

# Town of Hinesburg Capital Budget and Capital Program

FY 2008 - FY 2014

**Public Hearing - July 14, 2008**  
**Adopted on July 14, 2008 by a Majority of the Selectboard**

## Adoption Process Overview

Per Title 24, Section 443, the Hinesburg Selectboard must present the proposed capital budget and capital program for public comment before adoption. Public notice included a notice in the June 28 issue of the Burlington Free Press (not less than 15 days prior to the public hearing), posting a notice in three public locations on June 27, and submitting a copy of the proposed capital budget and capital program to both the Town Clerk and the Planning Commission on June 30, 2008.

The Planning Commission may submit comments on the proposed capital budget and capital program to the Selectboard prior to the hearing. The Planning Commission provided comment on a draft at its May 28, 2008 meeting.

After holding one or more public hearings, the Selectboard must reject or adopt the capital budget and capital program.

Adopted by a majority of the Hinesburg Selectboard, after a duly held public hearing on July 14, 2008.

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Jonathan S. Trefry, Chair

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Kenneth Brown

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Andrea Morgante

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Howard E. Russell

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Randall C. Volk

## Introduction to Capital Budgets and Programs

Capital budgets and programs allow towns to prioritize capital expenditures over a specific period of time. The benefits of capital budgeting vary from town to town however most Vermont municipalities can expect improvements including:\*

- Managing growth
- Controlling tax rates
- Implementing municipal and regional plans and policies
- Anticipating service problems and potential efficiencies before it is “too late”
- Coordinating of projects and activities, including schools
- Improving management practices
- Achieving greater consistency and fairness in making policy decisions
- Providing the ability to levy and collect impact fees
- Encouraging economic development

(\*From *Developing a Capital Budget and Program*, VAPDA 2000)

## Defining Capital Budgets and Programs

A municipal **capital budget and capital program** combine a one-year capital budget and a five-year capital program. The **capital budget** lists the capital projects to be undertaken during the coming fiscal year, the estimated cost thereof, and the proposed method of financing. It should match exactly those capital projects that are included in the annual budget prepared by the Selectboard and presented for approval by the voters at Town Meeting Day. The **capital program** is a plan containing capital projects, costs and methods of financing for each of the following five years. It is a working document intended to provide guidance for a town’s future decisions on capital projects.

Under Vermont statute (24 V.S.A. §4430), a capital project is defined as a physical betterment or improvement (including furnishings, machinery, equipment, etc.), preliminary studies related to the improvements, land or rights in land, and any combination of the above. Municipalities will generally further refine the definition by specifying a dollar limit of value (e.g. \$5,000) or minimum service life (e.g. 3 years). In Hinesburg’s case, the dollar limit has been established as \$5,000.

The capital budget and program shall indicate the priority for each project by indicating the year in which it is planned to take place. Funding sources to be addressed shall include direct budgetary appropriations; reserve funds, if any; federal and state funding; impact fees, if any; and bonding or other obligation. Additional funding sources may include vehicle trade-ins, user fees and private grants or donations.

Under Vermont statute (24 V.S.A. §4430), a capital budget and program may be adopted, amended or repealed by the Selectboard following one or more public hearings. The capital budget and program must be compatible with a duly adopted municipal plan. The planning commission is encouraged to review the capital budget and program and to submit a report to the Selectboard prior to the public hearing.

## Developing Capital Budgets and Programs

Capital budgets and programs are generally developed using a fairly standard process:

- Inventory of all existing capital facilities, including estimated useful lives and replacement schedules (See Addendum A for Asset Inventory Listing).
- Project identification usually through discussion with department heads and review of the replacement schedules of existing capital equipment.
- Determination of estimated costs for all projects primarily based on input from department heads and supplemented by research.
- All information is pulled together in a draft capital budget and program where town officials prioritize and finalize the capital projects.

- Adoption of the plan following a public hearing.

