

Capital Budget Plan and Report
Town of Norwich
November 8, 2006

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Attachments:

- 1 – Combined Department Submittals
- 2 – Capital Facilities Department Submittals
- 3 – Designated/Reserve Funds Department Submittals
- 4 – Operating Funds Departmental Submittals
- 5 – Sidewalk Proposed Sidewalk Locations
- 6 – Draft Capital Budget Policy
- 7 – Draft Debt Management Policy
- 8 – VMBB Debt Schedule
- 9 – NORCAP Committee Charge

1 Executive Summary

The committee makes 17 recommendations that are related to the capital budget or support the capital budgeting process. For a summary of these recommendations please refer to the table of contents. The committee recommended five-year capital budget summary is contained in section 10.4 of this report. The process developed by the committee for developing the capital budget is Attachment 9.

2 Overview

This report to the town manager is based upon a review of submittals by town departments of possible capital expenditures that we have divided into the following categories:

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- Capital facilities
- Equipment and other expenditures from reserve/designated funds
- Operating expenditures

The committee agreed to focus this report on items that could be categorized as capital facilities, and expenditures for capital assets from reserve/designated funds. The committee seeks further guidance from the Town Manager and Selectboard on whether items categorized as operating expenses should be reviewed. A summary of all items submitted to the committee is included in Attachment 1.

The following items were included in the capital facilities and reserve/designated funds categories:

- Capital Facilities
 - Community Center
 - Fire Training Facility
 - Public Safety Facility
 - Fire Station
 - Police Station
 - Public Works Facility
 - Tracy Hall/MCS Wood Chip Boiler

A summary of all items submitted to the committee and categorized as capital facilities is included in Attachment 2

- Reserve/Designated Funds
 - Fire Department
 - Fire Department Equipment Replacement Program
 - Fire Station Vehicle Exhaust System
 - Fleet Program
 - Fire Department
 - Police Department
 - Public Works Department
 - Town Manager
 - Public Works Department
 - Main Street Bicycle/Pedestrian Path
 - Main Street Corridor Project
 - Solid Waste Compactor
 - Recreation Department
 - Connecticut River Access
 - Huntley Meadow Pedestrian Bridge
 - Huntley Meadow Running Trail
 - Replace Dam at Pool
 - Sidewalk Program
 - Tracy Hall

A summary of all items submitted to the committee and categorized as reserve/designated funds is included in Attachment 3.

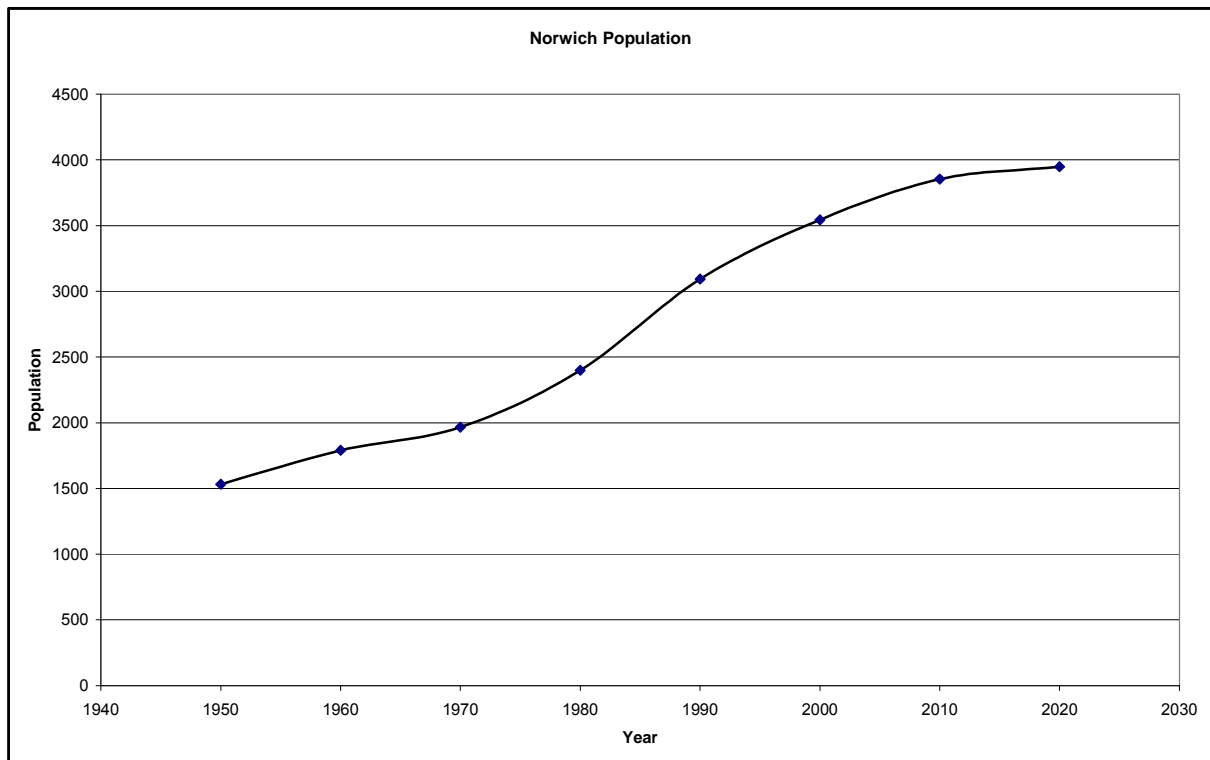
A summary of all items submitted to the committee and categorized as operating funds is included in Attachment 4. Some of the bridge replacement items have been completed this year.

3 Future Trends

In considering requests the committee reviewed historic housing trends and historic and projected population and traffic projections and information submitted by departments on future staffing and fleet needs.

3.1 Population

The following chart shows the historic and Massachusetts Institute for Social and Economic Research (MISER) Population Projections for Norwich through 2020. The MISER Population Projections for Vermont, 2000–2020, employed a cohort component model in which fertility, mortality, and migration are projected independently.



The following is the same information in table form.

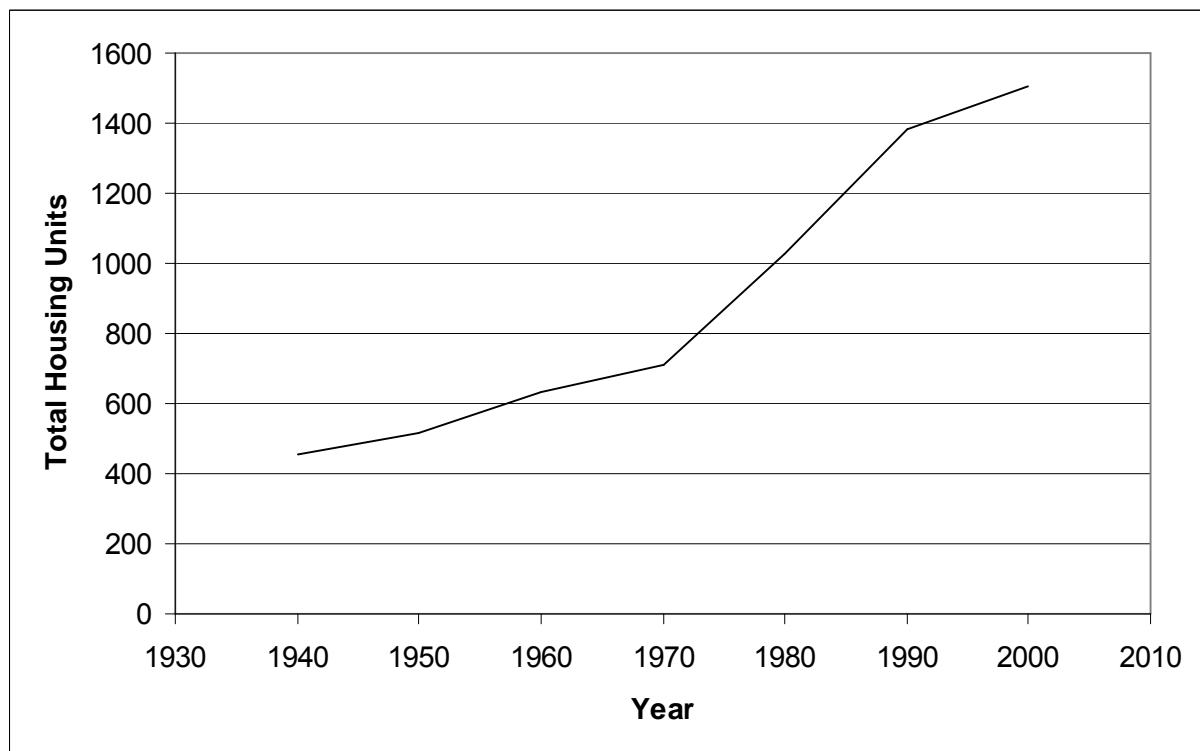
Year	Population	Increase	Percent Increase
1950	1532		
1960	1790	258	16.8%
1970	1966	176	9.8%
1980	2398	432	22.0%
1990	3093	695	29.0%
2000	3544	451	14.6%
2010	3854	310	8.7%
2020	3947	93	2.4%

The committee is concerned that these projections may underestimate future population growth in Norwich.

The completion of a build-out analysis by the Planning Commission and updating of the town plan should provide important information for strategic planning and capital budgeting purposes.

3.2 Housing Units

The following chart shows the total number of housing units for 1940 through 2000. The data was obtained from the US Bureau of the Census, UVM Center for Rural Studies, Vermont Indicators as compiled by Douglas Kennedy for the Planning Commission.

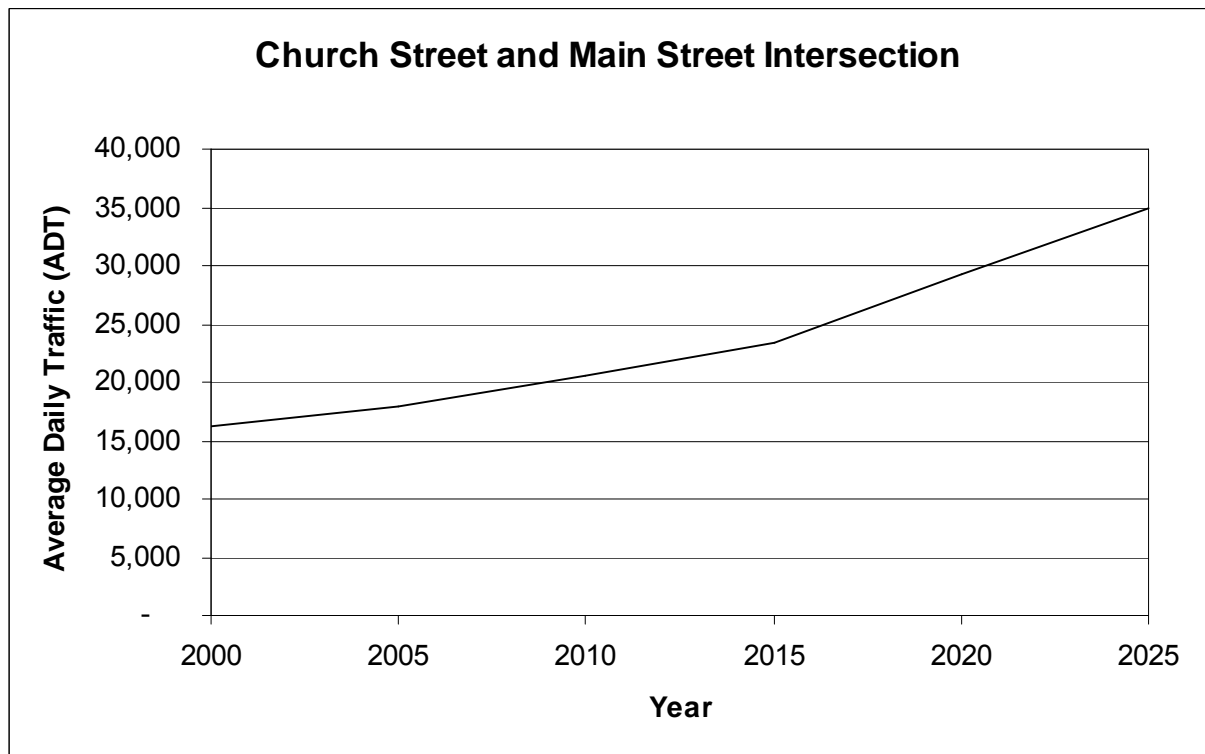


The following is the same information in table form.

