

CAPITAL PROGRAM AND BUDGET POLICY

TOWN OF ST ALBANS, VT

PURPOSE:

The purpose of this Capital Program and Budget Policy is to establish a capital improvement program (CIP) for the Town of St. Albans in accordance with 24 V.S.A. § 4433. The capital assets of the Town and their condition are critical to the quality of services provided to the municipality. A CIP is a multi-year financial plan for the construction or acquisition of capital assets. The CIP provides for the planning of future financial resources and financing of projects (including allocations from current operating budgets, funding of capital reserves, or the use of capital debt). It also identifies the future financial resources required to operate and maintain capital assets once they have been acquired. Through a CIP, the Town can plan future operating budget expenditures, debt repayment requirements, and potential reserve fund needs in order to better manage the long-term financial position of the Town. This Policy also establishes that the Plan should be amended and re-adopted each year. Annual amendment and adoption shall build in the flexibility necessary to make the Capital Plan a working document that clearly directs the annual capital budgeting process as new funding and revenue sources become available and capital requirements are identified.

CAPITAL IMPROVEMENT PLAN AND BUDGET:

The Town Manager is vested with the responsibility to prepare the Capital Improvement Plan and Capital Budget. The Manager shall consult with the Planning Commission in the spring of each year for their recommendations. By October 31 of each year, the Town Manager shall present an updated five-year CIP and Capital Budget to the Selectboard for their adoption. This plan shall include the Town's plan of capital projects proposed to be undertaken during each of the following five years; the estimated cost of those projects; and the proposed method of financing. The Selectboard shall review, update and re-adopt the CIP annually.

The CIP will be arranged to indicate order of priority of each capital project and to state for each project the following:

1. A description of each proposed project and the estimated total cost of the project;
2. The proposed method of financing, indicating the amount proposed to be financed by direct budgetary appropriation or duly established reserve funds, the amount estimated to be received from the federal or state governments, the amount to be financed by impact fees, and the amount to be financed by the issuance of debt obligations, showing the proposed type or types of obligations, together with the period of probable usefulness for which they are proposed to be issued; and
3. An estimate of the effect, if any, upon operating costs of the municipality.

Each year, the Town Manager shall develop a capital budget for Selectboard approval that lists and describes the capital expenditures to be undertaken by the Town during the coming fiscal year. As resources are available, the capital budget will be incorporated into the current year operating budget.

CAPITAL EXPENDITURES:

For purposes of the CIP, a capital expenditure is defined as any expenditure for land, land improvements, buildings, building improvements, vehicles, or equipment costing more than \$5,000 and any expenditure for infrastructure (e.g., roads, bridges, water and wastewater distribution and collection systems) costing more than \$5,000.

RESERVE FUNDS:

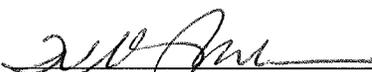
In conjunction with the Town's Debt Management Policy, the Selectboard shall annually propose funding of reserve funds created in accordance with 24 V.S.A. § 2804 to accumulate resources to pay for items included in the CIP. The use of such reserve funds should minimize large fluctuations in the tax rate and will reduce the need for incurring additional debt. Other capital improvements may be funded by bond issue or through the operating budget.

PRIORITY CRITERIA:

Capital projects and/or capital assets will receive a higher priority if they meet some or most of the following criteria:

1. The project or asset meets a policy goal or fulfills a strategic objective of the Selectboard;
2. The project or asset is required under a state or federal mandate, law, or regulation;
3. The project or asset will mitigate or eliminate a known safety hazard;
4. The project or asset will maintain and improve the delivery of public services to the majority of the population;
5. The project or asset will improve the quality of existing infrastructure; or
6. State or federal grant funds are available to assist in funding for project.

The foregoing Policy is hereby adopted by the Selectboard of the Town of St. Albans, Vermont, this 22nd day of February, 2010 and is effective as of this date until amended or repealed. Adoption of this policy serves to void any previously adopted Capital Program and Budget Policy and/or portion of any other Policy that could affect the terms covered by this Policy.



William Nihan, Chair



Bernard Boudreau, Vice-Chair

Kathy Middlemiss

Kathy Middlemiss

John Gray

John Gray

William Walker

William Walker