



VERMONT

CAPITAL IMPROVEMENT PROGRAM

2015 – 2020

Town of St. Albans, Vermont

Selectboard

Brent Palmer

Stan Dukas

Bruce Cheeseman

David McWilliams

Sam Smith

Town Manager

Carrie Johnson

Approved

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**TOWN OF ST. ALBANS, VERMONT
CAPITAL IMPROVEMENT PROGRAM**

EXECUTIVE SUMMARY

On February 22, 2010, the St. Albans Selectboard adopted a Capital Program and Budget Policy that requires the town manager to annually present an updated Capital Improvement Program (CIP) to the Board for its review and adoption. The CIP is a multi-year plan that includes the Town's plan of capital projects proposed to be undertaken during the next six years, the estimated cost of those projects, and the proposed manner of funding. This report presents that plan for the FY 2015 – 2020.

The Town has been following a Capital Improvement Program for a number of years. It has adopted and imposed impact fees on new development to insure that such new growth and development pays its fair share. The Town has also systematically funded capital reserve funds for various capital needs. A Financial Capacity Analysis has been presented in this document to provide historical information regarding impact fee and capital reserve fund activity, long-term debt and debt service activity, and capital related expenditures.

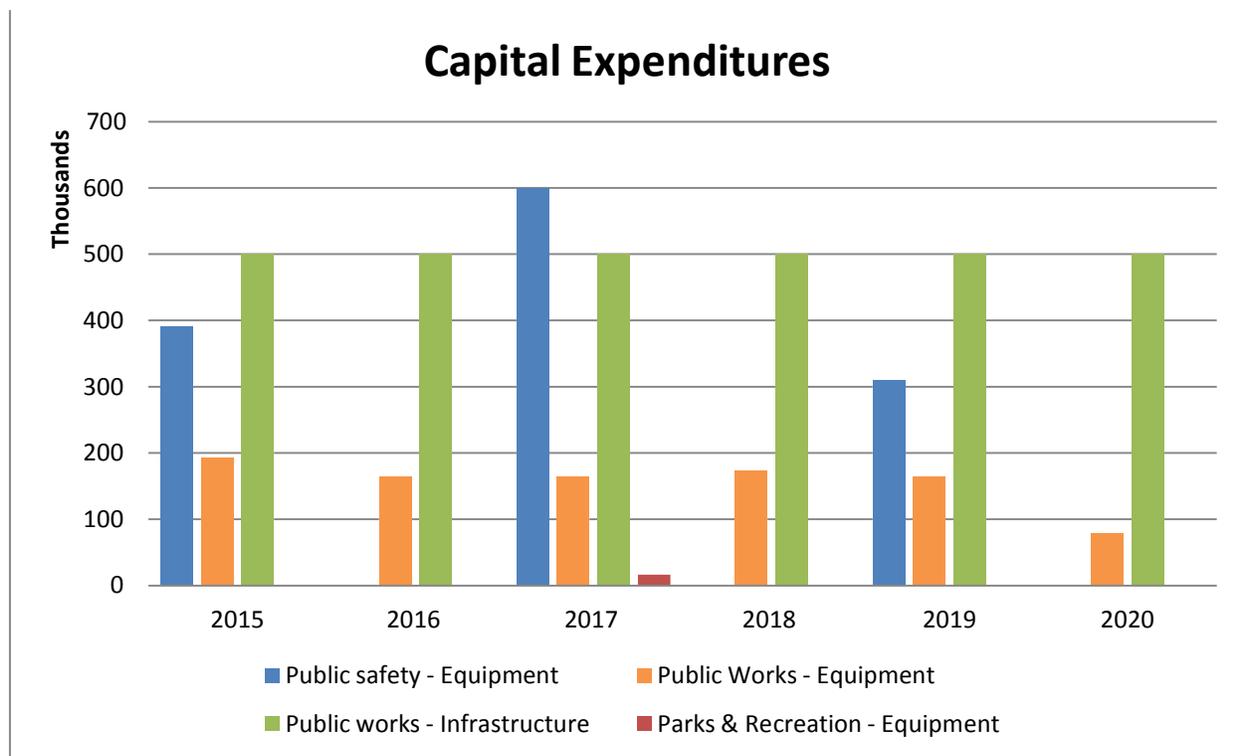
Each department submitted information regarding their capital needs for the six year period from 2015 through 2020, as well as the means for funding those purchases. This information was then incorporated into expected revenue and expenditure plans for those years to determine the financial impact of those requests.

The following is a summary of the proposed capital expenditures by asset type:

Capital Expenditure Summary						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Equipment						
Public safety	\$ 390,000	\$ -	\$ 600,000	\$ -	\$ 310,000	\$ -
Public works	192,500	165,000	165,000	172,500	164,000	78,000
Parks and Recreation	-	-	16,000	-	-	-
Total Equipment	<u>582,500</u>	<u>165,000</u>	<u>781,000</u>	<u>172,500</u>	<u>474,000</u>	<u>78,000</u>
Infrastructure						
Public works	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total Infrastructure	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total Capital Expenditures	<u>\$ 1,082,500</u>	<u>\$ 665,000</u>	<u>\$ 1,281,000</u>	<u>\$ 672,500</u>	<u>\$ 974,000</u>	<u>\$ 578,000</u>

The chart below breaks out expected expenditures by year and department. There are expected equipment expenditures for Public Safety, Public Works, and Parks & Recreation between 2015 – 2020, but there are only infrastructure expenditures expected in the Public Works Department.