Year	Total Housing Units	Percent Increase
1940	454	
1950	517	14%
1960	631	22%
1970	713	13%
1980	1,027	44%
1990	1,382	35%
2000	1,505	9%

3.3 Traffic

Traffic in Norwich is increasing. The following chart is based on data from the Main Street Corridor Study, which predicts that traffic through the Church Street/Main Street intersection may increase by 115% between 2000 and 2025.



Charles Wise of the Two Rivers/Ottaquechee Regional Planning Commission supplied the following Agency of Transportation growth factors for AOT maintained Norwich roads.

Norwich Road	2000-2005 GF	2000 to 2025 GF
I-91	1.1	1.4
US5	0.9	1.2
VT10A	1	1.1

GF - Growth Factor

Based on regional analysis Mr. Wise suggested that an annual growth factor of 1% be used on back roads and 2% on major collectors because of commuter traffic as a result of growth that is occurring in communities around Norwich. If these figures are accurate major collectors such as Union Village Road, Goodrich Four Corners Road and Beaver Meadow Road may see a 20% increase in traffic in the next 10 years and 45% in the next 20 years. The following table shows the potential traffic volumes on these roads.

Road (ADT)	Year		
	2005	2015	2025
Beaver Meadow	2453	2944	3557
Goodrich Four Corners	1627	1952	2359
Union Village	2277	2732	3302

Since traffic has an impact on fire, police and public works activity it would be useful to have more accurate information on future traffic projections. A transportation study of traffic, sidewalks, bicycle paths, park and ride facilities and village parking would be very useful.

3.4 Police Department Activity

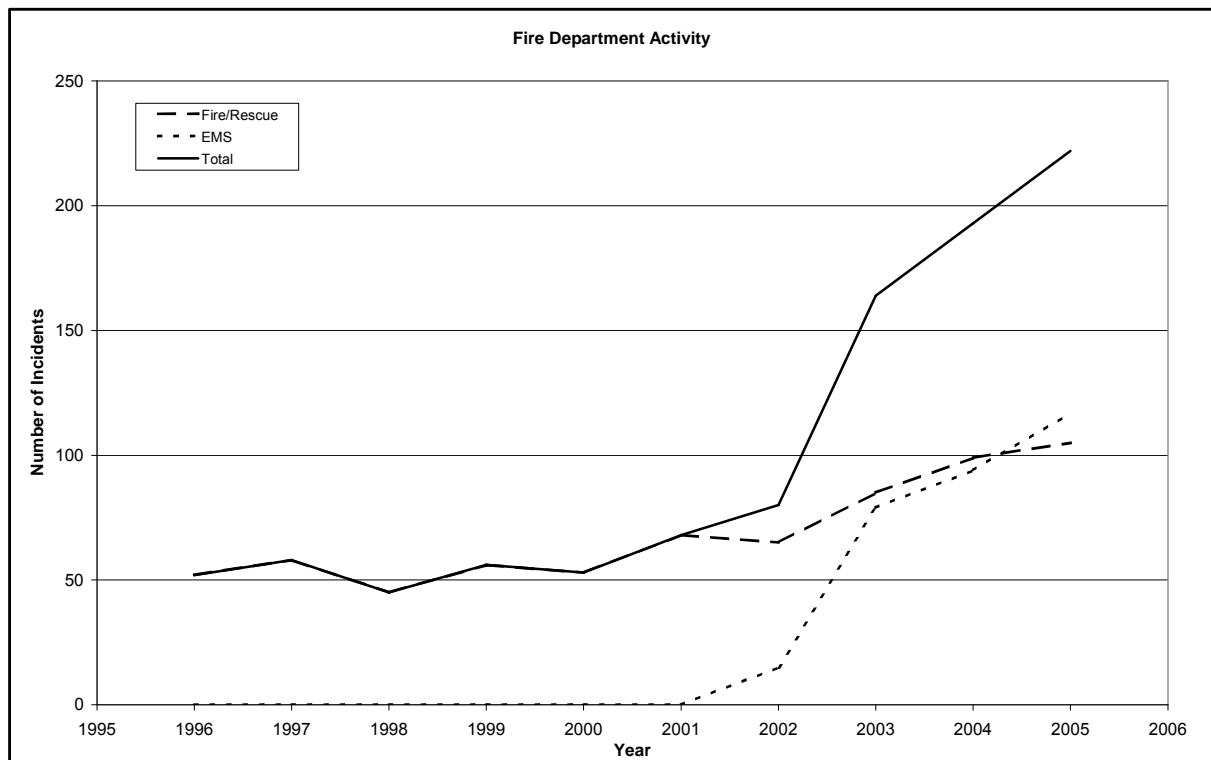
The following table shows police department activity for the last ten years from the Town Report.

Year	Calls for Service
1995	4,887
2000	2,130
2005	3,946

Chief Robinson reports that he cannot explain the 1995 number but the calls for service have remained pretty stable showing a slight increase each year and that the difference between 2000 and 2005 is that in 2005 property checks were added to the total number which is misleading. There may be only 20 to 30 property checks however each one is checked multiple times totaling over 1600.

3.5 Fire Department Activity

The following chart shows the Fire/Rescue, EMS and total calls from 1995 through 2005.



The EMS Division of the fire department started providing services in May of 2002, so 2003 is the first full year of service and response statistics.

Fire/Rescue Division calls increased 62% from 2002 through 2005 for an average yearly increase during this period of approximately 15%. Recent state legislation requiring the installation of carbon-monoxide (CO) detectors in most occupancies may result in an increase in CO detector related calls.

3.6 Personnel

The following table is a summary of current and projected employees by department based on information submitted by the departments.

Department	2006		2011		2021	
	POC/PH	FTE	POC/PH	FTE	POC/PH	FTE
Administration		2		2		2
Clerk		1.5		1.5		2
Custodial		1		1.5		1.5
Finance		1.5		1.5		2
Fire	35	0	35	1.5	25	4
Listers	3	0.75	3	1	3	2
Planning		1.5		2.5		3
Police	4	6	4	7	4	7
Public Works	1	5	2	9.2*	2	12.8**
Recreation		1		2		3
Solid Waste		1.2				
Total	43	21.45	44	29.7	34	39.3

Notes:

POC/PH - Paid-On-Call/Per Hour

FTE - Full Time Equivalent

* Assumes Solid Waste becomes part of Public Works

** Assumes Fire District Contracts with Town for Operations and Maintenance Services

The projected increases for the Clerk's Office and Finance Department assume that increasing demand for services will require two full-time employees after 2011 and before 2021

The projected increase for the fire department is based on the addition of a full-time fire chief and part time administrative assistant before 2011 and the addition of two-full time firefighters for daytime coverage and increasing the part-time administrative assistant to full-time by 2021.

The projected increase for the Listers is based on a three-quarter time Assessor and one-quarter-time assistant by 2011 and a full-time assessor and assistant by 2021.

The projected increase for the Planning Department is based on the addition of a full-time zoning administrator by 2011 and full-time administrative assistant by 2021.

The projected increase for the Police Department is based on the addition of a full-time patrol officer by 2011. The police department also proposed an option that would maintain the same staffing levels for the next 15 years but increase the marked fleet from three vehicles to five vehicles and each patrol officer would be assigned a vehicle.

The projected increase for the Public Works Department is based on solid waste becoming part of public works by 2011 and the addition of a full-time employee, seasonal employee and administrative assistant by 2011 and an additional full time employee by 2021. In addition the projected increase by 2021 is based on the fire district contracting with the town for operational and maintenance services requiring two additional FTE.

The projected increase for the Recreation Department is based on adding one half-time grounds/maintenance person and one half-time assistant recreation director by 2011 and an additional one half-time grounds/maintenance person and one half-time assistant recreation director by 2021.

This summary reflects a projected 48% increase in FTE in the next 5 years and 111% in the next 15 years.

3.7 Fleet

The following table is a summary of current and projected vehicles by department based on information submitted by the departments.

Department	2006	2011	2021
Town Administration			
Sedan	1	1	1
Fire			
Aerial/Quint	1	1	1
Forestry	1	1	1
Pumper	3	2	2
Rescue/ALS	0	0	2
SUV	0	1	1
Tanker	1	1	1
Department Total	6	6	8
Police			
Marked Sedan (Option 1)	2	4	4
Marked Sedan (Option 2)	2	2	2
Marked SUV	1	1	1
Unmarked Sedan	1	1	1
Department Total			
Option 1	4	6	6
Option 2	4	4	4
Public Works			
Backhoe/Loader	1	1	1
Excavator (Rubber Tire GRADALL)	1	1	1
Grader	2	2	2
Heavy Dump Truck	5	5	5
Hydroseeder	0	1	1
Light Dump Truck	1	2	2
Loader	1	1	1
Pickup Truck	2	3	3
Pressure Washer and Trailer	1	1	1
Sidewalk Plow/Mower	1	1	1
Snowblower	0	1	1
SUV	1	1	1
Sweeper	0	0	1
Tractor/Mower	2	2	2
Utility Truck	1	1	1
Wood Chipper	1	1	1
Department Total	20	24	25
Total			
Police Option 1	31	37	40
Police Option 2	31	35	38

The fire department proposes to add a SUV for the full-time fire chief before 2011 and when Ladder 1 is replaced by a Quint (Ladder/Pumper) in 2009 remove from service Engine 3 a mini-pumper utility vehicle. If full time personnel are hired between 2011 and 2021 consideration would be given to providing EMS transport service. This would require the purchase of two ALS vehicles one of which may serve as a Rescue/ALS unit.

The police department provided two options for vehicles. Option 1 would provide a marked vehicle for each officer and Option 2 would maintain the current fleet size.

The Public Works Department proposes the addition of a dump truck, hydro-seeder and possible snow blower by 2011 and a sweeper by 2021. If the fire district contracts with the town for operational and maintenance services more equipment may be needed. The projections of the public works department are based on the Selectboard continuing the current policy of not adding any private roads to the public road inventory.

3.8 Analysis

It is difficult to analyze the information contained in this section and make accurate predictions about future development in Norwich. The population projections and the traffic projections certainly indicate that Norwich will continue to grow and as a result of increased population and traffic it is reasonable to assume that will be an increase in demand for basic services such as provided by fire, police and public works. This section of the report displays information provided by the departments on future staffing and fleet needed to support the level of services expected by residents and businesses. The committee does not have sufficient information to analyze the staffing and fleet projections to determine if they are realistic but presents them as important background information for the capital planning process.

4 Depreciation of Fixed Assets

One of the changes in accounting procedures as a result of GASB 34 was that fixed assets, if exhaustible, be depreciated over the useful lives of the assets or their class of assets and reported as direct expense under each of the programs and functions in the statement of activities. One of the reasons for this change was to display depreciation so elected officials, managers and the public could determine if their government was adequately funding depreciation or other accounts necessary to maintain or replace fixed assets when they reached the end of their useful life.

Norwich has adopted a Capital Assets Accounting Policy that defines capital assets, method of depreciation (straight-line) and reporting requirements.

Finance Officer, Roberta Robinson, makes the following comment in her memorandum to the committee dated September 2006:

At a minimum the capital asset spending amount that a municipality should appropriate would be what it depreciates annually on its capital assets.

Norwich Annual Depreciation of Fixed Assets:

04-05	\$182,310
05-06	\$236,081

5 Financing of Capital Assets

The Norwich Capital Assets Accounting Policy defines capital assets as follows:

The asset has a value and useful life, at the date of acquisition, which meets or exceeds the following:

- i) a minimum of Five Thousand Dollars (\$5,000.00) in value and a minimum of two (2) years of life for software, computer equipment, office equipment, and other equipment; or
- ii) a minimum of Fifteen Thousand Dollars (\$15,000.00) in value and a minimum of five (5) years of life for automobiles, trucks, and motorized equipment; or
- iii) a minimum of Ten Thousand Dollars (\$10,000.00) in value and a minimum of two (2) years life for all capital improvements; or
- iv) any structures and/or land; or
- v) a minimum value of Fifty Thousand Dollars (\$50,000.00) in value and a minimum three (3) years life for infrastructure and infrastructure improvements.

