

**AGENDA  
LEBANON CITY COUNCIL  
JULY 10, 2019**

**9. NEW BUSINESS:**

**9.A – ANNUAL REVIEW OF CAPITAL RESERVE FUND POLICY**

**BACKGROUND**

The Capital Reserve Fund Policy was first established and adopted by the City Council in June 2018. The purpose of this policy is to achieve and maintain capital reserve fund capacity and capability as a pay-go financing supplement or alternative to debt issuance and applies to all major operating funds of the City.

The policy requires an annual review by the City Council and changes are made as warranted. The policy has been amended to include the “Library Facilities Capital Improvement Fund.”

**ACTION**

*No action is required by the Council as item is for informational purposes only.*

**Included in this Section:**

1. Explanatory memorandum by Greg Colby, Finance Director
2. City Council Policy #CC-102, Capital Reserve Fund Policy (as amended)

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## **REVIEW OF CAPITAL RESERVE FUND POLICY prepared by Greg Colby, Finance Director**

This is the first review of the Capital Reserve Fund Policy that was adopted by the City Council on June 20, 2018. It narrates what the City has been successfully striving to do for many years and suggests carrying on.

To ensure a strong foundation for the financing and completion of capital projects, an important component of capital improvement planning is long-term financial planning for future infrastructure improvements and acquisitions including saving-up for projects where pay-go financing will be used. Annual contributions into capital reserves funds sufficient for infrastructure and equipment needs, as identified and planned in connection with the annually adopted six-year Capital Improvement Program, are an integral in this.

Pay-go financing is a method of using current revenues to pay for capital projects in place of, or in addition to, traditional debt financing. Resources are generally pooled to finance large projects. Capital Reserve Funds are an example of pooled funds; financing projects having a more contemporaneous immediacy through operating fund transfers are another example.

Pay-use financing, inflated by interest expense, affects rates (tax or service rates) over an extended period in debt service payments; pay-go has an immediate rate impact. The policy choice between the two alternatives requires an analysis of the relevant benefits and costs associated with each.

Capital Reserve Funds, which are in the custody of the Trustees of the Trust Funds, are a statutory means to set aside resources to finance the cost of capital improvements.

### *Advantages of Pay-Go Financing:*

- Minimizes premature commitment of funds that should be reserved for operating expenditures or other purposes.
- Savings in interest and other issuance costs. Paying for capital assets with cash rather than financing with debt means that no interest cost is incurred along with the avoidance of various fees and expenses associated with issuing debt.
- Preservation of financial flexibility. Because this method of financing does not create a long-term obligation, greater flexibility is afforded in deciding how much revenues to commit each year to funding capital improvements.
- Protection of borrowing capacity. Relying on cash, in whole or part, to pay for capital improvements helps retain capacity to issue debt in future years.

### *Disadvantages of Pay-Go Financing:*

- Insufficient funding for capital needs. Relying only on available cash may result in deferring necessary improvements resulting in higher-than-budgeted maintenance costs, interruptions in services and higher costs once the project is undertaken.
- Discourages intergenerational equity. An important principle in public finance is the equity principle -- that is, those benefitting from a project should pay for it. Capital projects tend to have long useful lives, benefitting taxpayers over many years. Therefore, it is reasonable that the cost of these projects should be spread over the life of the assets and not borne by any one group of taxpayers.
- Unevenness in capital expenditures. Capital projects typically require large expenditure outlays over a particular time period. Paying for these assets with cash often produces unevenness in capital expenditures from year to year, depending on the magnitude of the project that must be acquired. Such variations could lead to substantial yearly variations in tax and other rates if complete pay-go financing is applied.

The following table summarizes the City's twelve (12) Capital Reserve Funds. (NOTE: The Parking Facilities Repairs/Maintenance Capital Reserve Fund is presently supported exclusively by facility lease payments.)

