Overview

A Capital Improvement Program is a blueprint for planning a community’s capital expenditures. A CIP is typically a multi-year plan identifying capital projects and equipment to be funded during the planning period. The plan is composed of two main parts; a capital program and a capital budget. The capital program is a plan for capital expenditures that extends out past the capital budget into the foreseeable future. The capital budget is the year to year financing, and an important component of the upcoming year’s spending which specifically addresses the items listed on the capital plan. The Town has undertaken the process of updating a five-year Capital Improvement Plan to identify and address capital needs and planning for the impact on budget development.

Developing a Capital Improvement Program that will ensure sound financial and capital planning requires effective leadership and the involvement and cooperation of all municipal departments. A properly developed program will help the Town of Millville in many ways such as enhancing the community’s credit rating, stabilizing debt service, and identifying the most economical and sustainable means of financial capital projects. The Capital Improvement Program will also assist with increasing opportunities for the solicitation of State and Federal funding by demonstrating a well thought out plan, as well as avoiding duplication of requests by overlapping governmental units.

The Town of Millville has identified several means of financing the Capital Improvement Program, including appropriations under the tax levy, outlay from special purpose Capital Stabilization fund, State and Federal funding, and the use of long term capital leases and long-term debt service. Depending on the cost and the useful life, the Town Administrator will make recommendations to the Capital Planning Committee, the Board of Selectmen, and the Finance Committee for funding options to address capital needs.

The Capital Improvement Program dovetails into the Town of Millville’s five-year financial forecast for planning purposes. The program has to be worked into the omnibus portion of the budget so that both operational and capital needs are addressed and met for the municipal departments. Oftentimes a capital program suffers as fixed costs such as health insurance and retirement assessments continue to rise and place pressure on operational budgets. It is incumbent upon the Board of Selectmen and Town Administrator to ensure that both the operating budget and the capital program are reasonable and obtainable to ensure fiscal stability.

What is a Capital Asset?

The definition of a Capital Asset varies from Town to Town; however, they share common elements. For the Town of Millville, there are two main components that are looked at:

- Capital items are tangible assets or projects with a value of $25,000 or more
- Must have a depreciable life of five (5) or more years.

The Town of Millville’s capital program does include items or projects that are less than $25,000 as they are infrastructure or one-time improvements in excess of available operational funding. While these items may not be applicable to capitalize as part of normal financial statements, they have been included in the long-term spending plan.
During Fiscal 2017 and throughout the Fiscal 2018 budget development process, the Town of Millville through its Town Administrator and Capital Planning Committee met with department heads to review the requests for the financial period of 2018 through 2023. A detailed schedule of meetings was developed cooperatively with the Board of Selectmen and Capital Planning Committee for budget and capital hearings. The Town Administrator subsequently reviewed and discussed funding options and priority levels for the requested items relative to available funds. The Fiscal 2018 Capital Program includes funding for Public Safety, and the Regional Schools through a capital assessment. It has been funded primarily through one time revenue sources rather than long term borrowing to minimize the financial impact on the operating budget in future years.

The included attachment named “Millville_Capital Summary” has been compiled based on the information provided by the department heads, and subsequently reviewed by the Capital Planning Committee. The timeline for projects or replacements have been prioritized based on need and financing source based on input from the originator. The Capital Improvement Program should be reviewed semi-annually with a focus on estimated cost, re-prioritization based on updated information from the departments, and the availability of funding that is above estimates, or was not known to be estimated at the time of the last revision. The Capital Improvement Program is a living document that requires regular review and updating in conjunction with the budget and financial forecast.

Respectfully Submitted,

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Deferred projects are those which have been identified as being unnecessary at this time, non-critical, or lacking a sufficient implementation plan by the requesting department. At the time of this revision, projects related to the Millville Town Hall have been deferred due to the establishment of the new Town Hall locations at 200 Main Street in Millville. The building referenced in the capital planning document has been condemned and as such the projects placed in deferred status. The Town has plans for the disposition of the property, however until such time as a sale or auction has been completed, the capital document will hold the previously requested projects as a placeholder. If the Town decides to retain the property for municipal purposes, the identified projects would most likely be required at that time. The remains projects related to the upgrade and improvement to the town-wide fire suppression system have not been through the feasibility study or engineering phase. At this time these projects are placeholder estimates with no timeline to move forward.

