Southern Vermont Capital Planning Roundtable
Brattleboro Development Credit Corporation
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Capital Planning 101
“Vermont Edition”

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Vermont League of Cities and Towns

Let's start at the very beginning, it's a very good place to start...

Vermont specific documents to help you flush out your CIP

- **Narrative and vision:** your town plan
- **Capital asset policy:** VLCT Model Capital Improvement Plan and Capital Budget Policy
- **Debt and reserve policy:** VLCT model policies, VLCT Debt Capacity Calculator
- **Prioritization and scorecard:** VLCT CIP Development Checklist, Capital Project Submission Form
- **Project-by-project detail:** VLCT CIP and Equipment Replacement Plan templates
- **Long-term financial projection:** Bond Bank model, VLCT Municipal Tax Rate Calculator

****You do not need all of this in year one.****

Capital Planning in Vermont

24 V.S.A. § 4430

Vermont defines a capital budget and program in statute. Going that route is optional. A multi-year capital plan is good practice whether or not you formally adopt one.

If you adopt 24 V.S.A § 4430 says:

- A **capital budget** lists the projects for the coming fiscal year, what they cost, and how they will be paid for
- A **capital program** does the same for each of the following five years
- Projects must be arranged **in order of priority**
- Each project states its financing method: appropriation, reserve funds, federal or State money, **impact fees**, or debt
- Each project estimates the **effect on operating costs**
- The **planning commission may recommend** the capital budget and program annually to the legislative body, and it must conform to the municipal plan

Adoption unlocks impact fees and may have some other benefits, but plan the way that is best for your town to get started.

Capital Planning in Vermont

What an adopted plan gets you

Most of these come from having a plan at all, only impact fees requires formal adoption

- **Impact fees.** A town can levy impact fees only if it has a confirmed planning process and has adopted a capital budget and program.

- **Grants.** More funders are asking to see a capital plan. Towns that have one compete better. Can be seen as part of the “shovel ready” category
- **Municipal Planning Grants** will fund the work of writing one.
- **Borrowing.** A documented multi-year program shows you can manage debt and cash flow
- **Voters.** A plan lets you explain a project before you have to ask for the money. You can show them tangible cost savings by planning instead of reacting.

Capital Planning in Vermont

Who actually does the work?

Everyone on this list plays a part. Choose for capacity and sustainability.

Who will still be doing this in three years?

- **Selectboard / administration:** owns the budget, adopts the program, owns a strategic plan
- **Planning commission:** the § 4430 role, keeps the program tied to the town plan
- **A CIP committee:** If you do appoint one, write a clear charge. (Ex. North Hero, Cornwall)
- **Treasurer and finance staff:** what you have saved, what you currently owe, reserve balances, cash flow predictions
- **Your regional planning commission:** mapping, data, and staff capacity

Getting Started

Start with what you already have

JUMPSTART: most of what you need for a first capital plan is already written down somewhere.

- **Insurance schedules.** You already keep an asset list for coverage.
- **Your town plan** or other long-range planning documents
- **Local Hazard Mitigation Plan/Flood Resiliency** – use your emergency management director
- **Equipment logs and maintenance records**
- **Past capital project files** and recent bond or loan documents
- **Vermont Local Roads** equipment life-cycle and replacement schedules
- **VTCulverts.org** and **VTrans bridge inspection reports** for road infrastructure condition

Gather what is documented, then fill the gaps with age estimates, condition assessments, and replacement costs. You do not need to start from scratch.

Getting Started

Policies that help, not hinder

Town of North Hero, Vermont

Capital Improvement Program (CIP)

Example: North Hero CIP Committee, northherovt.com

A good policy should simplify, not complicate. You do not need multiple policies if one can cover the essentials.

- VLCT **Model Capital Improvement Plan and Capital Budget Policy + Guidance – NEWLY UPDATED**
  - Covers inventories, condition checks, and depreciation schedules, so you do not need a separate asset management policy.
- VLCT **Model Fund Balance Policy**
- GFOA **Asset Management Template**
- VLCT **Model Reserve Fund Policy with Guidance**

JUMPSTART: adapt a neighbor's policy or a template. Do not draft from a blank page.

Getting Started

Make the budget work for the plan

The plan is the roadmap. The annual budget is the next mile.
You need both to stay in control instead of reacting to emergencies.

- **Dedicate money every year** for maintenance and replacement, not just new projects
- **Use the plan to build the budget**, not the other way around
- **Adjust for inflation** so year-five estimates stay honest
- **Build in delivery time.** Some equipment is running three to five years from order to delivery.
- **Balance short-term affordability against long-term cost.** Spending now often prevents a bigger bill later.

Contributions to debt service, reserves, and pay-as-you-go are what let capital plan sources equal capital plan uses.

Stewardship / Intergenerational Equity

Who pays, and when

Capital assets outlive the people who pay for them. Intergenerational equity means matching who pays to who benefits.

- **Match the financing to the life of the asset.** A building that lasts forty years should not be paid for entirely by today's taxpayers. A truck that lasts ten years should not carry twenty years of debt.
- **Reserves let today's users pay their share** for something you will buy later.
- **Debt lets tomorrow's users pay their share** for something you build today.
- **Deferred maintenance is a bill you hand to the next board.** It does not go away, and it gets bigger.
- **Both saving and borrowing are legitimate and generally necessary together.** The failure is doing neither or relying only on one tool.

Good Stewardship is not only protecting and maintaining the asset. It is being intentional and fair about who pays for it.

Stewardship / Intergenerational Equity

Capital planning is climate resilience

Reserves are what let a town handle the unexpected without an emergency bond or a special town meeting.