Details of each asset by department are included in the Capital Improvement Program section of this report.

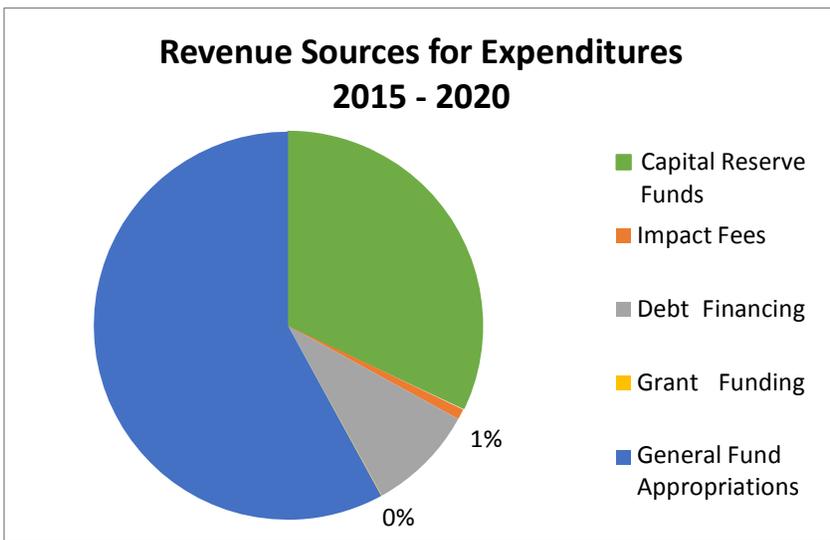


Details of activity regarding capital reserve funds and impact fee funds, as well as details of new debt financing and future debt service payments are included in the Capital Improvement Program section of this report.

On the following page is a summary of the proposed revenue sources by type:

Revenue Source Summary						
	2015	2016	2017	2018	2019	2020
Capital Reserve Funds						
Public safety	\$ 350,000	\$ -	\$ 600,000	\$ -	\$ 290,000	\$ -
Public works	190,000	-	-	95,000	95,000	78,000
Total Capital Reserve Funds	540,000	-	600,000	95,000	385,000	78,000
Impact Fees						
Public safety	40,000	-	-	-	20,000	-
Total Impact Fees	40,000	-	-	-	20,000	-
Debt Financing						
Public works	-	165,000	165,000	70,000	69,000	-
Total Debt Financing	-	165,000	165,000	70,000	69,000	-
Grant Funding						
Public works	2,500	-	-	-	-	-
Total Grant Funding	2,500	-	-	-	-	-
General Fund Appropriations						
Public works	500,000	500,000	500,000	507,500	500,000	500,000
Parks and recreation	-	-	16,000	-	-	-
Total Infrastructure	500,000	500,000	516,000	507,500	500,000	500,000
Total Revenue Sources	\$ 1,082,500	\$ 665,000	\$ 1,281,000	\$ 672,500	\$ 974,000	\$ 578,000

Financial analysis of the capital reserve fund requirements included in the above proposed revenue source summary indicates that expenditures from these funds for both equipment acquisition and servicing of existing and proposed debt can be made with very little change in the amount of money



currently appropriated from the general fund. Similarly, analysis of impact fee fund requirements indicates that there are adequate funds for the proposed equipment acquisitions. Details of activity in each of these capital reserve funds and the appropriate impact fee fund are also included in the Capital Improvement Program section of this report.

Financial analysis of the debt service requirements necessary to fund both current and proposed debt financing

indicates that debt service as a percentage of operating expenditures will be below historical rates, and will decline in the later years of the program. In addition, analysis of general fund capital related

expenditures (consisting of direct capital expenditures, direct debt service expenditures, and transfers to capital reserves) shows relatively little change from historical amounts appropriated by the town and show relatively little change from year to year. Details of activity for debt service and capital related expenditures are also included in the Capital Improvement Program section of this report.

COMPREHENSIVE PLANNING AND THE CIP PROCESS

Introduction to the Capital Planning Process

The Town of St. Albans recognizes that capital improvements are an investment in the future of the Town. As such, the Town places emphasis on anticipating capital needs well in advance and fully-integrating them with service and financial projections.

A Capital Improvement Program (CIP) prioritizes projects and creates a completion timeline while efficiently using available funds and current resources. The capital improvement program also incorporates predictions for the pace of growth and development. Accordingly, the Town collects impact fees assessed on new development which help to ensure that new growth and development pays its fair share.

The Town of St. Albans Capital Improvement Program narrative is intended to provide information at both the detailed and summary level. The document can be used as an informational tool by residents and policy makers.

