



Capital Improvement Plan

Fiscal Years 2022 to 2026

Capital Improvement Committee

- Charles Denault, Council Member
- Eric Lemont, School Committee Member
- Jeff Clifford, Citizen Representative
- Chris Perkins, Citizen Representative
- Kendra Amaral, Town Manager
- Patricia Moore, Finance Director/Asst Town Manager
- Eric Waddell, School Superintendent

Process

Review & Update Policy



Review Status of Approved Projects



Evaluate Project Requests



Consider Financial Capacity



Prioritize Projects

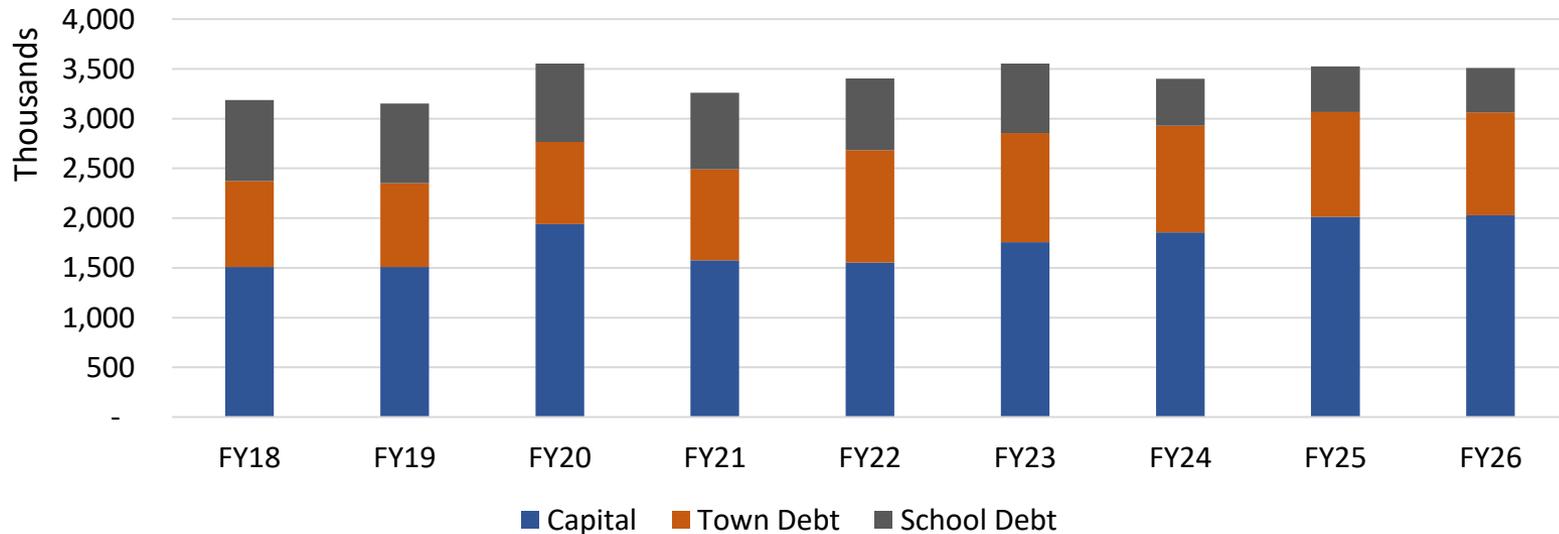
Policy & Program Update

- Policy amendment proposed to incorporate climate resiliency and climate change considerations.
- Added “Projects on the Horizon” for Kittery Port Authority; projects that are currently conceptual and higher cost than is supported by reserve approach.
- Incorporated detailed asset management plan for:
 - Municipal Technology
 - Police Vehicles