- **Vermont has learned this the hard way.** Irene, the 2023 + 2024 floods, and every washed-out culvert in between.
- **Rebuilding to the old spec rebuilds the old failure.** The capital plan is where you decide to size it for the next storm instead.
- **FEMA and State money arrive after you spend AND may not be available as it used to be.** Reserves and unassigned fund balance are tools that can carry you through the gap.
- **Local match comes from somewhere.** Mitigation grants almost always require it, and the towns that have it often move more quickly, resulting in quicker repairs.
- **Your hazard mitigation plan and your capital plan should point at the same projects.**

Resilience is not a separate plan. It is built into the capital plan.

VLCT Tools

vlct.org › Tools & Tips for Capital Budgeting

GETTING STARTED

- **Getting Started with Capital Planning:** a step-by-step guide
- **Checklist for Capital Improvement Plan Development**
- **Gantt-style CIP Development Timeline** template

BUILD THE PLAN

- **Capital Project Submission Form** (FY27 to FY32)
- **CIP and Equipment Replacement Plan** templates, fiscal or calendar year
- **Equipment Replacement Plan** templates, fiscal or calendar year

RUN THE NUMBERS AND SET THE RULES

- **Municipal Tax Rate Calculator** and **Debt Capacity Calculator**
- **Model policies:** Capital Improvement Plan and Capital Budget, Reserve Fund, Fund Balance
- **Funding Opportunities for Capital Planning:** a running list of sources

Capital Project Request Form

Town of "Name"

CIP - Project Request Form (VLCT Template)

Budget Year

Project Name	
Responsible Department	
Project Type	
Prioritization Score/Rank	

Project Background, Purpose & Objectives

		Fiscal Year					
Financing Uses (Project Costs/Expenses)		**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
Planning & Engineering		$ -	$ -	$ -	$ -	$ -	$ -
Land & Right of Way		$ -	$ -	$ -	$ -	$ -	$ -
Construction		$ -	$ -	$ -	$ -	$ -	$ -
Equipment Purchase		$ -	$ -	$ -	$ -	$ -	$ -
Other Costs		$ -	$ -	$ -	$ -	$ -	$ -
Total Uses		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Financing Sources (Revenues)							
	Pay as you go (GF, SRF	$ -	$ -	$ -	$ -	$ -	$ -
	Capital Reserve Fund	$ -	$ -	$ -	$ -	$ -	$ -
	Debt	$ -	$ -	$ -	$ -	$ -	$ -
	Grants	$ -	$ -	$ -	$ -	$ -	$ -
	Other	$ -	$ -	$ -	$ -	$ -	$ -

Capital Project Request Form

Capital Budget Summary

Town of "Name"											
5-Year Capital Improvement Plan (VLCT Template)											
					Fiscal Year						
	Project Name	Type	Department	Opening Balance as of "DATE"	2026	2027	2028	2029	2030	2031	Total
General Fund					Reference only						
	Fire Truck Engine #1	Equipment	Fire Dept		0	0	750,000	0	0	0	750,000
	Replace Elevator	Existing Building Renovation	Town Office		0	100,000	0	0	0	0	100,000
	Tandem Truck #2	Equipment	Highway Dept		0	0	0	600,000	0	0	600,000
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
					0	0	0	0	0		0
					0	0	0	0	0	0	0
					0	0	0	0	0	0	0
Total Outflows					0	100,000	750,000	600,000	0	0	1,450,000
Revenue Sources											
Pay as You Go					0	25,000	0	200,000	0	0	225,000
Capital Reserve Contribution					0	75,000	250,000	100,000	0	0	425,000
Grant/Other					0	0	0	0	0	0	0
Debt					0	0	500,000	0	0	0	500,000
Total Inflows					0	100,000	750,000	300,000	0	0	1,150,000

CIP 5 Year Summary   Type List   +

[Capital Improvement Plan 5 YR Summary]

Paying for It

Where the money comes from

MUNICIPAL PLANNING GRANT: pays for writing the plan

- **The FY2027 round is open now.** Applications opened September 1 and are due **November 2, 2026 at 6 p.m.**
- Up to $30,000 for a single town, $45,000 for a consortium, 10% match
- Capital programs and budgets are explicitly eligible
- **Brattleboro's capital plan was MPG-funded**, along with Hartford and Lyndon

BORROWING

- **Vermont Bond Bank Pooled Loan Program** (see Michael)
- **Vermont Municipal Equipment Loan Fund:** construction, fire, emergency, heavy equipment
- Local and regional banks. Bond counsel opinion and a recent audit required.

LOCAL REVENUE AND OTHER SOURCES

- **Local option tax.** VT Dept. of Taxes adoption guide
- **Impact fees**, once you have adopted a capital budget and program
- **VTrans Better Roads, TPI, DEC Clean Water SRF.** All on the VLCT funding list.

Paying for It

Being ready when the money is real

None of this is required to start a capital plan. All of it helps when there is real money on the table.

- **A recent completed audit.** Lenders, including the Bond Bank, generally want the last completed year.
- **A clean chart of accounts.** Can you pull project-level financial data without a scavenger hunt?
- **A fund balance policy**, and evidence that you follow it
- **A debt management policy** that is current and aligned with the capital program
- **Forecasting tools:** cash flow and debt capacity. The Bond Bank medians are your benchmark.
- **Procurement policies** that meet federal standards, so you can contract and monitor the work
- **Capacity.** Staff or outside support to manage the funding and the reporting that comes with it.

Thank you! Where to get help

- **VLCT Municipal Operations Support Team.** We will help you get started, for free.
- Marguerite Ladd, Government Finance Specialist, mladd@vlct.org
- Kathleen Ramsay, Municipal Operations Specialist, kramsay@vlct.org
- **Your regional planning commission.** Data, mapping, staff capacity.
- **Vermont Bond Bank.** vtbondbank.org/capitalplanning

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