

# Fairlee Capital Budget and Program



**June 24, 2019**

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## Summary

In Vermont, a capital budget and capital program are financial tools enabled under Vermont law (Title 24, § 4430) to help a community plan for and finance needed expenditures that would qualify as capital projects (generally buildings and large equipment). For years, the Town has set aside funds for capital projects under a 'capital budget' that is adopted at Town Meeting, but that process has lacked some of the necessary parts of both a true capital budget and program in that it largely did not have a chart of future planned expenditures and income. The use of reserve funds had been both too detailed (for example for a specific road) and more informal than optimal, since the 'reserve funds' were really only an accounting practice for tracking some restricted general funds that were carried forward from year to year. Formal reserve funds, as authorized by statute, are accounts for specific purposes set up by town vote. With the passage of Article 8 in 2019, the Town did formally create the following five reserve funds as recommended during this planning process:

- Emergency Reserve Fund, for purchases of emergency equipment and vehicles;
- Town Buildings and Land Reserve Fund, for improvements or repairs to town-owned buildings and lands (this includes emergency buildings);
- Town Highway Reserve Fund, for capital improvements (and engineering to plan for such) to town roads, bridges and culverts;
- Lake Reserve Fund, for water quality work and invasives treatments for Lake Morey and Lake Fairlee, as well as town beach and beach equipment; and
- Water System Reserve Fund, for upgrades and improvements to the town water system.

These funds consolidated previous items that could logically be lumped together. Having the more general reserve funds will allow funds to be moved within the funding category as needed. For example, a major repainting planned for one building might be put off a year if a roof is found to need replacement earlier than thought on another building. General categories also allow funds to be spent on items where a better price may be available for some reason. They still do not allow funds to be transferred between reserve accounts without voter permission.

With Article 9, the 2019 Town Meeting formally placed the remaining earmarked general funds that had been passed in previous 'capital budgets' at past Town Meetings into these five funds. Article 10 then placed new money into reserve funds.

Fairlee's past actions created a good habit of setting aside funds, and for thinking about upcoming projects. The steps taken this year have made a good process even better. This report provides an overview of the entire process to date and then lays out a possible program of spending and income (mainly from warrant articles) for the next ten years. This proposal should be updated as time goes on and needs are further analyzed.

## Background

In Vermont, a capital budget and capital program are financial tools enabled under Vermont law (Title 24, § 4430 and § 4443) to help a community plan for and finance needed expenditures that would qualify as capital projects. A “capital budget” as defined in state law, “shall list and describe the *capital projects* to be undertaken during the coming fiscal year, the estimated cost of those projects, and the proposed method of financing.” So, a capital budget is for the next year, and it is both a list of items with their costs and how they are going to be paid for.

The items in the *capital budget* are *capital projects*, which are also defined as, “any one or more of the following:

- (1) Any physical betterment or improvement, including furnishings, machinery, apparatus, or equipment for that physical betterment or improvement when first constructed or acquired.
- (2) Any preliminary studies and surveys relating to any physical betterment or improvement.
- (3) Land or rights in land.
- (4) Any combination of subdivisions (1), (2), and (3) of this subsection.”

So, a building, vehicle, or bridge are all capital projects. The engineering for a bridge is a capital project. The town forest is a capital project. There is no hard line when any of these items, such as “machinery”, is too small to be considered a capital project, but federal guidelines that distinguish between “supplies” and “equipment”, note that equipment must have a useful life of more than a year, be cheaper to repair than replace, not be expendable, cost at least \$5,000, and not be a part of another project. Using this rubric, things like small machinery, tires, most computers, winter salt, a shrub, or a chair would not be a capital project. A good-sized culvert, a new furnace or roof, a SCBA unit for firefighting, a major landscaping project, or a handicapped bathroom would all be capital projects. Such a working definition is recommended.

Planning for expenditures on capital projects beyond the next year is known as a *capital program*, which is defined in statute as, “a 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.”

