

Town of Warren
Notice of Public Hearing
Capital Budget Hearing
The Warren Selectboard

The Warren Selectboard will hold a public hearing on January 21, 2020 at the Warren Municipal Building at 7:00 PM to consider amendments to the Capital Budget and Program for the Town of Warren.

The Capital Budget and Program, which has application to the entire geographic area of Warren, contains the following sections:

1. A general narrative description of the Capital Budget and Program, its development and use.
2. A chart representing the Warren Capital Budget And Program for the period of 2017-2021.

Copies of the Capital Budget and program are available at the Warren Town Clerk's office in the Municipal building during regular business hours.

The Warren Selectboard
Andrew Cunningham, Chair
Bob Ackland, Vice Chair
Luke Youmell
Camilla Behn

2020 WARREN CAPITAL BUDGET

Reserve Fund Budget Forecast Future Transfers						Forecast Expenditures						
From General to Reserve Fund												
	Beginning Balance 1/1/2019	2020	2021	2022	2023	2018 Actual Expend	2019 Actual Expend	2020	2021	2022	Ending Balance 12/31/2019	
Highway Department Equipment	\$ 166,719.00	\$210,000	\$210,000	\$ 210,000	\$ 210,000	\$339,149	\$ 130,400	\$ 220,000	\$ -	\$ 220,000	\$ 248,251.51	
Fire Department Equipment	\$ 384,538.77	\$100,000	\$100,000	\$ 100,000	\$ 100,000			\$ 300,000		\$ -	\$ 478,876.18	
A. Town Reappraisal	\$ 368,926.01	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -	\$ 400,418.38	
Town Mapping (State Refund)	\$ 51,327.59	\$ -	\$ -	\$ -	\$ -		\$ 5,310	\$ 5,400	\$ -	\$ -	\$ 46,533.28	
Conservation Fund	\$ 213,962.94	\$ -	\$ -	\$ -	\$ -		\$ 7,500	\$ -	\$ -	\$ -	\$ 218,795.47	
Bridge Repair	\$ 278,685.76	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 73,827	\$ 282,940	\$ -	\$ -		\$ 122,911.01	
Paving	\$ 560,353.86	\$240,000	\$240,000	\$ 240,000	\$ 240,000	\$228,409	\$ 707,612	\$ 635,000	\$ 415,000	\$ 365,000	\$ 98,388.20	
Fire Protection/Stand Pipes	\$ 43,469.20	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 214	-		\$ -	\$ -	\$ 48,952.91	
Fire Fighter Training & Personal Equipment	\$ 50,810.61	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 3,518	\$ 22,483	\$ 25,000	\$ 25,000	\$ 25,000	\$ 53,839.01	
Library Building Improvement Fund	\$ 54,746.14	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,730	\$ 8,500	\$ -	\$ -	\$ -	\$ 51,794.15	
Town Building Renovations	\$ 125,773.10	\$ 50,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 47,497	\$ 50,796	\$ -	\$ -	\$ -	\$ 126,065.80	
Town Improvements	\$ 62,061.92	\$ 30,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 32,246	\$ 1,550	\$ -	\$ -	\$ -	\$ 91,219.39	
Town Planning & Development	\$ 58,000.01	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 13,743	\$ 58,442	\$ -	\$ -	\$ -	\$ 58,442.47	
Warren Wastewater System	\$ 9,618.00	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 6,078	\$ 6,483	\$ 7,000	\$ 7,050	\$ 7,050	\$ 8,230.73	
State Lister Training Fund	\$ 805.22	\$ -	\$ -	\$ -	\$ -	\$ 540	\$ -	\$ -	\$ -	\$ -	\$ 814.05	
Cemetery	\$ 7,380.17	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 12,690	\$ 1,950	\$ -	\$ -	\$ -	\$ 17,462.87	
Blueberry Dam & Covered Bridge	\$ 169,127.64	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 285	\$ 18,678	\$ 80,000	\$ -	\$ -	\$ 172,313.95	
Warren Public Safety Equipment Capital	\$ 4,533.29	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,084.98	
TOTAL	\$ 2,610,839	\$786,500	\$816,500	\$ 816,500	\$ 816,500	\$763,925	\$ 1,302,644	\$1,272,400	\$ 447,050	\$ 617,050	\$ 2,249,394	

