

Financing Capital Projects

The primary goal of a Capital Improvement Plan is to manage the impact on the tax rate. This goal may be expressed in terms of some measure such as the growth in the annual expenditure for capital improvements. For example, it may be decided that this expenditure should be level, or increase at a specified rate, over a period of years (i.e., the length of the Capital Improvement Plan...or some other period). This factor, as well as others will be reviewed, at least annually, to see if modifications need to be made. This determination sets the amount of money available from taxes for capital improvements.

Once this goal has been set, maintenance of existing assets will require an annual amount that will have been determined by the schedules initially set up by the Capital Improvement Committee and reviewed annually. New projects will be evaluated based on priority, cost and funding options. Generally, there are three basic options for financing a project from tax dollars: (1) pay in cash from current taxes (paid 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). Any given project can be financed by a combination of these methods to stay within the dollars available as set by the goal. The timing of a project may be subject to the dollars available...or may require the goal to be adjusted.

The concepts presented here will be included in any public meetings held to discuss the CIC plan

Adoption of the Capital Improvement Plan

The initial Capital Improvement Plan will be presented to the public in early December. It will cover the maintenance of current assets: Municipal Building, Town Garage, Emergency Services Facility (fire station) and highway equipment. Taking into consideration the input from the public, the CIC will finalize the Plan. This Plan will incorporate the current Capital Reserve Fund. Based on the final Plan, the CIC will present the Selectboard with a proposed Capital Improvement budget item for FY16.

Once the FY16 budget item is presented, the CIC will begin reviewing new projects that have been submitted. These will be subjected to the CIC's prioritization procedure (which it is currently developing). All of these projects need to be refined before they can be properly evaluated.

Before the FY17 budget season, the initial Plan for FY16 will be reviewed to see if modifications are needed.