### Hinesburg's Recent Growth and Future Projections

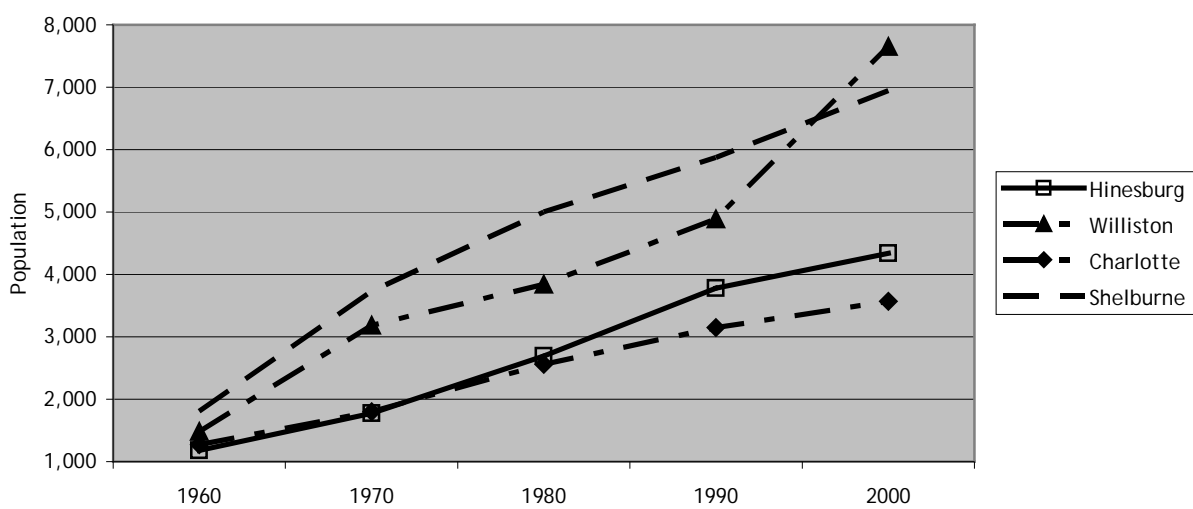
Section 2.1 of the Hinesburg Town Plan (Adopted June 13, 2005) provides the town's official projections for population growth. The relevant analyses and projections have been reprinted below.

During the second half of the 20th century Hinesburg experienced a change in growth patterns and has seen some sharp increases in its population. Between 1960 and 2000, the Town's population grew by 267%. The Town grew steadily at a rate of 91.5 persons per year through the 1970s, slowed down somewhat during the early 1980s, and then resumed growth of 146 persons per year during the second half of the decade. The 1990 Census puts Hinesburg's population at 3,780. The 1985 Town Plan projected that Hinesburg's population would increase 23.2% between 1980 and 1990 however the actual growth has been more rapid with a 40.5% increase. Hinesburg experienced the largest percentage growth in Chittenden County during the period 1980-1990. During the period of 1960-2000, Chittenden County's population nearly doubled.

By 1995 population growth in Hinesburg slowed considerably. Between 1990 and 2000, population increased 14.8%. Growth in the neighboring town of Williston increased 56.5% over the same decade. Hinesburg's growth rate between 1990 and 2000 was higher than the 11.2% growth rate for Chittenden County.

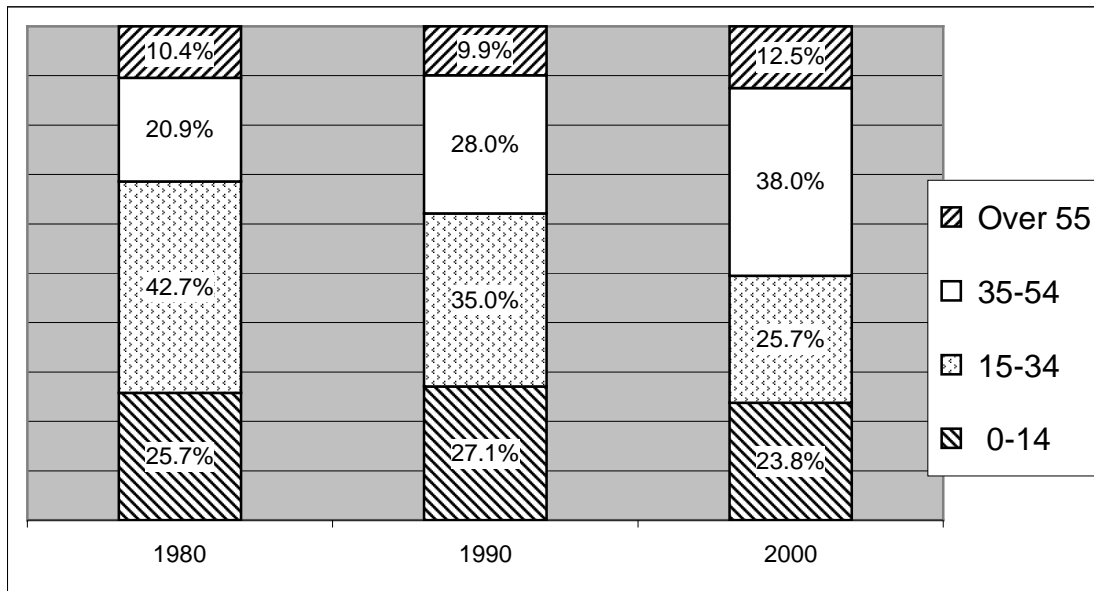
Figure 1 compares Hinesburg's growth with that of neighboring towns over most of the second half of the 20<sup>th</sup> century. Figure 2 provides an age distribution of Hinesburg's population between 1980 and 2000.

