CAPITAL BUDGETS AND PROGRAMS

PRESENTED BY TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

With support from the Vermont Agency of Commerce and Community Development and the US Department of Housing and Urban Development
WHY

- Planning is helpful
- Budgeting allows for the creation of reserve funds and other methods to keep taxes roughly stable
- Planning for major purchases and repairs ensures thoughtfulness and preparedness
- Input into the decision
- Planning for services helps preserve them for the community
Capital Budget

Title 24 § 4430
- Shall list and describe
  - The capital projects to be undertaken during the coming fiscal year
  - The estimated cost of those projects
  - The proposed method of financing

Capital Program

- Plan of capital projects proposed to be undertaken during each of the following five years (or more)
- The estimated cost of those projects
- The proposed method of financing
Title 24 § 4430

- Shall be arranged to
  a. Indicate the order of priority of each capital project
  b. To state for each project all the following:
    i. A description of the proposed project and the estimated total cost of the project.
    ii. The proposed method of financing, indicating the amount proposed to be financed by direct budgetary appropriation or duly established reserve funds; the amount, if any, estimated to be received from the federal or state governments; the amount, if any, to be financed by impact fees; and the amount to be financed by the issuance of obligations, showing the proposed type or types of obligations, together with the period of probable usefulness for which they are proposed to be issued.
    iii. An estimate of the effect, if any, upon operating costs of the municipality.
  c. Planning Commission MAY submit recommendations annually about the CB&P
CB&P AND TP

Capital Budget & Program
- Builds on the plan
- The budget is for one year
- The program is for five years
- Developed by the Planning Commission and adopted by the Selectboard

Town Plan
- Must contain a Utilities and Facilities element (transportation is separate, so roads, sidewalks, etc. are covered there)
- Developed by the public, adopted after public hearings
- Written by the Planning Commission, adopted by the Selectboard
CAPITAL PROJECTS

What qualifies?

Title 24 § 4430
A capital project is any one or more of the following:

1. Any physical betterment or improvement, including furnishings, machinery, apparatus, or equipment for that physical betterment or improvement when first constructed or acquired.
2. Any preliminary studies and surveys relating to any physical betterment or improvement.
3. Land or rights in land.
4. Any combination of subdivisions (1), (2), and (3) of this subsection.
HOW

1. START SIMPLE
   Add a few things each year
   Don't sweat the small stuff (<$5,000)
   Start on a slow year

2. DELEGATE!
   Involve the relevant departments
   Auditors and budget committees can help

3. FUND
   Cash-basis from annual appropriations
   Reserve accounts (helps levelize costs)
## Example Survey Sheet

### Public Works - Town Infrastructure

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your town have a garage?</td>
<td>YES</td>
</tr>
<tr>
<td>Year Built?</td>
<td>1973</td>
</tr>
<tr>
<td>E911 Address</td>
<td>123 Street Road</td>
</tr>
<tr>
<td>Town</td>
<td></td>
</tr>
<tr>
<td>Is there a VTRANS garage within the town?</td>
<td>NO</td>
</tr>
<tr>
<td>Do you store vehicles at this location?</td>
<td>YES</td>
</tr>
<tr>
<td>Is the garage heated?</td>
<td>YES</td>
</tr>
<tr>
<td>Are there bathroom facilities on-site?</td>
<td>YES</td>
</tr>
<tr>
<td>Briefly assess the garage site including safety, vehicle circulation, materials storage, etc.</td>
<td></td>
</tr>
<tr>
<td>Large, multi-bay building.</td>
<td></td>
</tr>
<tr>
<td>Large entrance and yard area for maneuvering vehicles.</td>
<td></td>
</tr>
<tr>
<td>No safety or infrastructure concerns at this time.</td>
<td></td>
</tr>
<tr>
<td>Do you have a sand pile on-site?</td>
<td>YES</td>
</tr>
<tr>
<td>Is there a chloride tank on-site?</td>
<td>YES</td>
</tr>
<tr>
<td>Fuel pumps on-site?</td>
<td>Diesel</td>
</tr>
<tr>
<td>Do you store salt on-site?</td>
<td>YES</td>
</tr>
<tr>
<td>How is it stored?</td>
<td>Covered/heated</td>
</tr>
<tr>
<td>Is the Town Garage adequate?</td>
<td>NO</td>
</tr>
</tbody>
</table>

If no, briefly discuss what is needed to address this.

There is a need to better develop the area around the sand pile that residents have access to. Often during freezing weather, residents are unable to get at sand designated for them and have to resort to taking from the municipal pile. Should consider constructing a small structure for residents' sand.
TITLE 24 § 4382(A)(4)
THE PLAN FOR A MUNICIPALITY SHALL INCLUDE THE FOLLOWING

A UTILITY AND FACILITY PLAN, CONSISTING OF A MAP AND STATEMENT OF PRESENT AND PROSPECTIVE COMMUNITY FACILITIES AND PUBLIC UTILITIES SHOWING EXISTING AND PROPOSED EDUCATIONAL, RECREATIONAL AND OTHER PUBLIC SITES, BUILDINGS AND FACILITIES, INCLUDING HOSPITALS, LIBRARIES, POWER GENERATING PLANTS AND TRANSMISSION LINES, WATER SUPPLY, SEWAGE DISPOSAL, REFUSE DISPOSAL, STORM DRAINAGE, AND OTHER SIMILAR FACILITIES AND ACTIVITIES, AND RECOMMENDATIONS TO MEET FUTURE NEEDS FOR COMMUNITY FACILITIES AND SERVICES, WITH INDICATIONS OF PRIORITY OF NEED, COSTS, AND METHOD OF FINANCING.