While statute does not provide detailed instructions on how to prepare such a budget and program, it does say that:

“The capital budget and program shall be arranged to indicate the order of priority of each capital project and to state for each project all the following:

- (1) A description of the 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, if any, estimated to be received from the federal or state governments; the amount, if any, to be financed by impact fees; and the amount to be financed by the issuance of obligations, showing the proposed type or types of obligations, together with the period of probable usefulness for which they are proposed to be issued.
- (3) An estimate of the effect, if any, upon operating costs of the municipality.

One of the main tools used as a funding vehicle to implement a capital program and create an even level of taxation on a year-to-year basis is a reserve fund. Again, towns often have funds they refer to as reserve funds, but a true reserve fund is set up and managed per statute (Title 24 § 2804) as follows:

“At an annual or special meeting duly warned, a municipality may establish a reserve fund to be under the control and direction of the legislative branch of the municipality. The reserve fund shall be kept in a separate account and invested as are other public funds and may be expended for such purposes for which established, or when authorized by a majority of the voters present and voting at an annual or special meeting duly warned, for other purposes.”

### **Fairlee’s Past and Current Budgeting Practices**

Previous to 2019, the Town passed at Town Meeting a ‘capital budget’ that was really a specific list of requests for funds and anticipated expenditures, some of which were actual capital projects. These expenditures were not always for the upcoming year. The funds approved in this ‘capital budget’ then stayed in the general fund, but as restricted balances that were kept track of by the Treasurer. Funds that were not spent in the current year were carried forward to the next and authorized in the next ‘capital budget’. That was a good practice in that Vermont does not allow towns to carry unobligated general funds forward and spend without subsequent authorization, only highway funds. Funds placed into true reserve accounts have been spent, in that they are no longer in any general fund.

The motivation and effect of Fairlee’s practices were very much in keeping with true capital budgeting. Fairlee had been thinking ahead and putting aside funds for projects beyond just the next year. Though statute lays out five years as the length of a capital program, this is too short a timeframe for many projects and a ten-year cycle has been recommended in this report since many items, such as replacement of vehicles or major repairs to buildings have recurrences greater than five years.

Prior to 2019, Fairlee was like most towns of its size in that it did not have a longer-term capital program, true reserve funds for many of its needs, or even a solid estimate of expected costs in the five-year term. However, it was ahead of many similar towns in that it has for several years listed a page in its town report as a “capital budget”. This contained roughly twenty separate line items that could be thought of (and were tracked) as accounts, and showed a “balance forward” from two years ago, the last year’s spending, the balance forward into the current year, current year revenue and spending, proposed inputs from grants and taxes next year, proposed spending for the next year, and the expected balance at the end of the next year. The proposed spending in the next year of this “capital budget” is then voted on as a single article at Town Meeting.

This practice had the effect of showing on a short-term basis any accruing funds for certain items and any related recent or expected spending in the next year. It did not show expected spending over the longer term. The accrued funds which make up the “balance forward” were not clearly shown elsewhere in the town report. This report proposes updating this process, but the general impetus behind the current practice of setting aside funds for future needs remains the same.

There are some reserve funds listed in the town report, however these are not actually for capital projects, but for lister training, reappraisal, and restoring municipal records. The Town does have and control several small funds for the library, town forest, railroad station, and cemetery.

During the production of this report, it was proposed that the town's residents be asked at Town Meeting to formally create consolidated reserve funds, and then the Selectboard could place these carry-forward balances into the respective funds. This was done in 2019, and the Town began voting to place new amounts into each reserve. Beginning in 2020 it is anticipated that separate accounting will be shown in the Town Report for any reserve accounts, with any input or expenditure.

Below is a snapshot of the specific capital budgeting previously done, grouped by the proposed (and now passed) consolidated reserve funds.

#### Town Buildings and Lands Reserve Fund

Given the 2018 'capital budget' of the town, the funds that were suggested to be combined for this reserve are the following items with their 2018 balances:

- \$14,844 for Town Hall,
- \$11,000 for furnace replacement,
- \$1,101 for the railroad station,
- \$7,000 for miscellaneous buildings,
- \$0 for Transfer Station,
- \$30,000 for exterior maintenance
- \$3,082 for town common
- \$15,988 for computers
- \$5,982 for the Library
- \$1,000 for vault
- \$844 for village center enhancement

These totaled \$90,841. Given the changes made at 2019 Town Meeting, the sum balance for this account was \$98,112. Some of the previous expenses from these funds are more likely simple repairs and not capital costs (for example, \$512 was spent on the Library in 2016).

