

## **East Montpelier Capital Improvement Planning Process**

### 1. Principles

- A. East Montpelier should plan and prioritize the acquisition and maintenance of capital assets (expensive, long-life assets) through a capital improvement plan. The capital improvement plan is a multi-year plan that identifies each proposed capital project, the source of funding, and cost and cash flow information.
- B. The capital improvement plan should be prepared using an open process and providing opportunity for residents and municipal departments and organizations to propose and comment on capital projects and priorities.
- C. The capital improvement plan should be linked to, and consistent with, the goals and future needs identified in the Town Plan.

### 2. Capital Improvement Committee

- A. The Capital Improvement Committee serves as the coordinator of the capital improvement plan. Membership on the committee should include the representatives from the Planning Commission and Selectboard, Town Treasurer, and one or more members of the general public. The Capital Improvement Committee is responsible for:
  - 1) Preparing the calendar, forms and instructions used in the capital improvement plan;
  - 2) Creating opportunities for citizen involvement;
  - 3) Coordinating development of the capital improvement plan with other town boards and committees;
  - 4) Reviewing and prioritizing submissions for the capital improvement plan;
  - 5) Submitting the proposed capital improvement plan to the Selectboard for approval; and
  - 6) Monitoring project implementation.
- B. The Capital Improvement Committee sets the minimum dollar threshold and minimum useful life threshold for capital improvements.

### 3. Capital Improvement Policies

#### A. Financial Policies

- 1) The minimum dollar threshold for capital improvement planning is \$5,000. The minimum life span threshold for capital improvement planning is five (5) years. These thresholds can be adjusted based on the judgment of the Capital Improvement Committee.
- 2) Capital improvement plan scheduling should strive for stable annual capital budget levels, rather than highly-fluctuating levels, in order to provide predictability for town taxpayers. To the extent possible, scheduling should also consider the capital planning of East Montpelier Fire Department, East Montpelier Elementary School and Washington Central Supervisory Union (U32).
- 3) The Town's debt management policies and fund balance policies will be followed when budgeting for capital improvement planning.

#### B. Programmatic Policies from the 2013 Town Plan

- 1) Recreation: Protect public recreational space and develop new recreational areas in various parts of town. Expand sporting field space.
- 2) Trails: Keep the trails we have, and expand those sections that public use and sentiment, and landowner willingness, suggest. Provide better access and parking for the town's trail resources. Road paving projects undertaken within the town should provide pavement markings or bike lanes for safe sharing of roads by bicycles and automobiles.
- 3) Economic Development: The Selectboard should appoint a Wastewater Committee charged with developing feasible solutions to addressing expanded wastewater disposal opportunities within East Montpelier Village. The Village Committee should continue to pursue projects that enhance the community and make it more attractive and convenient for people who live, work, and do business in the village.
- 4) Energy: The Energy Committee should work with the Selectboard and the Fire Department to investigate the feasibility of converting Town and Fire Department vehicles to biodiesel.
- 5) Transportation: The Selectboard should develop policies for the construction and cost efficient long-term maintenance of roads that focuses on safety, adequacy and access, and complements the other goals of this plan.
- 6) Fire Protection and Ambulance Coverage: Both EMFD and Town should look to expand its available water supplies. In the future, the Town should assure that

infrastructure improvements such as the US Rte. 2/VT Rte. 14 intersection and Village Bridge replacement project incorporate dry hydrant/river access.

- 7) Scenic Resources: The Selectboard should assign an existing town committee or create an ad hoc task force to: Develop a five-year plan for protecting resources of high scenic value. Protection measures must include working with landowners, and may include options such as easements, purchases, gifts and other voluntary means.
  - 8) Land Use - East Montpelier Village: The Village Committee and Selectboard should ensure pedestrian safety through the construction of sidewalks and managing traffic speeds. The Selectboard should appoint an ad hoc committee, including members of the Planning Commission and Village Committee, to develop solutions to wastewater disposal either through a larger village-wide system or a series of smaller possibly private systems. The Village Committee should work in conjunction with the Selectboard to provide amenities to make the village attractive such as a river walk, trail connections to East Montpelier's larger trail system, safe bicycle routes, and facilities for children such as playgrounds. The Village Committee and Selectboard should provide facilities for the elderly including housing, a senior center, safe pedestrian connections to stores, the Post Office and town offices. The Selectboard, in coordination with the Village Committee and Planning Commission should provide a convenient and attractive Park and Ride facility within the village. The Village Committee and Selectboard should develop a river walk to take advantage of the lovely views over the Winooski River and to provide a place for local residents to walk away from the busy roads.
  - 9) Land Use – North Montpelier Village: Study the feasibility of water and wastewater systems for North Montpelier Village.
  - 10) Agriculture: The Selectboard should consider purchasing a parcel of high quality farmland for a young farmer to get started in farming and the farmer would provide a designated amount of food products for every interested family in town.
  - 11) Wastewater Disposal: The Selectboard should support adoption of another Wastewater Committee charged with finding cost-effective wastewater treatment systems for the East Montpelier Village and North Montpelier Village. These systems may be public or private, centralized or decentralized.
4. Capital Asset Inventory
- A. The Capital Improvement Committee will work with various boards, committees and departments to develop/update a capital asset inventory that includes both capital facilities and capital equipment.
  - B. The capital facilities inventory will cover: land, buildings and transportation assets (roads, sidewalks, bridges and culverts, park and ride lots). The capital facility inventory

