



City of Lebanon  
New Hampshire

## ADMINISTRATIVE POLICIES & PROCEDURES

<i>Policy Number</i>	<i>Effective Date</i>	<i>Last Revision</i>	<i>Page No.</i>
<b>CC-102</b>	<b>6/20/2018</b>	<b>7/10/2019</b>	Page <b>1</b> of <b>4</b>
<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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- *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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- *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

	<b>Section</b>	<b>Revisions</b>	<b>Date</b>
Original Adoption			6/20/18
Amendment	4.0 (2.a)	Reviewed by Council; adoption not required.	7/10/19
Amendment			
Amendment			