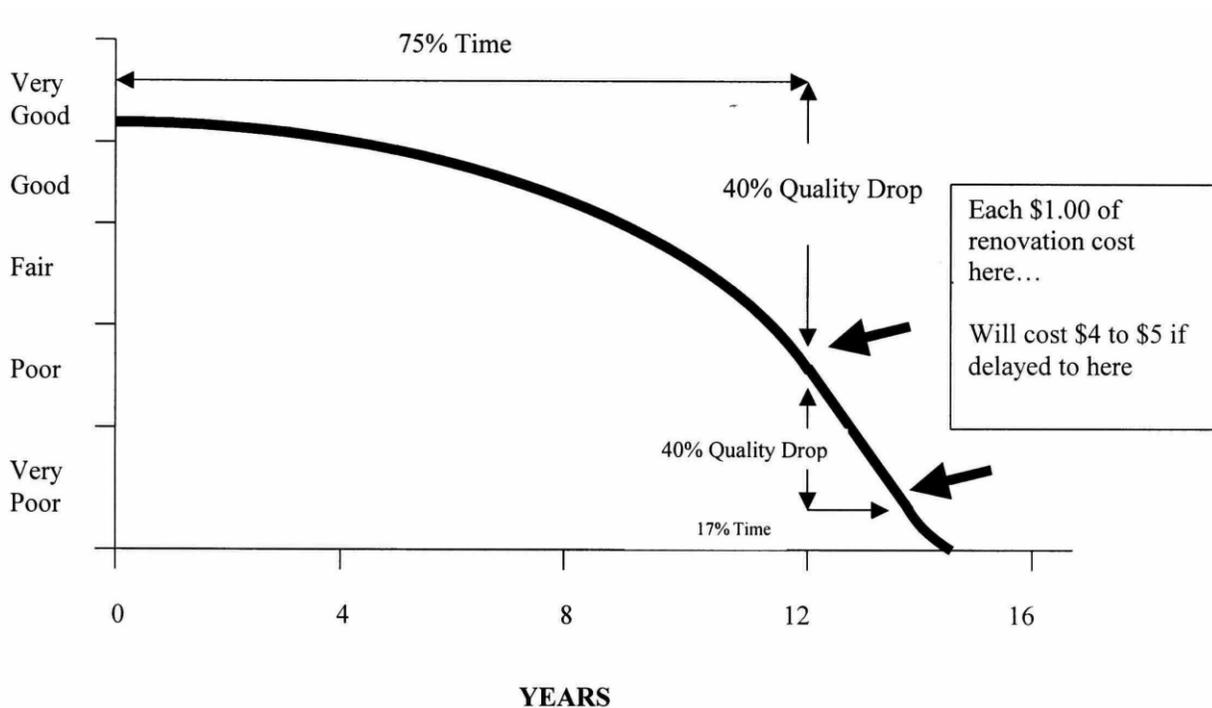
Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Town Roads

Overview

The most cost-effective method of keeping roads in good repair is to resurface them before they begin to deteriorate, usually between 10 and 12 years. Figure shows that there is a 40% quality-drop in roads over 12 years with an additional 40% quality drop over the next 3 years. The cost of reconstructing roads after 12 years can increase 4 to 5 times.



Our current situation is that we have several roads that have not been resurfaced for an extended period and require significant reconstruction. Prioritizing and creating a plan of action requires a current evaluation of all the roads in Andover. With that assessment available the CIP committee can work with the road agent to develop a long-range plan.

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Transfer Station

Analysis

This project is in the very early stages of development. Traffic flow, efficiency, safety, and changes that will improve pickup and delivery of materials are some of the goals of this project.

Recommendations

The CIP Committee is seeking input from the Select Board, or a committee tasked with developing a plan for improvements to the transfer station.

Tax Impact

No increase in spending is recommended.

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Highway Department Equipment – Grader Replacement

Analysis

The town grader is 17 years old and has an expected useful life of 30 years. In 1988, a capital reserve fund identified as “Highway Equipment” capital reserve deposit was set up. At the time, the Grader was the only substantial highway equipment the town owned. Since that time, the town has purchased several pieces of equipment and has plans to purchase more.

There is currently approximately \$218,683 in the Highway Equipment capital reserve fund. The estimated cost of replacing the grader is \$420,000.