Historically capital assets, as defined above, have been funded from operating funds, reserved/designated funds and in some cases the issuance of long-term debt. Current long-term debt, as described in the next section, was issued to make improvements to Tracy Hall with the unexpended portion of this bond issue transferred to the reserve/designated fund for the construction of a town garage and a separate bond issue for purchasing of three pieces of heavy equipment for the highway department including a grader, loader and backhoe.

The following table shows the historic annual contributions to reserve/designated funds and the June 30, 2006 balance for funds that have a significant balance or have had significant annual contributions. A balance of at least \$10,000 or annual FY 07 contribution of at least \$10,000 for fixed assets was used for the cutoff. There are a number of other reserve/designated funds.

FY	Annual Appropriation					
	Police	Fleet Highway	Fire	Highway Garage	Fire Training	Fire Equipment
2000	\$10,000	\$50,000	\$25,000	\$35,000		
2001	\$5,000	\$50,000	\$30,000	\$5,000		
2002	\$15,000	\$50,000	\$40,000	\$30,000		
2003	\$10,000	\$50,000	\$35,000	\$25,000		
2004	\$13,000	\$50,000	\$45,000	\$30,000	\$7,500	
2005	\$15,000	\$55,000	\$55,000	\$50,000	\$7,500	
2006	\$5,000	\$100,000	\$57,500	\$0		
2007	\$15,000	\$90,000	\$95,000	\$0		\$10,000
Balance 6/30/2006	\$283	\$146,986	(\$51,302)	\$80,939	\$17,743	\$0

6 Capital Budget and Long-Term Debt Policies

6.1 Capital Budget Policy

Norwich is continually faced with extensive capital needs and limited financial resources. Prioritizing capital projects is a critical step in the capital plan and budget preparation process. When evaluating project submittals that are to be funded by long-term debt projects that meet some or most of the following criteria should receive a higher priority.

- Project meets policy goals or strategic plan that adopted by the Selectboard

- Project is mandated by state or federal regulations
- Project eliminates safety hazards
- Project is sustainable
 - Reduces long term operating costs
 - Maximizes use of renewable resources
 - Improves energy use and environmental impacts of existing practices
 - Improves efficiency or reduces operation and maintenance costs
- Project maintains and improves the delivery of public services to the majority of the population.
- Project improves the quality of existing infrastructure
- Project mitigates or reduces the potential of both natural and man-made disasters
- Project has capacity to serve future growth
- State or federal grant funds are available to assist in funding for project

The committee supports the adoption of a capital budget policy that includes these criteria.

6.2 Long-Term Debt Policy

Hartford has adopted criteria in its policy for managing long-term debt. They are as follows:

1. Net general fund bonded debt should not exceed 1% of total assessed valuation. (*Based on a Norwich grand list of \$640,000,000 this cap would be \$6,400,000.*)
2. Net general fund bonded debt should not exceed \$700 per capita. (*Based on the 2000 census population of 3,544 this cap would be \$2,480,800 for Norwich.*)
3. General fund debt service (principal & interest) should not exceed 8% of the total general fund expenditures. (*Based on the FY 2007 town expenditure budget of \$3,564,354 this cap would be \$285,148.*)

The committee supports the adoption of similar policies to be used for evaluating the issuance of any additional long-term debt for Norwich.

7 Current Long-Term Debt

At a special town meeting on March 1, 1994 voters approved the following article:

Article 1: Shall general obligation bonds of the Town of Norwich, in an amount not to exceed Nine Hundred Thousand Dollars (\$900,000.00) subject to reduction from available construction grants-in-aid and fund raising be issued for the purpose of financing the Town's share of making certain public improvements, viz. Tracy Hall building renovations and additions, such improvements are estimated to cost Nine Hundred Thousand Dollars (\$900,000)?

These bonds will be paid off in 2015.

At a Special Town Meeting on March 3, 1997 voters approved the following article:

Article 1. Shall up to Eighty-Two Thousand Dollars (\$82,000) of unexpended proceeds from the sale of the Town's July 1, 1994 bond be applied for the purpose of constructing certain public building improvements, namely, a Town Garage, such improvements estimated to cost One Hundred Thousand Dollars (\$100,000)?

As a result of this article \$68,000¹ was transferred to the Highway Garage reserve/designated fund.

At the regular Town Meeting on March 1, 2004 voters approved the following article:

Article 5. Shall bonds of the Town of Norwich, in an amount not to exceed \$315,000, be issued for the purpose of acquiring public highway equipment, to be paid over a term not to exceed five (5) years?

These bonds will be paid off in 2010.

The following table shows long-term debt and scheduled payments through 2015 when all current debt will be retired. The table also shows debt as a per-cent of the Grand List, per capita principle and interest payments and for the remainder of the debt as a per-cent of the annual expenditure budget.

	Current	Current Debt Payments					
FY	Debt	Principal	Interest	Total	% of GL	Per Capita	% of Budget
2007	549,617	113,292	30,567	143,859	0.09%	\$146	4.04%
2008	436,181	113,436	26,014	139,450	0.07%	\$115	3.80%
2009	330,000	106,181	21,287	127,468	0.05%	\$86	3.37%
2010	225,000	105,000	16,546	121,546	0.03%	\$58	3.12%
2011	180,000	45,000	12,746	57,746	0.02%	\$47	1.44%
2012	135,000	45,000	9,952	54,952	0.02%	\$35	1.33%
2013	90,000	45,000	7,136	52,136	0.01%	\$23	1.23%
2014	45,000	45,000	4,297	49,297	0.01%	\$12	1.12%
2015	0	45,000	1,436	46,436	0.00%	\$0	1.03%

This table assumes that the Grand List and budget will increase 3% every year and uses the population projections contained in Section 2.

8 Capital Facilities

The following is a list of capital facilities that have been suggested for including in the capital budget. A brief discussion of each follows. More information is included in the submission from the departments supporting these projects.

- Community Center
- Fire Training Facility
- Public Works Facility
- Public Safety Facility
 - Fire Station
 - Police Station
- Tracy Hall/MCS Wood Chip Boiler

Most members of the committee visited the existing fire station, police station and highway facilities during development of this report.

¹ Report of the Selectboard – 1997 Town Report

8.1 Community Center

The Recreation Department recommended the construction of a community center with an estimated cost of \$350,000 - \$550,000. There has been no specific planning for this facility and it is unlikely that it would be constructed in the next five-years so the project has not been included in this report. If there is interest in the construction of a community center a planning committee should be appointed to evaluate the need for and interest in a community center. This project may be reviewed again for inclusion in the five-year capital budget when the project is better defined

8.2 Fire Training Facility

The Fire Department recommended the construction of a fire training facility at the public works site. Preliminary cost estimates have been solicited and the estimated cost with site work and water supply that would improve fire protection of the public works buildings is \$157,000. The facility would include a one and two story building with the capability of simulating fires and paved area for training. There is currently \$17,743 in a reserve/designated fund for this facility and the fire department has recommended that an additional \$30,000 per year be appropriated to the reserve/designated fund for this project.

8.3 Public Works Facility

The Highway Administrator recommended the construction of a 10-bay three sided utility shed, the construction of new public works garage and keeping the existing town garage for storage and a building and grounds division. The cost of the utility shed was estimated at \$315,000 and the Highway Administrator told the committee that if the new Public Works Facility was built in the next few years that the Utility Shed would not be needed.

The new Public Works Facility would include the following and has an estimated cost of \$935,000 to \$1,133,000. There is currently \$80,939 in a reserve/designated fund for this purpose.

- 10 stalls which includes a mechanic's bay area
- Combination lunch/meeting room
- Stock room
- Oil room
- Handicapped accessible bathroom
- Administrative assistant's office
- Highway administrator's office
- All EPA requirements

8.4 Public Safety Facility

Preliminary planning for this project has been completed and the needs identified in a report titled *Norwich Public Safety Facility Planning Study*. A contract was signed in September with Black River Design Architects to continue the study and accomplish the following tasks:

1. Review the current program of space needs of Police and Fire and EOC, for the purpose of refining and for greater economy, with shared spaces.
2. Assist with the identification of a preferred site design strategy based upon options of the previous study material and other Committee input for the "ideal plan". This may include

looking at the pros and cons of incorporating the apparatus portion “steel building” of the current Fire facility, or moving it to a new location for use by the Highway Department.

3. Review site survey information and identify additional survey and topographic needs. Additional topographical survey to be done by others billed directly to the Town with our coordination.
4. Schematic Design options for the chosen strategy in task 2, looking at several ways to configure the building program, site, access and circulation, and other program features. Black River Design would work with the Office of Robert White (ORW), on site options and opportunities.
5. For comparative purpose, circulate square footage estimates of building and site elements.
6. Review the Schematic options with Committee and select a preferred plan.
7. Perform Code Study of the chosen option.
8. Make revisions to the chosen option based on review with Town and code officials.
9. Coordinate with cost estimator to create a detailed estimate of probable costs for Bond Vote valuation.
10. Review meeting to go over costs with Client.
11. Develop three-dimensional model and develop graphics through Black River Design and ORW for presentation.
12. Assist the Town with the development of Bond Vote flyer. We will provide text graphics and layout assistance. Town to provide draft text for editing and formatting.
13. Prepare and make formal presentation for Bond Vote and/or presentation to the Select Board.

The proposed facilities being reviewed include a combined facility including fire, police and emergency operations center and separate facilities for fire and police.

8.5 Tracy Hall/MCS Wood Chip Boiler

The Norwich School District has received a report titled *Analysis of Wood-Chip Heating for the Marion W. Cross School* prepared by the Biomass Energy Resource Center. This report includes an option for extending the wood-chip heating system to Tracy Hall at a cost of \$126,000. According to the report if fuel oil prices average \$2.30 per gallon the simple payback period is 13.5 years. The School District is currently paying \$1.98 per gallon for fuel oil. The Norwich Finance Committee is reviewing the economics of the project and The Norwich School Board is having additional studies done to look at the dispersion of flue gases and the need for a higher smokestack and multi-cyclone collector to reduce particulate emissions.

8.6 Financing Costs

The following table is an example of the cost of issuing long-term debt to finance the public works facility and the public safety facility with the indicators discussed in the section on long-term debt policies. An Estimated Debt Service Schedule was obtained from the Vermont Municipal Bond Bank for an issue of \$2,770,000 and the debt retired over 20 years. The estimated coupon rates varied from 3.872% for one-year maturities to 4.472% for 20-year maturities. Attachment 8 is an example of an estimated debt service schedule using the same approach as used by the Vermont Municipal Bond Bank for an issue of \$3,950,000, the estimated combined cost of the public works and public safety facility. The following table uses the information from Appendix 8.

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FY	Current Debt	Current Debt Payment	Proposed Debt	Proposed Debt Payments		Total Debt Payments	% of GL	Per Capita	% of Budget
				Public Safety	Public Works				
2007	549,617	143,859				143,859	0.09%	146	
2008	436,181	139,450				139,450	0.07%	115	3.91%
2009	330,000	127,468	4,280,000	109,664	35,092	272,225	0.68%	1,206	7.42%
2010	225,000	121,546	4,175,000	273,516	87,525	482,587	0.63%	1,142	12.76%
2011	180,000	57,746	3,930,000	267,632	85,642	411,020	0.57%	1,064	10.55%
2012	135,000	54,952	3,685,000	261,714	83,748	400,415	0.51%	986	9.98%
2013	90,000	52,136	3,440,000	255,762	81,844	389,742	0.46%	909	9.43%
2014	45,000	49,297	3,195,000	249,776	79,928	379,002	0.41%	833	8.91%
2015	0	46,436	2,950,000	243,743	77,998	368,177	0.36%	756	8.40%
2016			2,750,000	237,649	76,048	313,697	0.33%	703	6.95%
2017			2,550,000	231,494	74,078	305,573	0.30%	651	6.57%
2018			2,350,000	225,279	72,089	297,369	0.27%	598	6.21%
2019			2,150,000	219,003	70,081	289,085	0.24%	546	5.86%
2020			1,950,000	208,959	66,867	275,826	0.21%	494	5.43%
2021			1,755,000	202,722	64,871	267,593	0.18%	444	5.11%
2022			1,560,000	196,426	62,856	259,282	0.16%	393	4.81%
2023			1,365,000	190,070	60,823	250,893	0.13%	343	4.52%
2024			1,170,000	183,656	58,770	242,426	0.11%	294	4.24%
2025			975,000	177,196	56,703	233,899	0.09%	244	3.97%
2026			780,000	170,703	54,625	225,328	0.07%	195	3.71%
2027			585,000	164,178	52,537	216,715	0.05%	146	3.47%
2028			390,000	157,621	50,439	208,059	0.03%	97	3.23%
2029			195,000	151,030	48,330	199,360	0.02%	48	3.01%
2030			0	0	0	0	0	0	0

This table assumes that the Grand List and budget will increase 3% every year and uses the population projections contained in Section 2.

