

Town of Shelburne

Capital Plan for Fiscal Year 2024-2025

With a Capital Program for the Five Year Period 2024-2029

Legal Basis and Purpose: Capital improvements are the Town's expensive, durable assets such as land and buildings, heavy equipment and machinery. Effective action on community goals requires careful planning and proper investment in such assets. To that end, Vermont state law requires the Town to adopt a one-year capital budget and a five-year capital program. Under the same law, the Planning Commission has a role in recommending capital projects consistent with the Town Plan. The one-year capital plan forms part of the annual budget. The five-year program is not binding upon future Selectboard votes, but it helps with forecasting. This document also looks further ahead. The Town has some detail about future needs and costs, as far as 30 years into the future. Town staff should update this document every year.

The Good News: The Town of Shelburne has a strong financial foundation, with millions of dollars in reserves, unspent federal funds from the American Rescue Plan, and good ability to borrow more money as needed. The Town has a strong tax base; among the 20 largest Vermont localities, Shelburne has the highest ratio of property values to population. The Town has the capacity for capital improvements.

The Problem: The Town has ambitious goals stated in the 2019 Town Plan. From bike paths and land conservation to public safety vehicles and buildings, Shelburne's ideas and proposals for improvements range widely. The Town has not consistently adopted and implemented a capital plan, so projects have lingered for years as mere ideas. The Town built up cash assets in part through budget surpluses, but sometimes a surplus indicates lack of action on desired goals—money was not spent because work was not done. Fully funding the entire project list is impossible with the Town's current financial base, and would require a dramatically higher tax rate, a much larger population, or both.

The Plant: In particular, the wastewater plant project will stress that part of the budget. The Wastewater Fund has separate budgeting and accounting from the General Fund. Only part of the town pays sewer bills, so those projects are separate. The Town needs to replace and consolidate two aging treatment plants; the new facility will discharge clean water to Lake Champlain for decades to come. However, it will cost over \$30 million. Paying the bonds for this project will require substantial increases to sewer rates. It should be on the ballot in November 2024.

How much can we afford? It's more complicated for a town than when a household qualifies for a mortgage or gets approved for a credit card. But some of the principles are the same. A rule of thumb is that debt service shouldn't be more than 10% of the General Fund budget. That means the Town can afford about \$1 million per year in loan payments. The Water and Wastewater Funds have separate budgets and can have debt service higher than 10%, because they are meant to be capital-intensive.

Are we putting off anything important? Yes. This five-year program does not have any construction on the Town's parcel near Rice Lumber.

What are we paying on now? Whether a 5-year vehicle loan or a 30-year bond, the Town has a stream of ongoing payments from past projects. They consume the available debt service amount. When an old project gets fully paid off, it opens more budget space for new work. So, the timing and arrangement of payment streams is important. In the chart, it's important to note that the three funds are separate and do not mix. At different times, one fund can be heavily loaded while another is light. These are the Town's active loans:

General Fund Long-term Debt			Water Fund Long-term Debt			Sewer Fund Long-term Debt		
<i>Project</i>	<i>An. principal</i>	<i>Complete</i>	<i>Project</i>	<i>An. principal</i>	<i>Complete</i>	<i>Project</i>	<i>An. principal</i>	<i>Complete</i>
Dump Truck	\$20,000	2025				Plant repairs	\$85,975	2025
Rec. Fields	\$75,000	2026				Longmeadow	\$15,527	2026
Fire SUV	\$9,000	2027						
Rec. paths	\$40,000	2028	Marsett Line	\$20,000	2029			
Beaver Creek	\$30,000	2031				Route 7 line	\$8,000	2030
Fire Engine	\$15,000	2031				Minor work	\$6,355	2030
Fire Engine	\$60,000	2033	Spear Line	\$25,000	2033	AR1-062	\$9,318	2032
Library 1	\$100,000	2039						
Library 2	\$195,000	2040				Collectors	\$120,115	2040
Rice parcel	\$14,000	2056						
Total	\$558,000		Total	\$45,000		Total	\$245,290	

Should we pay cash or take out a loan? This is a tough question and a point of debate. Some people strongly believe in pay as you go, saving up reserves and avoiding the cost of interest payments. Others argue that debt delivers a project sooner, and it's okay for a payment plan to align with the useful life of the asset. In practice, the Town has done both, and this plan continues to do both. When we have cash on hand or are able to patiently build up reserves, we will pay cash to achieve a simpler transaction. We will take on debt in order to deliver projects to the public sooner, especially when the Town can get reduced interest rates from state or federal agencies.