The Capital Improvement Program and the Town Plan

In February 2010, the Selectboard adopted a Capital Improvement Program (CIP) Policy that vests the responsibility for developing the CIP and Capital Budget with the Town Manager. The CIP is a 6-year plan lists anticipated needs for improvements and additions, especially as growth and development takes place. It outlines cost estimates, location, timeline, lifespan and other details for future projects.

Capital planning is an important tool the Town uses to implement the Town Plan. In the Town Plan, adopted by the Selectboard in August 2012, the Town states its intention to maintain a Capital Improvement Program. With the assistance of the Planning Commission, each year the Town Manager will conduct a review and prioritization of capital improvement projects based on long-range strategic plans for provision of municipal services. The Town Manager then updates the CIP and uses it as a guideline for creating an annual capital budget to ensure the best allocation of funding.

The 2012 Town Plan outlines several key priorities:

- *Paving rotation program: provides for repaving of each of the Town roads on a 10-year schedule. This works out to paving five miles of road each year with a projected estimated cost of \$500,000 annually.*
- *Parks and recreation: explore and analyze potential park and recreation opportunities for the future when the means for their acquisition and/or development becomes feasible.*
- *Bike and pedestrian paths: explore and analyze the creation of new, expansion of existing and connecting bike paths, recreational trails and walking paths*
- *Stormwater management: examine costs and funding sources for implementing infrastructure related to the small municipal separate storm sewer system (MS4) permit*
- *Municipal facilities: assess costs for moving Town Garage and overhauling or moving the Town Hall*

Other Capital Planning Considerations

In addition to the capital purchases and improvements detailed in the budget and program, the Town is planning for future facilities. These facilities are not addressed in the capital improvement program because the Town has not yet sufficiently defined them to assign a dollar amount to their costs. Nevertheless, the Town has begun planning for stormwater infrastructure, town offices and public works facilities upgrades, and a bicycle and pedestrian path from the Town Schools to Collins Perley Recreation Center. Expected costs and revenues sources will be added to the Capital Improvement Plan as decisions are made.

Stormwater Infrastructure

The Town is drafting Flow Restoration Plans for Stevens and Rugg Brooks to fulfill state mandated requirements for designated small municipal separate storm sewer system (MS4). These plans will be finalized by October 2015 and will include infrastructure projects to be implemented, a design and construction schedule, and a financial plan.

Municipal Facilities

In 2013, the Town commissioned Scott + Partners Architecture to review municipal facilities and perform a Municipal Facilities Analysis. The study provides an assessment of current condition and future municipal needs. It includes descriptions and analysis of existing Town facilities as well as demographic information and projections relevant to assessing future Town facility needs. The study recommends moving the Town Garage and renovating Town Hall. The study outlines extensive upgrades would be approximately equal in cost to relocating Town Hall to a greenfield site.

In 2014, the Town developed and distributed a survey to Town residents soliciting feedback on whether to relocate or renovate the Town Garage and/or Town Hall. Respondents overwhelmingly support the relocation of the Town Garage (78%), while only a slim majority favored the relocation (54%) over the renovation (46%) of Town Hall.

The Town formed a Town Garage Relocation Steering Committee to investigate logistics, needs and best practices for building a new Town Garage. The Steering Committee will advise the Selectboard on the new Town Garage location, features and construction during their decision making process. Once the Steering Committee makes recommendations to the Selectboard, the Selectboard will reevaluate estimated costs and add them to the CIP.

The Town has not begun to explore options for the renovation or relocation of Town Hall. Nevertheless, the Town anticipates beginning this review in the coming year. Once the review has been completed and the Selectboard has adopted a preferred plan, the Town will add projected costs to the CIP.

Bicycle and Pedestrian Path

In 2013, the Town received grant funds from the VTrans Bike and Pedestrian Program to perform a scoping and feasibility study on creating a bicycle and pedestrian link between the St. Albans Town Schools and the Collins Perley Recreation Center. The Town adopted the recommendation of a Town Steering Committee and consultants Broadreach Planning and Design to pursue a multi-use path starting at Rte. 7 that travels along the north side of the St. Albans State Highway, crosses the interstate access road by at-grade underpass to the south side and then connects with the Collins Perley walking path. The Town is seeking voter approval for this project in March 2015.

FINANCIAL CAPACITY ANALYSIS

An important step in the process of preparing a Capital Improvement Program is to estimate how much the Town can afford to spend for capital improvements. This financial capacity analysis consists of

evaluating the Town’s financial condition by reviewing historical trends in property valuations and property tax revenues, capital expenditures, debt service expenditures, and capital reserve funding, as well as current financial position, including impact fee and reserve account balances and current outstanding debt obligations. The second phase of this analysis consists of assessing the likelihood that these trends will continue and determining what resources might be available to fund the capital program.