will identify: age/purchase date, asset condition, major repair dates and costs, original and replacement cost.

- C. The capital equipment inventory will cover vehicles and other capital equipment. The equipment inventory will identify: age/purchase date, major repair dates and costs, original and replacement cost. The capital equipment inventory will also include a replacement schedule and criteria for replacement (e.g., # years or # miles).
- D. The Capital Improvement Committee will review the capital asset inventory, evaluating the cost and scheduling for repairs or replacement.

## 5. Identifying Capital Projects

- A. The Capital Improvement Committee will annually review the status of previously approved projects and consider ongoing inclusion in the capital improvement plan and budget.
- B. The Capital Improvement Committee has developed a New Project Identification Form. The form will identify and describe the project, provide a justification for the project, provide a timeframe and cost estimate, and identify available funding sources.
- C. The sponsor of a new project will complete and submit a New Project Identification Form. The Capital Improvement Committee will provide assistance with the form, if requested.
- D. The sponsor of a new project will prepare a detailed project budget. For complex projects, planning and feasibility studies may be needed first in order to adequately determine the final project scope and budget. These initial studies may themselves be capital projects.
- E. The sponsor of a new project should investigate the availability of grants and subsidized funding for the proposed project. Proposed capital improvement projects should identify whether non-tax revenues are available to pay for all or part of the project.
- F. Proposed new projects without an adequate description, justification, budget and/or schedule cannot be further evaluated.

## 6. Evaluation and Prioritization Criteria

- A. Projects will be evaluated and ranked based on an agreed-upon numerical project ranking system that considers the following criteria: Legal and regulatory requirements; public health and safety; significantly decreases operating/maintenance expenses; maintain existing town assets; implementation of ongoing phased project; relation to adopted plan; availability of funding; percent of population served. The Capital Improvement Committee will establish the criteria and their weighting, both of which will be periodically reviewed and updated based on the best judgment of the committee.

The Committee will numerically rate each project for each criterion using the following scale:

- 0 (none)
- 1 (low)
- 2 (medium)
- 3 (high)

The criterion score is the criterion weight times the rating for project rating for that criterion. The criteria scores will be summed for each project to give a total project score. Projects will be ranked based on the total project scores.

<b>Sample Project Ranking</b>							
<u>Criteria</u>	<u>Criteria Weight</u>	<b>Project 1</b>		<b>Project 2</b>		<b>Project 3</b>	
		<u>Rating</u>	<u>Score</u>	<u>Rating</u>	<u>Score</u>	<u>Rating</u>	<u>Score</u>
Legal requirements	4	2	<b>8</b>	1	<b>4</b>	2	<b>8</b>
Public health & safety	4	2	<b>8</b>	3	<b>12</b>	1	<b>4</b>
Reduce operating expense	4	2	<b>8</b>	1	<b>4</b>	2	<b>8</b>
Maintain existing assets	3	1	<b>3</b>	1	<b>3</b>	1	<b>3</b>
Ongoing phased project	3	1	<b>3</b>	0	<b>0</b>	0	<b>0</b>
Availability of grant funding	3	0	<b>0</b>	3	<b>9</b>	0	<b>0</b>
Relation to adopted plans	2	1	<b>2</b>	2	<b>4</b>	0	<b>0</b>
% of population served	1	3	<u><b>3</b></u>	3	<u><b>3</b></u>	3	<u><b>3</b></u>
<b>Total Project Scores</b>			<b>35</b>		<b>39</b>		<b>26</b>
<b>Project Ranking</b>			<b>2</b>		<b>1</b>		<b>3</b>

B. The Capital Improvement Committee will consider project rankings and total impacts to the Town’s operating budget and taxes in recommending which, how many, and the scheduling of projects to include in the capital budget

7. Financing Capital Improvement Projects

A. The primary goal of a capital improvement plan and budget is to manage the impact of capital projects on the tax rate.

