

CAPITAL IMPROVEMENT PLAN

The comprehensive plan recognizes planned growth and a diverse mix of land uses within the town as an important aspect of fiscal planning. The primary implementation strategy for the fiscal capacity section is the development of a capital improvement plan (CIP). The Growth Management Act requires that each town develop a capital investment plan for financing the replacement and expansion of public facilities & services required to meet projected growth and development. The implementation strategies in the Fiscal Capacity Section of the comprehensive plan will center on the capital improvements needed to accommodate projected growth and ways to fund them.

The purpose of a CIP is to establish a framework for financing needed capital improvements. A CIP guides budgeting and expenditures of tax revenues and identifies needs for which alternative sources of funding such as loans, grants or gifts will be sought. Capital improvements are investments in the repair, renewal, replacement or purchase of capital items. Capital improvements differ from operating expenses or consumables. The expense of consumables is ordinarily budgeted as operations. Capital improvements generally have the following characteristics: they are relatively expensive (usually having an acquisition cost of \$5,000 or more); they usually do not recur annually; they last a long time (usually having a useful life of three or more years); and they result in fixed assets. Capital items can include equipment and machinery, buildings, real property, utilities and long-term contracts and are funded through the establishment of financial reserves.

Capital improvements are prioritized each year in the budget process based on the availability of funds and the political will of the community. A complete CIP describes expected yearly investment and allows for both changes in priorities and reduction of available funds. The CIP is intended to prevent an unavoidable capital improvement from occurring in a single fiscal year. The unexpected purchase of a sizeable improvement can overburden the tax rate and cause large fluctuations in tax bills from year to year. A CIP attempts to illustrate all expected capital improvements over a number of years. The longer the useful life of a capital item, the lower the annual provision for its eventual improvement. It is important that capital improvements be financially provided for each fiscal year, minimizing later expense.

For the purpose of this plan, the total costs have been recognized with an indication of the expected time frame for each item that is desired based on priority ratings.

**2005 Report of the Capital Needs Committee
Town of Lincolnville
January 14, 2005**

Capital Needs Priorities:

Priority 1 – New School

Construction of the new school is underway! Construction is on schedule and completion is expected for the opening of school in September of 2005.

As of December 20, 2004, the Lincolnville School Capital Campaign Committee had raised \$829,245 toward the goal of \$1 million. The tireless efforts of many community members as well as a generous contribution from the Town have made this campaign a huge success.

It is anticipated that following completion of the construction and equipping of the new facility, the School Committee will be requesting an amount for capital renewal reserve equal to approximately 2% of replacement value of the building, to be reinvested in the school building as capital renewal becomes necessary. It is also anticipated that capital needs will arise on an annual basis for new equipment such as computers, etc.

Priority 1 – Fire Department

The Fire Department is partially self-funded, so requires less capital support than if it were totally tax supported. The next new fire truck will be purchased in seven years; the anticipated cost is more than \$240,000. A portion of the necessary funds will come from the Department’s own reserves; the remainder comes from the Town.

The Town’s fire stations are now cramped for space, as fire trucks increase in size from year to year. Arrival of the new truck seven years from now will mean the Department will be OUT of space. The new truck’s larger size will create the need – before those seven years are up – for a larger Fire Department building at a cost of approximately \$250,000-\$300,000. The Town has set aside \$62,000 to date in a Fire Department Reserve Fund to apply to the building costs. The availability of grant funds is being researched but does not look promising.

<i>CNC recommends:</i>	<i>Truck Reserve</i>	<i>\$ 20,000</i>	<i>annually</i>
	Building Reserve	50,000	annually

Priority 2 – Police Department

The Town maintains a Cruiser Reserve Fund which allows the cost of one police cruiser to be amortized over its useful life of approximately four years. The current balance of the fund is \$11,000; a new cruiser will be needed in 2006.

<i>CNC recommends:</i>	<i>Cruiser Fund</i>	<i>\$ 6,000</i>	<i>annually</i>
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Priority 2 – Road Paving

The CNC applauds the Selectmen’s decision to study the condition of all the town-maintained roads to develop a long-range plan for the care of all our paved and unpaved roads.

CNC Recommends: Road Paving Program \$ 90,000 FY2006

Priority 3 – Recreation Committee

The Recreation Committee continues to build and to care for the Town’s recreation facilities. The drainage issues at Breezemere Park have been resolved, and the results are beautiful.

As in past years, the CNC supports the Rec Committee prioritizing the Town’s recreational needs. In addition to any tax-supported allocation, the Rec Committee is encouraged to continue seeking other contributions.

CNC Recommends: Recreation Projects \$ 20,000 FY2006

Priority 3 – Town Office

The Town leased the use of a vote-tabulating machine for the Presidential elections in November 2004, and its trial run was an unqualified success. Because the ability to lease a machine for each voting occasion is doubtful, outright purchase is the best alternative.

The Town Office will also need a photocopier in July 2007, when the current 5-year lease expires. The CNC recommends a study be conducted prior to that deadline, to determine whether a new lease or outright purchase would be most cost-effective.

CNC Recommends: Vote Tabulator \$ 6,500 FY2006

Capital Requests Needing Further Study

The CNC suggests that the following capital requests need additional study to determine how each can best be implemented. Until additional information and input is provided, the Committee cannot assign a priority to these requests.

Harbor Committee

The Harbor Committee submitted a request for \$30,000 for new floats and inclines, to expand dock space. The CNC recommends forwarding the request to the Harbor Study Committee.

Municipal Buildings

The Selectmen have re-activated the Municipal Buildings Committee and meetings have begun. The committee plans to establish the existing and anticipated (for the next 20 years) needs and population of the Town, inventory current space available and report back to the Selectmen.

Dean & Eugley Property

The CNC renews its recommendation that the building on the property be demolished and the property be retained for Town uses. A State environmental study has been completed,

and it appears the soil cannot be disturbed (i.e. no new construction, water or sewer) without DEP approval and expensive mitigation.

Water Resources Committee

The WRC has completed its initial study. Further work is needed in light of the expense and lack of funding for any water/sewer projects in conjunction with the rebuilding of Route 1 through the Beach.

Public Works

The Town continues to contract out its public works functions. The CNC recommends the Town begin planning now to continue these services, whether by contracting out the work or by setting up a Town-run Public Works Department.

Conclusion

The Capital Needs Committee would like to thank the heads of the Town departments and committees who took the time to complete Project Sheets outlining their anticipated capital expenses. Planning would not be possible without such input.

We would also like to thank the departments and committees that take the time to research the availability of grants and to solicit gifts which offset the costs we incur as a Town to provide services our residents need and want. We would encourage all townspeople to keep such sources of funding in mind, and to provide information to the Town Office about any funds that might be or become available for municipal uses.

Respectfully Submitted,

The Capital Needs Committee

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Rob Newcombe, Vice Chair
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