What about grants? The Town will generally try to win appropriate grants and reduce the cost borne by Town taxpayers. Grants are an important part of how everything in this plan gets done. However, sometimes the Town will forego grants in order to get a project done more quickly and simply. It is sometimes the case that a grant has conditions or strings attached which make the project needlessly complex.

What does the Town Plan say? State law requires alignment between this capital plan and the Town Plan of long-range policy. We should build improvements consistent with our adopted Plan goals, not arbitrarily. However, the Town Plan is not organized with a special capital section. So, this note cites the different Town Plan chapters in support of each capital project listed in this capital program.

Capital Project	Town Plan citation	Capital Project	Town Plan citation	
Falls Rd.-Irish Hill Rd. bridge & sidewalk completion	58. Ensure that the network of paths and trails developed throughout the Town link parks and recreation facilities to residential neighborhoods, other gathering points, and adjacent communities.	New Consolidated Wastewater Treatment Plant	39. Continue to budget to upgrade outdated stormwater and wastewater structures.	
Bay Road Multi-Use Path (Bike-Ped Plan)		Green Meadows Pump Station Upgrade		
Connector path Bay Rd. to Bay View (Bike-Ped Plan)		Covington Pump Station Bypass-Demo		
Longmeadow Path to Boulder Hill (Bike-Ped Plan)		59. Continue to expand the path and trail network that connects key destinations and residential area.		
Paths: Longmeadow				
Path: Bostwick				
Path: Harbor Road				
Sidewalks: downtown	12. Recognize that having a physical environment that rewards walking is the key to creating a superior public realm in Shelburne’s Village.	Spear Street Bike Lanes (Bike-Ped Plan)	73. Using a placemaking approach, create an integrated network of sidewalks, paths, bike lanes, and trails that links to surrounding towns, and connects residential areas with other key destinations.	
Ambulance Fire Dept. Apparatus	p. 54 Evaluate the services provided by the Fire Department and Rescue Squad and the equipment and facilities necessary to provide those services.	Hullcrest Playground Renovation	58. Ensure that all existing parks and facilities are maintained or upgraded to provide the intended services to Town residents.	
Cemetery workshop	p. 50 Periodically assess the capacity of community facilities and services to ensure that they are consistent with recent and planned growth, and invest as necessary.	Pond Road	p. 77 Ensure that the Capital Budget and Program includes priority street, road and highway projects	

General Fund Capital Improvement Plan for Fiscal Year 2024-2025			
Project	Estimated '25 Town Cost (of total)		Source of Funds
Falls Rd.-Irish Hill Rd. bridge & sidewalk completion	\$250,000	\$250,000	American Rescue Plan (ARPA), matching TAP grant
Hullcrest Playground Renovation	\$200,000	\$200,000	ARPA
Spear Street Bike Lanes (Bike-Ped Plan)	\$25,000	\$25,000	ARPA
New Ambulance and fly car	\$4,000	\$450,000	Bond, voting item in March
Cemetery workshop	\$9,000	\$220,000	Bond, voting item in March
Police vehicle replacement (on schedule)	\$80,000	\$80,000	Property tax (cruiser fund)
Highway truck and tractor replacement (on schedule)	\$66,000	\$300,000	Property tax (equipment replacement fund)
<i>Old payments ongoing</i>	<i>\$750,000</i>	<i>\$750,000</i>	Property tax and Local Option Tax
Total	\$1,404,000	\$2,295,000	

Wastewater Fund Capital Improvement Plan for Fiscal Year 2024-2025		
Project	Estimated Cost	Source of Funds
New Consolidated Treatment Plant	Nothing due before June 2025 \$1,600,000 per year, on completion (\$32,000,000 million total cost)	Bonds (voting item in November), grants, cash reserves
Green Meadows Pump Station Upgrade	\$81,000	Cash reserves
Utility truck	\$20,000	User fees
<i>Old payments ongoing</i>	<i>\$245,000</i>	User fees
Total	\$346,000	

Water Fund Capital Improvement Plan for Fiscal Year 2024-2025		
Project	Estimated Cost	Source of Funds
Covington Pump Station Bypass-Demo	\$250,000	Cash reserves in the Water Fund
<i>Water meter upgrades</i>	<i>\$60,000</i>	User fees
<i>Old payments ongoing</i>	<i>\$45,000</i>	User fees
Total	\$355,000	