| <u>Capital Reserve Fund</u>   | <u>Contributing Fund</u>     | <u>Market Value</u><br><u>May 31, 2019</u> |
|---|------------------------------|--|
| Fire Department Equipment/Vehicles  | General                      | \$ 271,664.80                              |
| DPW Equipment/Vehicles  | General                      | \$ 70,222.67                               |
| Recreation and Parks Improvements/Equipment                                     | General                      | \$ 61,333.33                               |
| Parking Facilities Repairs/Maintenance  | General                      | \$ 28,152.36                               |
| Police Equipment, Vehicles and Improvements                                     | General                      | \$ 71,852.31                               |
| Landfill Extended Long-Term Monitoring and Maintenance Entire Facility          | Solid Waste Disposal         | \$ 665,441.25                              |
| Landfill Closeout/Long-Term Monitoring and Maintenance Secured (Lined) Facility | Solid Waste Disposal         | \$ 7,828,120.14                            |
| Landfill Equipment  | Solid Waste Disposal         | \$ 203,259.37                              |
| Landfill Improvements   | Solid Waste Disposal         | \$ 318,002.35                              |
| Water Treatment/Distribution Improvements and Equipment                         | Water Treatment/Distribution | \$ 548,968.33                              |
| Sewage Collection & Disposal Improvements and Equipment                         | Sewage Collection/Disposal   | \$ 162,275.31                              |
| Property Purchase   | General                      | \$ 50,741.60                               |

The attached tables show the market value status of each of the twelve (12) Capital Reserve Funds as of May 31, 2019 and projected balances for 2020 – 2024 using the 2019 – 2024 Capital Improvement Program as the 2020 – 2025 CIP will not be completed for several months.

| Fire Department Equipment/Vehicles |   | <u>2019</u>      | <u>2020</u>      | <u>2021</u>      | <u>2022</u>      | <u>2023</u>      | <u>2024</u>      |
|------------------------------------|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Balance                  |   | \$162,787        | \$271,665        | \$256,665        | \$221,665        | \$201,665        | \$426,665        |
| Change in Portfolio                |   | \$3,878          | -                | -                | -                | -                | -                |
| Additions:                         |   | \$240,000        | \$250,000        | \$260,000        | \$270,000        | \$280,000        | \$290,000        |
| Withdrawals:                       |   |                  |                  |                  |                  |                  |                  |
| 2019-2024 CIP                      | Staff Vehicle Replacements                | \$0              | \$0              | \$0              | \$0              | (\$55,000)       | \$0              |
| 2019-2024 CIP                      | Personal Protective Equipment Replacement | (\$135,000)      | \$0              | \$0              | \$0              | \$0              | \$0              |
| 2019-2024 CIP                      | SCBA Replacement                          | \$0              | \$0              | \$0              | \$0              | \$0              | (\$175,000)      |
| 2019-2024 CIP                      | Ambulance Replacements                    | \$0              | (\$265,000)      | \$0              | (\$290,000)      | \$0              | \$0              |
| 2019-2024 CIP                      | Cardiac Monitor Replacement               | \$0              | \$0              | (\$135,000)      | \$0              | \$0              | \$0              |
| 2019-2024 CIP                      | Forestry Unit Acquisition                 | \$0              | \$0              | (\$100,000)      | \$0              | \$0              | \$0              |
| 2019-2024 CIP                      | F-350 Utility Vehicle Replacement         | \$0              | \$0              | (\$60,000)       | \$0              | \$0              | \$0              |
|                                    | <b>Estimated Ending Balance</b>           | <b>\$271,665</b> | <b>\$256,665</b> | <b>\$221,665</b> | <b>\$201,665</b> | <b>\$426,665</b> | <b>\$541,665</b> |

| DPW Equipment/Vehicles |                                 | <u>2019</u>     | <u>2020</u>      | <u>2021</u>      | <u>2022</u>      | <u>2023</u>      | <u>2024</u>      |
|------------------------|---------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Balance      |                                 | \$48,691        | \$70,222         | \$100,222        | \$140,222        | \$190,222        | \$250,222        |
| Change in Portfolio    |                                 | \$1,531         | -                | -                | -                | -                | -                |
| Additions:             |                                 | \$270,000       | \$280,000        | \$290,000        | \$300,000        | \$310,000        | \$320,000        |
| Withdrawals:           |                                 |                 |                  |                  |                  |                  |                  |
| 2019-2024 CIP          | DPW Fleet/Equipment Replacement | (\$250,000)     | (\$250,000)      | (\$250,000)      | (\$250,000)      | (\$250,000)      | (\$250,000)      |
|                        | <b>Estimated Ending Balance</b> | <b>\$70,222</b> | <b>\$100,222</b> | <b>\$140,222</b> | <b>\$190,222</b> | <b>\$250,222</b> | <b>\$320,222</b> |