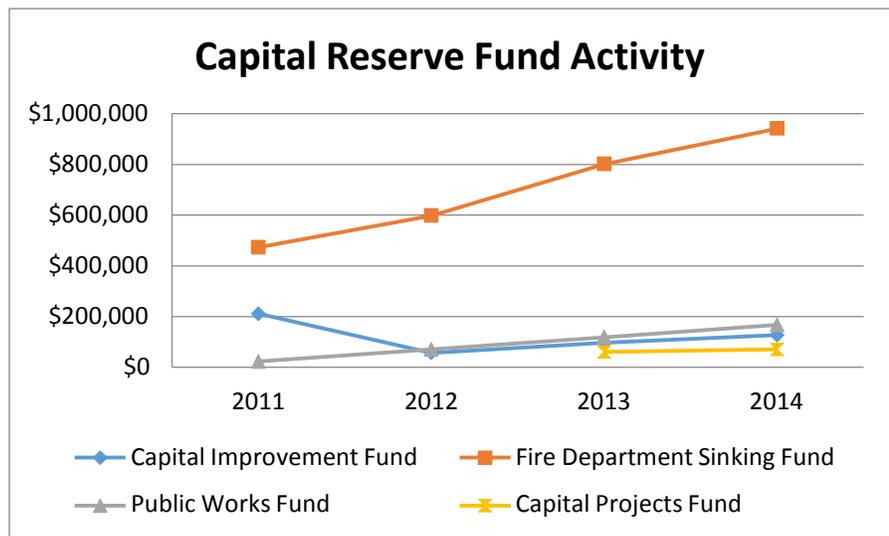
The Town has historically relied upon various methods to fund capital projects. Projects with a smaller dollar amount are typically funded through annual appropriations, as they do not have a significant impact on the annual budget. Projects that are related to the impacts of growth in the town have been funded through the Town’s impact fee ordinance. Projects with a larger dollar amount are typically funded through the Town’s capital reserve funds.

Capital Reserve Fund Activity

Most of the Town’s capital expenditures are categorized in the latter category; that is, they are funded through annual contributions to various capital reserve funds. There are two different ways these funds are used. If there are sufficient fund balances, assets are purchased outright. If there are not sufficient fund balances, the assets are purchased through debt financing.

The Town has five capital projects funds – the Capital Improvement Fund, which has been primarily used in prior years to fund both public safety and public works capital improvements, through both outright purchase and debt financing; the Fire Department Sinking Fund, which has been primarily used to accumulate resources to fund the purchase of public safety capital improvements, through outright purchase; the Public Works

Fund, which is intended to accumulate resources to fund improvements to the Public Works Facility; the Capital Projects Fund, which was established in 2013 to fund purchases of other capital improvements; and the Infrastructure Development Fund, which was established in 2015 to fund necessary infrastructure capital improvements.



Prior to 2011, the Capital Improvement Fund and the Fire Department Sinking Fund were in the same fund. In 2011, the funds were separated, but for the fiscal years 2011 – 2014, the Capital Improvement Fund was used to pay for capital acquisitions and debt service expenditures for both public safety and public works activities.

Capital Improvement Fund activity from 2011-2014 is shown on the following page:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Capital Improvement Fund				
Balance, beginning of year	\$ 236,478	\$ 210,613	\$ 56,916	\$ 96,602
Annual appropriation	156,230	128,141	223,492	139,218
Proceeds of borrowing	-	-	500,000	40,000
Interest earnings	1,327	227	134	99
Expenditures				
Operating expenditures	-	(13,814)	-	(2,067)
Capital expenditures	(60,086)	(123,567)	(482,992)	(40,000)
Operating transfers		(30,000)	(81)	-
Debt service expenditures				
Public safety	(59,708)	(59,708)	(130,894)	(64,290)
Public works	(63,628)	(54,976)	(69,973)	(42,860)
Balance, end of year	<u>\$ 210,613</u>	<u>\$ 56,916</u>	<u>\$ 96,602</u>	<u>\$ 126,702</u>

Annual appropriations to the Capital Improvement Fund have been dependent upon the amounts required for the budgeted asset purchases and annual debt service expenditures.

Fire Department Sinking Fund activity from 2011 – 2014 is as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Fire Department Sinking Fund				
Balance, beginning of year	\$ 322,112	\$ 473,224	\$ 597,671	\$ 801,371
Annual appropriation	147,850	121,600	201,600	121,600
Proceeds from sale of equipment				14,011
Interest earnings	3,262	2,847	2,100	2,681
Fee revenues				6,000
Expenditures				
Operating expenditures	-	-	-	(4,178)
Balance, end of year	<u>\$ 473,224</u>	<u>\$ 597,671</u>	<u>\$ 801,371</u>	<u>\$ 941,485</u>

Annual appropriations to the Fire Department Sinking Fund have based on an equipment replacement schedule with the expectation that future purchases of significant public safety equipment will be done through reserve funds and not through borrowing.

