

CAPITAL PROGRAM AND BUDGET POLICY – Town of Guilford

PURPOSE

The purpose of this Capital Program and Budget Policy is to establish a capital improvement program (CIP) for the Town of Guilford 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, acquisition, and maintenance of capital assets. It 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). A CIP 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 its long-term financial position.

CAPITAL IMPROVEMENT PLAN AND BUDGET

The Selectboard will adopt a five-year CIP for the Town of Guilford. This plan will 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 will review and update 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 government, 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 Selectboard will develop a capital budget 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 costing more than \$25,000; building improvements or vehicles costing more than \$15,000; equipment or machinery costing more than \$5,000, and any expenditure for infrastructure (e.g., roads, bridges, water and wastewater distribution and collection systems) costing more than \$25,000.

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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 and the Town Plan.
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.
6. State or federal grant funds are available to assist in funding for project.

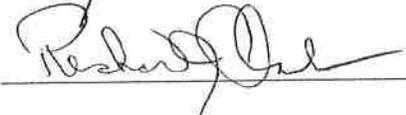
The foregoing Policy is hereby adopted by the Selectboard of the Town of Guilford, Vermont, this 10 day of August 2015 and is effective as of this date until amended or repealed.



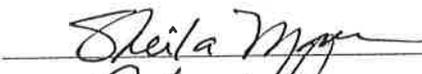
Anne Rider, Chair



Troy Revis, Jr.



Richard Clark



Sheila Morse



Gabrielle Ciuffreda