The cap of \$700 per capita cap discussed in section 6 is exceeded in FY 2010 through FY 2015. The 8% of general fund debt service cap is exceeded in FY 2009 through 2016.

9 Reserve/Designated Funds

The following is a list of capital assets that have been suggested for including in the capital budget that would be funded by reserve/designated funds. A brief discussion of each follows. More information is included in the submission from the departments supporting these projects.

- Reserve/Designated Funds
 - Fire Department
 - Fire Department Equipment Replacement Program
 - Fire Station Vehicle Exhaust System
 - Fleet Program
 - Fire Department
 - Police Department
 - Public Works Department
 - Town Manager
 - Public Works Department
 - Main Street Bicycle/Pedestrian Path
 - Main Street Corridor Project

- Solid Waste Compactor
- Recreation Department
 - Connecticut River Access
 - Huntley Meadow Pedestrian Bridge
 - Huntley Meadow Running Trail
 - Replace Dam at Pool
- Sidewalk Program
- Tracy Hall

9.1 Fire Department

9.1.1 Fire Department Equipment Replacement Program

The fire department has tools and equipment that have a replacement value that exceeds \$315,000. Some of the equipment was purchased with grants and all has a finite service life. For example the replacement value of Self Contained Breathing Apparatus (SCBA) with an estimated service life of ten years is estimated at \$52,500. In addition SCBA bottles have a maximum service life of 15 years set by the USDOT. The fire department has proposed an annual appropriation of \$20,000 to a reserve/designated fund, for equipment replacement.

9.1.2 Fire Station Vehicle Exhaust System

The fire department has applied for a federal Assistance to Firefighters Grant in the amount of \$81,225 for the installation of a vehicle exhaust system in the fire station. The local share is 5% or \$4,061. This system will improve indoor air quality at the fire station by reducing the concentrations of exhaust fumes which contain gases such as nitrous oxide, nitrogen dioxide, formaldehyde, benzene, sulphur dioxide, hydrogen sulphide, carbon dioxide, carbon monoxide, nitrogen dioxide, and suspended particles.

9.2 Fleet Program

The following are the requests for fleet replacement from the fire, police and public works departments. Generally replacements of vehicles is based on a numbers of factors including:

- Economic life – Life cycle costing and equivalent annual cost
- Replacement parts availability
- Technological obsolesce
- Reliability or impact of failure

Some municipalities and other levels of government have developed cost tracking systems and policies to optimize the fleet replacement process.

9.2.1 Fire Department

The fire department currently has six pieces of apparatus, one pumper, one rescue/pumper, one mini-pumper, one tanker, one ladder truck and one forestry truck. The fire department recommends the replacement of pumpers and tankers after 20 years of service and the ladder truck after 30 years of service. The fire department estimates that contributions to the reserve fund of \$95,000 are needed through FY 2009 and then \$87,750 to support their fleet replacement program. The next major replacement is scheduled for FY 2009 when Ladder 1 will be 30 years old. The estimated replacement cost based on the purchase of a used ladder truck that is approximately 10 years old in 2009 is \$225,000.

If a decision is made to hire a full time fire chief, an SUV will need to be added to the fleet. The following table is the proposed fire department equipment replacement schedule.

Fiscal Year	Annual Contribution	Reserve Fund Balance	Expenditure	Equipment Replaced
2005	55,000	(108,802)		
2006	57,500	(56,802)	5,500	Forestry 1 Chassis
2007	95,000	38,198		
2008	95,000	133,198		
2009	95,000	3,198	225,000	Ladder 1
2010	87,750	90,948		
2011	87,750	178,698		
2012	87,750	266,448		
2013	87,750	354,198		
2014	87,750	441,949		
2015	87,750	529,699		
2016	87,750	604,149	13,300	Forestry 1 Chassis
2017	87,750	691,899		
2018	87,750	779,649		
2019	87,750	483,999	383,400	Engine 2
2020	87,750	571,749		
2021	87,750	659,499		
2022	87,750	513,200	234,050	Tanker 1
2023	87,750	600,950		
2024	87,750	335,450	353,250	Ladder 1
2025	87,750	(8,800)	432,000	Engine 1
2026	87,750	78,950		

9.2.2 Police Department

The police department currently has four vehicles, two marked sedans, one marled SUV and one unmarked sedan. The police department recommends the replacement of one marked vehicle every year based on an estimated service life of three years. The police department provided an option of adding two marked vehicles to the fleet and keeping the replacement schedule at one marked vehicle per year. The five-marked vehicle option is intended to delay the hiring of additional patrol officers. The police department proposes that the unmarked sedan be replaced by the town manager's sedan when a new vehicle is purchased for the town manager.

The police department estimates that \$30,000 needs to be contributed to the reserve fund in FY 2008 and then increasing over time.

The following table is the proposed police department equipment replacement schedule.

Norwich Police Department Cruiser Replacement Schedule						
Fiscal Year	PD Request	Reserve Fund Balance	Current Proposal	Reserve Fund Balance	Expenditure	Equipment Replaced
2007	15,000	15,000	15,000	15,000	~	~
2008	30,000	45,000	30,000	45,000	30,000	EQ2
2009	31,050	46,050	31,050	46,050	31,050	EQ1
2010	32,150	47,150	32,150	47,150	40,000	EQ3
2011	33,275	40,425	33,275	40,425	33,275	EQ2
2012	34,450	41,600	34,450	41,600	34,450	EQ1
2013	35,650	42,800	35,650	42,800	42,800	EQ3
2014	36,900	36,900	36,900	36,900	36,900	EQ2
2015	38,200	38,200	38,200	38,200	38,200	EQ1
2016	47,750	47,750	47,750	47,750	47,750	EQ3
2017	40,800	40,800	40,800	40,800	40,800	EQ2

9.2.3 Public Works Department

The Public Works Department proposes replacing their heavy trucks every ten years. They estimate that at ten years the trucks will have over 100,000 miles on them and it will become cost prohibitive to maintain them. These vehicles are also used for winter sanding and salting and experience more extensive corrosion (rust) due to the use of and chloride. The rest of the Public Works Department equipment is on a 12-22 year replacement cycle.

The following is the proposed fleet and equipment replacement schedule from the highway department.

Fiscal Year	HD Request	Reserve Fund Balance	Current Proposal	Reserve Fund Balance	Expenditure	Equipment Replaced	
2006			100,000.00	196,197.12	127,000.00	Plow and dump body-truck#4 and Truck #1	
2007	113,000	182,197.12	113,000.00	182,197.12	115,000	Truck #7	
2008	116,400	183,597.12	116,400	183,597.12	100,000.00	Holder and Truck #6	
2009	119,900	203,497.12	119,900.00	203,497.12	146,000.00	Mil. Don. Excavator and Mower #2	
2010	123,500	180,997.12	123,500.00	180,997.12	150,000.00	Truck #4 and wood chipper	
2011	127,200	158,197.12	127,200.00	158,197.12	150,000	Grader #2	
2012	131,000	139,197.12	131,000	139,197.12	115,000.00	Truck #8	
2013	134,900	159,097.12	134,900	159,097.12	115,000.00	Truck #5	
2014	138,900	182,997.12	138,900	182,997.12	139,000	Backhoe and Mower #1	
2015	143,000	186,997.12	143,000	186,997.12	150,000.00	Loader	
2016	147,300	184,297.12	147,300.00	184,297.12	170,000	Gader #1	
2017	151,700	165,997.12					

9.3 Public Works Department

9.3.1 Main Street Bicycle/Pedestrian Path

The Norwich Bicycle and Pedestrian Feasibility Study is examining the feasibility of constructing new bicycle and pedestrian facilities along the western side of US 5 and VT 10A and along Montshire Road between Norwich Village and the Montshire Museum. These

facilities would provide additional connectivity between Norwich, Hanover, and the Montshire Museum for pedestrians and bicyclists and also serve to enhance the pedestrian-scale nature of this Norwich-Hanover connector. It has a total estimated cost of \$401,767.

9.3.2 Main Street Corridor Project

The Main Street Corridor Project has been in the planning stage since Ledyard Bridge was completed extends along Main Street from Ledyard Bridge to Turnpike Road. It has a 2005 total estimated cost of approximately \$6,468,611. Design is complete and awaiting AOT approval for the section from Route 5 South to Church Street.

9.3.3 Solid Waste Compactor

There are two compactors at the transfer station, one for trash and one for cardboard. The trash compactor is being replaced this fiscal year. The proposed replacement schedule for one of the compactors at the Transfer Station is every 12 years at an estimated cost of \$30,000.

9.3.4 Sidewalk Program

The sidewalk plan submitted to the committee by the transportation committee has a total estimated cost of \$5,084,052. See Attachment 5 for proposed sidewalk locations. The implementation of the plan would create a network of sidewalks serving the village area. Grants may be available to offset some of the costs of the proposed sidewalk construction.

9.4 Recreation Department

9.4.1 Connecticut River Access

The recreation department proposed Connecticut River access along US Route 5 or River Road between three and six miles south of the Pompanoosuc access on Old Bridge Road. The access would be used for car top boat launch, swimming and picnicking. It would involve the purchase of between one-half to two acres of property with 50 to 200 feet of river frontage. The estimated cost of purchasing the land and developing the property is \$200,000 to \$300,000. The committee has not included this item in its recommendations. There has been little planning related to this project and no location identified. The committee recommends that consideration be given to private fund raising for the planning and implementation of this project and/or reviewed again for inclusion in the five-year capital budget when the project is better defined.

9.4.2 Huntley Meadow Pedestrian Bridge

The Boy Scouts built the current pedestrian suspension bridge across Blood Brook to provide access to Huntley Meadow from Beaver Meadow Road in the mid 1990s. Repairs to the bridge were made in 2003 and it is estimated that the bridge will need to be replaced or removed in the next three to five years. A bridge from Morrisville has been secured from Vermont Historic Bridge Preservation to be a future replacement for the current suspension bridge at Huntley Meadow. It is an historic pony truss bridge, and although the cost of moving, sandblasting, shortening and installing is estimated at \$90,000, a 90% grant may be available from the state of Vermont. If the grant were obtained the cost to the town would be approximately \$9,000. The committee has not included this item in its recommendations. The committee recommends that consideration be given to private fund raising for the planning and implementation of this project.

9.4.3 Huntley Meadow Running Trail

The recreation department proposed the construction of a running trail at Huntley Meadow. The track would have a wood chip surface and be approximately 4,000 feet long. The estimated cost of construction of the running trail is \$75,000 to \$125,500. The committee has not included this item in its recommendations. The committee recommends that consideration be given to private fund raising for the planning and implementation of this project and/or reviewed again for inclusion in the five-year capital budget when the project is better defined.

9.4.4 Replace Dam at Pool

Emergency repairs were made to the dam at the Norwich pool in 2005 at a cost of \$8,668. The repairs involved rebuilding a portion of the earth fill where it connects to the concrete dam structure to stop piping, which may have resulted in dam failure. In addition the decking and fencing portion of the dam, including the ladder into the water from the main deck was rebuilt in 2003 at a cost of \$6,980. It is estimated that the dam will need to be totally rebuilt in the next five to ten years at an estimated cost of \$110,000. There may be 50% matching funds available. There may need to be additional emergency repairs this year. There is exposure of the pond liner in the vicinity of the sluice.