General Fund Capital Program, with total annual cost of projects					
	FY 24-25	FY 25-26	FY-26-27	FY 27-28	FY 28-29
New bonded projects for Town Meeting vote	Ambulance cemetery workshop	FD Tanker (\$75kx20) Ti-Haul Loop (\$400k) Longmeadow-Boulder(\$50k)	Sidewalks & trails (\$300kx20)		Fire Dept. Engine (\$105kx20)
Routine Vehicle replacements	1 police SUV (\$80k) Dump truck (\$35kx5) Highways tractor (\$35kx5)	Lawn mower (\$11k) Cem. tractor (\$12k) 2 Dump trucks (\$70kx5) 2 police SUV (\$190k) Police firearms (\$25k)	Dump truck (\$35kx5) Roadside mower (\$40kx5) Backhoe (\$40kx5)	3 police SUVs (\$275k) Dump truck (\$35kx5)	Maintenance truck (\$20kx5) 1 police SUV (\$85k) Fire Dept. SUV (\$200k)
Other projects	Falls Rd. Bridge (\$230k) Bldg. efficiency (\$200k) Path: Boulder Hill Bike lanes: Spear Hullcrest playground	Town Office roof (\$350k) Tennis/pickleball (\$100k) Sidewalks: downtown (\$50k) Pond Road (\$500k)	Sidewalks: downtown (\$200k) Little League fields (\$100k)	Office IT (\$40k)	
Annual Program Cost	\$684,000	\$1,833,000	\$715,000	\$350,000	\$310,000
Total w. ongoing debt service added	\$1,404,000	\$2,712,000	\$1,719,000	\$1,685,000	\$1,865,000
Sources	ARPA, reserve funds, bonds, local sales tax	ARPA, reserve funds, bond, local sales tax	ARPA, Bonds, local sales tax	Bond, local sales tax, reserves	Bonds, local sales tax, reserves
Discussion	ARPA work must be complete by December 2026. Each year has routine replacement police radios, armor, and tasers. The Open Space Fund also has a vote most years, and conservation projects will be negotiated when possible.				

What about the public safety building idea? The Town bought land on Route 7 with this project in mind, although the commercial partnership part of the deal collapsed. This concept has a ballpark cost of \$13-15 million, and the annual debt service would be over \$1 million. Such a project remains possible for the long term, 2030 or beyond, but is not doable in this five-year program. The Town's present tax base cannot sustain \$2 million of annual debt service without a much higher tax rate. In the table above, a \$2 million year for capital is only possible because of one-time federal ARPA funds. Future study will need to focus on the needs of public safety and innovative financing options.

Wastewater Fund Capital Program					
	FY 24-25	FY 25-26	FY-26-27	FY 27-28	FY 28-29
Major New Projects	Green Meadows pump station	Route 7 rehab. Pine Haven pumps Windmill Bay pump	Pickup truck School St. rehab.	Pickup truck	Rt. 7 pump Shoreline pump
Total Cost	\$346,000	\$1,581,000	\$1,691,000	\$1,681,000	\$1,684,000
Sources	Bond	Bond	Bond, loan	Loan	Loan
Discussion	Large increases to the wastewater rates will be needed in the next several years to handle this debt service.				

Water Fund Capital Program					
	FY 24-25	FY 25-26	FY-26-27	FY 27-28	FY 28-29
Major New Projects	Covington station Rt. 7 river crossing Bostwick Rd. line Marsett-Hillsdale interconnection	Rt. 7 Relining (bond) Maplewood pump	Wake Robin station Pickup truck	Harbor Rd. Relining	Shelburne Farms Link
Total Cost	\$251,000	\$333,000	\$144,000	\$144,000	\$116,000
Sources	Cash reserves, loan	Bond, loan	Owner funding, loan	Bond	Farms pays
Discussion	Water rate increases do not need to be as dramatic as those on the wastewater side.				

Stormwater Fund Capital Program					
	FY 24-25	FY 25-26	FY-26-27	FY 27-28	FY 28-29
Major New Projects	McCabe's: Davis Ave. Heritage Lane	Maeck Farm	School Street Tracy Lane	Commercial Park Cedar Ridge Bay Colony	Deer Run Littlefield Drive
Total Cost	\$50,000	\$67,000	\$150,000	\$145,000	\$155,000
Sources	All stormwater projects follow Town ordinance policy to maximize available state grants to supplement Town utility revenue. Most projects use subsidized state loans on 20-year amortization to smooth payments. An HOA cost share is often involved, as well.				
Discussion	Stormwater rates are now fully phased in and are likely to be stable or increase less than water and wastewater.				