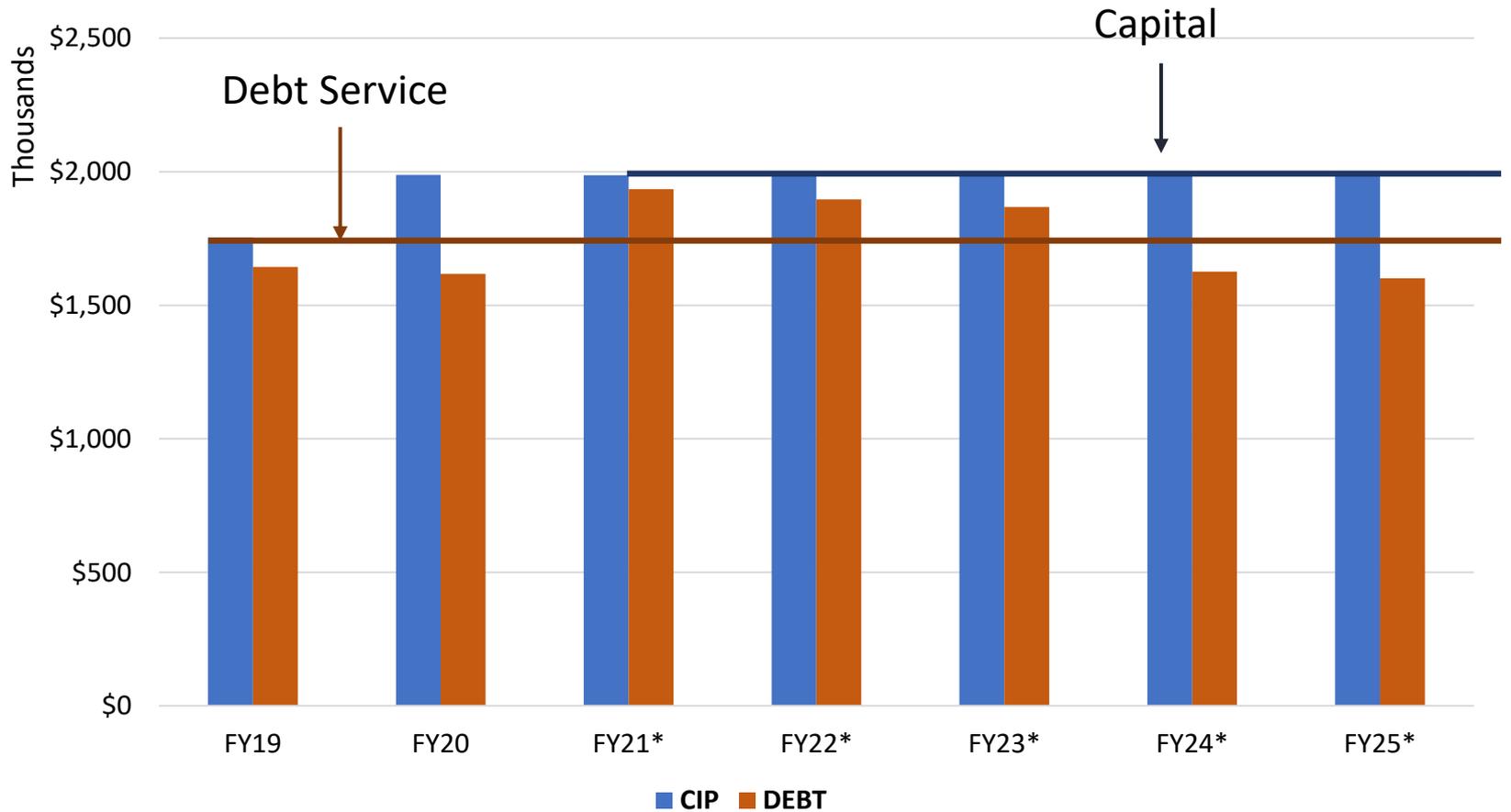
Overview

| | Pre-COVID Proposal FY21 | Approved FY21 | Proposed FY22 |
|---------------------------|----------------------------|--------------------|--------------------|
| Capital Requests | \$1,986,517 | \$1,455,500 | \$1,588,900 |
| YE Transfers | 0 | 190,850 | TBD |
| Rev & Other Funds Offsets | (35,000) | (35,000) | (35,000) |
| NET CIP | \$1,951,517 | \$1,576,350 | \$1,553,900 |