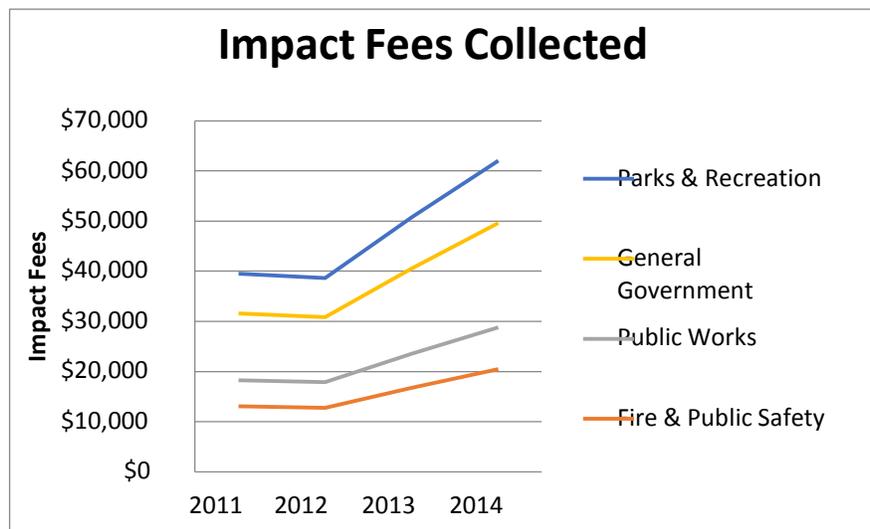
Public Works Fund and Capital Projects Fund activity from 2011-2014 is shown on the following page:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Works Fund				
Balance, beginning of year	\$ -	\$ 22,541	\$ 70,625	\$ 118,744
Annual appropriation	22,515	48,045	48,045	48,045
Proceeds of borrowing	-	-	-	-
Interest earnings	26	39	74	121
Expenditures				
Operating expenditures	-	-	-	-
Capital expenditures	-	-	-	-
Debt service expenditures				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 22,541</u>	<u>\$ 70,625</u>	<u>\$ 118,744</u>	<u>\$ 166,910</u>
Capital Projects Fund				
Balance, beginning of year	\$ -	\$ -	\$ -	\$ 60,083
Annual appropriation	-	-	60,081	10,000
Proceeds of borrowing	-	-	-	-
Interest earnings	-	-	2	121
Expenditures				
Operating expenditures	-	-	-	-
Capital expenditures	-	-	-	-
Debt service expenditures				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,083</u>	<u>\$ 70,204</u>

Impact Fee Fund Activity

The Town adopted an impact fee ordinance that allows it to collect fees from developers to pay for the impact of their proposed development on the capital needs of the Town. Impact fees are assessed using two methods; in one case, an impact fee is assessed to recognize that a significant amount of capital investment has been made by the Town in previous years that the new development will be able to utilize, and the new development should contribute to the replacement of those assets in future years. In the other case, an impact fee is assessed to recognize that new capital investments will be necessary in the future that would not have been necessary if this new development had not occurred.

Four impact fees are under the direct control of the Town: the Fire and Public Safety Impact Fee, the Public



Works Impact Fee, the General Government Impact Fee, and the Parks and Recreation Impact Fee. The Town also controls by ordinance the administration of the Library Impact Fee and the School Impact Fee, although expenditures of those fees are determined by independent organizations.

Impact Fee Fund activity for 2011 – 2014 for the funds under the Town's direct control is shown below:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Fire & Public Safety				
Balance, beginning of year	\$ 55,282	\$ 67,410	\$ 79,126	\$ 94,321
Impact fees collected	13,040	12,750	16,750	20,500
Interest earnings	392	241	120	122
Expenditures	-	-	-	-
10% administrative transfer	<u>(1,304)</u>	<u>(1,275)</u>	<u>(1,675)</u>	<u>(2,050)</u>
Balance, end of year	<u>\$ 67,410</u>	<u>\$ 79,126</u>	<u>\$ 94,321</u>	<u>\$ 112,893</u>
Public Works				
Balance, beginning of year	\$ 18,021	\$ 22,872	\$ 27,592	\$ 33,730
Impact fees collected	5,248	5,151	6,767	8,282
Interest earnings	128	84	48	49
Expenditures	-	-	-	-
10% administrative transfer	<u>(525)</u>	<u>(515)</u>	<u>(677)</u>	<u>(828)</u>
Balance, end of year	<u>\$ 22,872</u>	<u>\$ 27,592</u>	<u>\$ 33,730</u>	<u>\$ 41,233</u>
General Government				
Balance, beginning of year	\$ 86,519	\$ 99,085	\$ 111,083	\$ 114,503
Impact fees collected	13,280	12,954	17,018	20,828
Interest earnings	614	339	122	124
Expenditures	-	-	(12,018)	(36,972)
10% administrative transfer	<u>(1,328)</u>	<u>(1,295)</u>	<u>(1,702)</u>	<u>(2,083)</u>
Balance, end of year	<u>\$ 99,085</u>	<u>\$ 111,083</u>	<u>\$ 114,503</u>	<u>\$ 96,400</u>
Parks & Recreation				
Balance, beginning of year	\$ 3,583	\$ 3,609	\$ 10,617	\$ 19,856
Impact fees collected	7,944	7,752	10,184	12,464
Interest earnings	26	32	73	74
Expenditures	(7,151)	-	-	-
10% administrative transfer	<u>(794)</u>	<u>(775)</u>	<u>(1,018)</u>	<u>(1,246)</u>
Balance, end of year	<u>\$ 3,609</u>	<u>\$ 10,617</u>	<u>\$ 19,856</u>	<u>\$ 31,148</u>

Long-term Debt and Debt Service Activity

Towns customarily use debt financing for various capital acquisitions. Aside from the fact that funding major capital purchases through annual appropriations is financially difficult and would result in large fluctuations in tax rates from year to year, utilizing debt financing is also equitable in the sense that the persons who are



benefiting from the improvement are also the persons who are paying for the improvement. This method is especially equitable for those assets where the expected useful life of the asset and the terms of the debt service are approximately the same.