9.5 Tracy Hall

There is limited administrative space in Tracy Hall and no room for staff expansion. Meeting and conference space is limited. The town manager shares an office with an administrative assistant. Expansion of administrative staff as projected will make the lack of existing office space worse. While the committee has no specific recommendations it does recognize the problem.

10 Recommendations

The recommendations are categorized in three areas. They are general recommendations, which include recommendations that are not capital facilities or funded from reserve/designated funds, capital facilities and capital assets and that are funded from reserve/designated funds. While not specifically itemized the committee recognizes that the construction of some of the facilities recommended will increase operating and maintenance expenses and these changes should be considered within the context of annual operating budgets and when making final decisions on the implementation of these recommendations. The capital budget recommendations are for five years. An annual review and update of the final capital budget adopted should be done.

10.1 General Recommendations

During the course of the work of the committee consideration was given to policies that would be beneficial for the Selectboard to adopt to guide decisions of the Selectboard and departments when making decisions affecting capital facilities and capital assets. An example of this would be for the planning commission to complete a build-out analysis. While we have not included a specific recommendation on the build-out analysis we note that this type of information would be invaluable in making future population projections and traffic projections. These two indicators are critical to determining future demands for town services.

10.1.1 Recommendation 1 – Adopt a Capital Budget Policy

When developing a capital budget it is recognized that it is a continually changing document. While the committee looked at five and fifteen-year projections we recognize that the farther in the future the projections are the less accurate they may be. It is important that there be at least

an annual review of the capital budget and appropriate up dating. The adoption all of a capital budget policy would assist in maintaining an up to date capital budget. An example of a Capital Budget Policy is included in Attachment 6.

10.1.2 Recommendation 2 – Adopt a Debt Management Policy

The town is currently paying off debt for the modifications to Tracy Hall and the acquisition of three pieces of heavy equipment for the public works department. It is anticipated that major capital facilities construction would require the issuance of additional debt. The adoption of a debt management policy would provide guidance on the issuance of debt and minimize the impact on taxpayers and on the financial condition of the town. An example of a Debt Management Policy is included in Attachment 7.

10.1.3 Recommendation 3 – Adopt a Vehicle Acquisition and Replacement Policy

The maintenance and replacement of vehicles utilized by the public works department, fire department and police department represent significant annual appropriations. The FY 2007 appropriation for these replacements is \$204,600. The adoption of a vehicle acquisition and replacement policy would provide important guidance on the acquisition of additional vehicles and developing replacement schedules for currently owned vehicles.

10.1.4 Recommendation 4 – Transportation Study and Pavement Management Plan

In reviewing traffic figures and projections it was found that there is a minimum amount of base information and very little reliable projections on future traffic. In addition there was a significant request for sidewalks construction presented to the committee as well as ongoing projects involving enhancement of the Main Street corridor, bicycle and pedestrian paths and roadway improvements. It is important that these transportation improvements which impact the public works department, police department and fire department as well as the traveling public be integrated into a single plan. The committee recommends that a transportation study be undertaken that would look at traffic on the major collectors, including Route 10 as impacted by Hanover, parking in the Village, sidewalks and bicycle paths and park and ride facilities. Since Norwich is impacted by traffic whose origins and destinations are outside the geographical limits of Norwich a regional approach to portions of the study should be considered.

The public works department is working with the Two Rivers - Ottauquechee Regional Commission to develop a pavement management plan. An inventory of culverts, bridges, and roads has been completed and the pavement management plan is nearing completion. The committee recommends that the results of these studies be reviewed in considering future revisions to the capital budget.

10.2 Capital Facilities

The major capital facilities reviewed by the committee are for major improvements at the public works facility and the construction of a new public safety facility.

10.2.1 Recommendation 5 – Public Works Facility Plan

The town owned property at the site of the existing highway garage and solid waste facility is proposed for upgrading by adding a new public works facility, fire training facility and at sometime in the future upgrading the solid waste facility. These all involve major investments of town funds. To provide guidance on the location and sizing of these facilities the committee recommends that a facility plan be developed for the public works site that would include

location of facilities, size of facilities and traffic flow. This planning effort could be funded from the existing highway garage reserve fund.

10.2.2 Recommendation 6 – Public Works Garage

The existing highway garage is inadequate for the current operations of the public works department. It does not provide for sufficient storage for highway vehicles, which represent a considerable investment on the part of the town, provides no centralized storage to allow the purchasing of bulk supplies to reduce costs of purchasing, does not have an adequate maintenance bay for the maintenance of highway, police and fire vehicles and provides no office space or adequate washroom or locker facilities for employees of the public works department, does not have a fire sprinkler system to protect the facility or equipment stored in the facility and does not have an adequate domestic water supply or water for washing and cleaning vehicles. The committee recommends that following the completion of the facility study and plan that planning and design proceed on the identified new facilities or remodeled facilities needed to sustain both the present and future functions of the public works department. Funding of this project would be through the issuance of bonds.

10.2.3 Recommendation 7 – Public Safety Facility

An architect and planner are under contract with the town for a continuing study of a fire and police public safety facility. The present fire station and police station are not adequate for serving the current needs of the town and will become more deficient in the future. The committee recommends that work continue on identifying the current and future needs of the fire and police departments and that design proceed on a facility that will serve these departments and the town for the next 30 years. Funding of this project would be through the issuance of bonds.

10.2.4 Recommendation 8 – Fire Department Training Facility

The fire department does not have adequate facilities for training of its members. The fire departments has prepared a preliminary plan for the construction of a training facility that would provide opportunities for providing the important training that is necessary for firefighters to safely and efficiently fight structure fires. The committee recommends that \$30,000 per year be appropriated to a reserve/designated fund for construction of this facility.

10.2.5 Recommendation 9 – Wood Chip Boiler

The Norwich School Board is considering construction of a wood chip boiler to heat the Marion Cross School that will be voted on at a special town meeting on November 7, 2006. If the measure passes and the school board decided to proceed with the project it would be possible an to utilize the wood-chip boiler to heat Tracy Hall. The committee has not included this project in the proposed capital budget. If the finance committee determines that this project would be economical and it is determined that the environmental impact is acceptable the committee recommends that additional discussion occur on the possibility of including this project as a ballot measure at the town meeting in March 2007 for the construction of the necessary facilities to extend service to Tracy Hall.

10.3 Reserve/Designated Funds

The committee restricted its review of reserve funds to items that could be classified as capital assets and involved significant expenditures.

10.3.1 Recommendation 10 – Fleet

The replacement and maintenance of the current fleet of vehicles represents a significant annual cost to the town. As previously mentioned the committee recommends that a fleet replacement policy be developed and adopted by Selectboard to provide guidance for these expenditures. The committee recommends appropriations as identified in section 10.4 this report for maintenance of the current fleet of town vehicles.

10.3.2 Recommendation 11 – Equipment

The town has a considerable investment in equipment. The fire department indicated that the replacement value of fire fighting equipment, excluding fire apparatus, exceeds \$315,000. In addition there is need for periodic replacement of the compactors at the solid waste facility and upgrading of the Tracy Hall telephone system. The committee recommends appropriations as identified in section 10.4 of this report for equipment replacement.

10.3.3 Recommendation 12 – Interoperable Communications

The radio communications coverage for the police fire and public works department is inadequate. There are locations in town where there is marginal or no radio coverage. In emergency situations this places first responders at risk. In addition consideration is being given to having the Norwich police department provide backup to Hartford Dispatch, which provides dispatch services for the Norwich fire and police departments. The committee recommends that a communications study be undertaken to define the steps necessary to provide adequate coverage, capacity and interoperability for the radio communications system for the fire, police and public works departments. The committee recommends an appropriation from operating funds of \$25,000 for the study. There may be federal and state funds available for implementation of the study recommendations. In addition there are ongoing consultations with Hanover Hartford and Lebanon about a combined study and consideration of regionalizing public safety dispatch.

10.3.4 Recommendation 13 – Sidewalks

The committee reviewed the recommendations of the transportation committee on sidewalks. The present cost of \$5 million far exceeds the capacity of the community to support. At the same time it is important to make the village more pedestrian friendly. That was a special warrant article at the March 2006 town meeting that appropriated \$25,000 to a reserve/designated fund for sidewalks. The committee recommends that \$25,000 per year be appropriated to a reserve fund for sidewalks and that the priority be the extension of the Turnpike Road sidewalk to Moore Lane and the construction of sidewalks in the vicinity of the Marion Cross School including extension of a sidewalk from the Marion Cross School to the possible affordable housing facility on the Agway property.

10.3.5 Recommendation 14 – Town Pool

The town pool has recently had emergency repairs to the dam. There was a \$5,000 appropriation in the past to reserve/designated fund to accumulate funds for replacement of the dam. The committee recommends that an annual \$5,000 appropriation be made to the reserve/designated fund to allow for future replacement of the dam.

10.3.6 Recommendation 15 – Fire Station Vehicle Exhaust System

The fire department has applied for a grant to install a vehicle exhaust system in the existing fire station. If this grant is received the local share of the grant will be approximately \$4,100. The

committee recommends an appropriation of this amount to the fire station reserve/designated fund.

10.3.7 Recommendation 16 – Main Street Bicycle/Pedestrian Path

The first phase of this project has an estimated cost of approximately \$241,000, which involves the section in the vicinity of Montshire Drive. It is anticipated that a corridor enhancement grant will be applied for next year. The committee recommends an appropriation to the designated/reserve fund of \$48,203 as the local share for this grant.

10.3.8 Recommendation 17 – Main Street Corridor Project

There was an initial corridor enhancement grant of \$400,000 for this project. It was an 80/20 grant with a local share of \$80,000. Approximately \$256,000 remains from the original grant and the estimated cost of the first phase of the project is approximately \$490,000. An application has been submitted for another corridor enhancement grant in the amount of \$235,000. The committee recommends an appropriation to the designated/reserve fund of \$47,000 as the local share for this grant.

10.4 Recommendation for Capital Budget

The following table presents the proposed five-year capital budget recommended by the committee. The number in parentheses refers to the recommendation that supports the proposed expenditure.

Summary of Costs		Fiscal Year					Notes
Item	2007	2008	2009	2010	2011	2012	
Current Debt	\$ 143,859	\$139,450	\$127,468	\$121,546	\$ 57,746	\$ 54,952	Tracy Hall and PW Equipment
Public Safety Facility (7)	\$ 18,000	\$ 10,000	\$109,664	\$273,516	\$267,632	\$261,714	Annual debt costs. Estimate cost = \$2.75M.
Fire Station Vehicle Exh Sys (15)		\$ 4,100					Match for vehicle exhaust system of \$81K.
FD Training Facility (8)		\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	
Public Works Facility (6)			\$ 35,092	\$ 87,525	\$ 85,642	\$ 83,748	Annual debt costs. Estimated cost = \$1.2M.
Fleet							
Fire (10)	\$ 95,000	\$ 95,000	\$ 95,000	\$ 87,500	\$ 87,500	\$ 87,500	
Police (10)	\$ 15,000	\$ 30,000	\$ 31,050	\$ 32,150	\$ 33,275	\$ 34,450	
Public Works (10)	\$ 90,000	\$116,400	\$119,900	\$123,500	\$127,200	\$131,000	
Town Manager (10)	\$ 4,600	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	
Fire Department Equipment (11)	\$ 10,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
Tracy Hall (11)	\$ -	\$ 15,000					Replacement phone system
Solid Waste (11)	\$ 17,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	Compactor replacement
Town Pool (14)		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	Reconstruction or replacement of dam
Sidewalks (13)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	
Main Street Corridor (17)		\$ 47,000					Local share of \$235,000.
Bike/Ped Project (16)			\$ 48,203				Local share of \$241,000.
Total	\$ 418,459	\$545,700	\$655,127	\$814,487	\$747,745	\$742,115	
Increase over FY 2007		\$127,241	\$236,668	\$396,028	\$329,286	\$323,656	
Tax Impact (FY 07 GL=\$643M)		\$ 0.02	\$ 0.03	\$ 0.06	\$ 0.05	\$ 0.04	

Additional Non-Capital Costs		From existing reserve fund of \$80,939.
Public Works Facility Plan (5)		
Transportation Study (4)	\$ 30,000	
Communications Study (12)	\$ 25,000	

11 Conclusion

The committee appreciates the cooperation of town departments and town committees in providing information to the committee. If additional information or explanation of this report is needed please let us know.