Town Plan Development - Income of
EV Stations coming in Jan of
at 33,038.00

TOWN OF WARREN
CAPITAL BUDGET AND PROGRAM
2020

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Town of Warren
Capital Budget & Program
January 1, 2020

INTRODUCTION:

The Capital Budget and Program is a plan that addresses the Town capital needs within the constraints of available funding over the next few years.

Capital Improvement Program

The Selectmen in 1984 begun a financial management process know as Capital Improvement Program (CIP). The purpose of the CIP is to identify and schedule capital expenditures over a six-year period. A Capital Expenditure is a one-time, non-recurring expense item, such as the purchase of land, or equipment, or the construction of improvement of a town building. It differs from operating expenses such as payroll or utility cost, which are ongoing. The principle benefit of the CIP is its help in maintain a stable tax rate. Generally speaking, it is an unanticipated capital expense (a new grader, truck or building addition) that will cause the tax rate to vary widely from one year to the next. By state law, the CIP can also be used to the Town in controlling its rate of growth, and in insuring that a large development pays its far share for any capital expenditure that it may require of the Town. The CIP is of value or planning purposes only. However, the annual budget may include contributions to reserve accounts in anticipation of a capital item scheduled for the future.

The Selectboard will hold a public hearing yearly to review and discuss the CIP. Your attendance is encouraged.

Goals of a Capital Budget and Program include:

- Provision of a policy framework for the expenditure of public funds for capital projects.
- Provision of public facilities and services based on reasonable expectations of population and economic growth.
- Efficient and effective use of public funds without exceeding the ability of local government to pay for adequate facilities and services.
- Support for the goals of the municipal plan.

In Support of these goals, the Capital Budget and Program for the Town of Warren includes:

- Review of recent trends in capital and operating expenditures.
- Identification of existing capital assets and replacement schedules.
- Identification of additional capital needs based on new facilities/services or population grow.
- Approval of a 6-year plan of capital expenditures and funding sources based on review of capital needs with the Select Board and department representatives and approval by the Select board.

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In the first of the six years covered by the Capital Budget and program, the list of projects associated costs and funding sources should match the annual budget presented to voters at Town Meeting. Years two through six of the Capital Budget should reflect the best current estimate of capital needs in those years. The Select Board should review the list of projects annually as new information on department needs, project costs and funding sources becomes available. The project list in the Capital Budget and Program should be reviewed and if necessary updated annually.

HISTORIC EXPENDITURES

Annual Reports for the Town were reviewed from 2016 through 2021. The review of Town expenditures covered all departments including highway, library, recreation and general administration costs. School costs were not included.

TOWN DEPARTMENTS

At this time the two major components of the Capital Budget and Plan will focus on the Highway Department, Fire Department and the Administrative Departments.

Highway Equipment -

The Town Highway Departments owns and operates 4 tandem Dump trucks, 1 F550 and 1 Chevy J520 Foreman pickup. Four of the dumps trucks a 2013 Western Star, 2016 International, 2011 Mac (spare), 2017 international, are replaced on a rotating basis with a useful life of approximately 8-10 years. The smaller work trucks have a replacement useful life of 7.8 years. The department also has two graders a 2004, and 2018, and a 2020 John Deer loader with a useful life of 14.26 years and 12 years respectfully. Other equipment includes a screen all, a 2016 roller, a 2012 chipper, and a 2012 hydro seeder and a 2015 backhoe, 2017 John Deere Mower and a 2016 Bobcat.