**Figure 1**  
**Population Growth, 1960 – 2000**  
**Hinesburg vs. Neighboring Towns**



Source: US Census

**Figure 2**  
**Hinesburg Population Distribution by Age, 1980 - 2000**

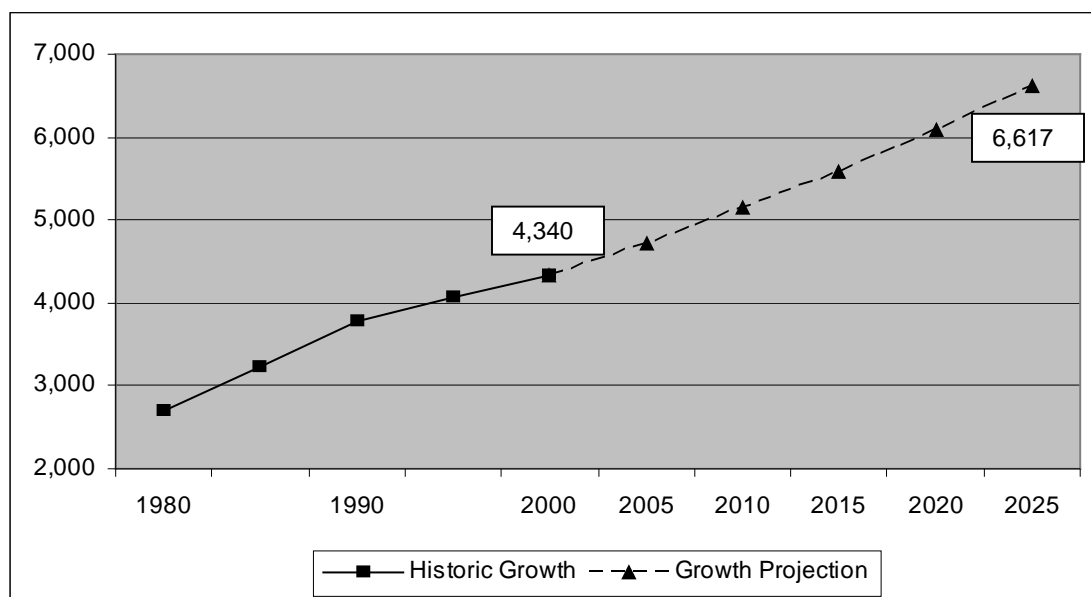


Source: US Census

Projections vary for Hinesburg's growth over the next 20 years. A 2001 demographic forecast prepared for the Chittenden County Regional Planning Commission assumed relatively high annual growth rates of 1.5% for the overall county and 2.1% for Hinesburg and St. George. This forecast would produce a Hinesburg population of 7,297 in year 2025, an overall increase of 68.1% from the 2000 US Census count of 4,340. In contrast, a local demographer who prepares numerous school projections in Chittenden County projects no county-wide growth after year 2015 due to changes in age distribution.