B. The financial impact of capital improvement projects on taxpayers may be expressed in terms of the growth in the annual expenditure for capital improvements. For example, it may be decided that capital expenditures should be level, or should increase at a specified rate over a period of years. This expenditure rate goal should be reviewed annually. Determination of the expenditure rate goal sets the amount of money available from taxes for capital improvements.

C. Capital improvement projects can be financed through grants from other entities, or through tax dollars. Generally, there are three basic options for financing a project from tax dollars:

- 1) Pay in cash from current taxes (paid for by current taxpayers);
- 2) Set up a capital reserve from current tax dollars to pay for a future capital expense (paid by past taxpayers); and
- 3) Pay the expense by a loan or bond (paid by future taxpayers).

D. Any given capital improvement project can be financed by a combination of these methods to stay within the dollars available as set by the expenditure rate goal.

E. Options for financing any given capital improvement project should consider:

- 1) Whether grants or subsidized financing can be obtained to pay for all or a portion of the capital improvement project;
- 2) Efficiency and cost effectiveness of the financing option;
- 3) Equitable balancing of who pays for the capital improvement project with the population who will benefit from the project; and
- 4) The period for financing a capital improvement project should not exceed the useful life of the project.

F. The timing of a project may be subject to the dollars available, or may require that the expenditure rate goal be adjusted.

G. Maintenance of existing assets requires an annual capital budget amount that will be determined by the schedules established and annually reviewed by the Capital Improvement Committee.

H. New projects will be evaluated based on priority, cost and funding options.

## 8. Adoption of Capital Improvement Plan

A. The initial (FY16) capital improvement plan will cover the maintenance of current assets: Municipal Building, Town Garage, Emergency Services Facility (fire station), highway vehicles and equipment, and paving. This plan will incorporate the current Capital Reserve Fund. Future capital improvement plans will consider inclusion of appropriate new projects.

B. The Capital Improvement Committee will prepare a draft capital improvement plan for the next fiscal year.

- C. The Capital Improvement Committee will hold a public meeting in December to present and obtain public input on the draft capital improvement plan.
- D. The Capital Improvement Committee will finalize the capital improvement plan, taking public input into consideration. Based on the final Plan, the Capital Improvement Committee will present a proposed capital improvement budget item to the Selectboard.
- E. The Selectboard is responsible for including a capital budget item in the annual Town Budget.

9. Monitoring the Capital Improvement plan

- A. The Capital Improvement Committee will annually review the Capital Improvement Plan, noting whether capital improvement projects are progressing on schedule and on budget.
- B. Budget and schedule assumptions for capital improvement projects may need to be adjusted based on actual conditions.

10. Evaluating the Capital Improvement Planning Process

- A. The Capital Improvement Committee will, at least annually, evaluate the process for developing the capital improvement plan. This review will include:
  - 1) The calendar for developing the capital improvement plan;
  - 2) The thresholds for capital improvement planning;
  - 3) The programmatic policies from the current adopted Town Plan;
  - 4) The forms and instructions for preparing the capital asset inventory, as well as the data in the inventory;
  - 5) The forms and instructions for identifying capital projects;
  - 6) The project evaluation and prioritization criteria and project ranking system;
  - 7) The forms, assumptions and data used to schedule capital asset maintenance or replacement;
  - 8) Whether the capital expenditure rate adequately balances the community's need for capital improvements with the community's ability and willingness to pay for them; and
  - 9) The effectiveness of the overall process and its documentation.

- B. Based on this evaluation, the Capital Improvement Committee may make changes to the process. The Capital Improvement Planning Procedures will be updated to reflect these changes.

#### 11. Recordkeeping

- A. The Capital Improvement Committee will maintain records of:
  - 1) The Capital Improvement Planning Procedures;
  - 2) The capital asset inventory and related assessment documents;
  - 3) Submitted new project identification forms;
  - 4) Project ranking and prioritization forms; and
  - 5) Capital improvement planning forms.
- B. The Town Treasurer will keep the files and records of the Capital Improvement Committee.
- C. These records will be maintained in accordance with the town's record retention policies.