The Select Board has carefully considered a variety of useful lives of the various highway departments' equipment. Other towns were surveyed to determine what useful lives they employ in their capital budgeting. Equipment dealers were interviewed to determine estimates of trade in or salvage values at various different useful life scenarios. For example, there are some towns replacing large trucks at 5 to 7 years and another grouping at 10-15.

Based on their research, the Select Board has determined that the useful lives proposed in this Capital Plan and Budget are a good balance between the initial purchase price, cost of financing, trade in values and reliability of the equipment for its intended purposes. This is not an exact science and different useful lives could be used by applying different weights to the above criteria. The Select Board believes that giving the roughly equal weight to the above criteria provides the right balance for Warren residents and taxpayers.

The Town has established equipment Reserve Fund, which can be used to pay for or offset the costs of replacement of major capital equipment.

Fire Equipment –

The Warren Volunteer Fire Department owns and operates 8 fire trucks. These trucks are: E-1 1994 pumper, E-4 4x4 1986 Pumper, L-2 1985 Ladder, E-3 1994 Truck w/pump, E-2 1997 Tanker/pump, T-1 2001 Tanker, and E-21 2008 Support a 2016 HME Fire Truck The schedule was based on rotating bases with a useful life of each vehicle.

Other Facilities and Structures

Normal highway maintenance, including resurfacing and drainage work, is considered an operating expense rather than a capital expense. However, the Town does have established a paving reserve account. However, re-constructed roads and upgrades of major culverts, bridges and other facilities may be included as capital projects as the need arises. The town has established a Reserve Fund for Bridges, which can be used for bridge and major culvert replacements. This fund is intended to be used primarily to pay for or offset the town's match for state funded grant programs for the replacement of these major structures.

Administration

Equipment

Administration is listed in the general operating budget. Existing administrative equipment includes 2 copiers, office computers, and fire alarm system and communications equipment. Replacement schedules for these items of equipment are relatively short, ranging from 5 years for copiers and computer to 10 years for communications systems to 15 years or more for the security/alarm system.

Land and Buildings

The town owns the Municipal Building, Warren Fire Station (Main Street), The Town Hall and the Warren Historical Society Building, and the Warren Town Garage. The municipal building houses the administrative office functions of the town and also provides a multi-use meeting space. The fire station was built in 1977, the municipal building was built in 1867, and the Town Hall in 1872. The Warren Historical Barn and the Town Garage 1969, East Warren School House 1896. The buildings have been in need of repair and are starting to have energy efficiency measures done to them. The Town Hall was recently renovated to house the Library. The existing highway garage is in need of major repair and is not suitable for the town's needs for the foreseeable future.

The town also owns various parcels of land, including the Brooks Recreation Field, Town Garage, and Warren School Land for a total of 140.6 acres, Riverside Park 6 acres, The Eaton Parcel at 7.2 acres, the Coates Parcel is a 78.3-acre parcel, 1189 VT Rte. 100 a 2-acre parcel (Rewinski) a 15-acre parcel by Kingbury's Bridge and .6 acres (the Park & Ride). The Warren Historical Barn, Town Hall and the muni building lot 1.93 acres. The East Warren School and Common 1 acre. In December 2014, the town acquired the Top Gas Parcel consisting of 51.5 acres.

The town has established a Town buildings and Town improvements reserve funds that can be used to pay for or offset the cost of the town owned buildings and grounds and non-highway equipment.

FUNDING METHODS

A variety of funding methods are available to pay for Capital Projects in Warren. A brief description of each of those methods is given below.

Single-Year General Fund

Most operating costs and capital costs are funded as part of the annual Town budgets, prepared by the Select Board and approved by the voters at the annual Town meeting. Many small capital items are funded in this manner. Capital items under \$3,000 generally are not considered under this Capital budget and program.