Respectfully Submitted,

NORCAP Committee

Gerard Chapdelaine
Neil Fulton
Tom Gray
Kathy Hoyt
Roberta Robinson
Liz Russell
Henry Scheier
Stephen Soares
Laurence Ufford
Stephen Wheelock
Stuart White

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
Administration										
Fleet	Replace TM Vehicle	R	4,600	6,250	6,250	6,250	6,250		29,600	Replace every 4 years at cost of \$25,000.
Tracy Hall	Generator Repair	O	11,500						11,500	One time expense to replace diesel engine. (10 year life 2007-2017.)
	Refinish Gym Floor	R	7,500	1,725	1,725	1,725	1,725	1,725	16,125	Refinish at 5 years at a cost of \$8,625.
	Replace Windows	R							-	Need cost estimate.
	Paint Exterior	R	15,000	2,875	2,875	2,875	2,875	2,875	32,250	Paint at 6 years at a cost of \$17,250.
	Paint Interior	R	35,000	32,000	4,600	4,600	4,600	4,600	90,000	Paint at 8 years at a cost of \$36,800.
	Replace Phone System	O		15,000					15,000	One time expense.
	Wood Chip Boiler - with MCS	C							127,512	Shared wood chip boiler with MCS. Total estimated cost = \$819,799.
	Redesign Gym (Tracy Hall)	R	10,000						10,000	Design costs of adding additional floor in gym.
	<i>Subtotal</i>		<i>83,600</i>	<i>57,850</i>	<i>15,450</i>	<i>15,450</i>	<i>15,450</i>	<i>9,200</i>	<i>197,000</i>	
Parking										
Land										
Building										
Affordable Housing		C								
Listers	Reappraisal	R	25,000	25,000	25,000	25,000	25,000	25,000	150,000	Complete town wide reappraisal every 5-7 years at an estimated cost of \$150,000.
Public Safety										
	Interoperable Communications								250,000	Radio communications system for police, fire and public works that provides reliable town wide
Fire										
Equipment and Fleet										
	Equipment	R	10,000	30,000	30,000	30,000	30,000	30,000	160,000	See schedule of equipment replacement in fire department presentation.
	Fleet	R	95,000	95,000	95,000	87,500	87,500	87,500	547,500	See schedule of apparatus replacement in fire department presentation.
Facilities	Vehicle Exhaust System	R		81,225					81,225	One time expense. 95% AFG grant applied for. Relationship to new building?
	Fire Station	C		145,000	145,000	145,000	145,000	145,000	1,500,000	Capital project. Reserve funds allocated for continuing study.
	Training Facility	C		30,000	30,000	30,000	30,000	30,000	157,500	Facility at town garage site. Cost includes prefab building and site improvements.

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
Subtotal			105,000	381,225	300,000	292,500	292,500	292,500	1,663,725	
Police										
Fleet	Fleet	R	15,000	30,000	31,050	32,150	33,275	34,450	175,925	See schedule of equipment replacement in police department presentation.
Facilities	Police Station	C							1,250,000	Capital project. Reserve funds allocated for continuing study.
Public Works										
Drainage	Main Street	O	4,547	5,601					10,147	Beaver Meadow to Trumbell.
	Beaver Meadow Road	O			2,725				2,725	From Main Street west 270'
	Curbing	O		28,520	8,525	39,990			77,035	Same area as drainage improvements.
Sidewalk	Turnpike Road	R	25,000	33,541					58,541	From Huntley Field to Moore Lane.
	Beaver Meadow Road	R		5,000					5,000	11 Beaver Meadow to 27 Beaver Meadow and 22 Beaver Meadow to 32 Beaver Meadow.
	Beaver Meadow Road	R							242,640	Huntley St to Huntley St
	Beaver Meadow Road	R							206,928	Huntley St to Moore Lane
	Beaver Meadow Road	R							95,934	Moore Lane to Norwich Pool
	Beaver Meadow Path	R							166,250	Huntley to River
	Church Street	R							419,472	MCS to Agway
	Church Street	R							306,720	Agway to River Rd
	Elm Street	R							450,864	Main St to Hopson Rd
	Hopson Road	R							494,064	Beaver Meadow to Elm St
	Montshire Road	R							98,928	Route 10A to Montshire Drive
	Moore Lane	R							84,096	
	River Road	R							213,580	Route 5 to RR Xing
	River Road	R							585,504	RR Xing to Ledyard
	Route 10A	R							360,000	Main St to Montshire Rd
	Route 5	R							778,608	Main St to Town Line
	Route 5 Path	R							478,800	Car Store to Dresden Fields

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
	Turnpike Road	R							101,664	Huntley Meadows to Moore Lane
Paving	Goodrich Four Corners	O	54,683						54,683	From end of pavement near Blood Hill to Union Village.
	Willey Hill	O		30,831					30,831	From end of pavement near Overlook to just beyond Hawk Pine.
	Hawk Pine	O			54,492				54,492	From Willey Hill to beginning of circle.
	Tucker Hill	O				21,606			21,606	From end of pavement near Beaver Meadow for 1090'.
	Brookside	O					5,879		5,879	Existing gravel section - 463'
	Turnpike Road	O					15,057		15,057	From end of pavement near Upper Turnpike to 110' beyond bridge.
Guardrail	Goodrich Four Corners	O	16,882	17,616					34,498	Replace existing cable-type guardrail with W-type guardrail - 2936'.
	Montshire	O			7,188				7,188	Replace existing cable-type guardrail with W-type guardrail - 575'.
	Union Village	O			6,875				6,875	550' on hill near Shiloh Lane.
	Hawk Pine	O				12,779			12,779	983' on existing paved hill.
	Brookside	O				1,690			1,690	130'
	Upper Loveland	O					12,629	13,097	25,726	Replace existing cable-type guardrail with W-type guardrail -1871'.
	Hogback	O							16,878	1164' FY2013 on hill.
Bridges	B41 Turnpike	O							245,000	Proposed for FY06. Above Tilden Hill. Did not receive grant.
	B42 Turnpike	O	255,000						255,000	Near Tilden Hill.
	B32 Turnpike	O		255,000					255,000	Near Upper Turnpike
	B48 Bragg Hill	O			140,000				140,000	Near Highlander Farms.
	Bragg Hill @ Goddard	O				75,000			75,000	Have state grant - project will be competed in FY07.
	Bragg Hill @ Happy Hill	O					60,000		60,000	
	B43 Elm Street	O						300,000	300,000	At Bloody Brook.
Fleet		R	90,000	116,400	119,900	123,500	127,200	131,000	708,000	See schedule of vehicle replacement in highway department presentation.
Subtotal			446,112	492,509	339,705	274,565	220,766	444,097	2,217,752	
Town Garage										

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
	Rehab Existing	R	7,621						7,621	Improve energy efficiency of existing building.
	New Garage	C							1,133,000	11,000 sq. ft 10 stall new building.
	Utility Shed	C							315,000	7,000 sq. ft. 10 stall 3 sided new utility shed. May be able to use relocated fire station.
Main Street Corridor										These costs and descriptions are dated. First phase is between Church Street and Route 5
	Segment A: Turnpike Road intersection improvements:	R							348,740	
	Segment B: Turnpike Road to Lower Hazen Street:	R							166,368	
	Segment C: Lower Hazen Street to Beaver Meadow Road:	R							137,300	
	Elm/Rt5 - 4 way int.	R							89,775	
	Elm/Rt5 -Roundabout costs	R							136,050	
	Segment D: Beaver Meadow Road to Church Street:	R							207,050	
	Segment E: Church Street to Village edge on RT 10A:	R							232,680	
	Segment F: RT 10A to RT 5 south:	R							672,380	
	Segment G: RT5 south to Montshire Drive:	R							2,162,940	
	Segment H: Montshire Drive to Ledyard Bridge:	R							248,900	
	<i>Subtotal</i>								6,468,611	
Bike Ped Path										
	Segment 1	R							241,013	Along the W side of US 5 from the end of the existing sidewalk S to the I-91 SB ramp.
	Segment 2	R							224,894	Along the W side of VT 10A from the I-91 SB ramp intersection S to the I-91 NB ramp.
	Segment 3	R							228,806	Along the W side of VT 10A from I-91 NB ramp S to McKenna and then along Montshire to
Solid Waste										
	Compactor	R	25,000	2,500	2,500	2,500	2,500	2,500	40,000	Replace compactor every 12 years at an estimated cost of \$30,000.
	Staff Building	O							2,000	Construction completed by Public Works Department. Will be moved to site this summer.
	Re-Configure	O							2,000	
Recreation										

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
	Huntley Meadow Running Trail	R							125,000	Design and install a mulched running trail around the perimeter of Huntley Meadow.
	Huntley Meadow Pedestrian Bridge	R							125,000	Replace existing bridge. Possible highway bridge grant of 80%.
	Connecticut River Access	R							300,000	Car-top boat launch and swimming/picnicking area 3 to 6 mile S of Pompy along Route 5.
	New Dam at Pool	R							110,000	Current dam may have a 5 to 10 year life.
	Community Center	C							550,000	Potentially be a joint venture of departments and organizations. Suggest committee to explore.
Total										

Notes:

1 O - Operating, R - Reserve, C - Capital

Norwich Capital Planning Budget

Attachment 2

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
Administration										
Tracy Hall										
	Wood Chip Boiler - with MCS	C							127,512	Shared wood chip boiler with MCS. Total estimated cost = \$819,799.
Parking										
Land										
Building										
Public Safety										
	Interoperable Communications	C							250,000	Radio communications system for police, fire and public works that provides reliable town wide coverage.
Fire										
Facilities	Fire Station	C		145,000	145,000	145,000	145,000	145,000	1,500,000	Capital project. Reserve funds allocated for continuing study.
	Training Facility	C		30,000	30,000	30,000	30,000	30,000	157,500	Facility at town garage site. Cost includes prefab building and site improvements.
Police										
Facilities	Police Station	C							1,250,000	Capital project. Reserve funds allocated for continuing study.
Public Works										
Town Garage										
	New Garage	C							1,133,000	11,000 sq. ft 10 stall new building.
	Utility Shed	C							315,000	7,000 sq. ft. 10 stall 3 sided new utility shed. May be able to use relocated fire station.
Recreation										
	Community Center	C							550,000	Potentially be a joint venture of departments and organizations. Suggest committee to explore.
Total									5,155,500	

Notes:

1 O - Operating, R - Reserve, C - Capital

Norwich Capital Planning Budget

Attachment 3

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
Administration										
Fleet	Replace TM Vehicle	R	4,600	6,250	6,250	6,250	6,250		29,600	Replace every 4 years at cost of \$25,000.
Tracy Hall	Refinish Gym Floor	R	7,500	1,725	1,725	1,725	1,725	1,725	16,125	Refinish at 5 years at a cost of \$8,625.
	Replace Windows	R							-	Need cost estimate.
	Paint Exterior	R	15,000	2,875	2,875	2,875	2,875	2,875	32,250	Paint at 6 years at a cost of \$17,250.
	Paint Interior	R	35,000	32,000	4,600	4,600	4,600	4,600	90,000	Paint at 8 years at a cost of \$36,800.
	Redesign Gym (Tracy Hall)	R	10,000						10,000	Design costs of adding additional floor in gym.
Listers	Reappraisal	R	25,000	25,000	25,000	25,000	25,000	25,000	150,000	Complete town wide reappraisal every 5-7 years at an estimated cost of \$150,000.
Fire										
Equipment and Fleet										
	Equipment	R	10,000	30,000	30,000	30,000	30,000	30,000	160,000	See schedule of equipment replacement in fire department presentation.
	Fleet	R	95,000	95,000	95,000	87,500	87,500	87,500	547,500	See schedule of apparatus replacement in fire department presentation.
Facilities	Vehicle Exhaust System	R		81,225					81,225	One time expense. 95% AFG grant applied for. Relationship to new building?
Police										
Fleet	Fleet	R	15,000	30,000	31,050	32,150	33,275	34,450	175,925	See schedule of equipment replacement in police department presentation.
Public Works										
Sidewalk	Turnpike Road	R	25,000	33,541					58,541	From Huntley Field to Moore Lane.
	Beaver Meadow Road	R		5,000					5,000	11 Beaver Meadow to 27 Beaver Meadow and 22 Beaver Meadow to 32 Beaver Meadow.
	Beaver Meadow Road	R							242,640	Huntley St to Huntley St
	Beaver Meadow Road	R							206,928	Huntley St to Moore Lane
	Beaver Meadow Road	R							95,934	Moore Lane to Norwich Pool
	Beaver Meadow Path	R							166,250	Huntley to River
	Church Street	R							419,472	MCS to Agway
	Church Street	R							306,720	Agway to River Rd
	Elm Street	R							450,864	Main St to Hopson Rd
	Hopson Road	R							494,064	Beaver Meadow to Elm St