The average annual input to these line items through funds raised in the 'capital budget' for the last 6 years is \$81,434 and the average annual outlay is \$58,836. It should be noted that the town spent much more than that on the renovation of the Town Hall, but did that through a bond process. Bond payments on the Town Hall are \$56,573 per year but are not currently counted as capital costs. This report proposes that debt service for capital projects is treated as a capital cost.

Given the past total payments and expected costs, this report proposes future expenditures in line with past practices with an annual reserve input of \$75,000 increasing to \$80,000 later.

#### Emergency Services Reserve Fund

Given the 2018 'capital budget' of the town, the funds that are suggested to be combined for this reserve are the following items with their 2018 balances:

- \$145,146 for Fire and Rescue
- \$5,033 for Police Department

These funds totaled \$150,179, and with the 2019 changes had a balance that totaled \$162,679. The average annual input to these line items through funds raised in the 'capital budget' for the last 6 years is \$8,083 and the average annual outlay is \$1,667.

Given the past total payments and expected costs, this report proposes future reserve inputs to significantly increase from past practices with an annual reserve input of \$25,000 increasing to \$30,000 later. This is a sizable jump, but proper equipment will help retain the volunteers needed for fire service and save money over what a contracted service would cost.

#### Highway Reserve Fund

Given the 2018 'capital budget' of the town, the funds that are suggested to be combined for this reserve are the following items with their 2018 balances:

- \$20,951 for Bridges and culverts
- \$1,137 for Highway
- \$0 for Mountain Road rebuilding
- \$30,886 for Highway rebuilding
- \$0 for Lake Morey Road

These totaled \$52,974 in 2018 and \$83,243 in 2019.

The average annual input to these line items through funds raised in the 'capital budget' for the last 6 years is \$100,135 and the average annual outlay is \$236,301.

Highway projects are typically expensive and several potential projects are on the horizon. Some of these are just in the concept stage and would require preplanning and engineering prior to construction. Rough numbers have been used and as engineering comes in these will need to be updated. However, some inputs and outputs are shown in the charts to give some idea of potential costs and to start planning for them.

Given the past total payments and expected costs, this report proposes future reserve inputs to increase somewhat from past practices with an annual reserve input of \$120,000 and some large grant funds as well as appropriations to make up needed costs. It should be noted that Lake Morey Road costs will be much more than are shown, but that figure will require a bond, at which point bond service should be put in the chart. Reserve fund will carry some balance as shown that can be used to defray bond payments.

#### Lake Reserve Fund

Given the 2018 'capital budget' of the town, the funds that are suggested to be combined for this reserve are the following items with their 2018 balances:

- \$621 for Playground equipment
- \$0 for Dam repair

- \$20,500 for Milfoil control

Together these came to \$21,121 in 2018 and now total \$31,886 in 2019. The average annual town input to these line items through funds raised for the last 6 years is \$3,000 and the average annual outlay is \$27,291, with sizable grants from VTDEC and some other donations. Estimates have been put in for out years on treatment as well as VTDEC grants. A \$63,000 milfoil control project is planned for 2019 but does not show as a capital project. The Lake Fairlee dam repair has debt payments of roughly \$21,000 per year until 2035. Given the expense of such projects and that their effect is more than a year, this report suggests they be considered capital projects.

#### Water System Reserve Fund

The water system has not been included in the town's 'capital budget' in the past. However, it is a major capital project that the town pays for through user fees as well as town funds. The water department does have a fund balance of \$117,767 (2018 Town Report page 51). Like the Lake Fairlee dam, the town has outstanding debt payments on the existing system and for \$51,987 per year for the next eight years, ending in 2025. Since the water department is considered a self-financed entity it is not included in this report, but future budgeting might bring it into the full capital budget and program, especially if any limited wastewater treatment facility is built.