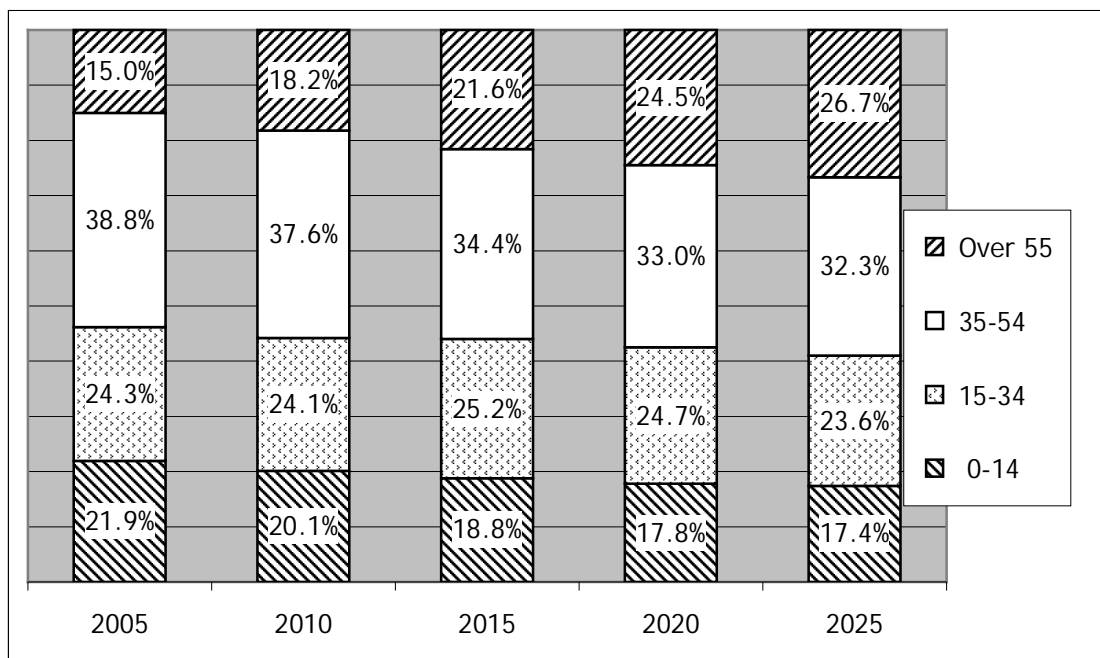
This plan assumes an annual 1.7% growth rate for Hinesburg population through year 2025 (Figure 3), above the growth rate of the 1990s but below that of the 1980s. This projection is based on anticipated availability of sewer allocation for residential growth in the Village and continued land availability in rural sections of Hinesburg. The trend towards an aging population is expected to continue. By year 2025, the percentage of the overall population in the 0-14 age group is projected to decline to 17.4% while the over 55 age group will increase to 26.7% (Figure 4).

**Figure 3**  
**Projected Hinesburg Population Growth, 2000 – 2025**



Source: David Spitz, Planning Consultant. Analysis based on Economic & Policy Resources Chittenden County projections; historic US Census data; and projections from the Bill Smith Community Population Model

**Figure 4**  
**Hinesburg Population Distribution by Age, 2005 - 2025**



Source: David Spitz, Planning Consultant, based on Bill Smith's Community Population Model

### Funding Methods

A variety of funding methods are available to pay for capital projects in the Town of Hinesburg. A brief description of each of those methods is given below.

- **Current Year General Fund (Annual Appropriation)** Many of the capital projects approved by voters at the annual Town Meeting are funded as part of the annual Town budget. In Hinesburg, some fairly sizeable projects are funded in this manner – including road reconstruction, sidewalk construction, and police vehicles - with costs up to \$100,000. More expensive capital projects – fire vehicles, buildings, land acquisition, etc. - normally are funded via another source.
- **Lease; Lease-Purchase** Units of government may enter into lease arrangements with private companies to provide vehicles or facilities. Leasing a capital expenditure relieves the government of incurring debt or providing initial capital and other financing. An alternative approach is lease-purchase, where a project is leased from a private firm and after a specified term, the government acquires title to the vehicle or facility. If purchase of facility is required by the lease agreement, the cost must be included in the municipality's indebtedness. Hinesburg purchases many highway vehicles in this manner.
- **Bonding** Large capital items frequently are financed by municipal bonds. Voter approval of the amount to be borrowed is required. The Town then determines with a local bank or other lender the interest rate and term of the bond. Payments of principal and interest will be spread over a number of years. Terms will depend on the size of the loan, the useful life of the capital item, and the amount of annual debt service that the Town wishes to pay.
- **Reserve Funds** When large capital costs are anticipated, some towns choose to establish an annual reserve fund. This method allows funds to be raised over several years in advance of acquisition. Costs are spread out over several years rather than requiring a lump sum payment in one year or bonding. Perhaps the most frequent use of such funds is in highway departments, where large vehicles must be purchased every year or every several years. Some towns also use this method for fire and other departments.
- **State/Federal Funds** The State and Federal governments have various grant programs for highway, recreation, public safety and other projects. The State

annually offers funding for repaving of Class 2 Roads through a competitive grant process. Hinesburg has benefited from successful grant applications for sidewalk, streetscape, and park & ride projects in the past.