UTILITIES AND FACILITIES

THE PLAN FOR A MUNICIPALITY SHALL INCLUDE THE FOLLOWING

- Map
- Statement of present and prospective community facilities and public utilities, including other public sites and activities
- Recommendations to meet future needs
- Indicate priority, cost, and method of financing
# MAP - WHAT TO INCLUDE

## Current and Proposed

<table>
<thead>
<tr>
<th>UTILITIES</th>
<th>BUILDINGS</th>
<th>SITES</th>
<th>FACILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission lines</td>
<td>School buildings</td>
<td>Educational sites</td>
<td>Power plant</td>
</tr>
<tr>
<td>Water wells</td>
<td>Town Offices</td>
<td>Recreational sites</td>
<td>Hospital/clinic</td>
</tr>
<tr>
<td>Wastewater</td>
<td>Libraries</td>
<td>Cemeteries</td>
<td>Water/wastewater facility</td>
</tr>
<tr>
<td></td>
<td>Places of worship</td>
<td>Other public sites</td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** usually done only within the boundaries of the town, but could also include regional resources to show the nearest hospital, the regional high school you use, etc.
IDENTIFIED PREVIOUSLY:

- Statement of present and prospective community facilities and public utilities, including other public sites and activities
- Recommendations to meet future needs
- Indicate priority, cost, and method of financing

UTILITIES AND FACILITIES

WHAT TO WRITE?

Make a list of present AND prospective
- Buildings/sites/facilities
- Utilities
- Vehicles/Equipment (not necessary)
- Services
- Not only things you have, things you need AND
- Recommendations to meet future need
- Indication of priority
I THOUGHT THIS WAS A TALK ON CAPITAL BUDGETS AND PROGRAMS?

HOW DO THE TOWN PLAN AND CB&P FIT TOGETHER?
The **Town Garage** was built in **1973** and has several heated bays. It has its own sewer and water and has sufficient space to maneuver vehicles. A sand pile, covered salt pile, diesel fuel tank, and chloride tank are on site. The only issue identified with the site is that the sand pile area is unavailable during frigid weather and so a smaller space with an enclosed pile could be built for residents' use. This could be built as a volunteer project.

Survey sheets can be filled out by different people and made into text for the Capital Budget and Program or Town Plan!
UTILITIES AND FACILITIES

THE PLAN FOR A MUNICIPALITY SHALL INCLUDE THE FOLLOWING:

- Indicate priority
- Cost
- Method of financing

**TITLE 24 § 4382(A)(4)**

THE PLAN FOR A MUNICIPALITY SHALL INCLUDE THE FOLLOWING:

A UTILITY AND FACILITY PLAN, CONSISTING OF A **MAP AND STATEMENT OF PRESENT AND PROSPECTIVE COMMUNITY FACILITIES AND PUBLIC UTILITIES** SHOWING EXISTING AND PROPOSED EDUCATIONAL, RECREATIONAL AND OTHER PUBLIC SITES, BUILDINGS AND FACILITIES, INCLUDING HOSPITALS, LIBRARIES, POWER GENERATING PLANTS AND TRANSMISSION LINES, WATER SUPPLY, SEWAGE DISPOSAL, REFUSE DISPOSAL, STORM DRAINAGE, AND OTHER SIMILAR FACILITIES AND ACTIVITIES, AND **RECOMMENDATIONS TO MEET FUTURE NEEDS** FOR COMMUNITY FACILITIES AND SERVICES, WITH **INDICATIONS OF PRIORITY OF NEED, COSTS, AND METHOD OF FINANCING**.
<table>
<thead>
<tr>
<th>COSTS</th>
<th>$ NECESSARY?</th>
<th>WHAT KIND OF $$?</th>
<th>TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rough, does not have to be</td>
<td>Volunteers?</td>
<td>Grants, Taxes, Bonds,</td>
<td>By when/what</td>
</tr>
<tr>
<td>exact!</td>
<td>Donations?</td>
<td>Reserves</td>
<td>year</td>
</tr>
</tbody>
</table>

**SHOW ME THE MONEY**
WHO DOES THIS?

Finance Mogul

CFO of Fortune 500 company

Forbes Top 30 under 40
PLANNING COMMISSION ROLE § 4325

Any planning commission created under this chapter may:
(6) Prepare and present a recommended capital budget and program for a period of five years, as set forth in section 4440 of this title, for action by the legislative body, as set forth under section 4443 of this title;

Assist the Selectboard by:
- Consolidating budgets from all town departments
- Review and discuss needs of each department, work plans, goals, etc.
- Deliver to the Selectboard/Town Manager a draft Capital Budget for consideration.