#### Fairlee's Assets

Fairlee has several physical assets that would benefit from a capital budget and program. This would enable the town to anticipate larger costs and set aside funds at a steady pace so that tax levels are relatively constant despite what are large purchases on a sporadic basis. Fairlee's assets that could be included in such a budget and program, include the following:

- Town Hall and furnishings
- Computers/IT
- Fairlee's roads and bridges
- Emergency Services Building
- Old Fire Station
- Fire and rescue apparatus and equipment
- Library
- Police Department and vehicles
- Railroad Station
- Transfer Station
- Town Common
- Town Forest and trails
- Lake Fairlee dam (one third owned by Town)
- Water System
- Fairlee cemeteries
- Town Beach and beach house/playground
- US 5 improvements
- Lake Morey

It is useful that the town already looks at costs at a greater level of detail than the overall reserve fund level, as that level of detail is then used to create the larger budget for the reserve.

### **Recommendations**

1. Given the needs of the town, five reserve funds were suggested and have been formed:
  - Town Buildings and Lands Reserve Fund (this would cover all of the buildings, equipment, systems, and furnishings; and lands)
  - Emergency Services Equipment Reserve Fund (for police, fire, and EMS equipment and vehicles)
  - Highway Reserve Fund (to be used for transportation facilities and equipment)
  - Lake Reserve Fund (water quality, beach, beach equipment, milfoil reduction)
  - Water System Reserve Fund

Future appropriations should be made by warrant article into each of these funds. This could be a combined single warrant article or separate articles (making it easier to discuss each). By voting them as warrant articles, the Selectboard is bound to place the amount voted into the reserve.

2. Reserve funds should have a separate accounting in the Town Report each year showing inputs, expenditures, and balances.
3. It is proposed that audit costs and reappraisals be removed from the capital budgeting process as they are not capital projects.
4. It is proposed that computers/IT costs be put into operational budgets and systems be rolled over on a staggered basis.
5. It is proposed that one-time costs of less than \$5,000 be put into operating budgets and funded in the general budget, or in the case of the water system by fees.
6. Capital projects paid for directly with a lump sum from reserves or through debt payments are recommended to be in the capital budget and program. For debt-payments on capital projects, it is recommended that funds be both placed into reserves and spent from reserves. This may seem like a paperwork exercise, but doing so both accurately accounts for how funding is spent, and allows for town-wide reserve funding to remain level. For example, the town spends roughly \$21,000 on the dam repair loan per year. When that payment schedule is over, leaving that appropriation intact will ensure continued future accumulation of needed funds for future repairs.
7. Many capital projects may be funded outside of using just reserve funds (with debt, grants, special town appropriations, donations, etc.), however the total costs are real regardless of funding source, and so should be fully included in capital budgets and programs, even if a 'wash'.

### **Town Buildings and Lands Reserve Fund Outlays to 2030**

All buildings have capital needs over the long term. Items such as new roofs, HVAC systems, weatherization, and window replacement can all exceed several thousand dollars apiece and are usually done at a single time for a building. Exterior repairs such as painting can be costly but can also be done

on a rotating schedule for larger buildings. Town lands such as the town forest or common can be in need of a capital project if trails or landscaping are needed. Fairlee's forests are a major recreational asset. The town is anticipated to have roughly \$98,000 in reserve funds for this account.

The average annual appropriation over the last six years was roughly \$81,000, most of which was for the Town Hall. Several thousand dollars were spent annually on computers and this is recommended to be put into operating budgets. An annual appropriation of \$75,000 going forward, climbing to \$80,000 is recommended, and this includes covering the Town Hall debt payments.