- **Grants, Donations** Many towns regularly benefit from grants from private foundations. Donations and/or fundraising activities have contributed to the budgets of the fire department and other departments.
- **Salvage Value** The highway and police departments replaces vehicles on a regular basis. Most vehicles have a trade-in value that reduces the purchase cost of a new vehicle. Anticipated trade-in values are included in this capital budget as a funding source.
- **User Fees** User fees are fees paid by the users of a specific service and are based on the amount of actual use. Enterprise funds – water and wastewater – rely on user fees. User fees can also contribute to the operating costs of major recreational facilities, however, such user fees are normally modest and therefore are not considered as a funding source for capital projects.
- **Impact Fees** A municipality may charge impact fees to new development if it has adopted a town plan and a capital budget and program. An impact fee may be charged only for new capital projects or for current debt service on previous capital expenditures, which are necessitated in part or in whole by the new development. Impact fees are not appropriate for replacement of existing capital items where the new item essentially provides the same services as the one that it replaces. If, however, a vehicle or other capital item is upgraded so that its capabilities are improved, part or all of the cost may be eligible for impact fees. Any impact fee must include a formula that clearly delineates the responsibility of new development vs. existing taxpayers for payment of the capital cost.

## Financial History

The annual Town of Hinesburg budget report includes sections on the general fund (including buildings & facilities, recreation, and fire department) and other expenditures including highway expenditures, police department, and land conservation. For the purposes of this report, all expenses are combined and then grouped into eight categories as noted in Table 1 and Figure 5.

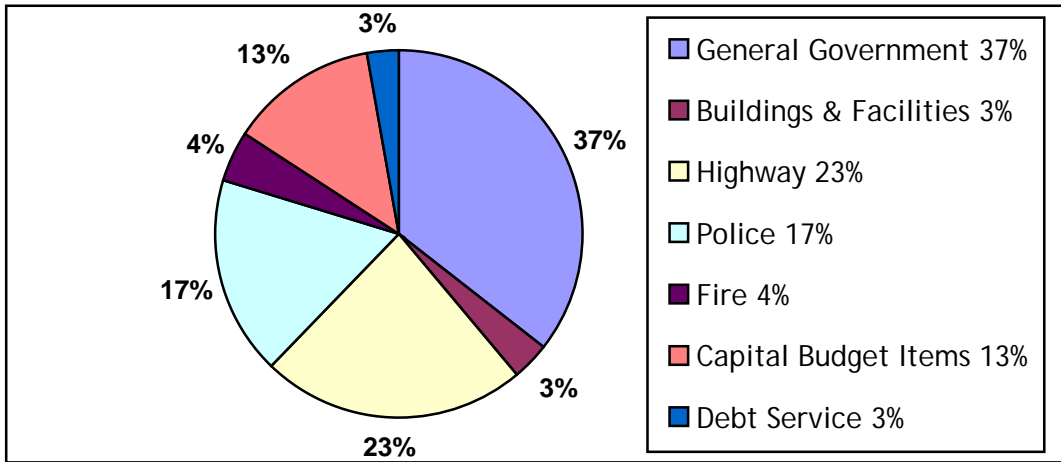
**Table 1**  
**Expense Categories**  
**Town of Hinesburg 2008-09 Budget**

CATEGORY	TOTAL BUDGET
General Government	\$974,899
Buildings and Facilities	\$ 95,658
Highway	\$639,618
Police	\$476,444
Fire	\$121,845
Capital Budget Items	\$356,563
Debt Service	\$ 79,658
<b>TOTAL</b>	<b>\$2,744,685</b>