Bonding/Borrowing

Large capital items frequently are paid by municipal bonds or through borrowing. By state statute, borrowing for a period of five years or less requires voter approval at an annual or special town meeting (except that the Select Board can borrow without voter approval for highway equipment). Anything over five years requires a "bond vote", which requires an Australian ballot vote. With voter approval the Town determines the best financing options and takes the appropriate action. Payments of principle and interest are spread over a number of years. Terms will depend on the size of the loan, the useful life of the capital item, and the amount of annual debt service that the town wishes to pay.

Reserve Funds

When large capital costs are anticipated, some municipalities choose to establish reserve funds. Voter approval is necessary to establish a reserve fund. Once established, the Selectboard has the sole discretion over spending from the reserve fund but they may only use the funds for the purpose for which the fund was established (unless authorized by the voters for some other purpose). The use of reserve funds is a proven method for reducing the impact on tax rates by "smoothing" the cost of major purchases over several years.

Land Records Reserve Fund - Was established for the purpose of making a digital or electronic recorded of existing and future land records which are the responsibility of the Town to maintain with the funding from a \$5.00 per page recording fees paid by person recording documents in the Land Records. The fund allows for the year end transfer of these funds.

Grants, Donations

A variety of outside funding sources, not requiring local tax payments are available. The state has various grant programs for highway, recreation and other projects. An example is the State highway grant programs for Class II paving, structures and bridge replacement programs, and enhancement grants. Warren has been very successful in securing these grant programs over the past 10 years.

Effect of Capital Plan on Tax Rates

There is no doubt that the cost of equipment has risen and will continue to rise during the projections of the next 6 years. For purposes of estimating we have used 2% annual increase for large capital purchase. These increases will directly impact the tax rate; there is simply no way around this issue if we are going to replace capital equipment on a regular basis. The primary benefit of a capital plan and budget and use of reserve funds is to spread those increases over time with incremental increases to the annual budget appropriations.

In addition, the replacement of equipment while it still has some trade in or salvage value reduces the purchase price. Trading before the equipment is entirely worn out also lowers annual maintenance and major costs, we know that one major repair, such as replacement of a truck body, on a large piece of equipment can costs many thousands of dollars.

Finally, most of our large equipment can be reasonably considered “emergency” equipment due to change expectations of the public. The public expectation for maintenance of the roads has become one of “access all the time under any conditions”. Fire, police, school buses and these services, we are not able to meet the public expectations. Planned replacement of equipment and planned and regular maintenance of the equipment are key elements in providing service that our residents want and desire.

Warren has established several Reserve Funds including: Capital Highway Equipment (1984), Fire Department Equipment (1984), Town Reappraisal (1993), Town Mapping (1994), Conservation Fund (1999), Bridge Repair (2002), Paving (1996), Fire Protection/Stand Pipes (1996), Fire Fighter Training & Personal Equipment (2010), Library Building (1997) Town Building Renovations (1997) Town improvements (1997) Town Planning & Development (2007), Warren Wastewater System (1998), State Lister Training Fund (2009), Cemetery (2011), Dam & Covered Bridge (1999). The articles as approved by the voters for the establishment of these funds are listed in an appendix to this plan. Warren Dept. of Public Safety Major Equipment Account Fund (2016)

The Capital Equipment Reserve Accounts (Capital Highway Reserve Fund) and The Capital Fire Dept. Reserve Fund is used for the purchase of large capital equipment items for the Highway Department and Fire Dept. It is funded by annual appropriation line item “Capital Highway Equipment Fund” and Fire Dept. Equipment Reserve Fund. This method provides a relatively, consistent balance to the reserve fund, which provides a “buffer” in any given year that a piece of equipment was needed on an emergency basis. It is funded, upon voter approval, by an annual appropriation in the Selectboard’s budget form the line item “Capital Equipment Reserve Fund”.

A spreadsheet listing major capital purchase and estimating reserve fund balance is included in this plan, which estimates the annual contribution necessary to meet the planned purchase. In 2019 the annual appropriation is \$220,00.00 for highway and \$90,000 for the Fire Dept. By 2020 the appropriation for Fire will need to increase to \$100,000.00 to keep pace with increase costs.