Anticipated costs in the 2020-2030 timeframe are:

- Town Hall generator \$15,000
- Town Hall repaint at \$30,000 one time  
Annual debt service at \$57,000
- Emergency Services Building paint/reside \$30,000
- Old Fire Station \$10,000
- Library \$16,000 for paving, plus \$20,000 for siding work
- Railroad Station Major repairs at \$80,000
- Transfer Station \$40,000 for pole barn
- Town Common Landscaping \$10,000
- Town Forest and trails \$10,000 (in grants)

#### Emergency Services Equipment Outlays to 2030

This fund would pay for physical assets besides buildings associated with these services. The main expenses would be vehicles, but other equipment could be a capital cost, such as SCBAs or bunker gear. Like other areas, funds should be in operating budgets to cover smaller equipment as well as an annualized ad hoc cost for repairs to police, fire, and EMS equipment and vehicles.

Anticipated costs in the 2020-2030 timeframe are:

- Police Department and vehicles new cruiser at \$40,000
- Fire Department replacement engine at \$400,000  
SCBAs at \$80,000  
Bunker gear at \$20,000  
Used Tanker at \$90,000

#### Highway Outlays to 2030

Unlike other town funds that are raised but then not spent, highway funds are allowed in Vermont to carry over year to year without requiring subsequent authorization to be spent. Such carryover funds function like a reserve, but are not technically a reserve as created by Town Meeting. Highway reserves here are proposed for both highway-related costs as well as larger equipment, separate from year-to-year operating funds. The town does not have a highway department, and so it has no major equipment, but this fund is suggested to be established in such a way as to cover such costs if they do arise. Highway

costs are not for routine maintenance, but rather for things like bridge and large culvert replacement, as well as major road upgrades. Some costs for compliance with the state Municipal Roads General Permit will be needed, primarily for drainage on Class 4 roads and some potential gates to reduce traffic in spring conditions. The newly established reserve fund is not tied to a specific road. As mentioned above though, the underlying detail used to build the inputs and outputs of such a fund should be comprised of individual road and bridge/culvert projects so that how much funds are needed for what can easily be seen in a transparent fashion. This will engender more support for the reserve than simply stashing away funds for some unnamed projects.

Anticipated costs in the 2020-2030 timeframe are:

- Fairlee’s roads and bridges Lake Morey Road rebuild – \$400,000
- US 5 improvements w engineering \$330,000 (tentative)
- School path to bridge \$170,000 (tentative)
- Upgrades to Transfer station Road \$35,000
- Sidewalks w engineering \$335,000 (tentative)
- Used sidewalk plow \$40,000
- Forest trails and parking \$30,000
- Stormwater upgrades to roads \$110,000

Lake Outlays to 2030

The town beach has equipment that will need to be replaced at some time. The town has spent considerable sums on fixing up the Lake Fairlee dam that the town partially owns, but it will need future repairs at some point (which is why the reserve funds begin to accumulate). The town has an annual debt payment for the dam repair with a payoff date of 2025. These annual debt payments should be included in the capital budget and program, as they represent an expenditure for a capital project. The town also budgets significant funds to maintain good water quality in its lakes, especially milfoil prevention and reduction. These are wise investments as the lakes are the major economic assets in the town and should be thought of the same way one would think of a critical piece of infrastructure. Though water quality protection is not a usual capital project per se, for this report it is treated as one as there is a specific need for milfoil control. VTDEC has provided grants in the past and these are anticipated to continue.

Anticipated costs in the 2020-2030 timeframe are:

- Lake Fairlee dam (one third owned by Town) debt service of \$21,000 per year
- Town Beach and beach house/playground new roof \$6,000, playground \$10,000
- Lake Morey milfoil treatment
- Lake Fairlee milfoil treatment

Water System Outlays to 2030

The town does not have a sewer system, but does have a public water system. This is a critical asset that needs long term planning. Town water systems often rely on grant and loan sources for funding, most

of which take a few years to apply for, and so factoring those sources of revenue in at future dates is important, even though they obviously can't be guaranteed in advance.

Since the water system operates on a fee basis, it is not included in this report.

### **Conclusion**

Overall, the Town has good past practices and with changes at the 2019 Town Meeting has moved to remain in a good position to address future needs. Inputs to reserves are expected to roughly remain level for town buildings, but need to increase over historical amounts for emergency equipment, the lakes, and town highways. Some of these increases are due to accumulated needs such as an aging fire truck and deteriorating roads, some for new requirements such as stormwater permitting, and others for new projects (sidewalks or a path) that increase costs but will result in new community amenities that provide our residents and visitors a greater quality of life.