Notes: 1)  
expenses

See Table 2 and Figure 6 for a break down of General Government

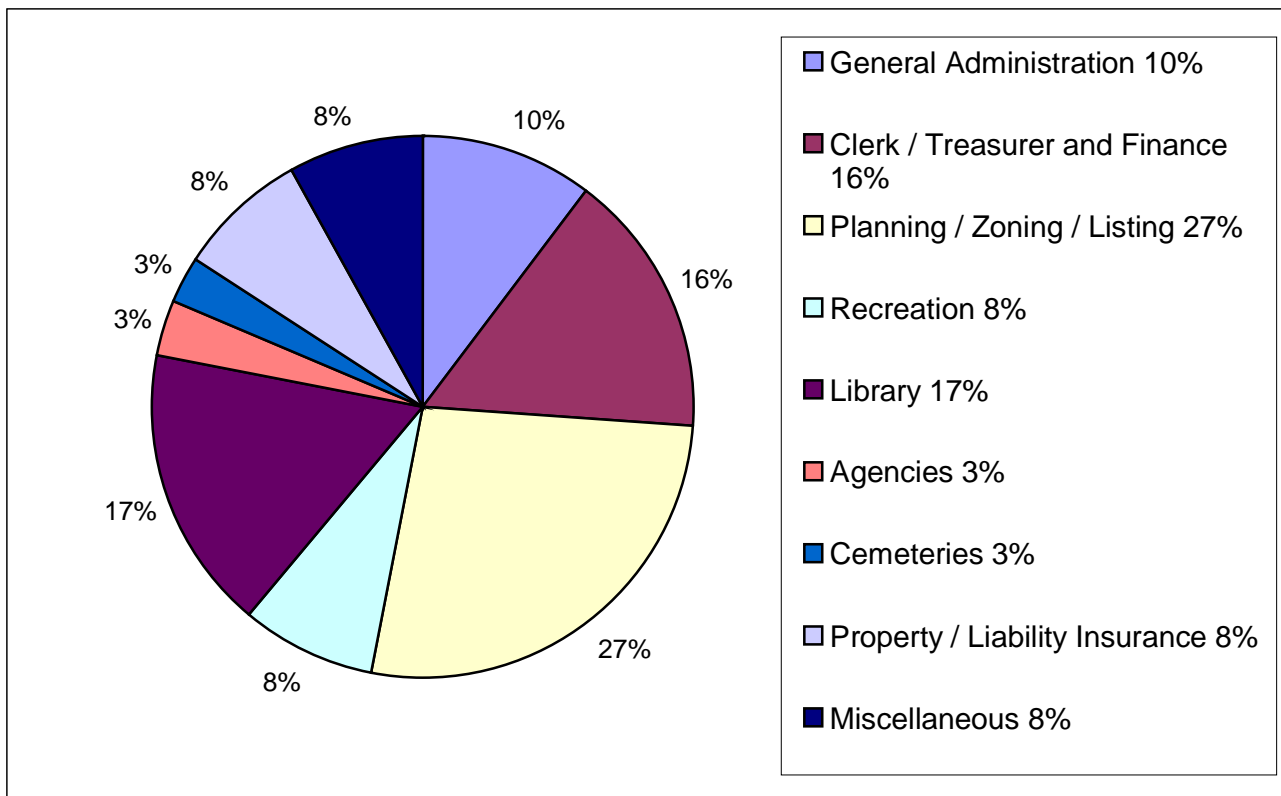
**Figure 5  
Expense Categories  
Town of Hinesburg 2008-09 Budget**