The following shows the use of debt financing by the Town for 2011 – 2014:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
: Net Bonded Debt				
Municipal bonded debt, beginning of year	\$ 940,359	\$ 749,309	\$ 561,108	\$ 808,496
New debt issued	-	-	500,000	40,000
Debt repayments	<u>(191,050)</u>	<u>(188,201)</u>	<u>(252,612)</u>	<u>(157,249)</u>
 Municipal bonded debt, end of year	 <u>\$ 749,309</u>	 <u>\$ 561,108</u>	 <u>\$ 808,496</u>	 <u>\$ 691,247</u>

One of the ways to measure the impact of using debt financing is to determine how much of the annual general fund appropriations are being used to fund debt service expenditures. The following shows the percentage of annual expenditures for debt service for 2011 – 2014:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt service as percentage of operating expenditures				
Municipal bonded debt only	9.39%	8.81%	11.25%	6.47%

Debt service expenditures in 2013 were higher than the annual average because of an overlap that year in that new public works debt was issued and payments were made in 2013, while the final payments were being made on existing public works debt.

Capital-related Expenditures

The amount that the town appropriates to fund capital expenditures from year to year varies primarily on the amount of current debt service that needs to be funded and the accumulated amounts in the capital reserve funds, but also can vary depending on what other funds may be available from unanticipated revenues or unexpended appropriations. However, it is useful to understand how much of annual appropriations have been used for capital needs in the past, as that is an indicator of the amounts that will be available in future years with no increase in appropriations. Capital related expenditures include direct capital expenditures, direct debt service expenditures, and transfers to capital reserve funds. The following shows the amount of capital related expenditures that have been included in the general fund for 2011-2014:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund capital related expenditures				
Direct capital expenditures	\$ 476,560	\$ 423,305	\$ 800,598	\$ 285,284
Direct debt service expenditures	82,718	76,566	73,077	67,766
Transfers to capital reserves	<u>326,595</u>	<u>297,786</u>	<u>533,137</u>	<u>318,863</u>
 Total general fund capital related expenditures	 <u>\$ 885,873</u>	 <u>\$ 797,657</u>	 <u>\$ 1,406,812</u>	 <u>\$ 671,913</u>

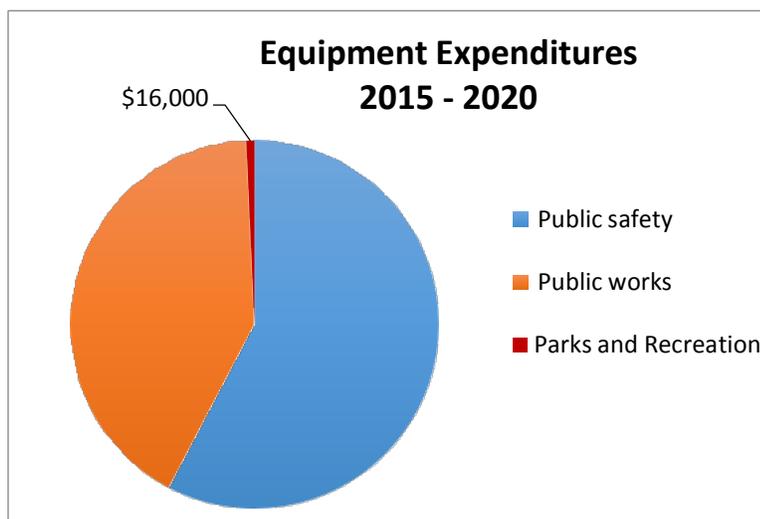
In fiscal year 2013, the Town appropriated additional amounts for direct capital expenditures for paving projects than was customary, and also appropriated additional amounts for transfers to the Fire Department Sinking Fund and the Capital Improvement Fund to fund planned capital expenditures.

CAPITAL IMPROVEMENT PROGRAM

Program Summary

The Town has prepared a capital improvement program for the 2015-2020, that outlines the anticipated capital expenditures for each department. Details of those expenditures are included in the following section. The summary of capital expenditures by department or function and by asset type is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Capital Expenditure Summary						
Public Safety						
Equipment	\$ 390,000	\$ -	\$ 600,000	\$ -	\$ 310,000	\$ -
Total Public Safety	<u>390,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>310,000</u>	<u>-</u>
Public Works						
Equipment	192,500	165,000	165,000	172,500	164,000	78,000
Infrastructure	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total Public Works	<u>692,500</u>	<u>665,000</u>	<u>665,000</u>	<u>672,500</u>	<u>664,000</u>	<u>578,000</u>
Parks and Recreation	-	-	16,000	-	-	-
Total Parks and Recreation	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,082,500</u>	<u>\$ 665,000</u>	<u>\$ 1,281,000</u>	<u>\$ 672,500</u>	<u>\$ 974,000</u>	<u>\$ 578,000</u>



The chart on the left shows the total expected expenditures on equipment only (excluding infrastructure) during the period of 2015 – 2020 for each department.