Capital budgets and programs have some foundation in the town plan, especially the Utilities and Facilities chapter. That work is ongoing but will finish later in 2019. This report and its recommendations should be revised then as the 2020 budget approaches. Capital budgets and programs are adopted, amended, or repealed by the legislative body of a municipality following one or more public hearings, upon public notice, and so implementation of this is ultimately up to the Selectboard, as are all money matters.

Fairlee Capital Budget and Program 6/24/19

**Past Actions**

	2014 input	2015 input	2016 input	2017 input	2018 input	2019 input	6 Yr Avg	2014 out	2015 out	2016 out	2017 out	2018 out	2019 out	6 Yr Avg
Town Hall	50000	75000	75000	20000	52500	0		50000	0	75000	20000	52500	0	
furnace replacement	0	6000	4000	1000	0	0		0	0	0	0	0	0	
railroad station	0	0	0	0	0	0		0	0	0	0	0	0	
miscellaneous buildings	0	0	5000	2000	0	0		0	0	0	2000	0	0	
Transfer Station	0	0	0	0	10000	0		0	0	0	0	10000	0	
exterior maintenance	0	0	0	0	43000	0		0	0	0	0	13000	0	
town common	0	0	0	4500	1640	0		0	0	0	4500	0	0	
computers	6200	6570	7333	5933	8480	0		4300	6000	13028	14959	5375	0	
Library	0	1000	0	0	5000	0		0	0	0	0	5000	0	
vault	0	0	0	0	1000	0		0	0	0	0	0	0	
village center enhancement	0	0	2500	2500	2500	0		0	0	0	1000	6800	0	
<b>Town Building Subtotal</b>	<b>\$56,200</b>	<b>\$88,570</b>	<b>\$93,833</b>	<b>\$35,933</b>	<b>\$124,120</b>	<b>\$89,949</b>	<b>\$81,434</b>	<b>\$54,300</b>	<b>\$6,000</b>	<b>\$88,028</b>	<b>\$42,459</b>	<b>\$92,675</b>	<b>\$69,553</b>	<b>\$58,836</b>
bridges and culverts	0	10000	0	0	0	0		0	0	0	0	0	0	
highway	0	0	0	0	0	0		0	0	0	0	0	0	
Mountain Rd rebuilding	45000	0	0	0	0	0		45000	0	0	0	0	0	
Highway rebuilding	0	100000	150000	50	75000	0		0	0	55000	75000	120000	0	
Lake Morey Rd	0	0	0	125000	20102	0		0	0	0	300000	306374	0	
<b>Highway Subtotal</b>	<b>\$45,000</b>	<b>\$110,000</b>	<b>\$150,000</b>	<b>\$125,050</b>	<b>\$95,102</b>	<b>\$75,656</b>	<b>\$100,135</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$55,000</b>	<b>\$375,000</b>	<b>\$426,374</b>	<b>\$516,429</b>	<b>\$236,301</b>
Fire and Rescue	0	0	0	10000	10000	0		0	0	0	0	0	0	
Police Dept.	2000	2000	7000	2500	2500	0		0	0	10000	0	0	0	
<b>Emergency Services Subtotal</b>	<b>2000</b>	<b>2000</b>	<b>7000</b>	<b>12500</b>	<b>12500</b>	<b>12500</b>	<b>\$8,083</b>	<b>0</b>	<b>0</b>	<b>10000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$1,667</b>
Playground equipment	0	0	0	0	0	0		0	0	0	0	0	0	
Dam repair	0	0	0	0	0	0		0	0	0	0	0	0	
Milfoil control	5500	5500	1500	1500	1000	0		22750	54303	14950	22950	21500	0	

Fairlee Capital Budget and Program 6/24/19

Lake Subtotal                    5500     5500     1500     1500     1000     3000     \$3,000     22750     54303     14950     22950     21500     0     \$27,291