Recommendations

Using funds from the Highway Equipment capital reserve fund to purchase other equipment, (chipper, dump truck, hot box, wing plow etc.) reduces the funds available to replace the grader, which was the original intent of the reserve fund.

The committee recommends a separate capital reserve fund be established for Grader Replacement to ensure the needed funds will be available and not depleted by other equipment purchases.

The committee recommends continuing the \$25,000 appropriation into the foreseeable future which should position the town to purchase the replacement grader. It is hoped that the lifetime of the current grader can be extended beyond the planned 30years.

Tax Impact

No increase in spending is recommended.

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Town - Office Building

Overview

The Select Board is seeking a project to remodel the Town Office space. Work is underway to evaluate the entire building and develop a plan to correct code deficiencies as well as improve workflow and create necessary spaces to conduct business.

At the time of this report, space requirements along with associated costs and timing are not available.

Analysis

The CIP committee seeks input from the Select Board, or a committee tasked with developing a plan for improvements to the Town Hall building.

Tax Impact

No tax impact beyond an expenditure for a workflow study followed by consultation with an architect to develop a design. These expenses fall outside the CIP committee's scope.

Recommendations

The committee recommends completing the study and architectural consultation and associated budgetary estimate. With an estimated project completion date, a long-range plan can be assembled.

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Future CIP Considerations - Leases

Overview

The Capital Improvement Committee has identified existing "Lease/Purchase" arrangements, primarily for vehicles, as an opportunity for cost savings for the Town.

Tracking the existing leases and, once paid in full, redirecting lease funds to capital reserve funds would financially prepare the Town for replacement purchases, saving future interest costs associated with leases / loans.

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Libraries

Overview

The Library Trustees approached the CIP Committee with a request for a new Handicap Ramp to enter the Andover Library. The existing ramp had fallen into disrepair, as well, the existing ramp did not satisfy Americans with Disabilities Act (ADA) requirements.

This was quickly identified as a safety concern requiring immediate action and subsequently was removed from the CIP scope of projects. The Select Board took this project as a priority item.

Recommendation

Library Trustees provide input for future projects / capital expenditures when capital improvements have been identified.

Village Water District

No submission has been received from the Village Water District.

Recommendations

It is recommended that the Water Department meet with the CIP Committee when capital improvements have been identified.

Cemetery

The Cemetery Trustees have withdrawn a previously submitted projected. There are no other projects to be considered at this time.

Recommendations

It is recommended that the Cemetery Trustees meet with the CIP Committee when capital improvements have been identified.

Recreation Committee

The Recreation Committee has not submitted a projected capital plan for this cycle.

Recommendations

It is recommended that the Recreation Committee meet with the CIP Committee when capital improvements have been identified.

Emergency Management Department

The Emergency Management Team has not submitted a projected capital plan for this cycle.

Recommendations

It is recommended that the Emergency Management Department meet with the CIP Committee when capital improvements have been identified.

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

Grants

Grants can reduce yearly and long-term costs significantly and allow the town to build more capital reserves for future capital improvements.

As an example, if the initial cost of a new fire engine is \$1,000,000, the cost with a 20% matching grant would be \$800,000. A savings of \$200,000.

A \$300,000 sidewalk project would cost the town \$60,000 with an 80% matching grant.

The CIP committee recommends that the town aggressively pursue grants to help reduce the cost of necessary capital improvements, including grants for planning and engineering. To be successful the town needs to take the following steps:

- Develop a coordinated grant writing effort employing the skills of town employees and volunteers
- Develop contacts and supporters at the State and Federal level
- Establish priorities and apply for grants in key areas to establish a track record with funding agencies

Develop shovel-ready projects to improve infrastructure

- Perform well on grants that have been awarded
- Establish a capital reserve for matching grants.

Cost of Delaying Capital Expenditures

Overview

Inflation causes the cost of delaying capital expenditures to compound over time. Therefore, when developing a budget, both the cost of a capital improvement and the cost of not funding a capital improvement must be taken into consideration by decision makers and voters. Factors that increase costs:

- Inflation
- Interest rates
- Maintenance costs
- Credit rating
- Borrowing options
- Ability to obtain grants

Andover Capital Improvement Planning

Rev 1.0 2/2/2024

The Capital Improvement Committee

Chairman: Doug Phelps
Vice Chairman: Jim Hersey
Fred Lance
Greg Stetson
Roland Carter

Committee Members 2023 – 2024