| Recreation and Parks Improvements/Equipment |                                 | <u>2019</u>     | <u>2020</u>     | <u>2021</u>      | <u>2022</u>      | <u>2023</u>      | <u>2024</u>      |
|---|---------------------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| Beginning Balance                           |                                 | \$40,332        | \$61,334        | \$81,334         | \$101,334        | \$121,334        | \$141,334        |
| Change in Portfolio                         |                                 | \$1,002         | -               | -                | -                | -                | -                |
| Additions:                                  |                                 | \$20,000        | \$20,000        | \$20,000         | \$20,000         | \$20,000         | \$20,000         |
| Withdrawals:                                |                                 | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              |
|   | <b>Estimated Ending Balance</b> | <b>\$61,334</b> | <b>\$81,334</b> | <b>\$101,334</b> | <b>\$121,334</b> | <b>\$141,334</b> | <b>\$161,334</b> |

| Parking Facilities Repairs and Maintenance |                                 | <u>2019</u>     | <u>2020</u>     | <u>2021</u>     | <u>2022</u>     | <u>2023</u>     | <u>2024</u>     |
|--|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Balance                          |                                 | \$27,675        | \$35,151        | \$42,151        | \$49,151        | \$56,151        | \$63,151        |
| Change in Portfolio                        |                                 | \$476           | -               | -               | -               | -               | -               |
| Additions:                                 |                                 | \$7,000         | \$7,000         | \$7,000         | \$7,000         | \$7,000         | \$7,000         |
| Withdrawals:                               |                                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |
|  | <b>Estimated Ending Balance</b> | <b>\$35,151</b> | <b>\$42,151</b> | <b>\$49,151</b> | <b>\$56,151</b> | <b>\$63,151</b> | <b>\$70,151</b> |

| Police Department Equipment, Vehicles and Improvements |                                 | <u>2019</u>     | <u>2020</u>     | <u>2021</u>      | <u>2022</u>      | <u>2023</u>      | <u>2024</u>      |
|--|---------------------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| Beginning Balance                                      |                                 | \$50,676        | \$71,852        | \$91,852         | \$111,852        | \$131,852        | \$151,852        |
| Change in Portfolio                                    |                                 | \$1,176         | -               | -                | -                | -                | -                |
| Additions:   |                                 | \$20,000        | \$20,000        | \$20,000         | \$20,000         | \$20,000         | \$20,000         |
| Withdrawals:   |                                 | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              |
|  | <b>Estimated Ending Balance</b> | <b>\$71,852</b> | <b>\$91,852</b> | <b>\$111,852</b> | <b>\$131,852</b> | <b>\$151,852</b> | <b>\$171,852</b> |

| Landfill Equipment  |                                 | <u>2019</u>      | <u>2020</u>      | <u>2021</u>      | <u>2022</u>      | <u>2023</u>      | <u>2024</u>      |
|---------------------|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Balance   |                                 | \$50,281         | \$203,259        | \$353,259        | \$503,259        | \$653,259        | \$803,259        |
| Change in Portfolio |                                 | \$2,978          | -                | -                | -                | -                | -                |
| Additions:          |                                 | \$150,000        | \$150,000        | \$150,000        | \$150,000        | \$150,000        | \$150,000        |
| Withdrawals:        |                                 | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
|                     | <b>Estimated Ending Balance</b> | <b>\$203,259</b> | <b>\$353,259</b> | <b>\$503,259</b> | <b>\$653,259</b> | <b>\$803,259</b> | <b>\$953,259</b> |

| Landfill Improvements |                                       | <u>2019</u>      | <u>2020</u>      | <u>2021</u>      | <u>2022</u>      | <u>2023</u>      | <u>2024</u>      |
|-----------------------|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Balance     |                                       | \$314,034        | \$318,002        | \$318,002        | \$318,002        | \$318,002        | \$318,002        |
| Change in Portfolio   |                                       | \$3,968          | -                | -                | -                | -                | -                |
| Additions:            |                                       | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Withdrawals:          |                                       |                  |                  |                  |                  |                  |                  |
| 2019-2024 CIP         | Landfill Phase III Preliminary Design | \$0              | \$0              | \$0              | \$0              | \$0              | (\$150,000)      |
|                       | <b>Estimated Ending Balance</b>       | <b>\$318,002</b> | <b>\$318,002</b> | <b>\$318,002</b> | <b>\$318,002</b> | <b>\$318,002</b> | <b>\$168,002</b> |