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Town Buildings and Lands Reserve</b>										
<b>Inflows</b>										
Starting Balance	\$98,000	\$81,427	\$19,854	\$22,281	\$40,708	\$20,135	\$33,562	\$26,989	\$50,416	\$73,843
Annual appropriation	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
fundraising		\$10,000	\$10,000							
grant					\$40,000		\$10,000			
<i>additional funding, if needed</i>	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$0	\$0
<b>Total Inflows</b>	<b>\$173,000</b>	<b>\$166,427</b>	<b>\$104,854</b>	<b>\$97,281</b>	<b>\$156,708</b>	<b>\$100,135</b>	<b>\$123,562</b>	<b>\$106,989</b>	<b>\$130,416</b>	<b>\$153,843</b>
<b>Outflows</b>										
Outflow details										
Library Parking			-\$16,000							
Town Hall painting							-\$30,000			
Emergency Bldg paint/reside		-\$30,000								
Town Common beautification			-\$10,000							
RR station sills and renovation					-\$80,000					
pole barn at Transfer station		-\$40,000								
Town hall generator	-\$15,000									
Town forest trails and parking		-\$20,000					-\$10,000			
Old fire station						-\$10,000				
Library Siding	-\$20,000									
Town Hall Debt	-\$56,573	-\$56,573	-\$56,573	\$56,573	-\$56,573	-\$56,573	-\$56,573	-\$56,573	-\$56,573	-\$56,573
<b>Total Outflows</b>	<b>-\$91,573</b>	<b>\$146,573</b>	<b>-\$82,573</b>	<b>\$56,573</b>	<b>\$136,573</b>	<b>-\$66,573</b>	<b>-\$96,573</b>	<b>-\$56,573</b>	<b>-\$56,573</b>	<b>-\$56,573</b>

Fairlee Capital Budget and Program 6/24/19

<b>Ending Balance</b>	<b>\$81,427</b>	<b>\$19,854</b>	<b>\$22,281</b>	<b>\$40,708</b>	<b>\$20,135</b>	<b>\$33,562</b>	<b>\$26,989</b>	<b>\$50,416</b>	<b>\$73,843</b>	<b>\$97,270</b>
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Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Emergency Equipment Reserve</b>										
<b>Inflows</b>										
Starting Balance	\$162,679	\$187,679	\$212,679	\$177,679	\$122,679	\$23,711	\$24,743	\$5,775	\$6,807	\$7,839
Annual appropriation	\$25,000	\$25,000	\$25,000	\$25,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
<i>additional funding, if needed</i>					\$50,000		\$70,000			
<b>Total Inflows</b>	<b>\$187,679</b>	<b>\$212,679</b>	<b>\$237,679</b>	<b>\$202,679</b>	<b>\$202,679</b>	<b>\$53,711</b>	<b>\$124,743</b>	<b>\$35,775</b>	<b>\$36,807</b>	<b>\$37,839</b>
<b>Outflows</b>										
<b>Outflow details</b>										
New engine purchase downpayment*					\$150,000					
New engine loan repayment					-\$28,968	\$28,968	-\$28,968	\$28,968	\$28,968	\$28,968
Used tanker purchase*							-\$90,000			
Police cruiser			-\$40,000							
8 sets SCBA				-\$80,000						
8 sets bunker gear			-\$20,000							
<b>Total Outflows</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$60,000</b>	<b>-\$80,000</b>	<b>\$178,968</b>	<b>\$28,968</b>	<b>\$118,968</b>	<b>\$28,968</b>	<b>\$28,968</b>	<b>\$28,968</b>
<b>Ending Balance</b>	<b>\$187,679</b>	<b>\$212,679</b>	<b>\$177,679</b>	<b>\$122,679</b>	<b>\$23,711</b>	<b>\$24,743</b>	<b>\$5,775</b>	<b>\$6,807</b>	<b>\$7,839</b>	<b>\$8,871</b>

\*Assumes \$400,000 purchase price for new engine, with \$150,000 paid in cash and \$250,000 financed over 10 years at 3%, and used tanker bought in cash.