**Table 2  
General Government Expense  
Town of Hinesburg 2008 – 2009 Budget**

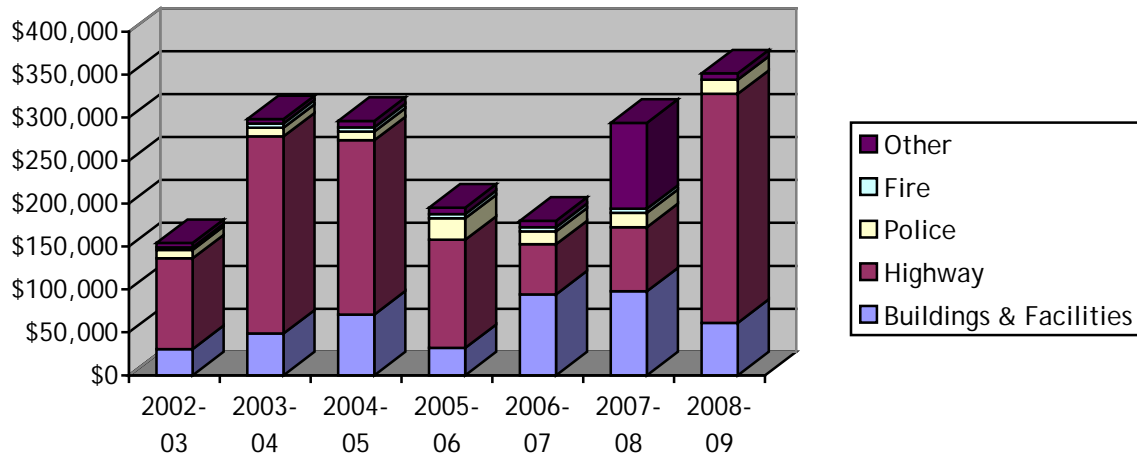
CATEGORY	TOTAL BUDGET
General Administration	\$99,502
Clerk / Treasurer and Finance	\$155,757
Planning / Zoning / Listing	\$260,848
Recreation	\$80,008
Library	\$164,100
Agencies	\$33,792
Cemeteries	\$27,608
Property / Liability Insurance	\$74,933
Miscellaneous	\$78,351
<b>TOTAL</b>	<b>\$974,899</b>

**Figure 6  
General Government Expense  
Town of Hinesburg 2008 – 2009 Budget**

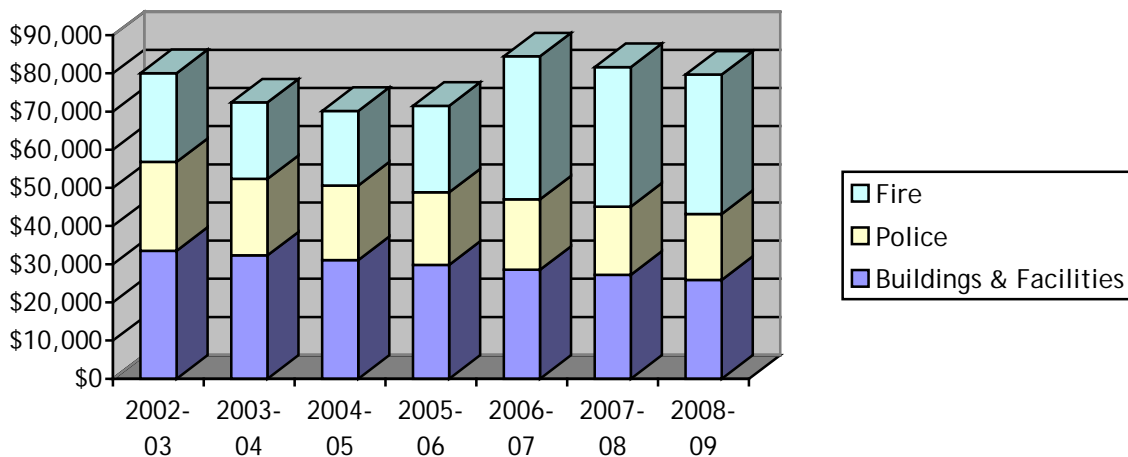


As shown in Figure 5, capital expenses currently represent 13% of the overall Town of Hinesburg 2008-09 budget while debt service adds an extra 3%. The amount of capital expenditures has varied from year to year (Figure 7) while debt service has remained relatively constant in recent years (see Figure 8).

**Figure 7  
Capital Budget Items by Department since 2002-03**



**Figure 8  
Debt Service by Department since 2002-03**



### The 2008 – 2014 Capital Budget and Program

The 2008 – 2014 Capital Budget and Capital Program are included in the following tables. Tables are divided into the following departmental categories:

- Highway
- Buildings and Facilities
- Police
- Fire and First Response
- Conservation Commission
- Cemeteries

The totals from the above categories are summarized on the Summary Sheet.

The Capital Budget and Capital Program is arranged in such manner as to indicate the order of priority of each capital project, and contains the following information for each capital project:

- 1) a description of each proposed project and the estimated cost thereof;

- 2) the proposed method of funding;
- 3) a year of purchase.

This information represents the Town's best estimation of future expenses necessary to meet the needs of Hinesburg's residents for public improvements.

The Town will review, update and revise the Capital Budget and Capital Program on an annual basis, as outlined in Vermont statute (24 V.S.A. §4430), in order to refine the scope and timing of capital projects.