Appendix

Capital Invesment Program

1. Road Improvements

Although part of the costs projected for the road improvement program can be regarded necessary maintenance, most of the expenses are intended to pre-empt accelerated deterioration caused by future population growth.

Considering that the Town's road budget over the past five years (refer to Table VIII-3 and VIII-7) has consistently exceeded all excise and State Road Grant monies, an alternative funding vehicle must be established. Since the road improvement program is designed in response to future growth, new development should shoulder part of this burden. It is recommended that a "Road Impact Fee" system be instituted. This system would require a one-time flat fee be paid to the Town at the time a new house or commercial establishment were constructed. In terms of timing, the developer would pay the fee once an approved subdivision plat was recorded at the York County Registry of Deeds, or in the case of individual lots, when the Building Permit is issued by the Town Code Enforcement Officer.

Flat fees for all types of new uses is obviously inequitable and could undermine the affordability of Waterboro's housing. Therefore, a sliding scale of fees must be established based on the square footage constructed or the average daily vehicular trips generated by the use. A Sample Road Impact Fee schedule may be established as follows:

Table CIP-3
PROPOSED ROAD IMPACT FEE SCHEDULE

UNIT TYPE	FEE
Residential Single-Family attached and detached	$0.34/square foot
Mobile Homes	$0.30/square foot
Apartments	$0.20/square foot
Apartment Conversions	$100/unit
FmHA Elderly Housing	Exempt
Commercial	$5/average daily trip generation
Industrial	$3/average daily trip load
Home Business	$100 + /average daily trip load
Gravel Operations	$20/average daily trip load

SOURCE: Sebago Technics, Inc., 1990

Several points must be observed about Table CIP-3 and the Road Impact Fee system:

- The fee schedule in Table CIP-3 represents only a sample schedule and further research should be conducted on trip generation figures prior to adoption.
- Fees should be adjusted regularly to account for inflation and material cost increases.
- All fees must be committed to a separate interest-bearing account.
- Appropriations from the Road Impact Fee account may be committed only to road reconstruction or resurfacing. No monies can be used for basic operational expenses, such as snow plowing.

2. Public Safety Improvements

Scheduled public safety improvements are precipitated by both future growth pressures and aging equipment. All proposed capital expenditures are high-priced items and require incremental financing.

In 1988, the Town of Waterboro started a "Sinking Fund" for the purchase of an ambulance. The Town used monies from the Building Fund and is now replenishing the fund each year through taxation. Continued use of the "Ambulance Sinking Fund" will ease the purchase of future ambulances, as well as easing the tax burden on local taxpayers.

In 1989, the Town of Waterboro started an additional "Sinking Fund" for the purchase of a new fire pumper. By replenishing the monies taken out of the Building Fund, the taxpayers did not have to fund this big ticket item in one tax year. Continued use of this "Sinking Fund" will ease the purchase of any additional fire pumpers without taxpayers seeing an increase in their taxes.

It is recommended that:

a. Continued use of the Ambulance and Fire Pumper Sinking Funds to help ease the funding pressures for these big ticket items;

b. Additional sinking funds to be established to help in the financing of big ticket items, such as building construction/additions and tanker purchases; and

c. Public Safety Impact Fees assessed against all new construction in Town and administered in a manner similar to the Road Impact Fee system.

3. Recreational Facilities

Purchase and construction of recreational facilities, such as Town beach and boat landing, nature/hiking trails, and active recreational play fields will require the combined use of various financing vehicles in addition to property taxes:

- Land swaps in which unwanted Town lands are exchanged for parcels more suitable for Town recreational needs.
- Securing of State Land & Water Conservation Funds, particularly for acquisition and development of the Town beach and landing. Match grants are available in amounts up to $50,000.00.
- Instituting a "User Fee" system in which a portion of the proceeds are committed to capital expenditures, as well as maintenance.
- Enlisting services-in-kind from local contractors and material suppliers. The Town can reduce its construction costs, apply service-in-kind values as part of the local match to Land and Water Conservation Funds, while the suppliers can take a tax deduction for their donated services/materials.
- Enlisting volunteer labor from local service organizations, the Boy Scouts and Girl Scouts, church groups and private citizens. Waterboro has a long history of volunteerism and this asset should not be overlooked as a cost-cutting vehicle.
- Annual appropriations contributed from the Town budget to a separate Recreation Development Fund.

It must be noted that the 1989 Community Attitudes Survey revealed a strong commitment to financing the development of recreational and conservation lands in Waterboro. To insure that this public desire is efficiently fulfilled, all monies earmarked for these purposes must be irrevocably committed to a separate interest-bearing sinking fund, appropriately named the Recreational Development Fund.

4. Municipal Buildings and Facilities

The construction of municipal buildings and facilities are by far the biggest ticket items in the capital investment program. There are various methods/financing vehicles that can be used to help ease the financing of the item. It is recommended that a combination of these vehicles be used to work to the financial benefit of the Town:

a. A sinking fund should be established with annual contributions from Town appropriations to allow for the "down payment" of long-term financing. This will allow cash reserves to remain intact to be used to the benefit of the Town in the manner of collateral for lower interest rates in long-term borrowing instances and also for unforeseen monetary emergencies that may confront the Town.

b. The use of General Obligation Bonds is a financing tool to be utilized on the construction of any major building projects. By utilizing the bonding power of the municipality, payments for the project may be spread out over a period of time conducive to the financial climate of the Town. In addition, interest rates are usually very favorable with General Obligation Bonds compared to other financing vehicles.

c. Exploration on the use of General Obligation Bonds should also include exploring the option of long-term borrowing. By exploring both options, the Town can package a financing deal that will be beneficial to the Town. Long-term borrowing on capital improvements usually have moderate interest rates, and payments can be spread over a 30-year period.