Fairlee Capital Budget and Program 6/24/19

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Highway Reserve</b>										
<b>Inflows</b>										
Starting Balance	\$90,000	\$0	\$70,000	\$85,000	\$5,000	\$65,000	\$113,000	\$93,000	\$143,000	\$423,000
Annual appropriation	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Vtrans Grants <i>(additional funding, if needed)</i>	\$190,000		\$75,000 \$20,000	\$100,000		\$28,000	\$200,000		\$160,000	
<b>Total Inflows</b>	<b>\$400,000</b>	<b>\$120,000</b>	<b>\$285,000</b>	<b>\$305,000</b>	<b>\$125,000</b>	<b>\$213,000</b>	<b>\$433,000</b>	<b>\$213,000</b>	<b>\$423,000</b>	<b>\$543,000</b>
<b>Outflows</b>										
Outflow details										
Lake Morey road	-\$400,000									
US 5 shoulder improvements†			-\$30,000	-\$300,000						
Transfer Station yard						-\$35,000				
School path‡ sidewalks¥		-\$20,000	-\$150,000			-\$35,000	-\$300,000	-\$70,000		
Sidewalk plow							-\$40,000			
MRGP stormwater upgrades¶			-\$20,000	\$0	-\$60,000	-\$30,000				
Forest trails and parking		-\$30,000								
<b>Total Outflows</b>	<b>-\$400,000</b>	<b>-\$50,000</b>	<b>-\$200,000</b>	<b>-\$300,000</b>	<b>-\$60,000</b>	<b>-\$100,000</b>	<b>-\$340,000</b>	<b>-\$70,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Ending Balance Going Forward</b>	<b>\$0</b>	<b>\$70,000</b>	<b>\$85,000</b>	<b>\$5,000</b>	<b>\$65,000</b>	<b>\$113,000</b>	<b>\$93,000</b>	<b>\$143,000</b>	<b>\$423,000</b>	<b>\$543,000</b>

† Assumes some planning and engineering followed by construction without taking over the road segment

‡ Assumes non-federal construction with some planning and engineering followed by construction with 50/50 Vtrans Small Bike/Ped Grant

¥ Assumes 80/20 Bike/Ped planning grant and later construction grant from Vtrans

¶ Primarily addressing Class 4 roads

Fairlee Capital Budget and Program 6/24/19

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Lake Fund</b>										
<b>Inflows</b>										
Starting Balance	\$31,886	\$45,886	\$53,886	\$17,886	\$1,886	\$5,886	\$37,886	\$75,886	\$53,886	\$11,886
Annual appropriation	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000
VTDEC	\$15,000	\$15,000	\$15,000	\$35,000	\$15,000	\$30,000	\$15,000	\$15,000	\$15,000	\$15,000
Other Grants/Donations				\$30,000						
<i>additional funding, if needed</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Inflows</b>	<b>\$66,886</b>	<b>\$80,886</b>	<b>\$88,886</b>	<b>\$102,886</b>	<b>\$36,886</b>	<b>\$58,886</b>	<b>\$75,886</b>	<b>\$113,886</b>	<b>\$91,886</b>	<b>\$49,886</b>
<b>Outflows</b>										
Outflow details										
Dam debt service	-\$21,000	-\$21,000	-\$21,000	-\$21,000	-\$21,000	-\$21,000				
Lake Morey treatment			-\$50,000					-\$60,000		
Lake Fairlee treatment				-\$80,000					-\$80,000	
Beach/beach house/playground		-\$6,000			-\$10,000					
<b>Total Outflows</b>	<b>-\$21,000</b>	<b>-\$27,000</b>	<b>-\$71,000</b>	<b>-\$101,000</b>	<b>-\$31,000</b>	<b>-\$21,000</b>	<b>\$0</b>	<b>-\$60,000</b>	<b>-\$80,000</b>	<b>\$0</b>
<b>Ending Balance Going Forward</b>	<b>\$45,886</b>	<b>\$53,886</b>	<b>\$17,886</b>	<b>\$1,886</b>	<b>\$5,886</b>	<b>\$37,886</b>	<b>\$75,886</b>	<b>\$53,886</b>	<b>\$11,886</b>	<b>\$49,886</b>