| Landfill Extended Long-Term Monitoring and Maintenance Entire Facility |  | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Beginning Balance  |  | \$614,725   | \$665,441   | \$705,441   | \$745,441   | \$785,441   | \$825,441   |

|                                 |                  |                  |                  |                  |                  |                  |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Change in Portfolio             | \$10,716         | -                | -                | -                | -                | -                |
| Additions:                      | \$40,000         | \$40,000         | \$40,000         | \$40,000         | \$40,000         | \$40,000         |
| Withdrawals:                    |                  |                  |                  |                  |                  |                  |
|                                 | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| <b>Estimated Ending Balance</b> | <b>\$665,441</b> | <b>\$705,441</b> | <b>\$745,441</b> | <b>\$785,441</b> | <b>\$825,441</b> | <b>\$865,441</b> |

|   |                    |                    |                    |                    |                    |                     |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Landfill Closeout/Long-Term Monitoring and Maintenance Secured (Lined) Facility | <u>2019</u>        | <u>2020</u>        | <u>2021</u>        | <u>2022</u>        | <u>2023</u>        | <u>2024</u>         |
| Beginning Balance   | \$7,585,655        | \$8,024,542        | \$8,394,142        | \$8,782,242        | \$9,189,742        | \$9,617,642         |
| Change in Portfolio   | \$122,899          | -                  | -                  | -                  | -                  | -                   |
| Additions:  | \$315,988          | \$369,600          | \$388,100          | \$407,500          | \$427,900          | \$449,300           |
| Withdrawals:  |                    |                    |                    |                    |                    |                     |
|   | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                 |
| <b>Estimated Ending Balance</b>   | <b>\$8,024,542</b> | <b>\$8,394,142</b> | <b>\$8,782,242</b> | <b>\$9,189,742</b> | <b>\$9,617,642</b> | <b>\$10,066,942</b> |

|   |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Water Treatment and Distribution Improvements and Equipment | <u>2019</u>      | <u>2020</u>      | <u>2021</u>      | <u>2022</u>      | <u>2023</u>      | <u>2024</u>      |
| Beginning Balance   | \$608,296        | \$548,968        | \$381,468        | \$111,968        | \$311,968        | \$511,968        |
| Change in Portfolio   | \$10,672         | -                | -                | -                | -                | -                |
| Additions:  | \$250,000        | \$250,000        | \$250,000        | \$250,000        | \$250,000        | \$250,000        |
| Withdrawals:  |                  |                  |                  |                  |                  |                  |
| 2019-2024 CIP DPW Fleet/Equipment Replacement               | (\$50,000)       | (\$50,000)       | (\$50,000)       | (\$50,000)       | (\$50,000)       | (\$50,000)       |
| 2019-2024 CIP Water Treatment Facility Improvements         | (\$270,000)      | \$0              | \$0              | \$0              | \$0              | \$0              |
| 2019-2024 CIP Mack Avenue Utility Replacement               | \$0              | (\$97,500)       | (\$469,500)      | \$0              | \$0              | \$0              |
| 2019-2024 CIP Streets Rehabilitation and Reconstruction     | \$0              | (\$270,000)      | \$0              | \$0              | \$0              | \$0              |
| <b>Estimated Ending Balance</b>                             | <b>\$548,968</b> | <b>\$381,468</b> | <b>\$111,968</b> | <b>\$311,968</b> | <b>\$511,968</b> | <b>\$711,968</b> |