Highway Capital Reserve Fund – 1984

Establishing a capital equipment fund to pay for highway equipment to be identified in the Capital budget which will be funded by annual contributions set forth in the Town’s annual budget as line items.

Fire Dept Equipment Capital Reserve Fund – 1984

Establishing a Capital Equipment Fire Equipment fund to pay for fire department equipment to be identified in the Capital Budget which will be funded by annual contributions set forth in the Town’s annual budget as line items.

Bridge Repair Reserve Fund – 2002

“Shall the Town vote to change to change the Capital Reserve funds known as “RT 100 Access s Road to “bridge,” this fund would be used for maintenance and repair bridges.

Article passed as Warned.

Town Mapping (Stare Refund) 1994

This Fund was established during the Capital Budget hearing as money was given to the town for mapping of the town. Each year Capital Allocations are added to this Capital Account as a line item.

Town Planning & Development – 2007

Capital Account added during budget hearing for future town planning and development.

State Lister Training Fund – 2009

Capital account added to receive funds from the State for Lister Training to manage the Towns tax parcels.

Warren Wastewater 1998 – Account was set up to add the revenue from the existing 5 properties of the wastewater system when the Warren Decentralized Wastewater system was planned and constructed.

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Dam & Covered Bridge Reserve Fund 1999

Article as warned:

Article 4: Shall the Town create, and fund with \$10,000 this year, a reserve fund for the maintenance and preservation of Warren Villages’ covered bridge and dam.

Article passed was warned.

In 2016 this article was modified to read: Shall the Town vote to correct the name of the Capital Budget item now known as Dam & Covered Bridge Fund to Blueberry Lake Dam & Covered Bridge Maintenance Fund?

Article passed was warned.

Conservation Fund 1999

Article as warned:

Shall the Town combine the existing Transfer of Development Rights (TDR) Reserve Fund and the Blueberry Lake Reserve Fund into a newly created Conservation Reserve fund for the purpose of acquisition and perpetual protection of critical agricultural, forest, and open land in the Town?

Article passed as warned.

Cemetery Reserve Fun 2011

Article as warned:

“Shall the Town vote to create a new Capital Reserve Fund called “Warren Cemetery” and allocate \$7,000 for 2011?

Article passed as warned.

Firefighter Training and Personal Protective Equipment Reserve Fund 2010

Article as warned:

“Shall the Town vote to create a new Capital Reserve Fund called “firefighter Training & Personal Protective Equipment.?

Article passed as warned.

Town Reappraisal Reserve Fund 1993

Article as warned:

“To appropriate the sum \$10,000 to create a reserve fund for the purpose of financing a town Re-appraisal.

Article passed as warned.

Library Building Reserve Fund 1997

Article as warned:

To see if the Town will vote to appropriate up to \$5,000 to the Library Matching Reserve Fund the first \$2,500 of which to be guaranteed even if enough matching funds are not raised.

Article passed as warned.

2018 Amendment – “Shall the Town vote to change the name of the Capital Budget item known as Library Building to Library Building Improvements fund?

Article warned and passed.

Paving Reserve Fund 1996

Article as warned:

To see if the Town will vote to appropriate the sum of \$50,000 to create a reserve fund for the purpose of financing the pavement of roads.

Article Passed as warned

Fire Protection/Stand Pipes Reserve Fund 1996

Article as warned:

To see if the Town will vote to appropriate the sum of \$5,000 to create a reserve fund for the purpose of financing extension of the Sugarbush Pipeline Fire Protection System.

Article Passed with amendment that it can be used for other fire protection standpipes/hydrants.

Warren Village Improvements Reserve Fund – 1997

Article as warned:

To see if the Town will vote to appropriate \$10,000 to create a Warren Village Improvements Reserve fund.

Article passed as warned.