Norwich Capital Planning Budget

Attachment 3

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
	Montshire Road	R							98,928	Route 10A to Montshire Drive
	Moore Lane	R							84,096	
	River Road	R							213,580	Route 5 to RR Xing
	River Road	R							585,504	RR Xing to Ledyard
	Route 10A	R							360,000	Main St to Montshire Rd
	Route 5	R							778,608	Main St to Town Line
	Route 5 Path	R							478,800	Car Store to Dresden Fields
	Turnpike Road	R							101,664	Huntley Meadows to Moore Lane
Fleet		R	90,000	116,400	119,900	123,500	127,200	131,000	708,000	See schedule of vehicle replacement in highway department presentation.
Town Garage										
	Rehab Existing	R	7,621						7,621	Improve energy efficiency of existing building.
Main Street Corridor										
	Segment A: Turnpike Road intersection improvements:	R							348,740	These costs and descriptions are dated. First phase is between Church Street and Route 5 south.
	Segment B: Turnpike Road to Lower Hazen Street:	R							166,368	
	Segment C: Lower Hazen Street to Beaver Meadow Road:	R							137,300	
	Elm/Rt5 - 4 way int.	R							89,775	
	Elm/Rt5 -Roundabout costs	R							136,050	
	Segment D: Beaver Meadow Road to Church Street:	R							207,050	
	Segment E: Church Street to Village edge on RT 10A:	R							232,680	
	Segment F: RT 10A to RT 5 south:	R							672,380	
	Segment G: RT5 south to Montshire Drive:	R							2,162,940	
	Segment H: Montshire Drive to Ledyard Bridge:	R							248,900	
	<i>Subtotal</i>								6,468,611	
Bike Ped Path										

Norwich Capital Planning Budget

Attachment 3

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
	Segment 1	R							241,013	Along the W side of US 5 from the end of the existing sidewalk S to the I-91 SB ramp.
	Segment 2	R							224,894	Along the W side of VT 10A from the I-91 SB ramp intersection S to the I-91 NB ramp.
	Segment 3	R							228,806	Along the W side of VT 10A from I-91 NB ramp S to McKenna and then along Montshire to Montshire Drive
Solid Waste										
	Compactor	R	25,000	2,500	2,500	2,500	2,500	2,500	40,000	Replace compactor every 12 years at an estimated cost of \$30,000.
Recreation										
	Huntley Meadow Running Trail	R							125,000	Design and install a mulched running trail around the perimeter of Huntley Meadow.
	Huntley Meadow Pedestrian Bridge	R							125,000	Replace existing bridge. Possible highway bridge grant of 80%.
	Connecticut River Access	R							300,000	Car-top boat launch and swimming/picnicking area 3 to 6 mile S of Pompy along Route 5.
	New Dam at Pool	R							110,000	Current dam may have a 5 to 10 year life.
Total			339,721	459,016	316,400	313,600	318,425	317,150		

Notes:

1 O - Operating, R - Reserve, C - Capital

Norwich Capital Planning Budget

Attachment 4

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
Administration										
Tracy Hall	Generator Repair	O	11,500						11,500	One time expense to replace diesel engine. (10 year life 2007-2017.)
	Replace Phone System	O		15,000					15,000	One time expense.
Public Works										
Drainage	Main Street	O	4,547	5,601					10,147	Beaver Meadow to Trumbell.
	Beaver Meadow Road	O			2,725				2,725	From Main Street west 270'
	Curbing	O		28,520	8,525	39,990			77,035	Same area as drainage improvements.
Paving	Goodrich Four Corners	O	54,683						54,683	From end of pavement near Blood Hill to Union Village.
	Wiley Hill	O		30,831					30,831	From end of pavement near Overlook to just beyond Hawk Pine.
	Hawk Pine	O			54,492				54,492	From Wiley Hill to beginning of circle.
	Tucker Hill	O				21,606			21,606	From end of pavement near Beaver Meadow for 1090'.
	Brookside	O					5,879		5,879	Existing gravel section - 463'
	Turnpike Road	O					15,057		15,057	From end of pavement near Upper Turnpike to 110' beyond bridge.
Guardrail	Goodrich Four Corners	O	16,882	17,616					34,498	Replace existing cable-type guardrail with W-type guardrail - 2936'.
	Montshire	O			7,188				7,188	Replace existing cable-type guardrail with W-type guardrail - 575'.
	Union Village	O			6,875				6,875	550' on hill near Shiloh Lane.
	Hawk Pine	O				12,779			12,779	983' on existing paved hill.
	Brookside	O				1,690			1,690	130'
	Upper Loveland	O					12,629	13,097	25,726	Replace existing cable-type guardrail with W-type guardrail -1871'.
	Hogback	O							16,878	1164' FY2013 on hill.
Bridges	B41 Turnpike	O							245,000	Proposed for FY06. Above Tilden Hill. Did not receive grant.
	B42 Turnpike	O	255,000						255,000	Near Tilden Hill.
	B32 Turnpike	O		255,000					255,000	Near Upper Turnpike
	B48 Bragg Hill	O			140,000				140,000	Near Highlander Farms.

10/30/2006

Norwich Capital Planning Budget

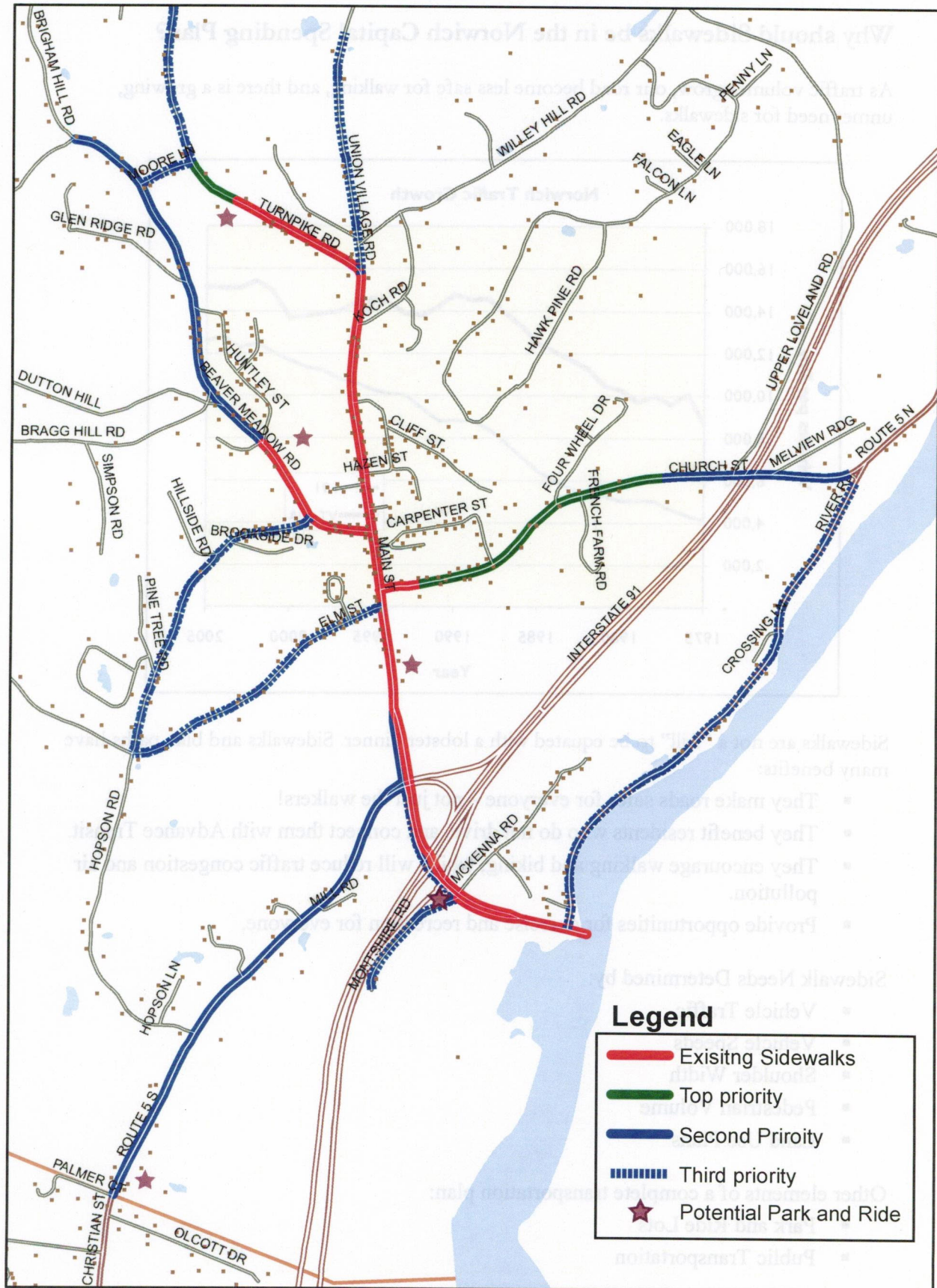
Attachment 4

Department	Item	Type(1)	FY07	FY08	FY09	FY10	FY11	FY12	Total	Notes
	Bragg Hill @ Goddard	O				75,000			75,000	Have state grant - project will be competed in FY07.
	Bragg Hill @ Happy Hill	O					60,000		60,000	
	B43 Elm Street	O						300,000	300,000	At Bloody Brook.
Solid Waste										
	Staff Building	O							2,000	Construction completed by Public Works Department. Will be moved to site this summer.
	Re-Configure	O							2,000	
Total			342,612	352,568	219,805	151,065	93,566	313,097		

Notes:

1 O - Operating, R - Reserve, C - Capital

Norwich Pedestrian Network



TOWN OF NORWICH, VERMONT
CAPITAL BUDGET POLICY

1.0 INTRODUCTION AND PURPOSE

The purpose of this Policy, in conjunction with the Debt Management Policy, is to establish an effective system for implementing a capital improvement program for the Town of Norwich. The capital assets of a municipality and their condition are critical to the quality of services provided to the community.

Capital budgeting is a very important planning tool for municipalities as it allows them to provide for the necessary infrastructure to maintain or enhance future service levels. Through capital budgeting, municipalities can plan future operating budget expenditures, debt repayment requirements, and potential reserve fund needs in order to manage the financial position of the Town over an extended period.

2.0 CAPITAL BUDGET

A capital budget is a multi-year financial plan for the construction or acquisition of capital assets. The plan should provide for the planning of future financial resources required to finance the project (including allocations from current operating budgets, funding of capital reserves, or the use of capital debt), as well as identify the future financial resources required to operate and maintain the capital asset once it has been acquired.

The capital improvement program for the Town of Norwich shall be developed for a period of five years. As resources are available, the most current year of the capital improvement program will be incorporated into the current year operating budget. The Selectboard and Town Manager shall review and update the capital improvement program annually during the budget preparation process..