Combined CIP

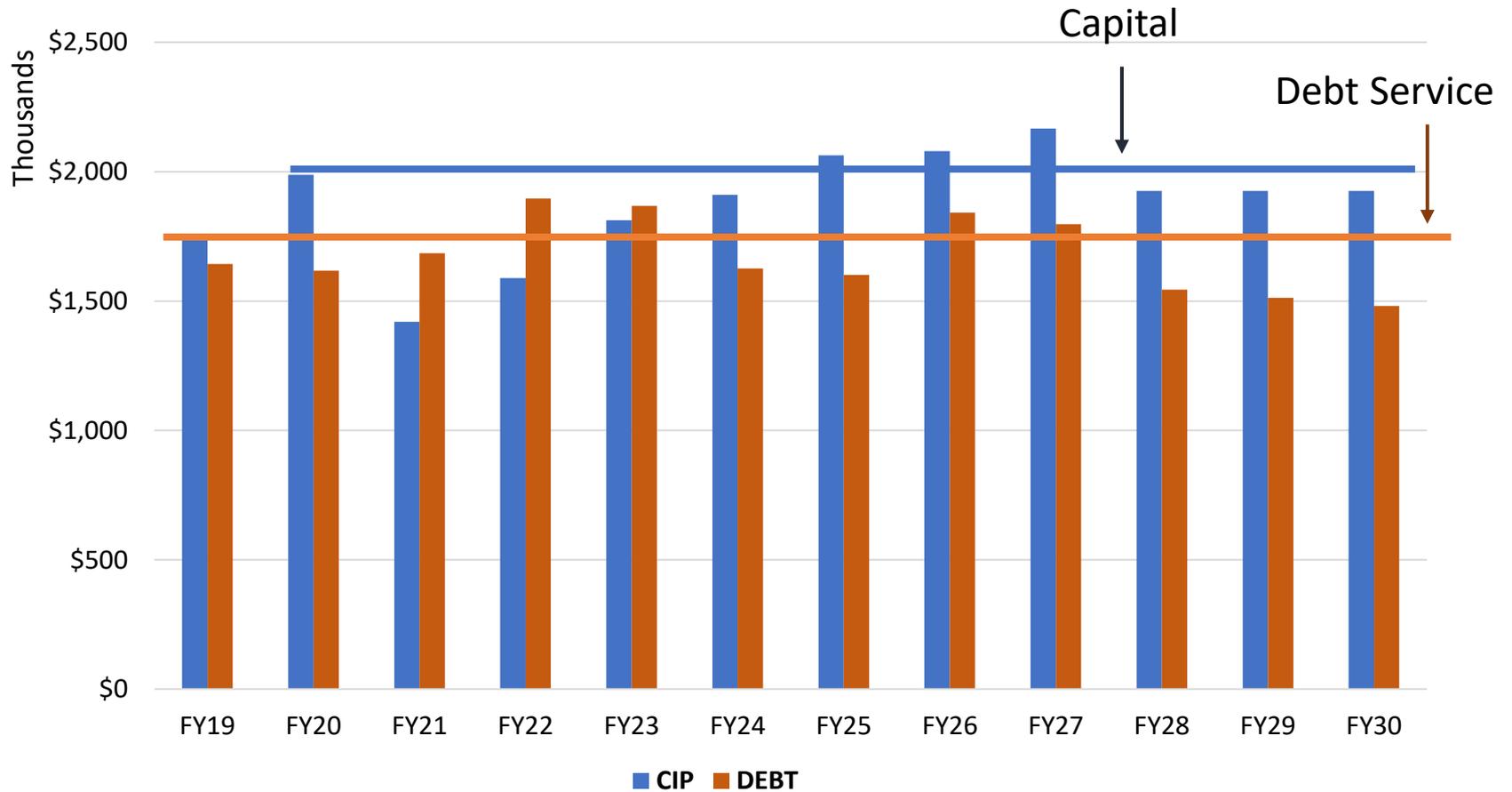


Pre-COVID Plan



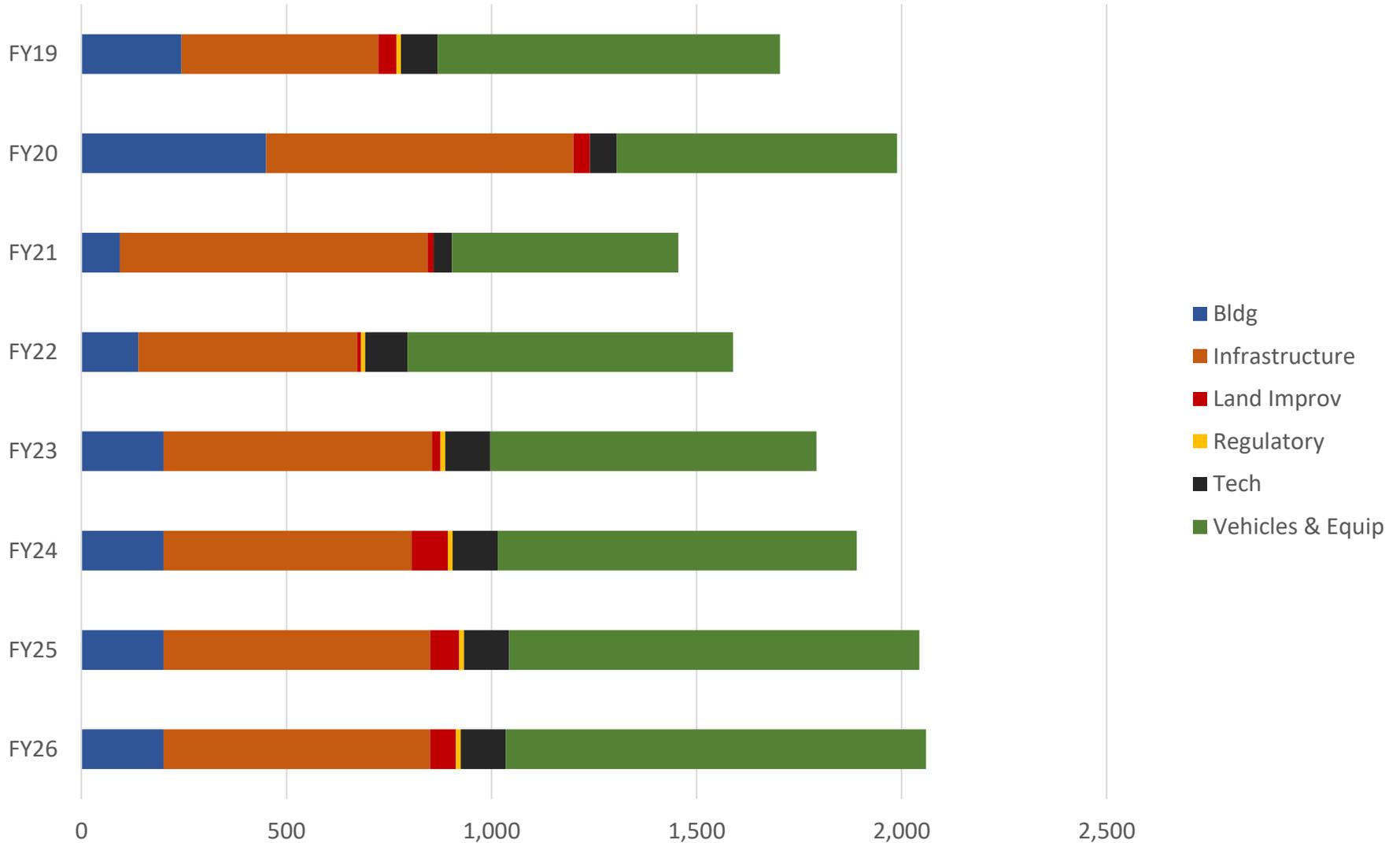
*Bonds exclude Sewer debt; includes projected Library Project Debt

Revised Plan



*Bonds exclude Sewer debt

CIP Funding By Category



Holding Accts

- Right of Way funding supports ongoing implementation of Pavement Management Plan and builds some contingency for Rte 1 paving in FY23.
- Fire Apparatus - rebuilding reserve for next replacements scheduled for FY26 ~ \$840,000.
- Continue to build Municipal Facility reserve for planned future needs.



Other Holding Accounts

- Municipal Facility Reserve will rely on built up reserves for the FY22 program.