SELECTBOARD ROLE § 4443

Adoption, amendment, or repeal of capital budget and program-
(a) Notwithstanding any other provision of this chapter, a capital budget and program may be adopted, amended, or repealed by the legislative body of a municipality following one or more public hearings, upon public notice, if a utility and facilities plan as described in subdivision 4382(a)(4) of this title has been adopted by the legislative body in accordance with sections 4384 and 4385 of this title.

Several public hearings- transparency! Selectboard has the final say.
Title 24 § 2804a
- (a) At an annual or special meeting duly warned, a municipality may establish a reserve fund to be under the control and direction of the legislative branch of the municipality. The reserve fund shall be kept in a separate account and invested as are other public funds and may be expended for such purposes for which established, or when authorized by a majority of the voters present and voting at an annual or special meeting duly warned, for other purposes.

- How a town adopts a Reserve Fund will depend on how it votes- on the floor vs Australian ballot.

Vermont League of Cities and Towns has a short Model Reserve Fund Policy with Guidance document which has specific sample language!
Your town is looking to purchase a new fire truck in 10 years. At today's price, the new truck would cost $315,000.

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$315,000</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$448,343</td>
</tr>
</tbody>
</table>

Factoring in a 4% inflation rate to the cost, and using that, gives you more money for future higher costs.

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$315,000</td>
<td>$327,600</td>
<td>$340,704</td>
<td>$354,332</td>
<td>$368,505</td>
<td>$383,246</td>
<td>$398,575</td>
<td>$414,519</td>
<td>$431,099</td>
<td>$448,343</td>
<td>$448,343</td>
</tr>
</tbody>
</table>

You can then use an equal amount (1), which is stable, or use a progressively larger amount (2), which may be easier to fund if the tax base is growing, but which is harder to figure out.

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$44,834</td>
<td>$44,834</td>
<td>$44,834</td>
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<td>$44,834</td>
<td>$44,834</td>
<td>$44,834</td>
<td>$448,343</td>
</tr>
</tbody>
</table>

(2) $40,000 | $41,004 | $42,033 | $43,088 | $44,170 | $45,279 | $46,415 | $47,580 | $48,775 | $49,999 | $448,343 |
POSSIBLE RESERVE FUNDS

- ROAD EQUIPMENT
- EMERGENCY SERVICES/FIRE ENGINE

- BUILDINGS OR TOWN HALL
- REC. AREAS
- TREES AND PARKS

- VEHICLES
- WATER AND WASTEWATER SYSTEMS
## Example Reserve

Example costs from a single reserve with a level annual input

<table>
<thead>
<tr>
<th>Year</th>
<th>Purchase Price</th>
<th>Years in Service</th>
<th>Replacement Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>150</td>
<td>5</td>
<td>2017</td>
</tr>
<tr>
<td>1999</td>
<td>101</td>
<td>8</td>
<td>2014</td>
</tr>
<tr>
<td>2006</td>
<td>54</td>
<td>8</td>
<td>2015</td>
</tr>
<tr>
<td>2007</td>
<td>85</td>
<td>11</td>
<td>2016</td>
</tr>
<tr>
<td>2002</td>
<td>121</td>
<td>14</td>
<td>2017</td>
</tr>
<tr>
<td>2008</td>
<td>98</td>
<td>12</td>
<td>2020</td>
</tr>
<tr>
<td>2004</td>
<td>108</td>
<td></td>
<td></td>
</tr>
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</table>

**Total Purchases**

- Reserve Acct. Bal. at beginning of year
- Addition to Reserve Acct.
- Reserve Acct. Expenditure
- Reserve Acct. Balance at end of year

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<tbody>
<tr>
<td></td>
<td>150</td>
<td>183</td>
<td>201</td>
<td>211</td>
<td>255</td>
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<td>185</td>
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<tr>
<td>2012</td>
<td>160</td>
<td>10</td>
<td>95</td>
<td>115</td>
<td>220</td>
<td>153</td>
<td>147</td>
<td>131</td>
<td>105</td>
<td>-8</td>
<td>39</td>
<td>-8</td>
</tr>
<tr>
<td>2013</td>
<td>150</td>
<td>100</td>
<td>165</td>
<td>80</td>
<td>252</td>
<td>191</td>
<td>201</td>
<td>211</td>
<td>298</td>
<td>138</td>
<td>232</td>
<td>255</td>
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</tbody>
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**Replacement Year and Cost ($1000) at 5% inflation**

<table>
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</tr>
</tbody>
</table>
QUESTIONS OR FOLLOW-UP?

802-457-3188 x3006

ssteinle@trorc.org

https://www.trorc.org/

Recorded training video and slides will be available at trorc.org/planning-tools under "Capital Budgeting and Planning Training Program" within 3 days of completion.

Prepared by: Sydney Steinle, Planner, and Kevin Geiger, Senior Planner, TRORC
Materials can be found at trorc.org/planning-tools within 3 days of this presentation.