CAPITAL IMPROVEMENT PROGRAM COMMITTEE
RECOMMENDED 2019 CAPITAL FUNDING
December 5, 2018

STRUCTURE and SCOPE of WORK:

The Committee continues to refine and update the Excel Workbook covering those Capital Reserves, Expendable Trusts and Revolving Funds that relate to capital expenditures. Each germane account was analyzed for expected expenditures over the six years 2019 to 2024, with notations for large items expected for the following six years. Beginning with estimated December 31, 2018 balances, funding needs were determined for the initial six-year period. Where appropriate, proposed bonds and/or leases financings were added.

Summaries of those detail accounts is presented at the front of the Excel Workbook. Contributions for 2018 were noted and compared to proposed 2019 contributions. The Committee strives for a program to fund capital at a sustainable, but predictable and orderly manner.

The Year-over-Year analysis shows detail and offers comments for certain items. The 7-year Analysis shows actual contributions for 2018 and the proposed following six years together with estimated annual level debt service (principal + interest) for all present and contemplated debt, including leases.

Our numbers, at present, do not assume inflation, investment earnings and interest rate changes, all of which will become factors in future years. The focus of this year's effort was to define the larger critical infrastructure issues confronting the Town as discussed below.

The budget also includes a minimum of $100,000 for Rail Trails (taken from the Municipal Transportation Fund, which effectively increase Road funding needs) and $180,000 for Whitcomb Hall for grant matches approved by the Board of Selectmen (subject to final approval of such grants, which are expected in December 2018). In addition, the Committee approved reinstatement of contributions to the Conservation Land Acquisition Fund in the amount of $10,000 per year. Spending on these non-critical items over the next two years is $300,000. If either grant it not received it is anticipated that the matching contribution will not be made.

The Committee urges all residents to review and consider the six-year plan and beyond. The entire Excel Workbook and this report are available in PDF format on the Town's website. We urge all residents to study them before the annual Budget Hearing and the Deliberative Session. Deferred short term costs only exacerbate future critical requirements at much greater costs.

OVERVIEW:

Overall 2019 cash appropriation current funding is (decreased) by ($100,000) – a (15.4%) decrease from 2018; however, projected bond debt service is increased by $185,000 for a net increase to tax funding need of $85,000 – or a net 11.4% increase primarily due to Roads and Fire/Dam bonds.

On a seven-year basis there are stepped increases of approximately $120,000 in the years 2019 and 2020 with spending essentially levelling out in 2021. Overall over the six-year budget scope Capital Spending increase $250,000 or a 33.5% increase over the 2018 base year.

General Comments:

- Road infrastructure was this year's primary focus. For the first time the Committee had access to comprehensive data not previously available. A schedule of enhanced road preventative maintenance (a General Fund operating expense) is also included in the Excel Workbook for reference. Both schedules should be reviewed to understand to total road program scope.
    - We have to acknowledge efforts of Lee Dunham for assembling the initial list and Larry Crowder for refining that list with the support of Michael Branley for getting us there. The numbers are high, but hardly a revelation.
    - The net cost increase (reduced cash contribution less increase debt service) for the roads program is only $50,000 per year, and the problem is solved.

- Three areas remain "known unknowns." All are assumed as placeholders in bond funded:
    - Town Hall;
    - Center (#2) Fire Station;
    - DPW and Recycling Station rehabilitations –
        - Specific studies are incomplete. It is presumed that each would be long-term bonded. These items will be revisited in depth during the 2020 CIPC budget cycle; and
    - A 2019 'place-holder' Town Dam bond for Lower Wilson Pond was included as the State currently mandates it, despite the exact requirements being unresolved, but numbers presented are believed to be a 'worst case' scenario. Another <u>minimum</u> cost place-holder for Upper Wilson Pond Dam was also included as a cash reserve item.

The Committee recognizes that some of these complex recommendations may be controversial. There are grave deferred needs resultant from years of underfunding that must be addressed. The Committee would also like to thank town staff, department heads and other committees for their assistance in preparing this report.

Following are Seven-Year Summary Schedules for Cash Contributions and Debt Service.

For the Committee,

Steven Bittel, Chair
Bruce Bohannon
Larry Crowder
Deborah Davis
Jane Johnson (Planning Board Rep.)
Sly Karasinski (Selectmen's Rep.)
Don Skiba

CIPC 2019 REPORT

2018 vs. 2019	Increase (Decrease)	
Cash:		
Roads	$ (165,000)	
Whitcomb Hall	57,500	
Carpenter Home	(50,000)	
Conservation Acq.	10,000	
Recreation	10,000	
Fire - Various	7,500	
Town Bridges	30,000	
Other	-	
	(100,000)	-15.40%
Debt Service:		
2018 Fire Truck	28,858	
Roads	107,943	6 mos. Debt Service
Dams	41,226	
Cardiac Monitors	7,000	
	185,027	188.80%
	$ 85,027	11.40%