The capital improvement program also outlines the anticipated sources of funding for the capital expenditures that are proposed. Details of the use of capital reserve funds and analysis of debt service expenditures are also included a subsequent section. The summary of funding sources by department or function and revenue source is shown on the following page.

Revenue Summary

Public Safety						
Reserve funds	\$ 350,000	\$ -	\$ 600,000	\$ -	\$ 290,000	\$ -
Impact fees	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total Public Safety	<u>390,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>310,000</u>	<u>-</u>
Public Works						
Reserve funds	190,000	-	-	95,000	95,000	78,000
Grants	2,500	-	-	-	-	-
Appropriations	500,000	500,000	500,000	507,500	500,000	500,000
Debt financing	<u>-</u>	<u>165,000</u>	<u>165,000</u>	<u>70,000</u>	<u>69,000</u>	<u>-</u>
Total Public Works	<u>692,500</u>	<u>665,000</u>	<u>665,000</u>	<u>672,500</u>	<u>664,000</u>	<u>578,000</u>
Parks and Recreation						
Appropriations	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Parks and Recreation	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,082,500</u>	<u>\$ 665,000</u>	<u>\$ 1,281,000</u>	<u>\$ 672,500</u>	<u>\$ 974,000</u>	<u>\$ 578,000</u>

Program Expenditures

The following schedule outlines the detailed expenditures included in the capital improvement program:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public Safety - Equipment						
Engine 1	\$ 390,000	\$ -	\$ -	\$ -	\$ -	\$ -
Ladder 1	-	-	600,000	-	-	-
Tanker 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,000</u>	<u>-</u>
Total Public Safety Equipment	<u>390,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>310,000</u>	<u>-</u>
Public Works - Equipment						
F-550	92,500	-	-	-	-	-
Loader	100,000	-	-	-	-	-
F-550	-	85,000	-	-	-	-
Excavator	-	80,000	-	-	-	-
Mack	-	-	165,000	-	-	-
F-550	-	-	-	95,000	-	-
Cat tractor	-	-	-	70,000	-	-
Pressure washer	-	-	-	7,500	-	-
F-550	-	-	-	-	95,000	-
Backhoe	-	-	-	-	69,000	-
F-350	-	-	-	-	-	70,000
Rake	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
Total Public Works Equipment	<u>192,500</u>	<u>165,000</u>	<u>165,000</u>	<u>172,500</u>	<u>164,000</u>	<u>78,000</u>
Public Works - Infrastructure						
Pavement maintenance	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total Public Works - Infrastructure	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Parks and Recreation - Equipment						
Zero-turn mower	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Parks and Recreation - Equipment	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>\$ 1,082,500</u>	<u>\$ 665,000</u>	<u>\$ 1,281,000</u>	<u>\$ 672,500</u>	<u>\$ 974,000</u>	<u>\$ 578,000</u>

Projected Capital Reserve Fund Activity

The proposed capital improvement program relies on the use of reserve funds to finance the program. As part of the capital improvement program process these reserve funds need to be examined to determine the impact on the funds and whether current funding levels will support these expenditures, or if increases in appropriations are necessary. The proposed capital improvement program utilizes the Fire Department Sinking Fund and the Capital Improvement Fund for these purchases. Analysis of these funds for 2015-2020 is as follows:

	2015	2016	2017	2018	2019	2020
Fire Department Sinking Fund						
Balance, beginning of year	\$ 941,485	\$ 651,295	\$ 711,006	\$ 170,916	\$ 3,016	\$ 125,616
Annual appropriation	121,600	121,600	121,600	121,600	121,600	121,600
Proceeds of borrowing	-	-	-	-	-	-
Interest earnings	2,500	2,400	2,600	500	1,000	1,500
Expenditures						
Capital expenditures	(350,000)	-	(600,000)	(290,000)	-	-
Debt service expenditures	(64,290)	(64,290)	(64,290)	-	-	-
Balance, end of year	\$ 651,295	\$ 711,006	\$ 170,916	\$ 3,016	\$ 125,616	\$ 248,716
Capital Improvement Fund						
Balance, beginning of year	\$ 126,702	\$ 191,127	\$ 219,565	\$ 212,573	\$ 143,404	\$ 61,511
Annual appropriation	115,721	115,000	115,000	120,000	120,000	120,000
Proceeds of borrowing	-	165,000	165,000	70,000	69,000	-
Interest earnings	134	227	155	120	115	85
Expenditures						
Capital expenditures	-	(165,000)	(165,000)	(165,000)	(164,000)	(78,000)
Debt service expenditures	(51,430)	(86,789)	(122,147)	(94,289)	(107,008)	(100,504)
Balance, end of year	\$ 191,127	\$ 219,565	\$ 212,573	\$ 143,404	\$ 61,511	\$ 3,092

The current annual appropriation to the Fire Department Sinking Fund appears to be adequate to support the proposed expenditures, and the current annual appropriation to the Capital Improvement Fund will need a modest increase in 2018 to support the proposed expenditures. These estimates are based on expectations that the estimated cost of the expenditures will be realized in the year of expenditure.