Town Buildings Reserve Fund 1997

To see if the Town will vote to appropriate \$30,000 to create a Town Building Renovations Reserve Fund.

Article passed as warned.

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Warren Department of Public Safety Major Equipment Account Fund 2016

Article as warned:
Shall the Town vote to create a Capital Reserve account to be known as: Warren department of Public Safety Major Equipment Account” and if so to allocate the amount of \$1,500 for 2016?

Article Passed as warned.

PAVING ROAD HISTORY 2006-2026

[illegible]

DEPT		VEHICLE	MAKE	PURCHASE YEAR	REPLACEMENT VALUE	LIFE CYCLE	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Highway		Tandum	Western Star	2013	\$220,000	7	\$ 220,000							\$ 220,000								
Highway		Tandum	Internation 7600 Tandum	2016	\$220,000	7				\$ 220,000							\$ 220,000					
Highway		Mac Spare	Mac	2011	\$184,625	7																
Highway		Ford F550	Ford F550	2015	\$60,000	7.8		\$ 110,000							\$ 110,000							
Highway		Tandum	International Tandum	2016	\$230,000	7					\$ 220,000							\$ 220,000				
Highway		Tandum	International HX620	2017	\$220,000	7						\$ 220,000							\$ 220,000			
Highway		Foremans P/U 3500	Chev J520	2018	\$45,249	6					\$ 60,000					\$ 60,000						
Highway		Grader	Deere 672CH	2004	\$260,000	14.26									\$ 330,000							
Highway		Grader	Deere 672GP	2018	\$252,000	14.26														\$ 300,000		
Highway		Loader	Case Loader	2020	\$165,000	12												\$ 169,000				
Highway		Backhoe	Deere 710K Bachhoe	2015	\$186,773	7				\$ 187,000												
Highway		Screenall	Kohlger/Reed																			
Highway		John Deere Mower	Deere	2017	\$150,000	10								\$ 150,000			\$ 150,000					
Highway		Chipper	Chipper	2012	\$20,000	20															\$ 20,000	
Highway		Culvert Steamer	Novae 8' trailer																			
Highway		Bob Cat Skid Stear	Cat	2015	\$29,500	11							\$ 29,500									
Hlghway		Roller	Roller	2016	\$109,400	11											\$ 110,000				\$ 15,000	
Highway		Trail Boss Trailer	Roller/Trailer	2016	\$10,500	11															\$ 10,500	
Highway		Compacter	Mikossa																			
Highway		Compacter	M-B-W																			
Highway		Hydroseeder	Turfmaker	2012	\$10,000																\$ 10,000	
Highway		Chlorine Tank	1000 Gal/W Pump	2016	\$7,000																	
Highway		Ditch Mower/w Rake	Massey Ferguson																			

Assumptions	Capital Budget Balance 12/31/2019	\$ 248,252	\$ 238,252	\$ 338,252	\$ 548,252	\$ 351,252	\$ 291,252	\$ 281,252	\$ 461,752	\$ 521,752	\$ 321,752	\$ 501,752	\$ 201,752	\$ 52,752	\$ 72,752	\$ 12,752	
	Capital Budget Expenditure	\$ 220,000	\$ 110,000	\$ -	\$ 407,000	\$ 280,000	\$ 220,000	\$ 29,500	\$ 150,000	\$ 440,000	\$ 60,000	\$ 540,000	\$ 389,000	\$ 220,000	\$ 300,000	\$ 45,000	
**Based on Local Roads Survey																	
	Capital Allocation	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 220,000	\$ 210,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ -
**Does not include interest	Ending Fund Balance:	\$ 238,252	\$ 338,252	\$ 548,252	\$ 351,252	\$ 291,252	\$ 281,252	\$ 491,752	\$ 551,752	\$ 321,752	\$ 501,752	\$ 201,752	\$ 52,752	\$ 72,752	\$ 12,752	\$ 207,752	\$ -