SEVEN-YEAR SUMMARY:

	2018	2019	2020	2021	2022	2023	2024
Cash + Debt Service	746,995	832,021	948,748	951,342	975,892	971,947	997,267
Yr/Yr Increase (Decrease)		$ 85,027	$ 116,727	$ 2,594	$ 24,551	$ (3,945)	$ 25,320
Accum. Increase over Base Year		$ 85,027	$ 201,753	$ 204,347	$ 228,898	$ 224,952	$ 250,273
Tax Rate Increase (Decrease) *		$ 0.15	$ 0.21	$ -	$ 0.04	$ (0.01)	$ 0.05
Accum. Rate Increase		$ 0.15	$ 0.36	$ 0.36	$ 0.40	$ 0.39	$ 0.44

* Based upon 2018 Valuation

DIRECT CASH CONTRIBUTIONS:

Department	2018	2019	2020	2021	2022	2023	2024
DPW:							
Equipment	100,000	110,000	110,000	110,000	110,000	110,000	110,000
Facilities	5,000	-	-	-	-	-	-
Cemetery Expansion	-	-	-	-	-	-	-
Road Reconst.	265,000	100,000	100,000	100,000	100,000	100,000	100,000
Muni Trans Fund	-	-	-	-	-	-	-
Town Dams	-	-	-	-	-	-	-
Town Bridges	10,000	40,000	40,000	40,000	40,000	40,000	40,000
Covered Bridges	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Emergency Mgmt.:							
Facilities	-	-	-	-	-	-	-
Communications	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Fire:							
Trucks	15,000	5,000	5,000	5,000	5,000	5,000	5,000
Ponds	7,500	15,000	15,000	15,000	15,000	15,000	15,000
Tools	10,000	20,000	20,000	20,000	20,000	5,000	5,000
Station Maint.	-	-	-	-	-	-	-
Fire Station Cap Reserve	-	-	20,000	20,000	20,000	20,000	20,000
Police:							
Cruisers	40,000	30,000	30,000	30,000	30,000	30,000	30,000
SD Revolver	-	-	-	-	-	-	-
IMS	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Facilities	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Town Hall:	-						
Repairs & Expansion	60,000	60,000	10,000	10,000	10,000	10,000	10,000
IMS	10,000	15,000	15,000	15,000	15,000	15,000	15,000
Recreation	10,000	20,000	20,000	20,000	20,000	20,000	20,000
Recycling Center:							
Reserve	-	-	-	-	-	-	-
Revolver	-	-	-	-	-	-	-
Libraries:							
Mt. Caesar Lib.	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Stratton Free Lib.	-	-	-	-	-	-	-
Other Accounts:							
Carpenter Home	50,000	-	-	-	-	-	-
Conservation Land	-	10,000	10,000	10,000	10,000	10,000	10,000
Whitcomb Hall	32,500	90,000	90,000	-	-	-	-
Total Direct Cash	$ 649,000	$ 549,000	$ 519,000	$ 429,000	$ 429,000	$ 414,000	$ 414,000

BOND DEBT SERVICE (P+I)

Department	2018	2019	2020	2021	2022	2023	2024
Authorized Debt:							
2014 - SCBA Lease	$ 32,164	$ 32,164	$ 32,164	$ -	$ -	$ -	$ -
2017 - Police Station	47,150	47,150	47,150	47,150	47,150	47,150	47,150
2018 - Fire Truck	4,810	33,668	33,668	33,668	33,668	33,668	33,668
2018 - Cardiac Monitors	7,000	14,000	14,000	14,000	14,000	7,000	-
2018 - Dams	6,871	48,097	48,097	48,097	48,097	48,097	48,097
	97,995	175,079	175,079	142,915	142,915	135,915	128,915
Proposed Debt:							
2019 - Rehab. Roads	-	107,943	215,886	215,886	215,886	215,886	215,886
2020 - Town Hall	-	-	21,589	43,177	43,177	43,177	43,177
2020 - Station 2	-	-	17,195	120,364	120,364	120,364	120,364
2022 - DPW	-	-	-	-	18,055	36,109	36,109
2022 - Cardiac Monitor	-	-	-	-	6,496	6,496	6,496
2024 - SCBAs	-	-	-	-	-	-	32,320
2024 - Fire Truck (Sta. 2)	-	-	-	-	-	-	-
	-	107,943	254,670	379,427	403,978	422,032	454,352
Total CAPEX Debt Serv.	$ 97,995	$ 283,022	$ 429,749	$ 522,342	$ 546,893	$ 557,947	$ 583,267

Interest rates are now trending higher with expected Federal Reserve rate increases next year. Assumed bond issuance data for dates, terms, rates and amounts may be found in the Excel Workbook as part of the '7 Yr Summary' section.