Projected Impact Fee Activity

Currently, the only use of impact fee funds in the CIP is the use of funds from the Fire and Public Safety Impact Fee Fund in the amount of \$40,000 in FY 2015 and \$20,000 in FY 2019. As of June 30, 2015, the Fire and Public Safety Impact Fee Fund had a balance of \$112,893.

Projected Long-term Debt and Debt Service Activity

The capital improvement program also uses debt financing to fund the program. As part of the capital improvement program process, it is necessary to examine the impact of these borrowings and the related debt service expenditures to determine what impact this activity might have on property taxes. The following schedule outlines the amounts of new debt financing that will be required to fund this CIP.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
New financing						
2015 F-150	\$ -	\$ 85,000.00	\$ -	\$ -	\$ -	\$ -
2015 Excavator	-	80,000.00	-	-	-	-
2016 Mack	-	-	165,000.00	-	-	-
2017 Cat Tractor	-	-	-	70,000.00	-	-
2018 JD Backhoe	-	-	-	-	69,000.00	-
Total additions	<u>\$ -</u>	<u>\$ 165,000.00</u>	<u>\$ 165,000.00</u>	<u>\$ 70,000.00</u>	<u>\$ 69,000.00</u>	<u>\$ -</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>

The following schedule outlines the debt service expenditures that will be needed to fund current debt and the anticipated new debt.

Payments						
Library bond	\$ 27,747.00	\$ 21,577.00	\$ 20,527.00	\$ -	\$ -	\$ -
Sewer bond	43,687.30	42,363.80	41,019.05	39,656.80	38,278.30	36,899.80
2013 Int'l Dump	42,858.72	42,858.72	42,858.72	-	-	-
2012 Int'l tanker (fire dept)	64,289.64	64,289.64	64,289.64	-	-	-
2014 PW truck	8,571.74	8,571.74	8,571.74	8,571.74	6,503.80	-
2015 F-150 (purch 2016)	-	18,214.96	18,214.96	18,214.96	18,214.96	18,214.96
2015 Excavator (purch 2016)	-	17,143.49	17,143.49	17,143.49	17,143.49	17,143.49
2016 Mach (purch 2017)	-	-	35,358.44	35,358.44	35,358.44	35,358.44
2017 Cat Tractor (purch 2018)	-	-	-	15,000.55	15,000.55	15,000.55
2018 JD Backhoe (purch 2019)	-	-	-	-	14,786.26	14,786.26
Total payments	<u>\$ 187,154.40</u>	<u>\$ 215,019.35</u>	<u>\$ 247,983.04</u>	<u>\$ 133,945.98</u>	<u>\$ 145,285.80</u>	<u>\$ 137,403.50</u>

Debt service expenditures come from various funds. Expenditures from the two bond issues are directly from the general fund, while the equipment loan payments are paid from the various capital reserve funds. So, an increase in annual debt service does not mean an increase in general fund appropriations is required. An analysis of the impact on general fund expenditures follows.

Projected Capital-related Expenditures

As was done in the financial capacity analysis, it is important to look at the impact of the CIP on the annual budget of the Town.

First, it is necessary to determine if any of the proposed capital improvement projects will have an impact on operating expenditures. Expenditures can be impacted in a number of ways. Replacement of a piece of equipment that has a poor maintenance history may result in a reduction of maintenance expense. Construction of a new building or major improvements to an existing building will result in a significant change in operating expenses. Construction of some new buildings may result in a new revenue source. This capital improvement program does not anticipate that there will be any impact on any current operating expenditures.

Second, it is important to determine the impact of the capital related expenditures. As was done in the financial capacity analysis, the Town needs to look at the amount of monies that are being expended in

the annual budget on capital expenditures, as well as the expenditures for debt service as a percentage of operating expenditures.

General fund capital related expenditures for 2015-2020 are as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund capital related expenditures						
Direct capital expenditures	\$ 500,000	\$ 500,000	\$ 516,000	\$ 507,500	\$ 500,000	\$ 500,000
Direct debt service expenditures	71,434	63,941	61,546	39,657	38,278	36,900
Transfers to capital reserves	<u>295,366</u>	<u>294,645</u>	<u>294,645</u>	<u>299,645</u>	<u>299,645</u>	<u>299,645</u>
Total general fund capital related expenditures	<u>\$ 866,800</u>	<u>\$ 858,586</u>	<u>\$ 872,191</u>	<u>\$ 846,802</u>	<u>\$ 837,923</u>	<u>\$ 836,545</u>

The ratio of debt service expenditures to operating expenditures for 2015-2020 is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt service as percentage of operating expenditures						
Municipal bonded debt only	6.85%	7.64%	8.55%	4.49%	4.72%	4.34%

This analysis indicates that general fund capital related expenditures will remain stable over the life of the CIP program, and the debt service expenditures as a percentage of total operating expenditures will be below historic levels and will decline over the life of the program.