### Notes On Funding Sources

1. **Tax Levy Budget & Tax Levy Lease**: We have chosen to differentiate between capital items funded as a regularly recurring part of the budget in perpetuity versus "short-term" budgeted items such as leases with a 3-5 year life

2. **Tax Levy Long Term Debt**: encompasses items for which the Town will borrow and repay the principle and interest over a 15+ year period. The Town can use Free Cash to address public safety capital issues in the short term, but must fund larger, long term debt items through the normal budgeting process.

3. **Deferred Projects**: The Town attempts to set aside funds to cover any future needs that arise. These are included as "Deferred" on the list. The Town’s objective is to save the Town funds to address future emergency or critical issues, and one time in nature. The Town has budgeted this way to ensure that the Town does not fund capital projects that are non-urgent in nature. The deferred projects are intended to be for items that are critical in nature and one time in nature. The Town’s expenditure plan for deferred projects is as follows:

   - **Free Cash**: Projects that are expected to be completed in the next fiscal year. If the free cash amount is not sufficient, the project is deferred. The expected cost is based on the current budgeting process. Projects that will be deferred are identified as "Deferred" in the list.
   - **Multi-Year Projects**: Projects that will be completed over multiple fiscal years. The expected cost is based on the current budgeting process. Projects that will be deferred are identified as "Deferred" in the list.
   - **Deferred Projects**: Projects that are expected to be completed in the next fiscal year but have not been included in the budget due to lack of funds. These projects are identified in the list. The Town’s objective is to save funds for future needs that arise. The expected cost is based on the current budgeting process.

### Deferred Projects

- **Fire Station 1 Heating Replacement**: Building (2019) - 30,000
- **Police Cruiser Replacement**: Equipment (2019) - 38,500
- **Public Works Loader ($180,000 5 Year Lease)**: Equipment (2019) - 36,000
- **School Water Main Improvements**: Infrastructure (2019) - 37,000
- **Public Works Central Street Improvements**: Infrastructure (2019) - 2,100,000
- **School HVAC Replacement M15**: Building (2020) - 21,000
- **Police Police Station Window Replacements**: Building (2020) - 5,000
- **Police Police Cruiser Replacement**: Equipment (2020) - 38,500
- **Public Works Public Works Loader ($180,000 5 Year Lease)**: Equipment (2020) - 36,000
- **School Oil Tank Replacement**: Infrastructure (2020) - 60,000
- **School Fire Suppression Water Tank**: Infrastructure (2020) - 120,000
- **Library Parking Lot Replacement**: Infrastructure (2020) - 30,000
- **Police Police Cruiser Replacement**: Equipment (2021) - 40,000
- **Public Works Public Works Loader ($180,000 5 Year Lease)**: Equipment (2021) - 36,000
- **Police Police Cruiser Replacement**: Equipment (2022) - 40,000
- **Public Works Public Works Loader ($180,000 5 Year Lease)**: Equipment (2022) - 36,000
- **Police Police Cruiser Replacement**: Equipment (2023) - 42,000
- **School General Govt Town Hall Masonry Repair**: Building (2023) - 80,000
- **School Town Hall Ext Stairs Replacement**: Building (2023) - 24,000
- **School Town Hall Window Replacements**: Building (2023) - 80,000
- **General Govt General Govt Town Hall Rear Parking Lot Replacement**: Infrastructure (2025) - 30,000
- **School Town Hall Sidewalk Replacement**: Infrastructure (2025) - 60,000
- **Fire High Volume Water Tank**: Infrastructure (2025) - 1,000,000
- **Fire Water System Interconnection**: Infrastructure (2025) - 315,000

### Deferred Projects Totals

- **Grand Total**: 5,030,250
- **Deferred Projects**: 294,000
- **180,000**
- **261,000**
- **177,000**
- **90,000**
- **57,000**
- **500,000**
- **1,000,000**
- **666,250**
- **3,075,250**
- **1,935,000**