3.0 CAPITAL EXPENDITURES

For purposes of the capital improvement program, a capital expenditure is defined as any expenditure for land, land improvements, buildings, building improvements, vehicles, or equipment costing more than \$10,000, and any expenditure for infrastructure (roads, bridges, water and wastewater distribution and collection systems) costing more than \$50,000.

4.0 FUNDING MECHANISMS

In conjunction with the Town's debt management policy the Town shall annually fund capital reserve accounts to accumulate resources to pay for items included in the capital improvement program. The use of such reserve accounts will minimize any large fluctuations in the tax rate and will reduce the need for incurring additional debt.

Other capital improvements will be funded by bond issue or through the operating budget.

5.0 PRIORITY CRITERIA

Capital projects to be funded by long term debt will receive a higher priority if they meet some or most of the following criteria:

- Project meets policy goals or strategic plan that adopted by the Selectboard
- Project is mandated by state or federal regulations
- Project eliminates safety hazards
- Project is sustainable
 - Reduces long term operating costs
 - Maximizes use of renewable resources
 - Improves energy use and environmental impacts of existing practices

- Improves efficiency or reduces operation and maintenance costs
- Project maintains and improves the delivery of public services to the majority of the population.
- Project improves the quality of existing infrastructure
- Project mitigates or reduces the potential of both natural and man-made disasters
- Project has capacity to serve future growth
- State or federal grant funds are available to assist in funding for project

The Board of Selectmen approved the adoption of this Capital Budget Policy at their meeting held on the _____ day of _____, 20 .

TOWN OF NORWICH, VERMONT
DEBT MANAGEMENT POLICY

1.0 INTRODUCTION AND PURPOSE

The purpose of this Debt Management Policy is to establish the guidelines for the issuance of debt by the Town of Norwich. Debt levels and the related annual debt service expenditures are important long-term obligations that must be managed with available short and long term resources. This policy also addresses the level of indebtedness that the Town can reasonably expect to incur without jeopardizing its existing financial position.

Adherence to a debt management policy, along with the utilization of other sound and prudent financial practices, and the Town's other financial policies, will assure the lending market that the Town is well managed and will meet its obligations in a timely manner.

2.0 PLANNING AND PERFORMANCE

Debt management means adopting and maintaining financial plans for both the issuance of debt and the repayment of that debt. The determination to issue new debt should be made as a part of the adoption of the annual capital budget, which prioritizes capital projects and identifies the various funding sources available for those projects. Planning for the repayment of debt will include analysis of the operating budget to determine the ability of the fund to incur the additional debt service required by the new debt.

The Town's Fund Balance Management Policy is designed to provide the operating funds of the Town with a sufficient level of unreserved, undesignated fund balance or net assets to maintain financial stability, and to provide adequate cash flow to avoid the need for short term revenue anticipation notes or tax anticipation notes.

The Town's Capital Improvements Management Policy is designed to provide for the orderly funding of capital needs of the Town, including the use of capital reserve funds to avoid the need for incurring long term debt to purchase vehicles and equipment, and to minimize the amount of long term debt required for the acquisition of land, buildings, and infrastructure.

3.0 TYPES OF DEBT

Short term debt should be limited to borrowing to cover short term, temporary cash flow shortages, generally within the town's fiscal year, either through the use of revenue anticipation notes or tax anticipation notes in those unusual instances where the Fund Balance Management Policy does not provide an adequate level of cash flow, or through the use of bond anticipation notes when cash is required to initiate a capital project prior to the receipt of bond proceeds. The Town should manage its finances in such a manner to avoid the use of short term debt when possible.

Long term debt shall be issued for the acquisition, construction, or improvement of land, buildings, or infrastructure, that cannot be financed from current revenues or other resources. Current year budget appropriations and accumulated reserve funds should be used to minimize the amount of long term borrowing that is required. Whenever possible, long-term debt should not be used to pay for 100% of the cost of the acquisition or improvement of capital assets. The use of long term debt financing to finance the purchase of vehicles and equipment should be avoided except in emergencies, or unless it can be demonstrated that it is financially beneficial to do so.

4.0 PURPOSE OF DEBT

General Obligation Debt, funded by general fund property taxes, shall be used for projects that provide a general benefit to Town residents, and that cannot otherwise be self-supporting.

5.0 REPAYMENT OF DEBT

The Town will conservatively project the revenue sources that will be utilized to repay any additional debt, and will analyze the impact on taxpayers of both the additional debt service as well as any additional operating expenses resulting from the improvement, to determine whether new debt should be issued and to structure the appropriate repayment terms for each debt issue.

The maturity of long term debt shall be kept as short as possible to minimize the overall impact on the taxpayers during the life of the debt, while at the same time not so short that the repayment will create an unreasonable burden. In no event shall the life of the debt exceed the life of the improvement being financed.

6.0 KEY DEBT RATIOS

Several key debt ratios are used as indicators of financial stability and to determine the Town's credit-worthiness. The following guidelines should be used when determining whether debt should be issued:

Net General Fund bonded debt as a percentage of total assessed valuation should not exceed 1%. (Net general fund bonded debt means total debt issued, less debt being repaid from Enterprise Funds.)

Net General Fund bonded debt per capital should not exceed \$700.

General Fund debt service (principal and interest) as a percentage of total general fund expenditures should not exceed 8%.

The Board of Selectmen approved the adoption of this Debt Management Policy at their meeting held on the _____ day of _____, 20 .

VERMONT MUNICIPAL BOND BANK						Bond Year
Estimated Debt Service Schedule as of:			10/02/06			2007
		Assumptions: (See NOTE below)				Bond Amount:
For:	Town of Norwich	Estimated Date Bonds Sold to Investors: 07/15/07				\$3,950,000
		Bonds Rated AAA (Bond Insurance)				Term (Years):
		Estimated Net Interest Cost (NIC) as of: 09/22/06 4.266%				20
# Years of Bond	Payment Dates	\$ Amount of Principal	Est. Interest Rates	\$ Amount of Interest	\$ Total Debt Service	\$ Total Fiscal Year
	December-07			\$62,300	\$62,300	
	June-08			\$82,456	\$82,456	\$144,757
1	December-08	\$200,000	3.872%	\$82,456	\$282,456	
	June-09			\$78,584	\$78,584	\$361,041
2	December-09	\$200,000	3.895%	\$78,584	\$278,584	
	June-10			\$74,690	\$74,690	\$353,274
3	December-10	\$200,000	3.917%	\$74,690	\$274,690	
	June-11			\$70,773	\$70,773	\$345,463
4	December-11	\$200,000	3.940%	\$70,773	\$270,773	
	June-12			\$66,833	\$66,833	\$337,606
5	December-12	\$200,000	3.962%	\$66,833	\$266,833	
	June-13			\$62,871	\$62,871	\$329,705
6	December-13	\$200,000	4.002%	\$62,871	\$262,871	
	June-14			\$58,869	\$58,869	\$321,741
7	December-14	\$200,000	4.042%	\$58,869	\$258,869	
	June-15			\$54,827	\$54,827	\$313,697
8	December-15	\$200,000	4.082%	\$54,827	\$254,827	
	June-16			\$50,745	\$50,745	\$305,573
9	December-16	\$200,000	4.122%	\$50,745	\$250,745	
	June-17			\$46,623	\$46,623	\$297,369
10	December-17	\$200,000	4.162%	\$46,623	\$246,623	
	June-18			\$42,461	\$42,461	\$289,085
11	December-18	\$195,000	4.202%	\$42,461	\$237,461	
	June-19			\$38,364	\$38,364	\$275,826
12	December-19	\$195,000	4.242%	\$38,364	\$233,364	
	June-20			\$34,228	\$34,228	\$267,593
13	December-20	\$195,000	4.282%	\$34,228	\$229,228	
	June-21			\$30,053	\$30,053	\$259,282
14	December-21	\$195,000	4.322%	\$30,053	\$225,053	
	June-22			\$25,839	\$25,839	\$250,893
15	December-22	\$195,000	4.362%	\$25,839	\$220,839	
	June-23			\$21,587	\$21,587	\$242,426
16	December-23	\$195,000	4.384%	\$21,587	\$216,587	
	June-24			\$17,312	\$17,312	\$233,899
17	December-24	\$195,000	4.406%	\$17,312	\$212,312	
	June-25			\$13,016	\$13,016	\$225,328
18	December-25	\$195,000	4.428%	\$13,016	\$208,016	
	June-26			\$8,699	\$8,699	\$216,715
19	December-26	\$195,000	4.450%	\$8,699	\$203,699	
	June-27			\$4,360	\$4,360	\$208,059
20	December-27	\$195,000	4.472%	\$4,360	\$199,360	
	June-28			\$0	\$0	\$199,360
	Total:	\$3,950,000		\$1,828,687	\$5,778,687	\$5,778,687
NOTE: This is an estimate of current interest rates and is not a forecast of future interest rates						
NIC: Net interest cost is the weighted average interest rate calculated for the life of the bond. The interest rates shown represent an estimate of the interest rates on the date shown. The % rate shown for each year represent the rate paid on the bond for that year only. For each interest payment date, you will be paying interest on that year and on all remaining years. For example in year one you will pay interest on the bond for year 1, 2,3.....and all others up to the maturity date.						

Advisory Committee Capital Facilities and Equipment Planning and Budgeting

The purpose of the Capital Facilities and Equipment Planning and Budgeting Committee is to assist the town manager in preparing for presentation to the Selectboard a comprehensive multi-year capital plan to ensure effective management of capital assets. The multi-year capital plan should identify and prioritize expected needs, establish project scope and cost, detail estimated amounts of funding from various sources and project future operating and maintenance costs. In preparing the capital plan the committee should meet with departments and other internal and external resources appropriate to the capital planning process and conduct a public forum. The capital plan should cover a period of at least five years.

Identify needs.

The first step in capital planning is identifying needs. Using information, including development projections, strategic plans, comprehensive plans, facility master plans, regional plans, and citizen input processes, the committee should identify present and future service needs that require capital infrastructure or equipment. In this process, attention should be given to:

- Capital assets that require repair, maintenance, or replacement that, if not addressed, will result in higher costs in future years
- Infrastructure improvements needed to support new development or redevelopment
- Projects with revenue-generating potential
- Improvements that support economic development
- Changes in policy or community needs

Determine costs.

The full extent of project costs should be determined when developing the multi-year capital plan. Cost issues to consider include the following:

- The scope and timing of a planned project should be well defined in the early stages of the planning process
- Identify and use the most appropriate approaches, including outside assistance, when estimating project costs and potential revenues
- Adjust cost projections based on anticipated inflation
- The ongoing operating costs associated with each project should be quantified, and the sources of funding for those costs should be identified
- A clear estimate of all major components required to implement a project should be outlined, including land acquisition needs, design, construction, contingency and post-construction costs
- Evaluate the non-financial impacts of the project (e.g., environmental) on the community

Prioritize capital requests.

Norwich is continually faced with extensive capital needs and limited financial resources. Therefore, prioritizing capital project requests is a critical step in the capital plan preparation process. When evaluating project submittals, the following approach should be used:

- Consider the relationship of project submittals to financial and governing policies, plans, and studies

- Allow submitting departments to provide an initial prioritization
- Incorporate input and participation from major stakeholders and the general public
- Adhere to legal requirements and/or mandates
- Anticipate the operating budget impacts resulting from capital projects
- Apply analytical techniques, as appropriate, for evaluating potential projects (e.g., net present value, pay back period, cost-benefit analysis, life cycle costing, cash flow modeling)
- Use a rating system to facilitate decision-making

Develop financing strategies.

Establishing a viable financing approach for supporting the multi-year capital plan is critical. Financing strategies should align with expected project requirements while sustaining the financial health of the town. The capital financing plan should:

- Anticipate expected revenue and expenditure trends, including their relationship to multi-year financial plans
- Prepare cash flow projections of the amount and timing of the capital financing
- Continue compliance with all established financial policies
- Recognize appropriate legal constraints
- Consider and estimate funding amounts from all appropriate funding alternatives
- Ensure reliability and stability of identified funding sources
- Evaluate the affordability of the financing strategy, including the impact on debt ratios, taxpayers, ratepayers, and others

The final report from the town manager and committee should be presented to the Selectboard on, or before, November 1, 2006