Municipal Facility Summary

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------------------------|-------------------|-------------------|------------------|------------------|-------------------|
| AIR CONDITIONING | | \$ 84,413 | | | |
| EMERGENCY POWER | \$ 92,882 | | | | |
| EXTERIOR WALLS | | \$ 30,951 | | | |
| FLOOR COVERINGS | | | | | |
| HEATING SYSTEM | | \$ 6,155 | | | |
| INTERIOR WALLS | | \$ 24,761 | | | |
| POWER DISTRIBUTION | | | | | |
| ROOF SYSTEMS | | | | \$ 5,320 | |
| SITE UTILITIES | | | | | |
| VEHICULAR & PEDESTRIAN MOVEMENT | | \$ 50,423 | | | \$ 143,846 |
| VENTILATION UNITS | | \$ 3,658 | | | |
| UNPLANNED PROJECTS | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| FIRE PROTECTION | | | | | \$ 32,637 |
| Total Est Projects | \$ 112,882 | \$ 220,362 | \$ 20,000 | \$ 25,320 | \$ 196,483 |

Reserve Accounts

- Most Reserve Accts were not funded in FY21 as a result of COVID-19 budget impacts. FY22 proposal starts to rebuild reserve plan to pre-COVID levels.
- Multi-year Technology Plan includes redesign of network architecture, transition to VoIP, equipment replacement.
- KCC equipment will be integral to service as community resumes normal activities post COVID-19.

| FY2022 | | | |
|--|----------|-------------|---|
| Name | Priority | Status | Dependency |
| BACKUP: Acronis CyberCloud Migration | Medium | Not Started | |
| KWW Waste Water Virtualization/Network Rebuild | Medium | Not Started | Office 365 Government Community Cloud (GCC) Migration |
| Domain Reorganization | Low | Planning | Endpoint Security Enhancement |
| KPD Wireless Upgrade | Medium | Not Started | |
| SECURITY: Harden Local servers With Department of Defense settings (STIGS) | High | Not Started | New Hosts for Town Administration Office |
| New Network Switching - All locations | Medium | Not Started | Domain Reorganization |
| HARDWARE: Police: Evidence PC (Isolated PC) | Low | Not Started | |
| AUDIT: Business Continuity Review | High | Not Started | Compliance: Upgrade Local Servers to Windows 2019 |
| Upgrade/Replace Windows 7: Year 2 | Critical | Planning | |
| HARDWARE: Obsolete/Out of Warranty PC Replacements | High | Not Started | |

Projects & Debt

Projects

- No new projects proposed for FY22

Debt

- Library Expansion and Renovation ~\$350,000/annual
 - 20 Year Bond
 - Interest rate: 1.18% blended
- Refinance 2010 School and DPW bonds
 - \$640,000 savings over the next 10 years



On the Horizon

| | |
|---|--------------------|
| FY20 Unassigned Fund Balance | \$6,970,748 |
| Policy 2.5 Months of Operating Costs | \$6,998,525 |
| Surplus/(DEFICIT) | (\$27,777) |



On the Horizon

| Planned | Funded Year | COST | Unassigned Fund | Capital | Annual Debt | Grants |
|--|-------------|---------------------|-------------------|-------------|-------------|-------------|
| Senior Tax Circuit Breaker | Ongoing | \$50,000 | \$ 50,000 | \$ - | \$ - | \$ - |
| Compensated Absences | Ongoing | \$125,000 | \$ 125,000 | \$ - | \$ - | \$ - |
| In Evaluation Phase | | | | | | |
| Ambulance Relocation ¹ | TBD | \$700,000 | \$ 700,000 | \$ - | \$ - | \$ - |
| Memorial Field ² - Phase 1 | TBD | \$1,000,000 | To Be Determined | | | |
| Stevenson Sidewalk ³ | TBD | \$750,000 | To Be Determined | | | |
| Removal of Cole Street Bldg | TBD | \$80,000 | | \$ - | \$ - | \$ - |
| TOTAL | | | \$ 875,000 | \$ - | \$ - | \$ - |
| Requested | | | | | | |
| Dredge Pepperell Cove - Engineering and Permitting | 2022 | \$ 292,000 | To Be Determined | | | |
| Love Lane Sidewalks ³ | TBD | 1,900,000 | To Be Determined | | | |
| TOTAL | | \$ 4,897,000 | | \$ - | \$ - | \$ - |

* See notes in Capital Improvement Plan

Conclusion

- FY21 CIP allocation was reduced to respond to COVID-19.
- Reserve approach is working, absorbing larger projects without impacting long-term asset management while providing flexibility in lean years.
- Protection of unassigned fund balance, long-term planning, and reserve approach viewed favorably by Rating Agencies.
- Replacement schedules are gaining detail and predictability.
- Five Year CIP will slowly rebuild to resume stabilization.
- FY22 plan drivers:
 - Rebuild reserve account funding incrementally
 - Roads, facilities, technology