|   |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Sewage Collection and Disposal Improvements and Equipment | <u>2019</u>      | <u>2020</u>      | <u>2021</u>      | <u>2022</u>      | <u>2023</u>      | <u>2024</u>      |
| Beginning Balance   | \$24,371         | \$162,275        | \$332,275        | \$162,775        | \$462,775        | \$593,495        |
| Change in Portfolio                                       | \$2,904          | -                | -                | -                | -                | -                |
| Additions:  | \$450,000        | \$350,000        | \$350,000        | \$350,000        | \$350,000        | \$350,000        |
| Withdrawals:  |                  |                  |                  |                  |                  |                  |
| 2019-2024 CIP CMOM (Capacity Management Operations Maint  | (\$265,000)      | \$0              | \$0              | \$0              | \$0              | \$0              |
| 2019-2024 CIP DPW Fleet/Equipment Replacement             | (\$50,000)       | (\$50,000)       | (\$50,000)       | (\$50,000)       | (\$50,000)       | (\$50,000)       |
| 2019-2024 CIP Mack Avenue Utility Replacement             | \$0              | (\$130,000)      | (\$469,500)      | \$0              | \$0              | \$0              |
| 2019-2024 CIP Streets Rehabilitation and Reconstruction   | \$0              | \$0              | \$0              | \$0              | (\$169,280)      | (\$108,300)      |
| <b>Estimated Ending Balance</b>                           | <b>\$162,275</b> | <b>\$332,275</b> | <b>\$162,775</b> | <b>\$462,775</b> | <b>\$593,495</b> | <b>\$785,195</b> |

|                                 |                 |                 |                 |                 |                 |                 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Property Acquisition            | <u>2019</u>     | <u>2020</u>     | <u>2021</u>     | <u>2022</u>     | <u>2023</u>     | <u>2024</u>     |
| Beginning Balance               | \$0             | \$50,742        | \$50,742        | \$50,742        | \$50,742        | \$50,742        |
| Change in Portfolio             | \$742           | -               | -               | -               | -               | -               |
| Additions:                      | \$50,000        | \$0             | \$0             | \$0             | \$0             | \$0             |
| Withdrawals:                    |                 |                 |                 |                 |                 |                 |
|                                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |
| <b>Estimated Ending Balance</b> | <b>\$50,742</b> | <b>\$50,742</b> | <b>\$50,742</b> | <b>\$50,742</b> | <b>\$50,742</b> | <b>\$50,742</b> |



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| <i>Approved by:</i>  | City Council          |                      |                           |

### Section 1.0: Purpose

To achieve and maintain capital reserve fund capacity and capability as a pay-go financing supplement or alternative to debt issuance.

### Section 2.0: Scope

This Policy applies to all major operating funds of the City.

### Section 3.0: Definitions

- 1) *Major Operating Funds* – General Fund, Solid Waste Disposal Fund, Water Treatment and Distribution Fund, Sewage Collection and Disposal Fund and Municipal Airport Fund.
- 2) *Pay-go Financing* – is a method of using current revenues to pay for capital projects in place of or in addition to traditional debt financing. Resources are generally pooled to finance large projects. Capital reserve funds are an example of pooled funds.
- 3) *Pay-use Financing* – is debt financing.

### Section 4.0: Policy Detail

To ensure a strong foundation for the financing and completion of capital projects, an important component of capital improvement planning is long-term financial planning for future infrastructure improvements and acquisitions including saving- up for projects where pay-go financing will be used.

- 1) It is the Policy of the City that annual contributions be made into capital reserves funds sufficient for infrastructure and equipment needs as identified and planned in connection with the annually adopted six-year Capital Improvement Program.
- 2) Capital Reserve Funds Associated with the City's Major Operating Funds:
  - a. **General Fund (Tax Rate Supported):**
    - *Fire Department Equipment and Vehicles Capital Reserve Fund* – established to aggregate resources for the acquisition of, and effecting capital repairs and maintenance to, Fire Department related equipment and vehicles.



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- *DPW Equipment and Vehicles Capital Reserve Fund* – (December 15, 2010) established to aggregate resources for future capital needs related to Department of Public Works equipment and vehicle acquisition.
- *Recreation and Parks Improvements and Equipment Capital Reserve Fund* – (December 17, 2014) established to aggregate resources to acquire, effect major repairs, maintenance and/or upgrades of related equipment and vehicles.  
(December 16, 2015) Purpose expanded to include related infrastructure and facility improvements; fund renamed Recreation and Parks Improvements and Equipment Capital Reserve Fund; City Manager named agent of the City to carry out the purpose of the fund.
- *Parking Facilities Repairs and Maintenance Capital Reserve Fund* - Contributions made contingent on source of financing (lease payment) continuing. (December 16, 2015) established to aggregate resources to effect repairs, maintenance and/or upgrades of infrastructure and facilities including the acquisition, installation and maintenance of related appurtenances. City Manager named agent of the City to carry out the purpose of the Fund.

Background: Maintenance and repairs to be made from the Capital Reserve Fund. There is no budget. At some point establishing a Parking Fund (a special revenue fund where resources -- that is, revenues – and requirements – that is, expenditures – are segregated) may be warranted. That point seems to be in the future when other revenue sources are developed.

On February 10, 2015, the City Council established a City- owned parking facility (lot) at 4 Suzor Court (Tax Map 78, Lot 35) in the Residential-Three (R-3) zoning district; declared that as a City-maintained facility the parking lot shall be deemed to be a governmental use under the provisions of RSA 674:54, which shall be exempt from site plan review regulations; and authorized the City Manager to execute lease agreements for the use of parking spaces at the 4 Suzor Court parking facility. According to meeting minutes, the then City Manager indicated that lease "... income will go into a capital reserve fund to be used for infrastructure maintenance and repair." (The initial lease term is three-years at \$7,000 per year; the tenant is Geokon, Inc.).





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| <i>Approved by:</i>  | City Council          |                      |                           |

- Police Department Equipment, Vehicles and Improvements Capital Reserve Fund – (December 20, 2017) established to aggregate resources to effect acquisitions, and capital repairs, maintenance and/or upgrades of Police Department related equipment, vehicles and facilities. City Manager named agent of the City to carry out the purpose of the fund.
- Library Facilities Capital Improvement Fund – (July 10, 2019) Originally established December 19, 2018 as the “Property Acquisition Capital Reserve Fund,” the fund was retitled and repurposed to permit the acquisition of property, the construction of new library facilities, or the renovation of existing library facilities. The City Manager named agent of the City to carry out the purpose of the fund.

**b. Solid Waste Disposal Fund (User Fee Supported):**

- *Landfill Extended Long-Term Monitoring and Maintenance Entire Facility Capital Reserve Fund* – established to aggregate resources to ensure that additions are made as needed for anticipated long-term monitoring and maintenance encompassing the entire landfill site including the unsecured (unlined), construction and demolition debris and secured (lined) landfills. Established as a City initiative, the expenditure of these funds does not require the knowledge and consent of the New Hampshire Department of Environmental Services.
- *Landfill Closeout/Long-Term Monitoring and Maintenance Secured (Lined) Facility Capital Reserve Fund* – Owners of municipal solid-waste landfills are required to provide financial assurance that they will meet their legal obligation to close, monitor, and properly maintain (30-year period) landfill sites once no longer in active use.  
This fund was mandated by the State and established to aggregate resources on an annual basis sufficient to ensure that monthly additions are made with payments based on a per ton rate – determined annually by the City's engineers – applied to processed tonnage. Moneys set aside contemporaneously and cumulatively shall be used only for the purpose for which the Capital Reserve Fund was established which shall not be changed without the knowledge and consent of the New Hampshire Department of Environmental Services.
- *Landfill Equipment Capital Reserve Fund* – established to aggregate resources for future capital needs related to landfill equipment and vehicle acquisition, repairs and maintenance.



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| <i>Approved by:</i>  |                       | City Council         |                 |

- *Landfill Improvements Capital Reserve Fund* – established to aggregate resources for future capital needs related to landfill infrastructure and facilities improvements, repairs and maintenance.
- c. Water Treatment and Distribution Fund (User Fee Supported):**
  - *Water Treatment and Distribution Improvements and Equipment Capital Reserve Fund* – established to aggregate resources for future capital needs related to water treatment and distribution facilities, equipment (including vehicles) and infrastructure development, improvement and acquisition (including maintenance and repairs).
- d. Sewage Collection and Disposal Fund (User Fee Supported):**
  - *Sewage Collection and Disposal Improvements and Equipment Capital Reserve Fund* -- (December 18, 2007) established to aggregate resources for future capital needs related to sewage collection and disposal facilities, equipment and infrastructure development, improvement and acquisition.

3) This Policy shall be reviewed annually by the City Council and revised as warranted.

### Section 5.0: References (Charter/Code/State Statues)

- 1) *NH RSA 34: 1 Establishment of Reserves Authorized.*
- 2) *NH RSA 34: 1-a Establishment of Non-Capital Reserves Authorized.*

### Section 6.0: Policy & Procedure Revision History

|                   | Section | Revisions | Date    |
|-------------------|---------|-----------|---------|
| Original Adoption |         |           | 6/20/18 |
| Amendment         |         |           |         |
| Amendment         |         |           |         |
| Amendment         |         |           |         |